Bumitama Agri Ltd.
Excellence Through Discipline

Moving Forward to a Sustainable Future

ANNUAL REPORT 2015

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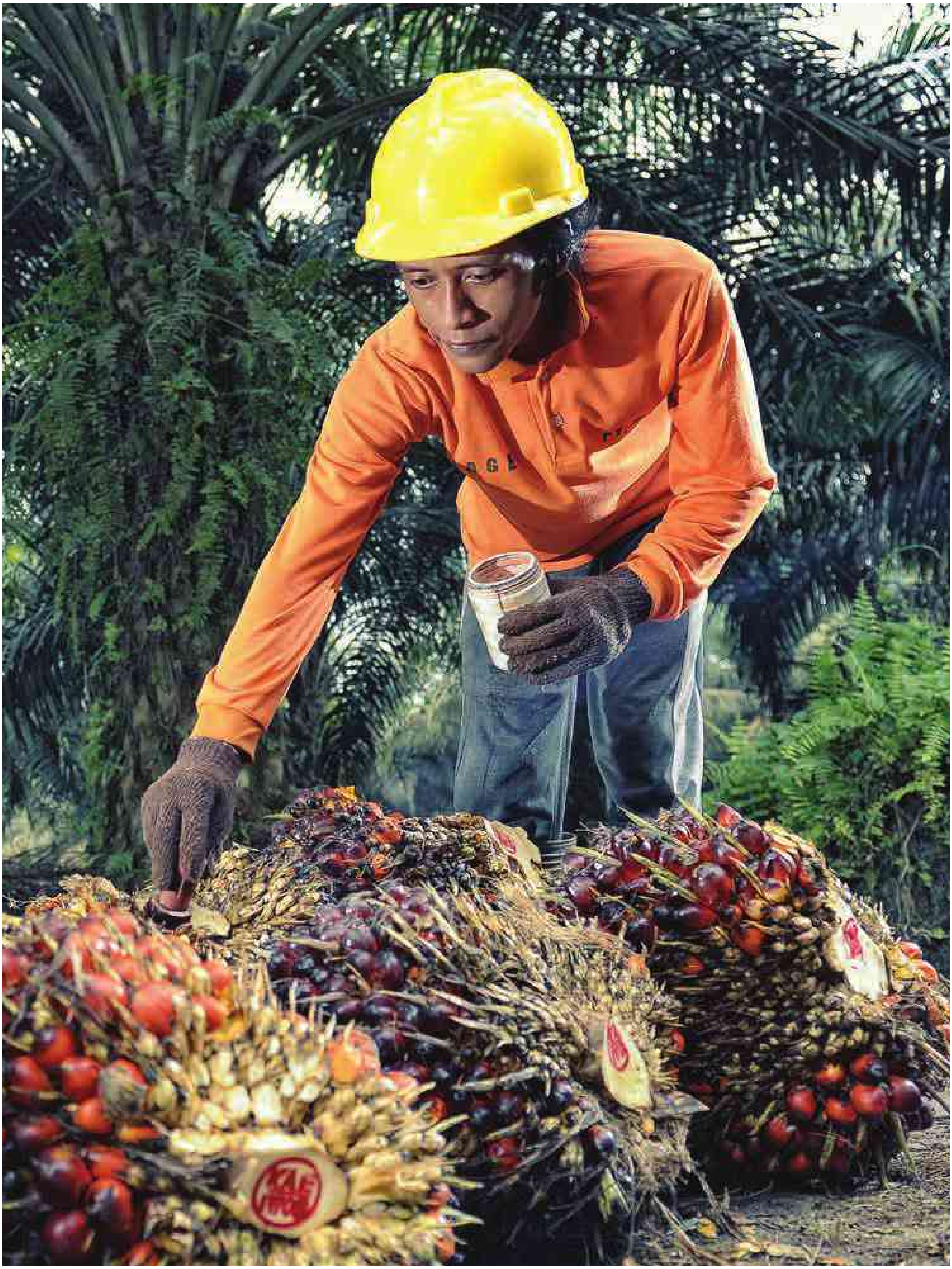
Our Vision

To be a leading palm oil producer focused on the continuous improvement of productivity, cost efficiency and growth.

Our Mission

To enhance shareholder's value; to improve the benefits and quality of life of our employees; to improve the welfare of the local communities and the environment.



Corporate Profile

Bumitama Agri Ltd. ("Bumitama" or the "Group") is a young emerging crude palm oil ("CPO") and palm kernel ("PK") producer with oil palm plantations in Indonesia. Listed on the Singapore Exchange since 2012, the Group's core business activities are in the cultivation of oil palm trees, harvesting and processing fresh palm fruit bunches ("FFB") into CPO and PK.

Bumitama has a total land bank of about 207,000 hectares in three provinces in Indonesia: Central Kalimantan, West Kalimantan and Riau, areas which are well-suited for the oil palm industry. As at 1 January 2016, the weighted average age of the Group's oil palm trees is about 8.0 years, and only about 49.5% of the planted area has reached peak production age.

The Group also has 12 CPO mills that are strategically located in close proximity to its plantations for efficient logistics support. Together, the mills have a total FFB processing capacity of 4.14 million tpa (metric tonne per annum).

Bumitama is committed to sustainable palm oil development as a member of the internationally recognised Roundtable on Sustainable Palm Oil ("RSPO") and adheres to the mandatory requirement of Indonesian Sustainable Palm Oil. In 2014, Bumitama successfully achieved the RSPO certification for two of its management units and subsequently obtained its third RSPO certificate in December 2015. 2015 was also a milestone year for the Group as Bumitama refreshed its sustainability policy and published its maiden sustainability report, outlining its commitments and efforts to ensure sustainable growth and development. The Group also remains committed to improving the social and economic welfare of local communities, as it strives to become a leading palm oil producer.


Sulawesi
Maluku
Papua

Chairman's Message

With a firm commitment towards achieving a balance long-term growth, Bumitama will continue to direct its strategies to the benefit of all stakeholders and fully leverage its competitive advantages and core competencies to move towards a sustainable future.

DEAR SHAREHOLDERS,

2015 was a challenging year characterised by weak global economic conditions, depreciation of the Indonesian Rupiah against the United States Dollar and one of the worst droughts suffered by Southeast Asia brought about by the El Niño. On the industry front, an unprecedented drop in crude oil prices compounded by a well-supplied oilseed market affected Crude Palm Oil ("CPO") prices, which fell to a six-year low of approximately MYR 1,900 per tonne. The above factors, together with stagnating consumption demand from China and Indonesia's economic growth slowing to 4.8% in 2015, from 5.6% and 5.0% in 2013 and 2014, contributed to a subdued business environment.

The Indonesian government was kept busy as the haze and fires engulfed parts of Indonesia in 2015, contributing to an air pollution crisis. However, the silver lining was the implementation of the B15 biodiesel programme in Indonesia, progress made under the Indonesian government "One Map" initiative, new peatland moratorium and restoration initiatives, as well as an agreement reached by 195 countries at the 2015 United Nations Climate Change Conference (referred to as COP21); inclusive of Indonesia at the Paris Summit towards carbon reduction in a bid to mitigate climate change.

At Bumitama Agri Ltd. ("Bumitama" or the "Group"), we drove continuous improvement and took measured steps to strengthen our cost management disciplines and efficiencies, made an opportunistic but calculated investment and managed our assets so as to safeguard our financial stability amid volatile external conditions.

OPERATIONAL AND FINANCIAL PERFORMANCE

Our performance in the financial year ended 31 December 2015 ("FY2015") remained sound, backed by revenue turnover of IDR 5,542 billion, albeit a marginal dip of 3.7% from IDR 5,757 billion in the previous corresponding year ("FY2014"). FY2015 gross profit decreased to IDR 1,816 billion, compared to IDR 2,342 billion a year ago, mainly a result of lower CPO prices.

While our financial results were comparatively lower, operational progress was made with our internal (comprising both nucleus and plasma) Fresh Fruit Bunches ("FFB") production increasing by 14.2% to 2,290,189 metric tonnes ("MT") in FY2015, from 2,004,769 MT a year ago. CPO production rose by 20.1%

to 742,842 MT in FY2015, from 618,665 MT in FY2014, while Palm Kernel ("PK") production was up 22.7% to 141,589 MT in FY2015, from 115,431 MT a year ago.

The total area of our nucleus mature palms increased by 8,225 hectares in FY2015 to 85,402 hectares, from 77,177 hectares in the prior year. We recorded FFB and CPO yields of 17.8 MT/ha and 4.1 MT/ha, respectively, in FY2015.

The weighted average age of our palm trees was 8.0 years as at 1 January 2016, and the total land bank as at 31 December 2015 was 207,778 hectares. The completion of the acquisition of PT Inti Sawit Lestari and its subsidiaries in West Kalimantan at the end of December 2015 contributed to 4,464 hectares of planted area.

Approximately 44,498 hectares or 27.1% of our total planted area was also set aside for smallholders under the plasma programme, inclusive of 4,685 hectares from collaboration with cooperatives in West Kalimantan.

On the operational front, 2015 also marked the first year where Bumitama recorded sales of 9,194 MT or IDR 72,839 million for its biodiesel products. The sales volume achieved in FY2015 was part of a 20,000 MT supply contract from PT Pertamina (Persero) awarded to the Group in November 2015.

DIVIDENDS

The Group recognises the need to reward our supportive shareholders for their investment in Bumitama. Accordingly, the Board of Directors is pleased to propose a first and final, tax exempt, cash dividend of 0.5 Singapore cent per share, which translates to a dividend payout of approximately 9.6% of the Group's profit attributable to shareholders for FY2015.

OUR JOURNEY OF SUSTAINABLE GROWTH

As a young and progressive company, we continually review our performance and policies, drawing lessons from past successes, experiences and strategies. We have evolved and enhanced the Group's sustainability practices with the adoption of the policy of "No Deforestation, No Peat and No Exploitation" which reinforced the Group's commitment to expand our businesses responsibly, to grow in a balanced and sustainable way. In our first Sustainability Report, we used the Global Reporting Initiative ("GRI") as a framework of measurement for sustainability reporting purposes.

In 2015, Southeast Asia experienced one of its worst transboundary haze crises in history, an environmental disaster which affected millions, tracing back to forest fires in Kalimantan and Sumatra. As a responsible grower, we adhere to a strict "zero burning" policy, which bans all

Chairman's Message

use of fire for land clearing and waste disposal within our plantations and plasma developments. We experienced first-hand the huge human and environmental costs of this disaster, and have taken precautionary and proactive steps to support the resolution of this crisis. We have identified improvement areas to bolster our comprehensive fire and disaster prevention measures and are broadening our reach to the community via our participation in the government's "Village Fire Prevention" programme.

THE ROAD AHEAD

We entered 2016 against a backdrop of economic inertia, market turbulence and a bearish trend on palm oil prices. However, the overall environment has improved, as we witness CPO prices coming off the lows of 2015, hovering around MYR 2,410 per tonne to MYR 2,700 per tonne. A slow and gradual rebound is envisaged, supported by decreasing palm supply linked to dry weather conditions and an anticipated surge in demand supported by Indonesia and Malaysia via their respective biodiesel programmes, especially with Indonesia's push for B20 biodiesel adoption in 2016. The formation of a palm oil council by Malaysia and Indonesia is another positive development that will support CPO prices.

With a firm commitment towards achieving a long-term growth, Bumitama will continue to direct its growth strategies to increase shareholders value. We will proceed cautiously with new plantings, enhance harvest efficiency, and oil extraction rates while keeping a tight watch on costs and sustaining positive cooperative relationships with customers suppliers, smallholders and various interest groups. We will continue to keep a close watch on the market and remain alert for merger and acquisition opportunities to strategically strengthen our existing operations.

APPRECIATION AND CLOSING

I would like to extend my sincere appreciation to all Bumitama customers, suppliers and business partners for their continued and unwavering support for the Group. A very special thank you goes to the management. Their leadership, commitment and pursuit for excellence through discipline made it possible for the Group to be accorded three awards from the Asiamoney Corporate Governance Poll 2015 for the categories of "Overall Best Company in Singapore for Corporate Governance", "Best for Investor Relations in Singapore" and "Best for Corporate Social Responsibility in Singapore". I am appreciative to all our dedicated workers and employees for their unwavering loyalty and untiring efforts in supporting all our initiatives towards the development of a stronger and sustainable future for Bumitama.

As we advance into 2016, Bumitama remains steadfast and committed in our pursuit of delivering long-term value for our shareholders. I look forward to your continuous partnership and support in the journey ahead.

Yours faithfully,

LIM GUNAWAN HARIYANTO

Executive Chairman and Chief Executive Officer

24 March 2016

Operational & Financial Highlight

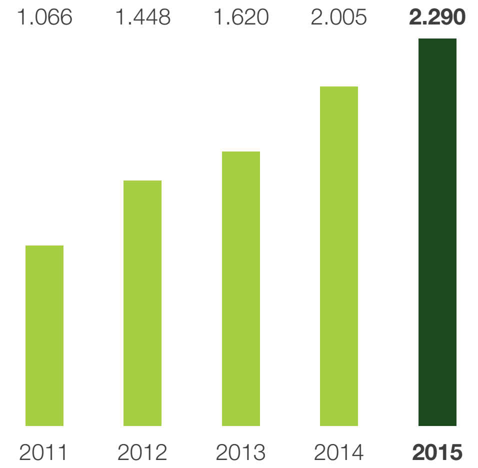
OPERATIONAL HIGHLIGHT

FINANCIAL YEAR	2015	2014	2013	2012	2011
PLANTATION AREA (Hectares)[1]					
Total Planted Area	**164,177**	**153,268**	**149,683**	**133,367**	**118,460**
Old	3,809	–	–	–	–
Mature	122,474	105,869	90,483	75,420	61,562
Immature	37,894	47,399	59,200	57,947	56,898
Nucleus Planted Area	**119,679**	**115,463**	**114,952**	**101,182**	**87,581**
Old	3,809	–	–	–	–
Mature	85,402	77,177	63,677	51,532	41,084
Immature	30,468	38,286	51,275	49,650	46,497
Plasma Planted Area	**44,498**	**37,805**	**34,731**	**32,185**	**30,879**
Mature	37,072	28,692	26,806	23,888	20,478
Immature	7,426	9,113	7,925	8,297	10,401
Planted Area by Location					
Kalimantan	161,868	150,959	147,374	131,058	116,152
Riau	2,309	2,309	2,309	2,309	2,308
PRODUCTION VOLUME (Tonnes)					
Fresh Fruit Bunches ("FFB")	**2,290,189**	**2,004,769**	**1,620,211**	**1,448,016**	**1,065,644**
Nucleus	1,578,815	1,401,040	1,105,358	948,603	678,330
Plasma	711,374	603,729	514,853	499,413	387,314
Crude Palm Oil ("CPO")	**742,842**	**618,665**	**522,743**	**462,291**	**345,111**
Palm Kernel ("PK")	**141,589**	**115,431**	**99,397**	**87,252**	**64,875**
PRODUCTIVITY					
FFB Yield per Mature Hectare (tonnes)	**17.8**	**18.4**	**17.4**	**18.8**	**16.3**
CPO Yield per Mature Hectare (tonnes)	**4.1**	**4.3**	**4.1**	**4.5**	**3.9**
CPO Extraction Rate (%)	**22.9**	**23.2**	**23.3**	**23.8**	**24.0**
PK Extraction Rate (%)	**4.4**	**4.3**	**4.4**	**4.5**	**4.5**

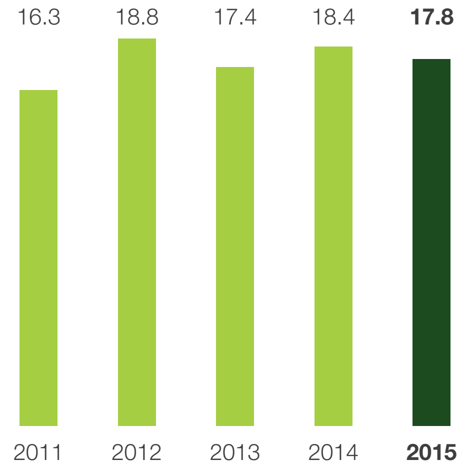
Remarks:

(1) The planted area as at end of 2014 still included PT Hatiprima Agro (PT HPA), however excluded in 2015.

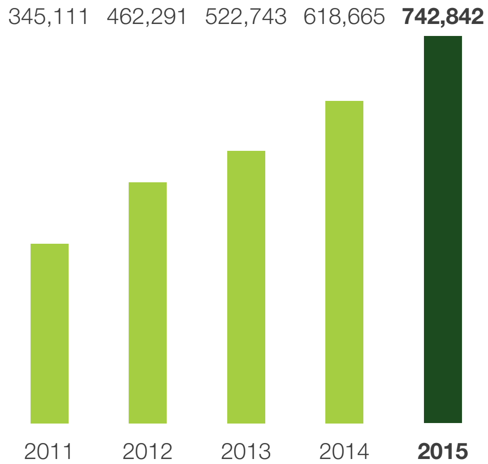
FRESH FRUIT BUNCHES PRODUCTION
(MILLION TONNES)



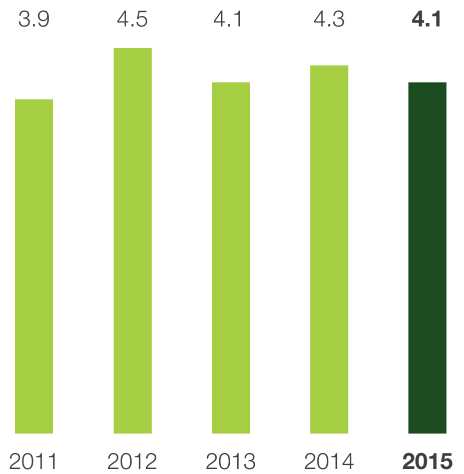
FRESH FRUIT BUNCHES YIELD
(TONNES/MATURE HECTARE)



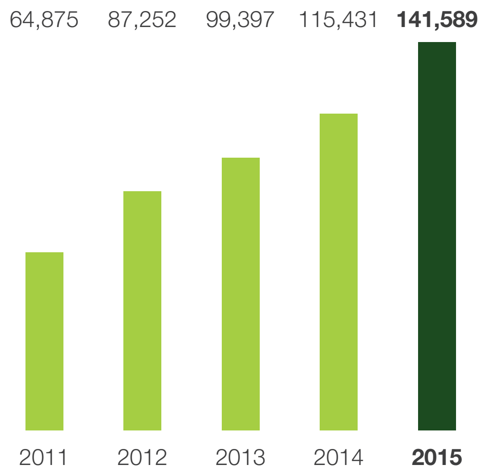
CRUDE PALM OIL PRODUCTION
(TONNES)



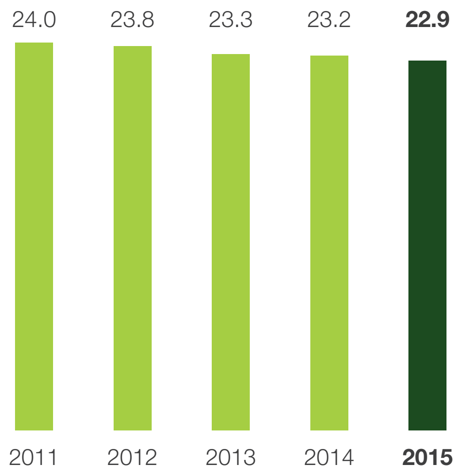
CRUDE PALM OIL YIELD
(TONNES/MATURE HECTARE)



PALM KERNEL PRODUCTION
(TONNES)



CRUDE PALM OIL EXTRACTION RATE
(TONNES/MATURE HECTARE)



Operational & Financial Highlight

FINANCIAL HIGHLIGHT

FINANCIAL YEAR	2015	2014	2013	2012	2011
CONSOLIDATED INCOME STATEMENT (IDR Billion)					
Revenue	5,542	5,757	4,063	3,526	2,805
Gross Profit	1,816	2,342	1,600	1,423	1,240
(Loss)/Gain arising from fair value changes in biological assets	(46)	(38)	29	58	181
Profit before tax	1,209	1,805	1,268	1,164	1,190
EBITDA	1,539	2,145	1,468	1,285	1,132
Net Profit	989	1,372	982	902	893
Net Profit Attributable to Owners of the Company	891	1,153	855	788	762
EPS Attributable to Owners of the Company (IDR per Share)[(1)]	507	656	487	448	513
BALANCE SHEETS (IDR Billion)					
Total Assets	16,344	13,803	11,844	9,089	6,507
Total Current Assets	2,823	1,884	1,302	1,509	663
Total Current Liabilities	3,276	1,923	1,483	1,012	1,293
Total Non-current Liabilities	5,479	4,772	4,220	2,790	2,288
Total Equity	7,589	7,109	6,141	5,287	2,925
Equity Attributable to Owners of the Company	6,935	6,483	5,630	4,888	2,681
FINANCIAL STATISTICS					
Revenue Growth	(3.7%)	41.7%	15.2%	25.7%	43.1%
Gross Profit Margin	32.8%	40.7%	39.4%	40.4%	44.2%
Operating Profit Margin	25.6%	34.5%	33.3%	33.8%	37.3%
EBITDA Margin	27.8%	37.3%	36.1%	36.5%	40.4%
Net Profit Margin	17.9%	23.8%	24.2%	25.6%	31.8%
Return on Equity[(2)]	12.8%	17.8%	15.2%	16.1%	28.4%
Return on Assets[(3)]	5.4%	8.4%	7.2%	8.7%	11.7%
Debt/Total Equity (Times)	0.7	0.6	0.7	0.5	0.8
Net Debt[(4)]/Total Assets (Times)	0.3	0.3	0.3	0.2	0.3
Net Debt[(4)]/EBITDA (Times)	3.2	1.9	2.5	1.3	1.8

Remarks:

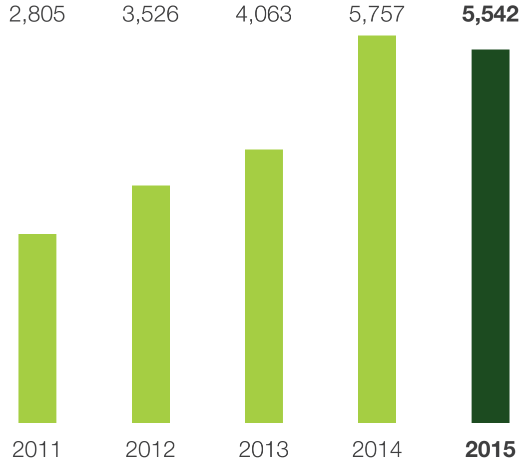
(1) The earnings per share has been computed based on the Company's post offering share capital of 1,755,276,544 shares for FY2015; 1,757,531,844 shares for FY2012-FY2014 and pre-offering share capital of 1,484,197,844 shares for FY2011

(2) Return on Equity = Net Profit Attributable to Owners of the Company / Equity Attributable to Owners of the Company

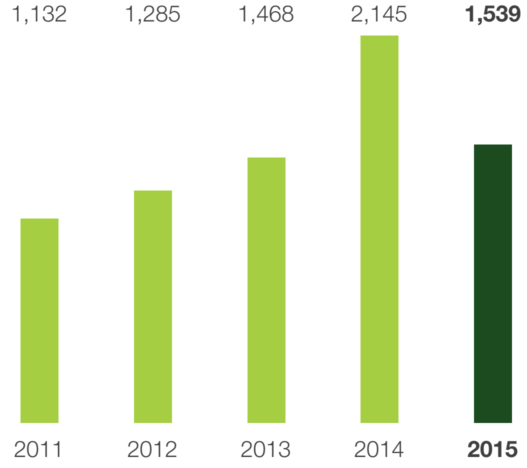
(3) Return on Assets = Net Profit Attributable to Owners of the Company / Total Assets

(4) Interest bearing debts less cash and bank balances

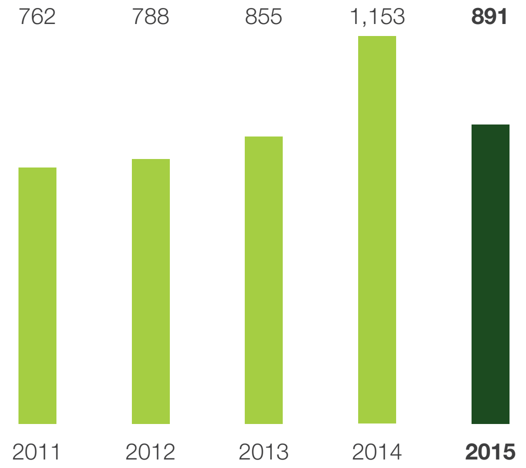
REVENUE
(IDR BILLION)



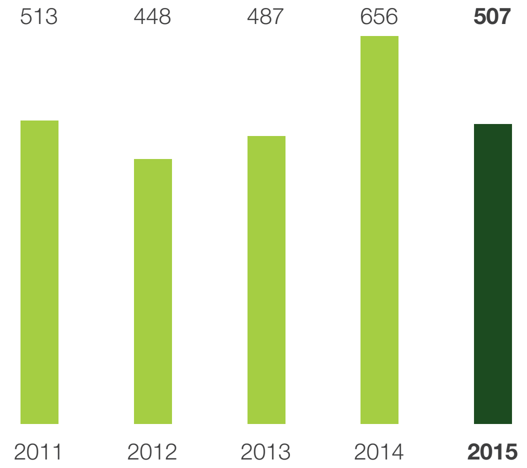
EBITDA
(IDR BILLION)



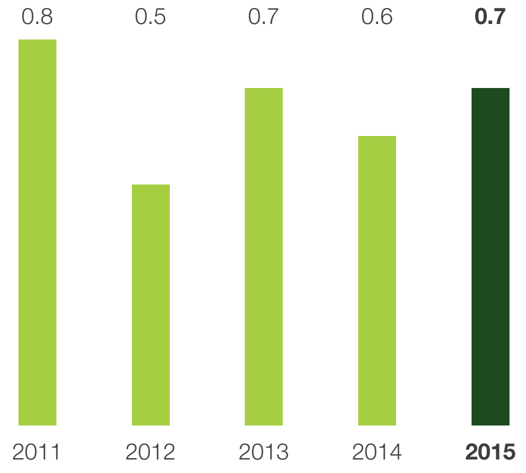
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (IDR BILLION)



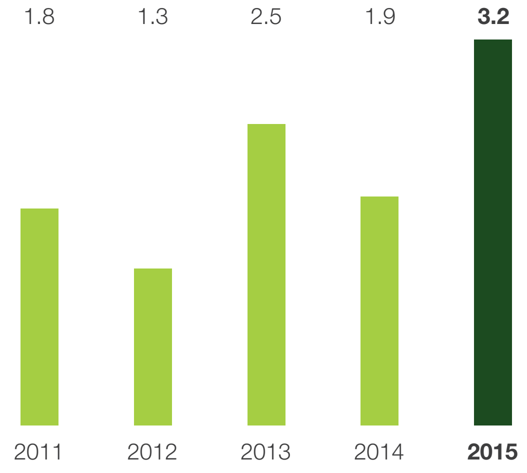
BASIC EARNINGS PER SHARE
(IDR PER SHARE)



DEBT PER TOTAL EQUITY
(TIMES)



NET DEBT PER EBITDA
(TIMES)



Operational & Financial Review

OPERATIONAL REVIEW

BUILDING THE FOUNDATION FOR FUTURE GROWTH

In line with our vision to be a leading palm oil producer focused on the continuous improvement of productivity, cost efficiency and growth, we take pride in ensuring the application of best agronomy practices at our estates. Such best practices in plantation cultivation and management help to ensure optimised Fresh Fruit Bunches ("FFB") and Crude Palm Oil ("CPO") yields and competitive production costs to neutralise weak CPO prices.

For the financial year ended 31 December 2015 ("FY2015"), the Group's total mature planted area increased to 74.6% as at 1 January 2015, from 69.1% in the preceding period to 122,474 hectares. As at 1 January 2015, the age profile of our estates remains young and favourable, with a weighted average age of approximately 6.9 years, from approximately 6.0 years as at 1 January 2014 and with 49.5% of our oil palm trees at peak production age. Oil palm trees have an average lifespan of 25 years, reaching maturity between 4-18 years and registering peak production period ranging from 7-18 years of age. The young age of our trees ensures that the Group's growth profile will remain strong in the coming years.

The Group's total internal FFB output rose 14.2% from 2.0 million metric tonnes ("MT") in the previous corresponding year ("FY2014"), to 2.3 million MT in FY2015. The Group leveraged external FFB to ensure its mills are running at an average capacity of 78.5%. External FFB increased by 46.0% to 1.0 million MT in FY2015, from 0.7 million MT in FY2014, contributing to 29.5% of total FFB volume in FY2015. While output remained healthy, it was lower than the 22.1% improvement achieved in 2014, impacted by the haze and dry weather in both year of 2014 and 2015.

Backed by the higher FFB output, CPO production volumes increased 20.1% from 618,665 MT in FY2014, to 742,842 MT in FY2015. Palm Kernel ("PK") production grew 22.7% from 115,431 MT in FY2014, to 141,589 MT in FY2015.

The Group's FFB yield per hectare in FY2015 was 3.3% lower at 17.8 MT per hectare compared to 18.4 MT per hectare in FY2014 because of the high hectarage of immature trees to the mature category and the negative impact of haze and dry weather in 2014. CPO yield was down 4.7% to 4.1 MT per hectare, from 4.3 MT per hectare in FY2014. CPO extraction rate for FY2015 declined marginally by 1.3% to 22.9% from 23.2% in FY2014; the results of higher external fruits purchased. PK extraction rate on the other hand increased 2.3% to 4.4% from 4.3% in the corresponding period.

In FY2015, the Group expanded its total planted area by 7.1% or 10,909 hectares with new plantings and net acquisition, from 153,268 hectares in the preceding year to 164,177 hectares. Of the total planted area, 27.1% or 44,498 hectares were allocated to plasma smallholders, inclusive of 4,685 hectares from collaboration with cooperatives in West Kalimantan. The acquisition of PT Inti Sawit Lestari and its subsidiaries accounted for 4,464 hectares of planted area in West Kalimantan.

The Group reviewed and enhanced its compliance to global standards for sustainable palm oil when it launched a new Sustainability Policy and increased its volume of certified palm oil when it received its third Roundtable on Sustainable Palm Oil ("RSPO") certificate in December 2015 for a mill in West Kalimantan, bringing the Group's total annual volume of certified CPO and PK produced to 152,800 MT, covering a total area of 41,500 hectares.

In February 2016, Bumitama also entered into a Sale and Purchase Agreement to acquire 95.0% of the total issued shares in PT Sukses Manunggal Sawitindo ("SMS"), which is primarily engaged in the plantation business. The proposed acquisition is part of the Group's plan to increase the hectarage of its land bank. The close proximity of SMS' plantation to the Group's plantation would allow the realisation of operational efficiency through the sharing of resources such as labour and infrastructure.

FINANCIAL REVIEW

In spite of the weak global economic conditions, ample supply of oilseeds and stagnating demand of CPO from China in 2015, the Group was able to deliver a creditable set of results.

The Group's revenue of IDR 5,542 billion in FY2015 lowered by 3.7% from IDR 5,757 billion in FY2014. The lower revenue was mainly attributable to a dip in average selling prices of both CPO and PK by 16.7% and 13.7% respectively but this drop was partially offset by a year on year increase in sales volumes of both CPO and PK by 13.0% and 20.3% respectively.

The Group's cost of sales increased 9.1% to IDR 3,726 billion in FY2015 from IDR 3,416 billion in FY2014, mainly attributable to higher production volume, purchase of external FFB, and overhead costs which were affected by the extension of capacity for selected mills during the year. Although cost of sales rose year on year, the cost reduction programme undertaken by the Group resulted in a lower per unit cost (cash cost per kilogramme) of IDR 4,830 per kilogramme from IDR 5,332 per kilogramme in 2014.

Correspondingly, the Group's gross profit declined 22.5% to IDR 1,816 billion in FY2015, as compared to IDR 2,342 billion in FY2014.

Interest income rose 36.6% from IDR 107 billion in FY2014 to IDR 146 billion in FY2015, mainly due to a higher average cash balance and interest income earned from advances extended to the plasma farmers.

The Group recognised a loss arising from fair value changes in biological assets of IDR 46 billion in FY2015 compared to IDR 38 billion in FY2014. The loss from fair value changes on biological assets was due to a lower CPO price assumption used, in line with the international CPO price movements and the depreciation of the IDR against the USD during the period.

Operational & Financial Review

Arising from a change in the Financial Reporting Standard (FRS), under FRS 41, Agriculture; where plantation assets are separated between bearer plants and agricultural produce, the Group had announced that it is opting to apply the historical costs as the depreciation base of the bearer plants to be adjusted back to their historical cost less accumulated depreciation in the financial year of 2016.

Selling expenses increased 10.0% to IDR 190 billion in FY2015 from IDR 173 billion in FY2014, on the back of a higher volume of Cost, Insurance and Freight ("CIF") sales for both CPO and PK. The percentage of CIF sales to total sales volume for CPO increased from 14.1% in FY2014 to 44.7% in FY2015 and from 73.5% in FY2014 to 80.8% in FY2015 for PK.

General and administrative expenses which comprise mainly salaries and employee costs, professional fees, taxes and insurance expenses, increased 12.9% to IDR 208 billion in FY2015 as compared to IDR 184 billion in the previous corresponding period.

Finance cost increased 47.7% from IDR 105 billion in FY2014 to IDR 155 billion in FY2015, largely attributable to lower capitalised finance costs as a result of a higher portion of mature plantation area compared to the previous corresponding period as well as the depreciation of the IDR against the USD in FY2015.

The Group recorded a net foreign exchange loss of IDR 52 billion in FY2015 as compared to a net loss of IDR 76 billion in FY2014, primarily due to the depreciation of the IDR against the USD in FY2015 which resulted in translation losses on USD denominated borrowings.

Share of loss of associate companies amounted to IDR 67 billion in FY2015, up from IDR 17 billion in FY2014. The increase was mainly due to share of losses from the Group's investments in two associate companies, PT Sawit Nabati Agro and PT Berkat Agro Sawitindo Group of companies ("SNA Group"), which have young tree profiles and hence low yields as well as unrealised foreign exchange loss on SNA Group's USD borrowings.

Consequently, in FY2015, the Group's EBITDA decreased 28.3% to IDR 1,539 billion from IDR 2,145 billion in FY2014 and net profit decreased 27.9% to IDR 989 billion from IDR 1,372 billion in the previous corresponding period.

HEALTHY RESILIENT FINANCIAL POSITION

With a strong balance sheet as at 31 December 2015, the Group is in good stead to grow the business further. Total assets increased from IDR 13,803 billion as at 31 December 2014 to IDR 16,344 billion as at 31 December 2015, while total liabilities increased

to IDR 8,755 billion during the review period from IDR 6,695 billion as at 31 December 2014.

As at 31 December 2015, total current assets increased to IDR 2,823 billion from IDR 1,884 billion for the corresponding date in 2014. The increase was primarily due to increases in trade and other receivables, plasma receivables, prepaid taxes, and inventories. Cash and cash equivalents rose from IDR 311 billion in FY2014 to IDR 599 billion in FY2015. The increase in cash flows from financing activities was offset by a decrease in net cash generated from operating activities and an increase in net cash used in investing activities for investments in biological assets, property, plant and equipment, and advances given to plasma plantations.

The Group's non-current assets increased to IDR 13,521 billion as at 31 December 2015, from IDR 11,920 billion, mainly attributable to an increase in biological assets, plasma receivables, property, plant and equipment, land use rights and loans to associate companies.

Bumitama's current liabilities increased from IDR 1,923 billion as at 31 December 2014 to IDR 3,276 billion as at 31 December 2015, due mainly to a new USD160 million revolving credit facilities bank loan obtained in FY2015 and higher trade and other payables.

Non-current liabilities increased to IDR 5,479 billion as at 31 December 2015 from IDR 4,772 billion a year ago, mainly due to an increase in derivative financial liabilities to IDR 1,127 billion arising from the mark-to-market of cross currency swap of Islamic Medium Term Notes.

Corporate Milestones

1996
Acquired first land bank
(in Central Kalimantan)

1998
Commenced
planting

2003
Commissioned first CPO mill
(in Central Kalimantan)

2004
Commenced planting programme
with 7,719 ha planted,
bringing total planted area to
18,773 hectares

2007
- Passed 50,000 ha planted area
- IOI Group acquired 33% stake

2010
Surpassed
100,000 ha
planted area

2011

Commissioned the 6th CPO mill, bringing total processing capacity to 2,070,000 tpa

2012

Listed on the Mainboard of the Singapore Exchange in April

2013

- 200 "Best Under A Billion" Award 2013
- First dividend payment

2014

- Two RSPO and one ISPO certificates
- Received "Frost & Sullivan Indonesia Excellence Award 2014"

2015

- Launched the new Sustainability Policy & Inaugural Sustainability Report
- Adding one RSPO certificate
- Initial Sales of Biodiesel
- Received "Asiamoney Award" for 3 categories

Board of Directors

LIM GUNAWAN HARIYANTO
Executive Chairman and Chief Executive Officer

Mr. Lim Gunawan Hariyanto, Executive Chairman and Chief Executive Officer of Bumitama, joined the Group in 1997 when he was appointed Director of PT Karya Makmur Bahagia. Mr. Gunawan was first appointed to the Board on 23 March 2012 and re-elected on 27 April 2015. He is responsible for the formulation of the Group's business and corporate policies and strategies, business development as well as business and operations management.

Mr. Gunawan developed his expertise in business operations and development based on his knowledge and experience gained in the palm oil industry over the past 18 years. Mr. Gunawan started his career in 1984 as the Vice President Director of PT Tirta Mahakam Resources, where he was in charge of the operational and business development of the company. Mr. Gunawan served as a director in various other companies.

Mr. Gunawan graduated from the University of Southern California in 1981 with a Bachelor of Business Administration.

DATO' LEE YEOW CHOR
Non-executive Director

Dato' Lee Yeow Chor, a non-executive Director of Bumitama was first appointed to our Board on 23 March 2012 and re-elected on 29 April 2013. He is presently the Chief Executive Officer of IOI Corporation Berhad, a Malaysian company which is a leading global palm oil player, and a Director of IOI Properties Group Berhad. Dato' Lee was first appointed to the Board of IOI Corporation Berhad as Group Executive Director in 1996 and was appointed as Chief Executive Officer of IOI Corporation Berhad in January 2014.

Dato' Lee is a barrister from Gray's Inn, London. He holds a LLB (Honours) from King's College London and a Postgraduate Diploma in Finance and Accounting from the London School of Economics.

Prior to joining the IOI Group as a General Manager in 1994, Dato' Lee served in various capacities in the Attorney General's Chambers of Malaysia and the Malaysian Judiciary for about four years. His last post in the Malaysian Judiciary was as a Magistrate.

Dato' Lee is the Chairman of the Malaysian Palm Oil Council and serves as a Council Member in the Malaysian Palm Oil Association. He was also appointed to the Board of Directors of Bank Negara, the Central Bank of Malaysia, in March 2015.

TAN BOON HOO
Lead Independent Director

Mr. Tan Boon Hoo, the Lead Independent Director of the Company, was appointed to our Board on 23 March 2012 and re-elected on 25 April 2014.

Mr. Tan is currently the Corporate Adviser at TBH International Consulting, specialising in finance, securities and corporate consultation matters. Mr. Tan is also a director of Ren Ci Hospital.

From 1994 to 2003, Mr. Tan was the General Manager (Institutional Sales) at JM Sassoon & Co Pte Ltd. From 1990 to 1994, Mr. Tan was the Executive Vice President, Head of Corporate Banking at Keppel Bank Ltd. From 1988 to 1990, Mr. Tan was the Deputy General Manager at Tat Lee Bank. Prior to this, Mr. Tan joined the Monetary Authority of Singapore's Banking and Financial Institutions Department in 1976 and was promoted to Deputy Director in 1988 before leaving for the private sector. Mr. Tan was previously an independent director of MAP Technology Holdings Limited (now known as MAP Technology Holdings Pte Ltd).

Mr. Tan obtained his Bachelor of Science (Honours) in Applied Chemistry from the University of Singapore in 1973 and completed his National Service in 1976 as an Officer in the Singapore Armed Forces ("SAF"). He attended the Stanford Executive Programme at Stanford University, Palo Alto, USA, in 1987.

CHUA CHUN GUAN CHRISTOPHER
Independent Director

Mr. Chua Chun Guan Christopher, an Independent Director of Bumitama, was appointed to our Board on 8 February 2012 and re-elected on 27 April 2015.

Mr. Chua joined the SAF in 1973, where he served for more than 30 years until his retirement in 2004 with the rank of Colonel. During his career in the SAF, Mr. Chua

LEFT TO RIGHT:
ONG CHAN HWA • DATO' LEE YEOW CHOR • LIM GUNAWAN HARIYANTO • TAN BOON HOO • CHUA CHUN GUAN CHRISTOPHER

served in various command and staff appointments. Some of his key appointments included Commanding Officer of the 6th Singapore Infantry Regiment, Brigade Commander of the 15th Singapore Infantry Brigade, Division Operations Officer of 6th Division and Senior Medical Staff Officer in Headquarters Medical Corps. The last appointment he held before his retirement was Defense Attaché at the Singapore Embassy in Jakarta, where he served for three and a half years. Apart from his military appointments, Mr. Chua also served as Honorary Aide de Camp to the President of Singapore from 1995 till 2000. For his meritorious service to the SAF, Mr. Chua was bestowed two State Awards, namely the Public Administration Medal (Bronze) (Military) and the Long Service Award (25 years).

From 2005 to 2012, Mr. Chua was involved in the Singapore Red Cross Society ("SRC"). He started as Senior Manager Operations, and was promoted to Secretary General in 2007. During this period, he was responsible for the SRC's response to many disasters that occurred both within and outside the region. Some of these include Cyclone Nargis in Myanmar, the Sichuan earthquake in China, the eruption of Mount Merapi in Indonesia, the Tohuku Tsunami in Japan and the Typhoon Washi in Cagayan and Iligan, Philippines.

ONG CHAN HWA
Independent Director

Mr. Ong Chan Hwa, an Independent Director of Bumitama, was appointed to our Board on 23 March 2012 and re-elected on 25 April 2014. Mr. Ong has 40 years' of experience in the palm oil and vegetable oils and fats industry, and had been engaged in various managerial positions along the palm oil value chain.

Mr. Ong started his career in 1975 with the Palmco Group, where his responsibilities included overseeing the trading and product development of, and exploring new markets for, palm oil products. In 1980, he joined Socoil Corporation Berhad as a Commercial Development Manager and was subsequently promoted to the Vice-President, Manufacturing. Mr. Ong was engaged by Phoenix Saguaro (M) Sdn Bhd, a dealer in PK expeller cakes, as a General Manager in 1984 and by Karlshamns (Malaysia) Sdn Bhd, a specialty oils and fats manufacturer, as Managing Director in 1989. Mr. Ong acted as an adviser to the General Manager of Kosma Plantations from 2002 to 2003, and as a director of Malaysian Vegetable Oil Refinery from 2003 to 2005. He was engaged from 2005 to 2007 as a Managing Director of AAA Oils & Fats Pte Ltd, an Indonesian oil palm plantation company. From 2008 to 2010, Mr. Ong acted as Managing Director of GateTrade (M) Sdn Bhd. Since 2008, Mr. Ong has also been engaged as an arbitrator on the Panel of Arbitrators of the Palm Oil Refiners Association of Malaysia. Mr. Ong is currently the director of HIV Hope Berhad and New Life Community Sdn Berhad.

Mr. Ong Chan Hwa obtained his Bachelor of Economics (Hons.) in Business Administration from the University of Malaya in 1975. In 2012, he attended and completed the Listed Company Directors Programme conducted by the Singapore Institute of Directors (SID).

Top Key Management

LEFT TO RIGHT:
JOHANNES TANUWIJAYA • ROEBIANTO •
LIM GUNAWAN HARIYANTO • SIE EDDY KURNIAWAN

JOHANNES TANUWIJAYA

Chief Strategy Officer

Mr. Johannes Tanuwijaya is the Group's Chief Strategy Officer ("CSO"). Mr. Johannes joined the Group in 2003 and was previously Director and Chief Financial Officer of PT Windu Nabatindo Abadi, a subsidiary of the Group. He is now responsible for the oversight of the Group's strategic and commercial activities and reports to our Chief Executive Officer.

Mr. Johannes started his career in 1990 as an Audit Manager at Prasetio Utomo & Co (Arthur Andersen), where he was involved in the projects of two telecommunication companies in Indonesia seeking dual listing on the Indonesia Stock Exchange and the New York Stock Exchange. In 1996, he joined PT Bira Aset Manajemen as a Director, where he was responsible for the operations and financial matters of the company. In 1999 and 2000 respectively, Mr. Johannes was appointed as the Corporate Secretary and Director cum Chief Financial Officer of PT Tirta Mahakam Resources Tbk, where he oversaw its listing on the Indonesia Stock Exchange.

Mr. Johannes obtained his Bachelor of Economics degree in 1991 from the University of Indonesia.

ROEBIANTO

Chief Operating Officer

Mr. Roebianto is the Group's Chief Operating Officer. He joined the Group in 2003 as General Manager in the engineering division of Bumitama Gunajaya Agro ("BGA"). He has oversight and control of the Group's overall operational activities, including the plantation, engineering and human resource departments. Mr. Roebianto started his career as a Field Superintendent in the Planning Engineering Department of Indo Plywood (Salim Group) in 1982, and was subsequently promoted to various managerial positions within the Salim Group during his tenure with them. Mr. Roebianto left the Salim Group in 1999, and was appointed as Director at Chua Sea Joo Plywood Industry Sdn Bhd, Malaysia, from 1999 to 2003. Mr. Roebianto spent four months in 2003 as General Manager in PT Tirta Mahakam Resources Tbk prior to joining BGA.

Mr. Roebianto obtained his Bachelor of Civil Engineering degree in 1982 from the Christian University of Indonesia.

SIE EDDY KURNIAWAN

Chief Financial Officer

Mr. Sie Eddy Kurniawan is the Group's Chief Financial Officer. He joined the Group in 2013, and is responsible for the Group's finance, accounting, and ICT department. He started his career in 1994 as a financial auditor with Arthur Andersen, and left as a senior auditor in 1996 to join the financial advisory services of PricewaterhouseCoopers, where he rose to become Associate Director. In 2005, he was recruited by Sampoerna Strategic Group as Business Development Executive, and in 2007, he was appointed as Chief Financial Officer of PT Sampoerna Agro Tbk., a plantation company listed on the Indonesian Stock Exchange.

Mr. Eddy obtained his Bachelor of Economics degree in 1994 from Parahyangan Catholic University.

Under the stewardship of its committed and experienced Board of Directors, Bumitama will continue its journey in the next phase of growth whilst upholding the Group's core values of Morality, Capability and Integrity.

Bumitama is committed to its CSR initiatives and Sustainability Policy; keeping in mind the need for a balanced and sustainable approach.

Corporate Social Responsibility

A LONGSTANDING COMMITMENT TO OUR STAKEHOLDERS – BUILDING A SUSTAINABLE FUTURE

Bumitama's Corporate Social Responsibility ("CSR") programme is the cornerstone of our business and enables the successful assimilation and adoption of our new acquisitions and/or new concessions. In line with our core value of *Heart to Serve*, we maintain a strong and steadfast commitment to integrate with the community and other stakeholders. We also explore ideas and implement agreed programmes towards improving the social and economic welfare of the local communities in areas where we operate.

The CSR programme, which covers the Plasma Programme, as well as economic, education, health, socio-cultural, religious and environmental initiatives, target three primary stakeholder groups:

– Internal Community: all human resources under Bumitama, which encompasses our employees and their families and also covers all new trainees under our various training programmes;

– Wider (External) Community: broad spectrum of stakeholders including the local communities, regional governments, local institutions and media; and

– Smallholders: via the implementation of the Plasma Programme, initiated by the Indonesian government to encourage the development of smallholders' plantations (the plasma) with the assistance and cooperation of plantation companies (the nucleus) and to assist and support the surrounding community plantations (the independent smallholders).

As we seek to align our interest with the interests of the communities in areas which we operate in, we remain cognisant of the core objectives of our CSR programme, namely:

– Support the various communities living in and in areas surrounding our plantations via our partnership programmes; to provide them with opportunities, options and/or resources, while being mindful of preserving the core cultural identity and values of the community;

– Improve living standards and welfare of employees and their families and the surrounding communities;

– Build commitment and trust with the locals, regional governments, suppliers, customers and media; and

– Establish a sustainable palm oil plantation which complies with our Sustainability Policy, recognised sustainability standards, regulations and commitment, with appropriate environmental conservation and social programmes.

In 2015, we strengthened our existing programmes by adopting a multifunctional landscape concept where our core programmes and projects embrace a holistic approach involving multiple stakeholders. The programmes are also deepened and expanded either through vertical and/or horizontal integration, depending on factors such as the developmental phase of the community, availability of resources and demand for such resources. We also consider other factors such as land being set aside for conservational purposes. There is a need to develop a non-forest timber product livelihood and/or alternative programmes which will support the conservation of forests and/or corridors to protected forests.

Economic Programme:
Building Economically Self-Sufficient Communities

We endeavor to play meaningful roles in the communities we operate in and will continue to implement programmes which will provide locals with economic opportunities, improved economic and social welfare and support them in attaining financial stability.

Plasma Programme

The Plasma Programme is an initiative introduced by the Indonesian Government to encourage the development of smallholders' plantations, supported and assisted by plantation companies. Under the Plasma scheme which aims to foster social and economic development of the surrounding community, Bumitama engages with smallholders usually via cooperatives to help develop the land and manage plasma plantations. In turn, the Group enjoys a steady supply of Fresh Fruit Bunches ("FFB") at a price set by the price committee established by the District Regional Government, adjusted for quality of the FFB, costs and a profit margin for the locals.

Since 2003, we have developed and allocated approximately 27% of our total planted area or 44,498 hectares to the Plasma Programme, above the 20% required by the

Indonesian government. To date, over 25,000 smallholder farmers and their families in Indonesia have benefitted from our Plasma Programme. In FY2015, Bumitama distributed IDR 174 billion in dividends to smallholders.

Whilst we have witnessed the far-reaching impact of this programme and the many lives touched, the Group will also continue to work closely with our partners to meet the changing needs of our smallholders and the surrounding communities and enhance their economic welfare via our Local Economic Empowerment Programme.

Local Economic Empowerment Programme

To encourage and support surrounding communities, Bumitama has adopted an active role in community development and introduced numerous sustainable economic development projects and initiatives to empower locals to achieve economic progress and attain financial stability.

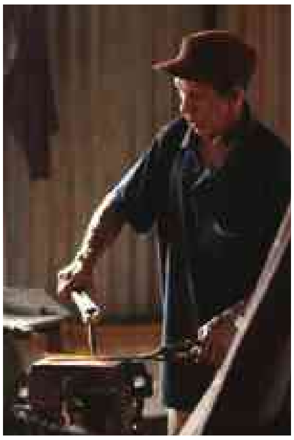
We note the strong cultural influences and differences of the communities in areas where we operate and therefore the success of our economic programmes hinges on a shift in our approach and programme design – moving from "donation" type of activities to "seed planting" activities. To garner acceptance for this change, our efforts in recent years are focused on encouraging participation by sharing the successes of our programme with them. The importance of this paradigm shift is succinctly summarised in this age-old proverb – "Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime", in line with our efforts to help equip the locals with skills to support themselves.

In 2015, we worked on encouraging different groups in a community or communities to start complementary businesses to avoid overcrowding of activities. This is a form of vertical integration which helps build a self-contained community. We also encourage the adoption of an Integrated Farming system, where emphasis is placed on a holistic management approach to ensure that the ecosystem is well-balanced. Via our efforts, these groups were educated about economics and organisation of businesses within the community.

The Group is involved at almost every stage of the programme from the provision of capital to business management and sale of produce and products. Bumitama provides initial capital, in form and/or in kind, for various entrepreneurial activities such as ironmongery, aquaculture, poultry and vegetable farming. Training courses and mentoring guidance are also made available to the participating locals. Further, for participating locals whose businesses have attained sustainable cycles of production and are ready for expansion, we introduce them to available micro banking facilities to facilitate payment and business expansion.

Additionally, we provide support in sourcing for marketplaces and/or commercial buyers as well as organising a location for locals to sell or trade their produce and products. To further boost local business

Corporate Social Responsibility



development, the Group engages the services and manpower of local contractors as much as possible.

The Group also witnessed some measure of success demonstrated by the application of horizontal integration in our communities. Our aquaculture programme has gained visible traction, expanding from one seed community group in 2012 to 29 groups in 2015. The success of the pioneer batch of participating locals has encouraged others to participate in similar ventures. We have since replicated this model in other communities in Central and West Kalimantan.

The Group's vegetable farming and poultry farming programmes have also expanded to 26 and 15 community groups respectively, as at December 2015. The programme not only provides economic impact, but is also used to address unauthorised activities in conservation areas. We piloted this economic programme to effectively contain unauthorised logging in a conservation area within our concession in West Kalimantan. We engaged the community head to change and enforce the local/*adat* law, placing heavy penalties on defaulters and engaging defaulters in the discussion of alternative livelihoods; providing seed money to the leader of an unauthorised logging group to produce poultry to meet the needs of one plantation and its workers when we found out that he was interested in poultry farming. Within a year, the enterprise expanded to include others in the group and extended into a supply chain, encompassing the production of broiler chicken and fried chicken, as well as the production and sales of tofu sold to the plantation and to small eateries/*warung* near the plantation. The abovementioned example bears testament to the thought and care taken when designing and driving programmes to support the Group's efforts in attaining its CSR vision.

As part of the preservation of local traditions and heritage, we initiated a blacksmith project in Central Kalimantan in

2013. The blacksmith project involves tapping on, honing and improving the skills of locals in creating ironmongery and/or tools such as *dodos*, a type of harvesting knife used in plantations. Using the same concept, in 2014, we implemented the project in West Kalimantan with one local and a helper participating in the blacksmith project. Within a year, the local expanded his shed into a building and was producing more than 500 knives every month, with the assistance of 10 helpers. These knives are now sold to surrounding plantations in the district and no longer just to Bumitama. We have since received six start-up requests from the same community and have plans to further expand this programme to other districts in West Kalimantan.

The Group spent a total of IDR 2.4 billion on local economic empowerment programmes in 2015.

EDUCATION PROGRAMMES: SHAPING THE FUTURE

Bumitama firmly believes that all children should have access to quality education. Cognisant of the fact that our plantations are largely located in remote areas with limited access to school and childcare facilities, the Group has invested much effort and financial resources to implement a comprehensive educational programme and to provide education support to the local communities in areas where we operate. We have worked to increase and/or improve educational facilities, the quality of educators and curriculum and the calibre of students.

As at 31 December 2015, the Group has built 36 schools in the provinces of Central and West Kalimantan. To meet the needs of approximately 4,300 students aged 4 to 18 enrolled in our schools, we employ 267 teachers, teaching administrators and helpers. We also reward the top three to five students in selected community schools, provide allowances for teachers in community schools to encourage them to stay on in the remote areas, provide funds for local educational activities and fund building materials for school repairs.

The Character Camp Programme

Started since 2013, the Character Camp seeks to shape the minds of young participants and focuses on instilling values and character traits such as truthfulness, obedience and attentiveness in students; supporting the development of good moral character in young children that will grow to be upright and outstanding citizens of Indonesia. Along the way, as they apply these values in their daily interactions with friends, family and even with the teachers, these values will gradually be ingrained in them, as part of a strong culture and value system in the areas where we operate.

Corporate Social Responsibility

To achieve independence, we are equipping teachers with teaching methods and materials. Teachers from the first two cycles assisted in the training of the third batch of teachers, with minimal supervision from an external team. There are also plans to develop the other character traits in-house, reducing our reliance on external consultants.

A total of 185 students, teachers and guests from our internal and external stakeholder groups participated in this year's camp. Camp materials are presented in both Bahasa Indonesia and English, allowing students to pick up the latter more easily. Through the camp, teachers are provided an opportunity to teach in an additional language and pick up a different method of instilling character traits and values in their students.

To date, more than 1,500 participants have joined our Character Camp Programme which was first introduced in Central Kalimantan and subsequently implemented in West Kalimantan. We have received positive feedback from participants, which include students, teachers as well as educators from the regional education offices. Given the positive response, the Character Camp will become a regular summer holiday programme.

Adiwiyata Schools – Schools with an Environmental Focus

As part of our focus on sustainability, we invest in training young minds about the importance of the environment and sustainability practices. This allows the young to have an increased awareness of environmental concerns and understand the impact of their actions on the environment. This is also in line with the Ministry of Environment's efforts to promote awareness of the environment with schools participating in activities that promote sustainable environmental practices.

Located in the middle of a palm plantation in Central Kalimantan, Bumitama Primary School has introduced the Adiwiyata Programme and provides students with insights to recycling and sustainable land use via projects such as integrated farming, practicing rotational farming of crops with the cultivation of roselle flowers, corn and kale, and learning to fully utilise plant parts by creating compost and feed for fish.

Via agriculture-based learning, participants experience first-hand how to manage and cultivate land to achieve optimal yields and attend lessons on best management practices. Bumitama provides the land, funds and materials for the programme, enabling students to experience agricultural entrepreneurship for themselves.

Concurrently, the programme also helps to foster an entrepreneurial spirit, creativity and innovation in the students from a young age. The community schools also benefit via an increased awareness on the environment and sustainable development.

The Group has plans to introduce similar programme in other schools, reaching out to students in kindergarten through to high school.

Training Centres

Internally, Bumitama strives to provide its employees with growth and learning opportunities via comprehensive learning programmes, one of which is the *High Potential, High Performer* programme. We are a firm believer of investing in our people to keep them motivated and relevant. To reinforce the Group's corporate culture and core values, we have partnered the Institute of Agricultural Stiper Yogyakarta to develop and implement specific educational and development programmes.

Over the years, more than 1,750 undergraduates, trainees and employees have had the opportunity to develop, improve and expand their skills and ability through skills and development courses conducted at our two training centres, Pundu and Kendawangan Learning Centres and outreach events in Yogyakarta, Bandung and Jakarta.

The Group spent approximately IDR 2.1 billion on educational activities in 2015.

Increasing Awareness and Building Trust

The Group makes a conscious effort to share its research findings via magazine articles and participation in conferences and working groups for various certification bodies such as the Roundtable on Sustainable Palm Oil ("RSPO") and Indonesian Sustainable Palm Oil ("ISPO").

Reaching out to future leaders of the nation, Bumitama periodically conducts talks at local universities, inviting students and members of the public to learn more about the industry and its challenges. Apart from increasing awareness of the industry, the talks – attended by more than 300 participants – also help the Group to engage the public in conversation about the industry and the best practices and operational processes adopted at Bumitama.

Based on survey results, such talks have been well received and are an effective two-way communication tool. In line with the Group's vision of continuously improving the public's knowledge of the palm oil industry, we will continue to host such activities on an ongoing basis where opportunities arise.

HEALTH PROGRAMMES: PREVENTION, TREATMENT AND PROTECTION

Working hand in hand with our team of plantation doctors, nurses and volunteers, Bumitama provides free basic healthcare services to all employees through six clinics located in the areas we operate. Free medical check-ups are also made available to the local communities near the Group's concessions.

Corporate Social Responsibility

In 2014, the Group Partnered the Indonesian Red Cross ("*Palang Merah Indonesia*" or "PMI") to construct the first blood bank, providing blood stock for district hospitals in West Kotawaringin, Lamandau and Seruyan. In 2015, the Group continued its strong relationship with PMI and conducted blood donation drives at various locations, including its Jakarta office.

Over the course of the year, we played a role in various health programmes including:

- Working with PMI in Kalimantan to provide building materials for the extension of the health centre in Pangkalan Bun;
- Fumigation of housing areas to prevent the spread of infectious diseases like malaria or dengue;
- Conducting mass circumcision events;
- Running birth control education programmes as well as distributing birth control devices; and
- Conducting workshops for young children to educate them about hygiene practices such as hand washing and teeth brushing with a goal of instilling good habits from young.

Mitigating the Impact of the 2015 Haze Crisis

2015 saw air pollution levels soaring to unprecedented highs as the transboundary haze crisis affected several Southeast Asian countries arising from forest fires in parts of Indonesia, exacerbated by the El Niño effect. Many Indonesians were impacted by the haze and those living in remote areas had little to no medical access and attention.

In response, Bumitama initiated a collective effort with various stakeholders to provide relief to members of the public via its "*Public Health Services Against the Impact of Haze*" initiative. The main objective of the programme was to reach out to villagers in remote areas around the larger towns of Palangkaraya, Pangkalan Bun and Ketapang. Volunteers from Bumitama worked together with various partners such as the uniformed forces of the government, PMI, Muspida and volunteers from the nearby universities to provide 24/7 mobile health services available to the public for close to a month.

Together with a team of medical staff, complimentary health consultations, medical treatments, medication and temporary resting places were made available. The team also distributed masks, nutritious food and medication to the locals while educating them about good health practices and environmental protection. Through this programme, Bumitama reached out to approximately 5,500 villagers living in 33 villages located in Central and West Kalimantan.

In total, the Group spent IDR 1.2 billion on funding health programmes in 2015.

SOCIO-CULTURAL, RELIGIOUS AND INFRASTRUCTURE PROJECTS: MAINTAINING STRONG TIES WITH THE LOCALS

Supporting Socio-cultural and Religious Activities

In support of the multiculturality and strongly rooted cultures of Indonesians, the Group has taken steps to support the development and promotion of social and

cultural activities. In 2015, Bumitama supported various initiatives including:

– Funding the building and repair of places of worship;
– Allocating worship areas for staff of different religions;
– Organising activities for the Bumitama Women's Group with the aim of fostering cohesiveness and unity;
– Building of community halls and areas to encourage staff to participate in sport and recreational activities;
– Organising various events such as sports and family days;
– Participated in traditional events and social functions organised by the districts and provinces; and
– Celebrations for Indonesia's 70th Independence Anniversary where the Group donated to the Hilaluddin Foundation to improve the welfare of local communities and organised competitions for events such as fishing, tug of war, *panjat pinang* and shooting competitions.

The Group contributed IDR 1.4 billion and IDR 1.3 billion for socio-cultural and religious projects respectively in 2015.

Enhancing Infrastructure

Accessibility is one of the best ways of promoting growth and communication. To this effect, Bumitama has invested in infrastructure and carried out activities to build, restore and improve existing infrastructure. Some of which include:

– Building of roads and bridges to create links between villages;
– Repair and maintenance of roads;
– Provision of tanks and engines/pumps for the extraction, filtration and storage of clean water; and
– Provision of electric generators and cables.

Keeping in mind the importance of clean water for our communities, we continued to invest in this area, with the Group investing approximately IDR 112.5 million in 2015 to support the provision of water pumps and construction of artesian wells (boreholes).

The Group sponsored IDR 0.6 billion in support of multiple infrastructure projects during the year.

GROWING SUSTAINABLY FOR OUR FUTURE GENERATIONS

Sustainability is a part of our DNA and we have re-affirmed our commitment to the RSPO and reviewed our operations to work towards attaining world class standards. Our efforts culminated in the launch of a refreshed Sustainability Policy (the "Policy") and our first Sustainability Report (the "Report") published in August 2015. It expresses our commitment to avoid deforestation, development on peat whilst respecting the rights of communities

Corporate Social Responsibility

and human resources. The Policy acts as a guide for the structure and implementation of our social and environmental programmes, projects and targets, outlines our commitment to traceability and responsible sourcing and encourages engagement and reporting. Together with external certifications, the Policy now forms the backbone of our approach to sustainability.

Forest Conservation and Sustainable Land Use

Indonesia harbours a luscious and unique natural environment, but at the same time, a significant percentage of its population still lives below the poverty line. As such, Bumitama adopts a holistic integrated landscape approach to protect natural habitats while ensuring the development needs of the local populations are met. Our participatory landscape approach which seeks to identify appropriate conservation and sustainable use models for forest, peatland and agroforestry set-asides on the basis of Free, Prior and Informed Consent is currently under trial. The village is central in our decision-making process pertaining to plans for areas within and around the boundaries of our plantation lease areas, with a goal of promoting the conservation and sustainable use of forest, peat and agroforestry, which contribute to long term food and income security.

In support of the integrated landscape approach, the Group used the High Conservation Value ("HCV") assessment, High Carbon Stock ("HCS") approach, peat delineation test, land cover, land use and land use change analysis and Social Impact Assessment ("SIA") to determine locations or areas with HCV, HCS, and peat in 2015. The Group also socialised with the community prior to preparing the planting plans for these new concessions. The new planting plans are to be audited under the New Planting Procedures of the RSPO.

We continue to strengthen our monitoring and conservation work to ensure that our operations do not pose further threats to wildlife. We enlarged the pool of operational teams and educate them about HCV monitoring and how to detect signs of wildlife. The agronomy, research, geological and quality control teams are now also involved in the HCV and HCS assessments. They were previously only involved in patrolling exercises and classroom training. In addition, we utilise a spatial monitoring and reporting system as well as a global positioning system where the teams record various risk factors observed during their patrols on paper prior to transferring the information to an online database to facilitate the monitoring and surveillance of the protected animals.

Reducing Greenhouse Gases; Converting Waste to Energy

Recognising that the palm oil industry has a vital role in reducing greenhouse gas emissions in Indonesia, Bumitama is looking to convert waste products from palm oil processing into energy as part of its "zero waste management" policy. During the palm oil production process, solid waste in the form of fibres, shells, Empty Fruit Bunches ("EFB") and liquid waste in the form of Palm Oil Mill Effluent ("POME") are generated. EFB and POME are recycled as organic fertilisers in our plantations and composting site. This enables the recycling of waste products while minimising water and soil pollution.

As part of our commitment to reduce Greenhouse Gas ("GHG") emissions and the impact of GHG, the Group has been studying various methods to achieve its goal of lower GHG emissions especially with POME, one of the main sources of GHG. We partnered waste treatment and integrated power solutions providers (the "Solutions Provider") to build two biogas plants in Central Kalimantan. These two plants, slated for completion in early 2017, are part of Bumitama's pilot project to use liquid waste to generate electricity; a more efficient and environmentally-friendly method of power generation. The local communities near our plantation stand to benefit from a more stable flow of electricity. The government would also have access to additional electrical supply at a lower cost as power will be sold to the grid under a Power Purchase Agreement with the Indonesian government-owned electricity distributor PT PLN. The two plants are estimated to capture almost 14 million cubic meters of methane a year, and will be able to produce more than 5.5 megawatts of electricity. The Group also minimises GHG by using by-products such as fiber and palm kernel shells from the palm oil production process to generate electricity while using EFB as land cover and fertiliser.

Bumitama's commitment to not clear peat area or deforest, together with our focus on sustainable land planning, will result in significant reductions in GHG emissions.

Enhancing Productivity

Enhancing the productivity of our land through improvement of yields and extraction rates is an integral part of sustainable agriculture. To boost productivity, the Research, Quality Control and Engineering departments have worked together to identify and study areas which can be improved such as yield, oil content and bunch weight. Generally we were able to maintain stable levels of yield per hectare and an oil extraction rate that is slightly above industry average as seen in the table below. The decline in yield per ha in 2015 were due to the high hectarage of immature palms transferred to the mature palms category and impacted by the haze and prolonged dry weather last year. The larger volume of 1 million tonnes of external fruits caused Oil Extraction Rate ("OER") to deviate slightly from our target average of 23%.

	2011	2012	2013	2014	2015
Yield per ha	16.3	18.8	17.4	18.4	17.8
OER (%)	24.0	23.8	23.3	23.2	22.9

Anticipation and Prevention of Fires

In light of the annual haze resulting from land burning in Sumatra and Kalimantan which resulted in high GHG emissions and much environmental damage, Bumitama took proactive measures to provide part of the solutions for the situation. Since our inception, we have adopted a strict zero-burning policy – which bans all use of fire for land clearing and waste disposal within our plantations and plasma developments.

A Hotspot and Fire Alert mechanism was established within the Group with employees and members of the public trained to anticipate fires during the dry season via the usage of various weather forecasting tools such as NASA hotspots location maps. Internally, the Group has engaged consultancies to put in place and enhance robust fire prevention measures and conduct checks on the readiness of fire-fighting equipment. Despite these measures, occasional fires do occur in our plantations and near its vicinity. A special task force was formed in November 2015 to understand the source of fire, improve preventive measures in our plantations and the surrounding areas, enhance fire predictive skills via satellite imagery systems, watchtowers and ground patrols to reduce response time and put out fires. More information on Bumitama's comprehensive programme can be found in the Sustainability Report on pages 32 and 33 and in the report titled "Bumitama Reports on the Progress of ASMR" dated 26 November 2015.

We are also participating in the "Village Fire Prevention" programme organised in conjunction with the regional uniform forces and police.

Corporate Social Responsibility

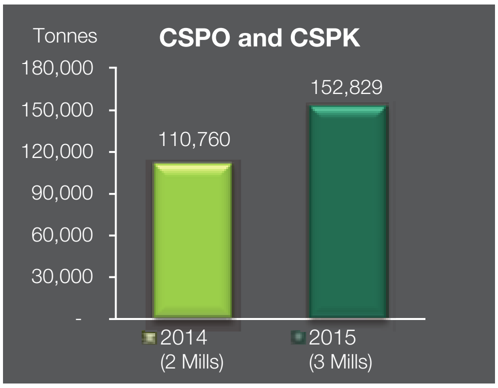
Complaints and Grievance Mechanism

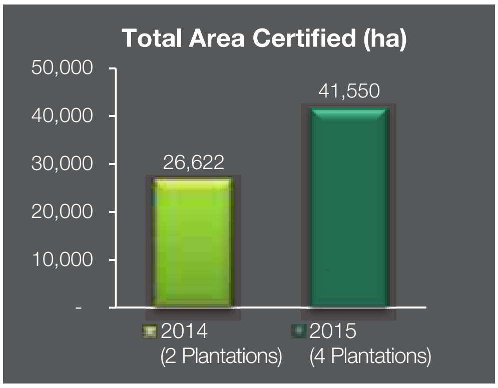
Following complaints from the public in 2013, we reviewed our processes to ensure that stakeholder queries were addressed on a timely basis and stakeholders have access to remedies. In 2015, we introduced a new complaint process which clearly outlines the procedures and responsibilities of various departments so as to ensure all complaints are reported and addressed quickly at the Group level. This process also encourages our stakeholders to approach the Group first before reaching out to external parties such as the RSPO or posting it online and/or on social media and we have found the process to be beneficial and engaging. A case in point would be our communications and engagement efforts with Greenpeace and Friends of the Earth.

Bumitama has successfully resolved the four complaints lodged in 2013 by engaging with those who lodged the complaints, fully implementing the RSPO P&C and engaging consultants and the civil society to undertake additional detailed surveys for areas covered with natural vegetation and rich biodiversity.

Sustainability Certification

At the end of 2015, the Group received its third RSPO certificate for a mill located in West Kalimantan. The total certified volume and area can be seen from the chart below. Bumitama will be guided by its time bound plan to the RSPO on RSPO certification.





Correspondingly, the Group will also hasten the mandatory certification process with the ISPO. To-date, one processing mill has been certified.

Bumitama also engaged a number of buyers on various traceability and verification exercises. Feedbacks from the Sustainability team reflect the usefulness of these audits, which increased their understanding while enriching their experiences.

The table below provides a quick snapshot on the progress of various initiatives that support our Policy:

Targets and objectives

What we want to achieve	Our target (year-end)
No expansion without Free, Prior and Informed Consent from local communities†	• Immediate.
No new developments without HCV and HCS approach assessments†	• Conducted HCV, HCS, SIA, land cover and land use analysis and peat delineation test for new concessions; • New planting planning and New Planting Procedure in 2016.
New Business Ethics Policy socialised with staff and made publicly available	• On target, completed socialisation in December 2015.
Zero fatalities	• Update 2015 shows zero fatalities; • Will continue to improve procedures to ensure human safety in 2016 and beyond.
Eliminate use of Paraquat in all plantations and plasma schemes	• Programme on track, checks show no Paraquat purchase since mid of 2015; • Full elimination by December 2016.
Develop partnership with reputable orang-utan organisation to protect and increase orang-utan populations in Kalimantan	• 2016.
Reduce accidents rates by 40%	• Implementing mitigation measures in 2016 to ensure achievement of 40% from 21.6 by end 2017.
Complete survey and mapping of independent smallholders that supply FFB	• On track with programme; basic data gathering completed in 2015; • Audit, site verification, interviews and training by December 2016; • Pilot smallholders yield and replanting programme in 2017.
Measure and publish our carbon footprint and develop a reduction strategy	• Completed GHG data for certified mills in 2015; • To complete GHG data for all mills by 2016; • Two methane capture plants by 2017.
FFB processed by our mills is traceable to our own estates and plasma smallholders	• Completed data gathering by 2015; • Audits and verification in 2016; • Targeted full completion by December 2017.
All FFB purchased can be documented to originate from legal and responsible sources	• Completed documentation preparation in 2015; • Audit and verification in 2016, to be completed by December 2017.
All mills and plasma smallholder schemes RSPO certified*	• On track, completed one mill in 2015; • Preparing plasma for certification in 2016; • Target to complete as per time bound plan by December 2020.

† These commitments are ongoing. We will report on compliance in future sustainability reports

* Or one year from Hak Guna Usaha and relevant permits approved if not before 2020

GOING FORWARD

Our strong commitment to corporate social responsibility initiatives spanning economic, education, healthcare and socio-cultural activities have helped us to maintain strong ties with the locals. Recognising the importance of sustainability and in the spirit of giving back to society, we seek to continually improve the welfare of local communities and environmentally-friendly practices.

Looking ahead, we are cognisant that our CSR initiatives are a work in progress and we are committed to the incessant refinement of our approaches and expand the reach of our CSR programmes. We will also remain mindful of the need for a balanced and sustainable approach and seek to maximise the long-term interests of all our stakeholders.

Corporate Governance

Bumitama Agri Limited (the "Company" or "Bumitama") and its subsidiaries (the "Group") recognises the importance of, and is committed to observing and attaining high standards of corporate governance set out in the Code of Corporate Governance 2012 (the "Code") in keeping with the Group's cultural pillar of morality, capability and integrity. The Board constantly reviews the Company's corporate governance practices and seeks to align its practices with the development and changes in the Code. The Company has complied substantially with the principles and guidelines set out in the Code, where they are applicable, relevant and practicable.

ACHIEVEMENT

The Company has been accorded 3 awards from the Asiamoney Corporate Governance Poll 2015 for the categories of "Overall Best Company in Singapore for Corporate Governance, Best for Investor Relations in Singapore and Best for Corporate Social Responsibility in Singapore."

This Report sets out the Company's corporate governance processes, activities and adherence to the principles and guidelines set out in the Code, save as otherwise explained in this report.

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

The primary function of the Board is to protect and enhance long-term value and returns to its shareholders. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. The Board focuses on the following broad areas, namely:

(a) providing entrepreneurial leadership, setting the corporate strategy and direction;

(b) overseeing the process of evaluating the adequacy of enterprise risks management and internal controls; and

(c) supervising the proper conduct of matters brought to its attention.

The Board also establishes a framework of prudent and effective internal controls which enable risks to be assessed and managed, reviews Management performance, sets the Company's values and standards, and ensures that the Company's obligations to Shareholders and other stakeholders are understood and met and that all decisions are made objectively and in the interest of the Company and its Shareholders.

To facilitate effective management and assist the Board in discharging its responsibilities, certain functions have been delegated by the Board to various Board Committees namely: Audit Committee ("AC"), Remuneration Committee ("RC"), Nominating Committee ("NC") and Conflicts Resolution Committee ("CRC"), which operate under clearly defined terms of reference.

The Committees are each chaired by an Independent Director and all members are Independent Directors. Each Board Committee has the authority to examine any issue that arises in their specific areas and report to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Further details of the scope and functions of the various Board Committees are set out in this Report.

The Board and Board Committees meetings are scheduled in advance to coincide with the announcements of the Group's quarterly results. Additional and ad hoc meetings and conference calls are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings. The Company's Constitution provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously.

Corporate Governance

Directors may request for explanations, briefings by or discussions with Management on any aspect of the Group's operations or business from Management. When circumstances require, Board members exchange views outside the formal environment of Board meetings.

The Board met four times in respect of the financial year ended 31 December 2015 ("FY2015"). The attendance of each Director at the Board and Board Committees Meetings for FY2015 is as follows:

	Board	AC	RC	NC	CRC
Number of Meetings Held	4	4	1	1	1
Name	**No of Meetings Attended**	**No of Meetings Attended**	**No of Meetings Attended**	**No of Meetings Attended**	**No of Meetings Attended**
Lim Gunawan Hariyanto	4	NA	NA	NA	NA
Dato' Lee Yeow Chor	4	1[1]	NA	NA	NA
Tan Boon Hoo	4	4	1	1	1
Chua Chun Guan Christopher	4	4	1	1	1
Ong Chan Hwa	4	4	1	1	1

NA: Not Applicable
[1] Attendance by invitation of the Committee

The Board has delegated day-to-day operations to Management, while reserving certain key matters for its approval. Matters that specifically require Board approval are the Group's financial results, annual budgets, financial statements, interested person transactions, acquisitions and disposals of assets, capital expenditure plan, corporate or financial restructurings, dividend payments, commitments to banking facilities and convening of shareholders' meetings. Board approval is also required for other matters which are likely to have a material impact on the Group's operating units and/or financial positions as well as matters other than in the ordinary course of business. The Board believes that when making decisions, all Directors of the Board act objectively and in the interests of the Group.

Although no new Director was appointed in FY2015, the Company has a programme in place whereby newly appointed Directors would receive orientation and training, if necessary, to enable them to familiarise with the Group's senior management, business activities and the relevant regulations and governance requirements. Directors also have the opportunity to visit the Group's operational facilities and meet with Management to gain a better understanding of the Group's business operations. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing.

The Company encourages Directors to participate in development programmes especially technology development in palm oil industry, which are considered essential and or will enhance their roles on the Board and its Committees. The cost of Directors' attendance at appropriate courses, conferences and seminars conducted by professionals (including the Singapore Institute of Directors) will be borne by the Company.

Corporate Governance

Some of the courses/seminars/conferences attended by some of the Director are:

– Unveiling the Top 100 Singapore Listcos in the ASEAN Corporate Governance Scorecard

– Centre for Audit Quality Round-table Discussion

– Singapore Institute of Directors (SID) – Corporate Governance Roundup 2015

– SID Essentials Series – Directors' Financial Reporting Essentials (DFE)

– Palm & Lauric Oil Price Outlook Conference on 3 to 4 March 2015

Relevant updates, news releases issued by the Singapore Exchange Trading Limited ("SGX-ST") and the Accounting and Corporate Regulatory Authority ("ACRA") are also circulated to the Board for information.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises five members and more than half of the Board comprises Independent Directors as follows:

Name	Board	AC	RC	NC	CRC
Lim Gunawan Hariyanto	Executive Chairman	–	–	–	–
Dato' Lee Yeow Chor	Non-Executive Director	–	–	–	–
Tan Boon Hoo	Lead Independent Director	Chairman	Chairman	Member	Chairman
Chua Chun Guan Christopher	Independent Director	Member	Member	Member	Member
Ong Chan Hwa	Independent Director	Member	Member	Chairman	Member

The strong independent element on the Board ensures that it is able to exercise objective and independent judgement on corporate affairs and on transactions involving conflicts of interest and other complexities.

The Board, with the concurrence of the NC, is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Company's operations. The current Board comprises Directors who as a group provide core competencies such as finance, legal, business management and industry knowledge. The profile of the Directors can be found on pages 20 to 21 of this Annual Report.

Non-Executive Directors' views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors also communicate regularly with Management to discuss matters such as the Group's financial performance and corporate governance initiatives. Where necessary, the Group arranges for the Independent Directors to meet the Heads of Departments and key employees without the presence of Management.

Corporate Governance

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER ("CEO")

The Chairman of the Board, Mr. Lim Gunawan Hariyanto, is also the CEO. Mr. Lim Gunawan Hariyanto plays an instrumental role as the CEO in (i) formulating the overall business and corporate policies and strategies of the Group; (ii) managing the overall business and operations of the Group; and (iii) overseeing the Group's overall business development. As Chairman of the Board, he bears primary responsibility for the workings of the Board, by ensuring effectiveness on all aspects of its role including setting agenda for Board meetings and ensures that the Directors receive complete and adequate information.

With the establishment of various Board Committees with power and authority to perform key functions and putting in place internal controls to allow effective oversight by the Board of the Group's business, the Board is of the view that these enable the Board to exercise objective decision-making in the interests of the Group. The Board believes that Mr. Lim Gunawan Hariyanto's dual role as Chairman and CEO allows for more effective planning and execution of long term business strategies as he is knowledgeable in the business of the Group and provides the Group with a strong and consistent leadership.

In view of the foregoing, the Board is of the view that it is currently unnecessary to effect a separation of the roles of the Chairman of the Board from that of the CEO to facilitate the Group's decision-making and implementation process.

Taking cognizance of the non-separation of the roles of the Chairman of the Board and the CEO, the Board has in the spirit of good corporate governance, appointed Mr. Tan Boon Hoo as Lead Independent Director to serve as a channel for Shareholders in the event their concerns are not resolved through the normal channel of the Chairman and CEO or the Chief Financial Officer ("CFO"), or for which such contact is inappropriate. Mr. Tan will also act as liaison between the Independent Directors and the Chairman of the Board, as to provide non-executive perspectives in circumstances where it would be inappropriate for the Chairman to serve in such capacity and to contribute a balanced viewpoint to the Board.

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three Directors, all three of whom are Independent Directors. The NC members are:

Mr. Ong Chan Hwa (Chairman)
Mr. Tan Boon Hoo (Lead Independent Director)
Mr. Chua Chun Guan Christopher

The NC met once in FY2015.

The NC performs the following functions:

1. review and recommend to the Board the structure, size and composition of the Board and Board Committees;

2. determine the process for search, nomination, selection and appointment of new Board members;

3. review and make recommendations to the Board on all Board appointments, including nomination of the Directors for re-election/re-appointment, taking into account the Director's contribution and performance;

4. determine annually whether a Director is independent;

Corporate Governance

5. determine whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company, particularly where the Director concerned has multiple board representations;

6. evaluate the Board's performance as a whole and the contribution by each Director to the effectiveness of the Board, and to adopt appropriate measures to assess performance;

7. review succession plans, in particular, the Chairman and CEO;

8. oversee the induction, orientation and training for any new and existing Directors; and

9. undertake such other functions and duties as may be delegated by the Board.

In accordance with Regulation 91 of the Company's Constitution, one-third of the Directors will retire from office at every Annual General Meeting of the Company and every Director must retire from office at least once every three years. A retiring Director is eligible and may be nominated for re-election.

Dato' Lee Yeow Chor and Mr. Tan Boon Hoo, who are both subject to retire by rotation, will be offering themselves for re-election at the forthcoming Annual General Meeting ("AGM"). In reviewing the nomination of the retiring Directors, the NC considered the performance and contribution of each of the retiring Directors, having regards not only to their attendance and participation at Board and Board Committees meetings but also the time and efforts devoted to the Group's business and affairs. The NC has recommended the re-election of Dato' Lee Yeow Chor and Mr. Tan Boon Hoo at the forthcoming AGM. The Board has accepted the NC's recommendation.

Each member of the NC shall abstain from voting on any resolutions and/or participating in deliberations in respect of his re-election as Director. Accordingly, Mr. Tan Boon Hoo has abstained from the deliberation and decision in respect of his own re-election.

The NC conducts an annual review of Directors' independence adopting the Code's definition of an independent director and guidelines as to relationship in determining the independence of a director. The NC and the Board are of the view that Mr. Tan Boon Hoo, Mr. Chua Chun Guan Christopher, and Mr. Ong Chan Hwa are considered independent while Dato' Lee Yeow Chor is considered a Non-Executive and Non-Independent Director in view of his association with Oakridge Investments Pte Ltd, a substantial shareholder of the Company.

Save as disclosed, the Non-Executive Directors are not related and do not have any relationship with the Company, its related corporations, or its officers or are in any circumstances that could interfere or be reasonably perceived to interfere, with the exercise of their independent business judgement with a view to the best interests of the Company.

The NC had adopted a process for the selection and appointment of new Directors which provides the procedures for identification of potential candidates' skills, knowledge, experience and assessment of candidates' suitability.

Selection of candidates to be considered for appointment as Directors is facilitated through recommendations from the Directors, Management or external parties. The NC interviews the shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committee(s).

Corporate Governance

In reviewing and recommending to the Board any new Director appointments, the NC considers: (a) the candidate's independence, in the case of the appointment of an Independent Director; (b) the composition requirements for the Board or Board Committee(s) as the case may be; (c) the candidate's track record, experience and capabilities and such other relevant factors as may be determined by the NC which would contribute to the Board's collective skills; and (d) any competing time commitments if the candidate has multiple board representations.

The Company will provide a formal letter of appointment to newly appointed Non-Executive Directors, setting out the Director's duties and obligations and terms of appointment whereas Executive Directors will be provided with Service Agreements setting out their terms of office and terms and conditions of appointment.

The NC had deliberated on succession planning for the Chairman/CEO and would bear this factor in mind when considering the appointment of any Executive Director.

A Director with multiple board representations is expected to ensure that sufficient time and attention is given to the affairs of the Group. The NC is of the view that Directors who have multiple board representations have perform as well as the other Directors with lesser board representations. The Board, with the concurrence of the NC, having considered the attendance of the Directors and their contributions at meetings of the Board and Board Committees, is of the view that such multiple representations do not hinder the Directors from carrying out their duties in the Company. The Board and the NC are also satisfied that sufficient time and attention have been accorded by these Directors to the affairs of the Group. The NC is also of the view that putting a maximum limit on the number of listed company board representations is arbitrary, given that time requirements for each vary, and thus should not be prescriptive.

PRINCIPLE 5: BOARD PERFORMANCE

The NC has adopted an annual assessment of the performance and effectiveness of the Board and Board Committees collectively. The NC believes it is more appropriate to assess the Board as a whole, rather than assessing individual Directors, bearing in mind that each member of the Board contributes in different ways to the effectiveness of the Board.

The assessment process had been continuously improved upon, with feedback from the Board and the review incorporates factors such as attendance, Board composition, conduct, input and contributions of the Board and its various committees; keeping updated on latest trends in the industry and global market; and quality, availability and sufficiency of information.

The Chairman, in consultation with the NC, would act on the results of the assessment.

For FY2015, the NC is generally satisfied with the Board evaluation results, which indicated areas of strengths and areas that could be improved further. No significant problems had been identified. The NC had discussed the results with the Board and the Board has agreed to work on the areas where improvement is necessary as appropriate.

With the feedback obtained from the assessment evaluation conducted in FY2014, the NC took the challenge of value-adding and modifying the assessment evaluation form, incorporating separate assessment performance for each Board Committee with the objective of applying specific feedback for improvement for each of the Committees.

Corporate Governance

PRINCIPLE 6: ACCESS TO INFORMATION

Prior to each Board meeting, all Directors are provided with the relevant Board papers and reports within adequate time for the Directors to review the papers and reports. These reports provide information on the Group's performance, financial position, significant issues and any other matter which may be brought before the Board. Besides these, Board members are provided with monthly operational performance report with a short commentary so as to ensure Board members are kept updated and informed of the progress of the Group on a regular basis. Directors are also informed of any significant developments or events relating to the Group.

All Directors are updated on an on-going basis via Board meetings and/or circulars on matters relating to, *inter alia*, changes to the regulations of the SGX-ST, Companies Act, accounting standards and/or other statutory requirements. The Directors may also seek independent professional advice on any Group matters, as they require, at the Group's expense.

All Directors have independent access to the senior management of the Group and the Company Secretaries. The Directors also have unrestricted access to the Group's information, minutes of Board meetings, and management accounts to enable them to carry out their duties.

At least one of the Company Secretaries attends all Board and Board Committees meetings and ensures that Board procedures are followed and that the applicable rules and regulations are complied with. The Company Secretaries are responsible for assisting the Company in its compliance with the requirements of the Companies Act, the rules of SGX-ST Listing Manual and any other applicable regulations. The Company Secretaries also ensure good information flow within the Board and the Board Committees, as well as between the senior management and Non-Executive Directors (including Independent Directors), and assists in the professional development of existing Directors, as and when required. The appointment and/or removal of the Company Secretaries is subject to Board approval.

PRINCIPLE 7: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three, all three of whom are Independent Director. The members of the RC are:

Mr. Tan Boon Hoo (Chairman)
Mr. Ong Chan Hwa
Mr. Chua Chun Guan Christopher

The RC's duties include:

1. recommending to the Board a framework of remuneration for the Directors and key management personnel of the Group;

2. ensuring that these remuneration packages are in line with the Group's staff remuneration guidelines and commensurate with their respective job scopes and levels of responsibilities;

3. reviewing and recommending Directors' fees for Non-Executive Directors, taking into account factors such as their effort, time spent, and responsibilities;

4. reviewing the service contracts of the CEO and Executive Directors (if any);

Corporate Governance

5. recommending to the Board long term incentive schemes which may be set up from time to time; and

6. undertaking such other functions and duties as may be delegated by the Board.

The Group has a formal and transparent process for developing policy on executive remuneration and fixing the remuneration packages of individual Directors and key management personnel. The RC's review covers all aspects of remuneration including but not limited to, Directors' fees, salaries, allowances, bonus, employees share options and benefits in kind and specific remuneration package for each Director.

In developing a policy on executive remuneration, the RC seeks to link a proportion of the compensation to the Group's performance. The RC also ensures that the remuneration packages of individual Directors take into consideration the Group's performance and the performance of that individual Director. No Director is involved in deciding his own remuneration. The RC has access to external expert advice with regard to remuneration matters, if required.

The Group does not have any employee share option scheme or any long-term scheme in place.

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE ON REMUNERATION

The remuneration policy of the Company is to provide compensation packages at market rates, reward performance and attract, retain and motivate the key management personnel.

Only Non-Executive Directors (including Independent Directors) are paid Directors' fees. The Directors' fees are set in accordance with a framework comprising Board fees and additional fee/s for serving on any of the Board Committees, and taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The payment of such fees is recommended for Shareholders' approval at the AGM of the Company. No Director is involved in deciding his own remuneration.

The Executive Director/CEO does not receive any Directors' fee. The remuneration packages of the Executive Director/CEO and key management personnel are determined annually having regard to the performance of the individuals and the Group as well as taking into account industry standards.

The remuneration packages for the Executive Director/CEO and key management personnel consist of both fixed and variable components. The variable component is determined based on the performance of the individual and the Group's performance in the relevant financial year. Annual increments and adjustments to remuneration are reviewed and approved taking into account the outcome of the annual appraisal of the employees. Management makes recommendations to the RC, having regard to key performance indicators, such as (a) revenue, (b) earnings before interest, depreciation and amortisation ("EBITDA"), (c) net profit, (d) land bank and (e) planted area. The list is not exhaustive. The Group will also consider the individual contribution to these objectives.

Corporate Governance

The Executive Director/CEO, Mr. Lim Gunawan Hariyanto, had signed a Service Agreement with the Company commencing from the date of listing of the Company on 12 April 2012 and valid for the initial three years. This agreement which has an auto renewal clause for subsequent periods of one year each is now automatically renewed for a further one year. The Service Agreement may be terminated during such term either as provided in the Service Agreement or by either party giving to the other not less than six months' written notice. There are no onerous compensation commitments on the part of the Company or its subsidiaries in the event of an early termination of the service of the Executive Director/CEO. The Executive Director and key management personnel of the Group are rewarded based on their achievement of certain key performance indicators and the actual results of the Group, and not on any other assigned incentives, the "claw back" provisions in their employment contracts may therefore not be relevant or appropriate. The RC will when appropriate, review the need to adopt provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstance of misstatement of financial results or of misconduct which could resulting in financial loss to the Group.

The RC, with the concurrence of the Board, has recommended that an amount of S$291,000 as Directors' fees be paid to the Non-Executive Directors quarterly in arrears for financial year ending 31 December 2016 ("FY2016"). These fees will be tabled for shareholders' approval at the forthcoming AGM.

The annual remuneration bands for the Directors and key management personnel and the proportion of variable bonus and fixed remuneration, fee and salary of the benefit for FY2015 are set out below:

Name	Remuneration Band	Fixed Salary	Variable Bonus and Benefit	Directors' Fee	Total
Directors					
Lim Gunawan Hariyanto	Band 8	62%	38%	–	100%
Dato' Lee Yeow Chor	Band 1	–	–	100%	100%
Tan Boon Hoo	Band 1	–	–	100%	100%
Chua Chun Guan Christopher	Band 1	–	–	100%	100%
Ong Chan Hwa	Band 1	–	–	100%	100%
Key Management Personnel					
Johannes Tanuwijaya	Band 6	50%	50%	–	100%
Roebianto	Band 6	50%	50%	–	100%
Sie Eddy Kurniawan	Band 5	50%	50%	–	100%

Notes:
Band 1: compensation of up to S$250,000 per annum
Band 2: compensation of between S$250,001 to S$500,000 per annum
Band 3: compensation of between S$500,001 to S$750,000 per annum
Band 4: compensation of between S$750,001 to S$1,000,000 per annum
Band 5: compensation of between S$1,000,001 to S$1,250,000 per annum
Band 6: compensation of between S$1,250,001 to S$1,500,000 per annum
Band 7: compensation of between S$1,500,001 to S$1,750,000 per annum
Band 8: compensation of between S$1,750,001 to S$2,000,000 per annum

Corporate Governance

The remuneration of the Directors and key management personnel are set out in incremental bands of S$250,000. The Group is of the view that disclosure in incremental bands is sufficient and adequate, and that any further disclosure could be detrimental to the Group's interest, as it may hamper the Group's efforts in retaining and nurturing its talent pool, having regard to the highly competitive human resource environment, and the confidential nature of remuneration matters.

On the same basis and also due to sensitivity of such matter, it is not in the Group's interest to disclose the aggregate remuneration of its key management personnel (who are not Directors or the CEO).

Having considered Guideline 9.3 of the Code requiring the disclosure of the remuneration of at least the top 5 key management personnel, the Group is only disclosing the above 3 individuals, who, besides the CEO, are considered as the Group's key management personnel and since they have supervisory roles over the other senior management of the Group.

There are four employees, who are immediate family members of a Director and/or the CEO whose remuneration exceeded S$50,000 during FY2015. The information is set out below:

Name of Executives	Related to	Remuneration Band
Lim Liana Sarwono	Sister of the Board Chairman	Band E
Lim Christina Hariyanto	Sister of the Board Chairman	Band F
Michael Raben	Brother-in-law of the Board Chairman	Band A
Lim Shu Hua, Cheryl	Daughter of the Board Chairman	Band C

Notes:
Band A: compensation of between S$50,001 to S$100,000 per annum
Band B: compensation of between S$100,001 to S$150,000 per annum
Band C: compensation of between S$150,001 to S$200,000 per annum
Band D: compensation of between S$200,001 to S$250,000 per annum
Band E: compensation of between S$250,001 to S$300,000 per annum
Band F: compensation of between S$300,001 to S$350,000 per annum

PRINCIPLE 10: ACCOUNTABILITY

The Board promotes timely and balanced disclosure of all material matters concerning the Group. Shareholders are updated on the operations and financial position of the Group through its quarterly and full year results announcements as well as timely announcements of other matters as prescribed by the SGX-ST Listing Manual and other relevant rules and regulations.

A summary of the Group's operational highlight prepared on a quarterly basis is also released via SGXNet.

In line with the listing requirements of the SGX-ST, negative assurance statements were issued by the Board to accompany the Group's quarterly financial results announcements, confirming to the best of the Board's knowledge that nothing had come to the Board's attention which could render the Company's results announcements to be false and misleading. The Company is not required to issue negative assurance statements for its full year results announcement.

The senior management is accountable to the Board by providing the Board with the necessary financial information as and when required for the discharge of its duties.

Corporate Governance

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises that it is responsible for ensuring that Management maintains a sound system of internal controls to safeguard shareholder's investment and the Group's assets.

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management reviews all control policies and procedures and highlights all significant matters to the AC and the Board. The Group's financial risk factors and financial risk management objectives and policies are outlined under Note 36 of the "Notes to the Financial Statements" on pages 130 to 136. Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the AC and the Board are in a position to make more informed decisions and will benefit from a better balance between risk and reward. This will assist in protecting the Group's assets.

The AC, together with the Board has reviewed the effectiveness of the Group's system of internal controls put in place to address the key financial, operational, compliance and information technology risks affecting the operations.

ENTERPRISE RISK MANAGEMENT ("ERM")

Effective and appropriate risk management is one of the key factors in achieving the Group's business objectives and strategic goals.

The Group has established a systematic ERM framework to identify, assess, monitor, manage and evaluate the significant business risks which the Group is exposed to. Under the ERM framework, a risk register identifying the material risks together with the internal controls to manage or mitigate those risks is maintained. A separate Management Committee was formed to oversee the ERM and ensure that the risk register is reviewed and updated regularly.

The Management Committee comprises the Chief Operating Officer, Chief Financial Officer, Deputy Chief Operating Officer, Group Head of Corporate Secretarial Services and Corporate Social Responsibility as well as the Head of Internal Audit Quality Control Department.

Risks are pro-actively identified and addressed. The ownership of these risks lies with the respective business and executive heads with stewardship residing with the Board. The Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems quarterly. As the Group continues to grow and taking into account the evolving nature of its business, the Management Committee will on a regular basis, conduct an assessment on the adequacy of the framework, processes and procedures and risk identified and measured. The results and recommendation for improvement of this assessment will be shared with the AC and the Board.

The Board has received written assurances from the CEO and CFO that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the Group's risk management and internal control systems are effective.

Corporate Governance

Based on the ERM framework established, internal controls systems maintained by the Group, work performed by the internal and external auditors, and assurance from Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems addressing financial, operational, compliance and information technology risks of the Group are adequate and effective during FY2015.

PRINCIPLE 12: AUDIT COMMITTEE

The AC comprises three members, all of whom are Independent Directors. The AC members are:

Mr. Tan Boon Hoo (Chairman)
Mr. Ong Chan Hwa
Mr. Chua Chun Guan Christopher

In accordance with the principles in the Code, the Board is of the view that at least two members of the AC, collectively, have the expertise and experience in accounting and financial and finance management, and are qualified to fulfill and discharge their responsibilities.

For 2015, the AC has performed the following in accordance with their terms of reference:

1. met with both the internal and the external auditors to review the audit plans, and discussed the results of their audit findings and evaluation of the Group's system of internal accounting controls;

2. reviewed the Group's significant financial reporting issues and judgement to ensure the integrity of the financial statements of the Group and announcements relating to the Group's financial performance;

3. reviewed with the internal auditors, the scope and results of the internal audit procedures and monitored Management's response to their findings to ensure that appropriate follow-up measures are taken;

4. reviewed the effectiveness of the Group's internal audit function;

5. reviewed compliance with the corporate governance guidelines on processes and activities adopted by the Board;

6. reviewed Interested Person Transactions ("IPT") falling within the scope of Chapter 9 of the SGX-ST Listing Manual and the IPT Register;

7. made recommendations to the Board on the nomination of the external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors;

8. met with the internal and external auditors, without the presence of Management. Both the internal and external auditors had confirmed that they had received the full co-operation of Management and no restrictions were placed on the scope of the respective audits;

9. kept abreast of accounting standards and issues that could potentially impact the Group's financial reporting through quarterly updates and advice from the external auditors;

Corporate Governance

10. reviewed the non-audit services provided by the external auditors of the Group, and the fees paid to them, to assess the independence and objectivity of the external auditors. The aggregate amount and breakdown of the audit and non-audit fees paid to the external auditors is found in Note 7 “General and Administrative Expenses” in the Financial Statements of this Annual Report. The AC is satisfied that the nature and extent of non-audit services had not prejudiced the independence and objectivity of the external auditors. The external auditors had also confirmed their independence in this respect; and

11. reviewed and confirmed the Group’s compliance with Rules 712, 715 and 716(1) of the Listing Rules of the SGX-ST. The AC was satisfied that the resources and experience of Ernst & Young LLP, the audit engagement partner and his team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group. The accounts of the Company, its significant foreign-incorporated subsidiaries and its associates are audited by Ernst & Young LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority, and Ernst & Young Jakarta.

    The rest of the Group’s subsidiaries are audited by Anwar & Rekan (“A&R”), an auditing firm which is part of DFK International, a worldwide association of independent accounting firms and business advisers. Details of DFK International and the list of the Group’s subsidiaries audited by A&R are disclosed on Note 10 of the “Notes to the Financial Statements” on pages 97 to 99 of this Annual Report. The AC is satisfied that the appointment of A&R would not compromise the standard and effectiveness of the audit of the Group.

The AC with the concurrence of the Board has recommended the nomination of Ernst & Young LLP for re-appointment as external auditors of the Company at the forthcoming AGM.

The AC has explicit authority within the scope of its responsibilities to seek any information it requires or investigate any matter within its terms of reference. In particular, the AC has full access to both the external and internal auditors. It also has full discretion to invite any Director, and/or Management to attend its meetings.

The Group has put in place ***a whistle-blowing policy***, whereby staff of the Group or any other persons such as customers, suppliers, contractors or local community may, in good faith and confidence, without fear of reprisals raise concerns about possible improprieties in financial reporting, unethical practices or other matters. Anonymous disclosures will also be accepted and anonymity honoured. Arrangements are also in place for the confidential and independent investigation of such matters and for appropriate follow up actions; always mindful of protecting the identity and interest of all whistle blowers. The whistle-blowing policy and the procedures put in place to implement such a policy, has been reviewed by the AC and made available to all employees.

During FY2015, the Group had received whistle-blowing reports which were also highlighted to the AC’s attention. The whistle-blowing reports highlighted several incidents of impropriety carried out at the Group’s plantations in Indonesia. These incidents were not material to the Group’s financial statements and operations and remedial actions had been taken to address the issues raised.

PRINCIPLE 13: INTERNAL AUDIT

A dedicated in-house internal audit team (“IA”) is in place to review, at least once annually, the risks of the Group’s policy, procedures and activities. The IA has free access to all of the Group’s records and documents and reports directly to the AC on any material non-compliance and internal control weakness.

Corporate Governance

The Head of the IA reports directly to the Chairman of the AC on audit matters and to the CFO on administrative matters. The Head of the IA also shares the IA report with Management so as to ensure that the recommended corrective and preventive actions are taken. Every quarter the IA prepares the internal audit report and reports the key issues, highlighting concerns, if any, to the AC. Feedback from the AC is taken note of, acted on and monitored. Within this framework, the internal audit function provides reasonable assurance that the risks of the Group will be identified, analysed and managed by Management. The IA will also make recommendations to enhance the effectiveness and security of the Group's operations.

The AC ensures that the internal audit function is adequately resourced and qualified. On an annual basis, the AC reviews the adequacy and effectiveness of the internal audit function. The IA prepares and present internal audit plan which incorporated feedback from the AC reviews, categorised inputs gathered from the audits, reviewing risk map, core programmes of the Group and critical internal control areas. To ensure maximisation of human resources in this department, IA has a training programme drawn up specifically to ensure that the team is kept updated and current on matters of audit, risks and internal controls based on the recommendations of the AC.

In addition to the work performed by the internal audit team, the external auditors also performed tests of certain controls that are relevant to the preparation of the Group's financial statements. The external auditors report any significant deficiencies of such internal controls to the AC. The AC also reviews the effectiveness of measures taken by Management to address the issues noted by the external auditors. The internal controls are continually being refined by Management.

PRINCIPLE 14, PRINCIPLE 15 & PRINCIPLE 16:

SHAREHOLDERS RIGHTS

COMMUNICATION WITH SHAREHOLDERS

CONDUCT OF SHAREHOLDER MEETINGS

The Group is committed to disseminate information to Shareholders regularly and on a timely basis. It aims to provide shareholders with clear, balanced, useful and material information to ensure that shareholders receive a balanced and up-to-date view of the Group's strategic development, performance and business.

Announcements on material information and the release of quarterly and full year results are released via SGXNet. Every quarter, the Group's senior management holds briefings and/or conference calls with analysts and the media to coincide with the release of the Group's results announcements. Analyst presentation slides will also be released on SGXNet and available on the Company's website. In addition, Management takes an active role in investor relations, meeting local and foreign fund managers and analysts regularly as well as participating in roadshows and conferences both locally and overseas. For a more hands-on experience, investors, analysts, bankers and representatives from government organisations, civil societies and many other stakeholders were also invited to the Group's plantations.

All Shareholders of the Company receive the annual report of the Company and notice of the AGM, together with explanatory notes, at least 14 days before the meeting. The notice is also advertised in a national newspaper.

The Group's main forum for dialogue with Shareholders takes place at its AGM, where members of the Board, senior management and the external auditors are in attendance. In particular, the chairpersons of the Audit, Nominating, Remuneration and Conflicts Resolution Committees will all endeavor to be present and available to address questions raised at the AGM.

Corporate Governance

The Group's external auditors are also invited to attend the AGM and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and content of their Auditors' Report.

Shareholders will be given the opportunity to air their views and ask questions regarding matters affecting the Group. The Company's Constitution allows a Shareholder to appoint one or two proxies to attend and vote at the general meetings on his/her behalf. On 3 January 2016, the legislation was amended, among other things to allow certain members, defined as "relevant intermediary" to attend and participate in general meeting without being constrained by the two-proxy requirement. Relevant intermediary includes corporations holding licenses in providing nominee and custodial services and CPF Board which purchases shares on behalf of the CPF investors.

Shareholders are encouraged to attend the Company's AGM to ensure a high level of accountability and to stay informed of the Group's strategies and growth. If shareholders are unable to attend the meetings, the Constitution allows a shareholder of the Company to appoint up to two proxies to attend and to vote in place of the shareholder through proxy form sent in advance.

As the authentication of shareholder identity information and other related security issues still remain a concern, the Group has decided, for the time being, not to implement voting in absentia by mail, email or fax.

Separate resolutions on each distinct issue are tabled at general meetings and explanatory notes are set out in the notices of general meetings where appropriate.

The minutes of general meetings, which will typically include relevant and substantial comments from shareholders relating to the agenda of the meetings and responses from Management, will be made available to shareholders upon written request.

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings.

DIVIDEND POLICY

The Group has a dividend policy to distribute up to 20% of its distributable income. The policy on distribution of dividend depends on the results of the Group's cash flow and financial position, capital expenditure plan, debt repayment schedule, dividends received from its subsidiaries, industry conditions and prospects, and other factors deemed relevant by the Board of Directors.

A final dividend of S$0.005 per ordinary share for FY2015 has been recommended by the Board and subject to the approval by Shareholders at the forthcoming AGM.

CONFLICTS RESOLUTION COMMITTEE

In light of the interest of the Group's controlling shareholders in the palm oil business outside of the Group (in particular, the controlling stake which IOI Corporation has in SNA and BAS), the Board has adopted certain procedures to address conflicts or potential conflicts of interest issues that may arise from time to time in the course of business conducted or carried on by the Group.

Corporate Governance

The CRC comprises three members, all of whom are Independent Directors. The members are:

Mr. Tan Boon Hoo (Chairman)
Mr. Ong Chan Hwa
Mr. Chua Chun Guan Christopher

The CRC performs the following functions:

1. review on an annual basis the protocols established to resolve conflicts or potential conflicts of interest, so as to ascertain that the guidelines are adequate and relevant to the business and affairs of the Group; and

2. review specific conflicts or potential conflicts of interests that may arise from time to time and to ensure that such conflicts are dealt with or resolved properly.

Management maintains a record of potential conflict transactions (deliberated on as well as decided). Any member of the CRC is entitled to inspect such records.

Within 45 days from the end of each financial quarter and 60 days from the full year results announcement, Management will circulate or present information on transactions or potential transactions carried out or rejected in the immediately preceding financial quarter to the Board. However this information will not be extended to the Directors who are in a conflict or potential conflict of interest situation.

The CRC will on a quarterly basis receive reports from the internal auditors who provide confirmation that the protocols have been adhered to in the preceding quarter.

DEALINGS IN SECURITIES

The Group has adopted an internal compliance code on Securities Transaction ("Compliance Code") which provides guidance and internal regulation with regard to dealings in the Company's securities by the Company, its Directors and officers. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the Company are notified in advance of the commencement of each "closed period". The Compliance Code has been disseminated and made available to all employees.

The Group confirmed that it has adhered to its Compliance Code for FY2015 pursuant to Rule 1207(19) of the SGX-ST Listing Manual.

INTERESTED PERSON TRANSACTIONS

The Group has established internal guidelines to ensure compliance with the requirements of Chapter 9 of the Listing Manual on interested person transactions. The main objective is to ensure that interested person transactions are properly reviewed, approved, and conducted on an arm's length basis and on normal commercial terms and will not be prejudicial to the interests of the Shareholders.

Corporate Governance

In particular, the CFO will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers are updated quarterly based on submissions by the designated persons. The AC reviews all transactions recorded in the register of interested person transactions on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures established by the Group.

The aggregate value of interested person transactions entered into by the Group in FY2015 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S$100,000)
	in IDR million	**in IDR million**
Mr. Gunardi Hariyanto Lim	2,400[4]	–
IOI Corporation Berhad	–	71,230[1]
PT Gunajaya Harapan Lestari	99,069[2]	–
PT Lima Srikandi Jaya	5,700[3]	–
TOTAL	**107,169**	**71,230**

Notes:

* For illustrative purpose the aggregate value of all interested person transactions, conducted under the Shareholders' Mandate during the financial year under review using the closing rate IDR 9,751: SGD 1.00

(1) In respect of transactions conducted pursuant to the Shareholders' Mandate for Transactions with IOI Corporation and its Associates (as described in the Prospectus).

(2) In respect of the loan extended by the Group to PT Gunajaya Harapan Lestari for the repayment by PT Gunajaya Harapan Lestari of its then outstanding bank loan.

(3) In respect of the rental agreement of vessels transactions involving PT Lima Srikandi Jaya which is one of the subsidiaries of Harita Group. Harita Group is owned by Lim family and also one of the Group's controlling shareholders.

(4) In respect of the aggregate rent paid by the Group to Mr. Gunardi Hariyanto Lim for office space in Indonesia pursuant to the lease agreement between Mr. Gunardi Hariyanto Lim and PT Bumitama Gunajaya Agro.

MATERIAL CONTRACTS

Save as disclosed above in the sections on "Interested Person Transactions" and Service Agreements entered into between the Company and the Executive Director, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO, each Director or controlling shareholders, which are either still subsisting at the end of FY2015 or if not then subsisting, entered into since the end of FY2015.

Financial Contents

Directors' Statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2015.

1. Opinion of the Directors

In the opinion of the directors,

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

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

Lim Gunawan Hariyanto
Dato' Lee Yeow Chor
Tan Boon Hoo
Ong Chan Hwa
Chua Chun Guan Christopher

3. Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interest in shares and debentures

The following Directors, who held office at the end of the financial year, had, according to the register of Directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company as stated below:

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ordinary shares of the Company				
Lim Gunawan Hariyanto	–	–	895,157,774	903,157,774
Dato' Lee Yeow Chor	–	–	552,051,070	556,672,070
Chua Chun Guan Christopher	450,000	450,000	–	–

Directors' Statement

4. Directors' interest in shares and debentures (Continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2016.

By virtue of Section 7 of the Singapore Companies Act, Cap.50, Lim Gunawan Hariyanto is deemed to have interests in shares of the subsidiaries of the Company.

Except as disclosed in this statement, no Director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

5. Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director, or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

6. Share plans

Options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiaries. The Company does not have any share option scheme.

7. Audit Committee

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. The functions of the AC include the following:

- Reviews the audit plans of the internal and external auditors of the Group and the Company, and reviews the internal auditors' evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group and the Company's Management to the external and internal auditors;
- Reviews the quarterly and annual financial statements and the auditors' report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviews effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors;
- Meets with the external auditors, other committees, and Management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviews legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;

Directors' Statement

7. **Audit Committee** (Continued)

- Reviews the cost effectiveness and the independence and objectivity of the external auditors;

- Reviews the nature and extent of non-audit services provided by the external auditors;

- Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;

- Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and

- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not affect the independence of the external auditors. The AC has also conducted a review of interested person transactions.

The AC convened four meetings during the financial year with full attendance from all members. The AC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the AC are disclosed in the Report on Corporate Governance in the Annual Report of the Company.

8. **Auditor**

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

On behalf of the Board of Directors,

Lim Gunawan Hariyanto
Director

Tan Boon Hoo
Lead Independent Director

Singapore
31 March 2016

Independent Auditor's Report

TO THE MEMBERS OF BUMITAMA AGRI LTD.

Report on the financial statements

We have audited the accompanying financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 62 to 138, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the consolidated statement of changes in equity, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's **Report**

TO THE MEMBERS OF BUMITAMA AGRI LTD.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

31 March 2016

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 IDR million	2014 IDR million
Revenue	5	5,542,123	5,757,264
Cost of sales	6	(3,726,382)	(3,415,585)
Gross profit		1,815,741	2,341,679
Other items of income:			
Other income		19,505	20,089
Interest income		145,566	106,540
Other items of expenses:			
Selling expenses		(190,420)	(173,048)
General and administrative expenses		(208,190)	(184,420)
Finance cost		(155,476)	(105,249)
Share of loss of associate companies		(67,357)	(17,127)
Loss arising from fair value changes in biological assets	12	(45,925)	(38,263)
Foreign exchange loss		(52,094)	(75,694)
Other expenses		(52,850)	(69,634)
Profit before taxation	7	1,208,500	1,804,873
Income tax expense	8	(219,079)	(433,094)
Profit for the year		**989,421**	**1,371,779**
Attributable to:			
Owners of the Company		890,697	1,153,006
Non-controlling interests		98,724	218,773
		989,421	**1,371,779**
Earnings per share			
Basic and diluted (IDR per share)	9	**507**	**656**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Note	2015 IDR million	2014 IDR million
Profit for the year		989,421	1,371,779
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss:			
Foreign currency translation		(179,035)	(24,393)
Item that will not be reclassified to profit or loss:			
Fair value reserve on derivative financial liabilities		22,690	(55,225)
Re-measurement loss on defined benefit plans	27	(3,412)	(10,237)
Other comprehensive income for the year, net of tax		(159,757)	(89,855)
Total comprehensive income for the year		**829,664**	**1,281,924**
Total comprehensive income attributable to:			
Owners of the Company		731,097	1,064,784
Non-controlling interests		98,567	217,140
		829,664	**1,281,924**

The accompanying notes form an integral part of these financial statements.

Balance Sheets

AS AT 31 DECEMBER 2015

	Note	Group		Company	
		2015	2014	2015	2014
		IDR million	IDR million	IDR million	IDR million
ASSETS					
Non-current assets					
Investment in subsidiaries	10	–	–	675,463	396,021
Investment in associate companies	11	24,043	84,250	145,886	131,556
Biological assets	12	8,016,549	7,517,948	–	–
Plasma receivables	13	713,697	245,089	–	–
Property, plant and equipment	14	3,244,388	2,865,809	140	184
Land use rights	15	615,560	486,160	–	–
Intangible assets	16	173,301	171,276	–	–
Due from subsidiaries	17	–	–	5,922,757	5,581,149
Loan to an associate company	18	327,686	282,167	327,686	282,167
Deferred tax assets	28	392,732	256,592	–	–
Deferred charges		12,788	10,263	12,788	11,883
Total non-current assets		13,520,744	11,919,554	7,084,720	6,402,960
Current assets					
Inventories	19	650,842	526,801	–	–
Deferred charges		8,101	8,326	61	–
Trade and other receivables	20	598,598	139,576	–	–
Due from subsidiaries	17	–	–	2,357,835	435,400
Due from related companies	21	158,977	126,270	–	–
Plasma receivables	13	426,289	539,573	–	–
Prepayments and advances		80,081	81,099	99	199
Dividend receivables		–	–	173,500	194,400
Prepaid taxes		301,288	151,292	12	34
Cash and short-term deposits	22(a)	598,797	310,858	22,603	8,701
Total current assets		2,822,973	1,883,795	2,554,110	638,734
Total assets		**16,343,717**	**13,803,349**	**9,638,830**	**7,041,694**

The accompanying notes form an integral part of these financial statements.

Balance Sheets
AS AT 31 DECEMBER 2015

	Note	Group 2015 IDR million	Group 2014 IDR million	Company 2015 IDR million	Company 2014 IDR million
LIABILITIES AND EQUITY					
Current liabilities					
Loans and borrowings	23	1,983,667	588,959	1,861,201	433,324
Trade and other payables	25	935,430	772,622	13	–
Accrued operating expenses	26	144,873	154,377	55,202	71,745
Dividend payables		43,732	20,400	–	–
Sales advances		62,119	165,237	–	–
Income tax payable		106,334	221,107	7,679	2,309
Total current liabilities		3,276,155	1,922,702	1,924,095	507,378
Net current (liabilities)/assets		(453,182)	(38,907)	630,015	131,356
Non-current liabilities					
Deferred tax liabilities	28	780,080	690,933	–	–
Loans and borrowings	23	343,933	139,769	343,933	–
Islamic medium term notes	24	3,202,894	3,551,370	3,202,894	3,551,370
Employee benefits liability	27	25,224	12,369	–	–
Derivative financial liabilities	29	1,126,928	377,480	1,126,928	377,480
Total non-current liabilities		5,479,059	4,771,921	4,673,755	3,928,850
Total liabilities		8,755,214	6,694,623	6,597,850	4,436,228
Net assets		**7,588,503**	**7,108,726**	**3,040,980**	**2,605,466**
Equity attributable to owners of the Company					
Share capital	30	1,807,045	1,807,045	1,807,045	1,807,045
Treasury shares	30	(17,946)	–	(17,946)	–
Other reserves	31	(217,473)	(240,163)	(32,535)	(55,225)
Retained earnings		5,515,407	4,889,062	326,096	298,376
Foreign currency translation reserve	32	(151,743)	27,292	958,320	555,270
		6,935,290	6,483,236	3,040,980	2,605,466
Non-controlling interests		653,213	625,490	–	–
Total equity		**7,588,503**	**7,108,726**	**3,040,980**	**2,605,466**
Total liabilities and equity		**16,343,717**	**13,803,349**	**9,638,830**	**7,041,694**

The accompanying notes form an integral part of these financial statements.

Statements of Changes in **Equity**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	Attributable to owners of the Company							
Group	**Share capital IDR million**	**Treasury shares IDR million**	**Retained earnings IDR million**	**Other reserves IDR million**	**Foreign currency translation reserves IDR million**	**Total share capital and reserves IDR million**	**Non-controlling interests IDR million**	**Total equity IDR million**
2015								
Balance as of 1 January 2015	1,807,045	–	4,889,062	(240,163)	27,292	6,483,236	625,490	7,108,726
Profit for the year	–	–	890,697	–	–	890,697	98,724	989,421
Other comprehensive income:								
Re-measurement for defined benefit plan (Note 27)	–	–	(3,255)	–	–	(3,255)	(157)	(3,412)
Fair value reserve on derivate financial liabilities	–	–	–	22,690	–	22,690	–	22,690
Foreign currency translation	–	–	–	–	(179,035)	(179,035)	–	(179,035)
Total comprehensive income for the year, net of tax	–	–	887,442	22,690	(179,035)	731,097	98,567	829,664
Contributions by and distributions to owners:								
Contribution from non-controlling interests	–	–	–	–	–	–	625	625
Buy-back of ordinary shares	–	(17,946)	–	–	–	(17,946)	–	(17,946)
Dividend on ordinary shares (Note 38)	–	–	(261,097)	–	–	(261,097)	–	(261,097)
Dividend paid to non-controlling interests	–	–	–	–	–	–	(71,469)	(71,469)
Balance as of 31 December 2015	**1,807,045**	**(17,946)**	**5,515,407**	**(217,473)**	**(151,743)**	**6,935,290**	**653,213**	**7,588,503**

The accompanying notes form an integral part of these financial statements.

Statements of Changes in **Equity**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

Group	Share capital IDR million	Treasury shares IDR million	Retained earnings IDR million	Other reserves IDR million	Foreign currency translation reserves IDR million	Total share capital and reserves IDR million	Non-controlling interests IDR million	Total equity IDR million
	Attributable to owners of the Company							
2014								
Balance as of 1 January 2014	1,807,045	–	3,955,971	(184,938)	51,685	5,629,763	510,827	6,140,590
Profit for the year	–	–	1,153,006	–	–	1,153,006	218,773	1,371,779
Other comprehensive income:								
Re-measurement for defined benefit plan (Note 27)	–	–	(8,604)	–	–	(8,604)	(1,633)	(10,237)
Fair value reserve on derivate financial liabilities	–	–	–	(55,225)	–	(55,225)	–	(55,225)
Foreign currency translation	–	–	–	–	(24,393)	(24,393)	–	(24,393)
Total comprehensive income for the year, net of tax	–	–	1,144,402	(55,225)	(24,393)	1,064,784	217,140	1,281,924
Contributions by and distributions to owners:								
Contribution from non-controlling interests	–	–	–	–	–	–	625	625
Dividend on ordinary shares (Note 38)	–	–	(211,311)	–	–	(211,311)	–	(211,311)
Dividend paid to non-controlling interests	–	–	–	–	–	–	(103,102)	(103,102)
Balance as of 31 December 2014	**1,807,045**	**–**	**4,889,062**	**(240,163)**	**27,292**	**6,483,236**	**625,490**	**7,108,726**

The accompanying notes form an integral part of these financial statements.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

	2015 IDR million	2014 IDR million
Cash flows from operating activities		
Cash receipts from customers	4,979,983	5,647,871
Cash payments to suppliers, employees and for other operating expenses	(3,289,218)	(3,251,246)
Cash receipts from operating activities	1,690,765	2,396,625
Corporate income tax paid	(356,376)	(272,863)
Net cash generated from operating activities (Note 22(b))	1,334,389	2,123,762
Cash flows from investing activities		
Increase in plasma receivables	(424,220)	(151,306)
Investment in intangible assets	(313)	–
Investment in biological assets	(804,972)	(811,650)
Purchase of property, plant and equipment	(705,658)	(941,349)
Investment in land use rights	(127,917)	(82,476)
Acquisition of subsidiaries	(2,759)	(8,016)
Interest received	129,224	106,540
Net cash flows used in investing activities	(1,936,615)	(1,888,257)
Cash flows from financing activities		
Proceeds from loans and borrowings	2,070,920	–
Repayment of loans and borrowings	(639,705)	(3,438,754)
Proceeds from issuance of Islamic medium term notes	–	3,579,503
Increase in amount due from related companies	(32,707)	(80,968)
Repayment of obligations under finance leases	–	(193)
Dividend paid	(261,097)	(211,311)
Dividend paid to non-controlling interests	(37,417)	(79,102)
Tax on dividend paid	(25,200)	–
Contribution from non-controlling interests	625	–
Buy-back of ordinary shares	(17,946)	–
Interest paid	(182,161)	(155,588)
Net cash flows generated from/(used in) financing activities	875,312	(386,413)
Net increase/(decrease) in cash and cash equivalents	273,086	(150,908)
Effect of exchange rate changes on cash and cash equivalents	14,853	(20,352)
Cash and cash equivalents at beginning of the year	310,858	482,118
Cash and cash equivalents at the end of the year (Note 22(a))	**598,797**	**310,858**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

1. General

Bumitama Agri Ltd. (the "Company") is a limited liability company, incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's immediate holding company is Wellpoint Pacific Holdings Ltd ("Wellpoint") incorporated in British Virgin Islands. Wellpoint is ultimately held by the Hariyanto family.

The registered office of the Company is located at 10 Anson Road, #11-19, International Plaza, Singapore 079903. The principal place of operations is located at Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta Selatan, Indonesia.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are that of investment holding, operating oil palm plantations and palm oil mills, and the production and trading of crude palm oil and related products.

Related companies in these financial statements refer to the Hariyanto family's group of companies.

Related parties in these financial statements refer to members of IOI group of companies.

2. Fundamental accounting concept

As at 31 December 2015, the Group's current liabilities exceeded its current assets by IDR 453,182 million (2014: IDR 38,907 million). The Group is able to continue as a going concern as the directors believe that the Group will be able to generate sufficient cash flows from its operations and also refinance its debts so as to meet its obligations as and when they fall due.

As of the date of this report, the Group through the Company had extended its revolving credit facility ("RCF") agreements with United Overseas Bank Ltd, OCBC Bank Ltd, Sumitomo Mitsui Banking Corporation Singapore branch, Malayan Banking Berhad Singapore branch, and CIMB Bank Berhad Singapore branch. The Company has been granted committed and uncommitted facilities of an aggregate principal amount up to USD 260 million, with extended 1 or 2 year tenures. Consequently, the repayment of USD 135 million (approximately IDR 1,862 billion) of current loans and borrowings had been deferred to beyond 31 December 2016.

Accordingly, the directors of the Group are of the view that the use of going concern assumption is appropriate for the preparation of these financial statements.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies

3.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Indonesian Rupiah ("IDR") and all values are rounded to the nearest million ("IDR million") except when otherwise indicated.

3.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

3.3 *Standards issued but not yet effective*

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

Description	*Effective for annual periods beginning on or after*
FRS 114 *Regulatory Deferral accounts*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 111: *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.3 *Standards issued but not yet effective* (continued)

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 1: *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Improvements to FRSs (November 2015)	
Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
Amendment to FRS 19 *Employee Benefits*	1 January 2016
Amendment to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 7 *Disclosure Initiative*	1 January 2017
Amendments to FRS 12 *Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
FRS 115 *Revenue from Contracts with Customers*	1 January 2018
FRS 109 *Financial Instruments*	1 January 2018
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for FRS 115 and the amendments to FRS 16 and FRS 41, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and the amendments to FRS 16 and FRS 41 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 was issued in November 2015 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.3 *Standards issued but not yet effective* (continued)

Amendments to FRS 16 *Property, Plant and Equipment* and FRS 41 *Agriculture*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 41. Instead, FRS 16 will apply. After initial recognition, bearer plants will be measured under FRS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require agricultural produce growing on bearer plants will remain within the scope of FRS 41 measured at fair value less costs to sell. For government grants relating to bearer plants, FRS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted.

The Group reviewed its existing plantation asset and determined the impact of the amended standard on its accounting for retirement benefits. The estimated effects are detailed below:

	As at 31 December 2015 IDR million	As at 1 January 2015 IDR million
Increase/(decrease) in:		
Balance sheet		
Biological asset	(8,016,549)	(7,517,948)
Property, plant and equipment	5,484,796	5,154,786
Deferred tax asset	632,938	590,791
Retained earnings	(1,898,815)	(1,772,372)

	For the year ended 31 December 2015 IDR million
Income statement	
Depreciation expense	214,516
Loss arising from fair value changes in biological assets	(42,148)
Income tax expense	(45,925)
Profit for the year	(126,443)

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group losses control over a subsidiary, it:

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.4 Basis of consolidation and business combinations (continued)

(b) Business combinations

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 3.14(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as merger reserve. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been consolidated since the date the entities had come under common control.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.4 *Basis of consolidation and business combinations* (continued)

(b) Business combinations (continued)

No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination.

3.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.6 *Foreign currency*

The Group's financial statements are presented in Indonesian Rupiah ("IDR") which is also the functional currency of its Indonesian entities. The functional currency of the Company is United States Dollars ("USD"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Group entities and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Notes to the Financial Statements
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.6 *Foreign currency* (continued)

(b) Consolidated financial statements

The assets and liabilities of foreign operations are translated into IDR at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3.7 *Revenue and other income*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the buyer, usually on delivery of goods in accordance with the terms of the sale. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Payments received from the buyer are recorded as sales advances until all of the criteria for revenue recognition are met.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fee

Management fee is earned from managing related companies and providing plantation support services to related companies.

3.8 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.9 *Associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

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

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

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

3.10 *Biological assets*

Biological assets comprise of mature and immature oil palm plantations and nurseries.

Biological assets are stated at fair value less estimated point-of-sale costs. Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and from the changes in fair value less estimated point-of-sale costs of plantations at each reporting date are included in the profit or loss for the period in which they arise.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.10 *Biological assets* (continued)

The fair value of the biological assets is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the biological assets are estimated using the estimated yield of the oil palm plantation and the estimated market price of the crude palm oil ("CPO"). In determining the present value of expected net cash flows, an entity includes the net cash flows that market participants would expect the asset to generate in its most relevant market. The estimated yield of the biological assets is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

Biological assets have an average life that ranges from 20 to 25 years; with the first 4 years as immature assets and the remaining as mature assets. A biological asset is considered mature when it starts to produce fresh fruit bunches ("FFB"), in general at about 4 years of age, of which approximately 1 year is spent as seedling in nurseries.

3.11 *Plasma receivables*

Plasma receivables represent loans to Plasma farmers under the Indonesian Government policy – "Kredit Koperasi Primer untuk Anggota" ("KKPA") scheme for the development of biological assets and its infrastructures, covering costs incurred for plasma plantations development which includes seedling, land clearing, cultivating, fertilising, maintenance and other indirect expenses. Plasma receivables are either immediately claimed to the financing banks, or temporarily self-funded by the Group for those awaiting bank's funding, or shall be reimbursed by the Plasma farmers. Plasma receivables will include advances to Plasma farmers for loan installments paid to banks. This account is presented at net amount after financing cost, received from the banks. Bank financing are soft loans obtained by cooperatives whose agreements were signed by Plasma farmers and the respective bank for which the Group acts as guarantors for the loans repayment.

Costs incurred during development of the oil palm plantations and temporary funding to the Plasma farmers for working capital purposes are included in plasma receivables in the balance sheet. The funds received from the designated banks on behalf of the Plasma farmers for the development and operations of the plantations are included in plasma receivables as "Investment credits" in the balance sheet.

3.12 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 3.15. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.12 *Property, plant and equipment* (continued)

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Number of years
Buildings	5-20
Renovations	2
Infrastructure	20
Machinery and equipment	5-20
Vehicles and heavy equipment	5-10
Furniture and fixtures	5

Depreciation of property, plant and equipment related to the plantations are allocated proportionately based on the area of mature and immature plantations.

Assets in construction is stated at cost and not depreciated as these assets are not yet available for use. Accumulated cost is transferred to the related asset when the asset is completed and ready for use and is then depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Note 3.16.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3.13 *Land use rights*

Hak Guna Usaha ("HGU") or Right to Cultivate and Hak Guna Bangunan ("HGB") or Right to Build are land rights that grant the registered holders of such rights use of the land for a period of 25 to 35 years.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised according to the rights period, which are over the period of 25 to 35 years.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.14 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative fair values of the operations disposed and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Other intangible assets represent the cost of software, which is not an integral part of a related hardware that covers all direct cost related to the acquisition and preparation of the software for its intended use. The intangible asset is being amortised on a straight-line basis over the estimated useful life of five years from its initial use.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.14 *Intangible assets* (continued)

(b) Other intangible assets (continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

3.15 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.16 *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 indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.16 *Impairment of non-financial assets* (continued)

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.17 *Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand and in banks, and short-term deposits that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are not pledged as collateral and not restricted.

3.18 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials (comprising of fertilisers and chemicals and other supplies): purchase costs on a weighted average basis.

– Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

FFB are initially recognised at fair value and subsequently at lower of net realisable value and initial recognition value.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.19 *Financial instruments*

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.19 *Financial instruments* (continued)

(b) Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Financial liabilities at amortised cost

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

Derivatives

The Group uses derivative financial instruments such as cross currency swaps to hedge its risks associated with foreign currency fluctuations. Such derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date. The Group had applied hedge accounting on its cross currency swaps.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the statement of comprehensive income for the year. The fair value of cross currency swaps are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.19 *Financial instruments* (continued)

(b) Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

3.20 *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.21 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

3.22 *Income tax*

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. **Summary of significant accounting policies** (continued)

3.22 ***Income tax*** (continued)

(b) ***Deferred tax*** (continued)

Deferred tax liabilities are recognised for all temporary differences, except:

– Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.22 *Income tax* (continued)

(b) Deferred tax (continued)

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) Sales tax

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

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from and payable to, the taxation authority is presented as prepaid taxes and part of other payables in the balance sheet.

3.23 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

3.24 *Employee benefits*

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plans

The Group also provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labor Law No. 13/2003. The said additional provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. **Summary of significant accounting policies** (continued)

3.24 ***Employee benefits*** (continued)

(b) ***Defined benefit plans*** (continued)

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

– Service cost
– Net interest on the net defined benefit liability or asset
– Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

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

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

3.25 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.25 *Contingencies* (continued)

(b) a present obligation that arises from past events but is not recognised because:

(i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3.26 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3.27 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

3.28 *Related parties*

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. **Summary of significant accounting policies** (continued)

3.28 ***Related parties*** (continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3.29 ***Segment reporting***

For management purposes, the Group is organised into business units based on their products, and has two operating segments as follows:

(a) Plantations and Palm Oil Mills

Plantations and palm oil mills segment is principally involved in the cultivation and maintenance of oil palm plantations and operation of palm oil mills.

(b) Downstream Biodiesel Refinery

Processing biodiesel plant and sells biodiesel products from the refinery.

As the downstream biodiesel refinery segment information is quantitatively insignificant to the Group, operating segment information is not presented.

The Group operates in only one country, and therefore does not present geographical segment information.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

3. Summary of significant accounting policies (continued)

3.30 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

4. Significant accounting judgements and estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the period.

4.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Biological assets valuation

The Group engages an independent valuer to assist in estimating the value of biological assets. The Group carries its biological assets and agriculture products at fair value less estimated point-of-sale costs using the Discounted Cash Flow method ("DCF"), which require extensive use of accounting estimates. Significant components of fair value measurement were determined using assumptions including average lives of plantations, period of being immature and mature plantations, yield per hectare, average selling price and annual discount rates. The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these plantations would affect the profit or loss. The carrying amount of the Group's biological assets is disclosed in Note 12.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

4. Significant accounting judgements and estimates (continued)

4.1 Key sources of estimation uncertainty (continued)

(b) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3.14(a). As disclosed in Note 16 to the financial statements, the recoverable amounts of the cash generating units which goodwill have been allocated to have been determined based on value in use calculations. The value in use calculations are based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 16 to the financial statements.

(c) Defined benefit plan

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management has derived the applicable interest rates from high quality corporate bonds in Indonesia with an AAA or AA rating. The bonds have been selected based on the expected duration of the defined benefit obligation and taking into consideration the yield curve respectively. In this process, the current credit spread of the underlying bonds has been taken into account to avoid selecting bonds with a significant volatility and inherent risk, which would not address the long term perspective of the cash flows appropriately.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

The carrying amount of the provision for post employment benefits, together with further details about the assumptions, is disclosed in Note 27.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

5. Revenue

	Group	
	2015 IDR million	2014 IDR million
Sale of Crude Palm Oil ("CPO")	4,888,709	5,198,666
Sale of Palm Kernel ("PK")	579,909	558,598
Sale of Biodiesel	72,839	–
Sale of Glycerin	666	–
Total revenue	**5,542,123**	**5,757,264**

6. Cost of sales

	Group	
	2015 IDR million	2014 IDR million
FFB		
Upkeep and cultivation	253,728	270,206
Fertilising	424,898	422,265
Harvesting	368,645	327,414
Indirect cost	151,348	117,379
Depreciation of property, plant and equipment (Note 14)	82,553	76,786
Amortisation of land use rights (Note 15)	4,419	1,291
Production cost of FFB	1,285,591	1,215,341
FFB purchased – related parties and third parties	2,195,333	1,993,255
Cost of FFB transferred to CPO and PK	3,480,924	3,208,596
CPO and PK		
Cost of FFB to be processed into CPO and PK	3,480,924	3,208,596
Processing expenses:		
CPO and PK	150,597	136,110
Depreciation of property, plant and equipment (Note 14)	93,297	62,901
Indirect cost	44,716	31,819
Biodiesel		
Processing expenses:		
Biodiesel	45,853	4,401
Depreciation of property, plant and equipment (Note 14)	4,715	246
Indirect	1,642	913
Cost of production	3,821,744	3,444,986
Biodiesel purchased – third parties	24,226	–
Finished goods:		
Beginning balance of CPO and PK	187,361	163,520
Ending balance of CPO and PK (Note 19)	(305,491)	(187,361)
Beginning balance of Biodiesel	5,560	–
Ending balance of Biodiesel (Note 19)	(7,018)	(5,560)
Total cost of sales	**3,726,382**	**3,415,585**

Total depreciation of property, plant and equipment charged to cost of sales during the year amounted to IDR 180,565 million (2014: IDR 139,933 million) (see Note 14).

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

7. Profit before taxation

	Group	
	2015	**2014**
	IDR million	**IDR million**
Selling expenses		
Freight	(153,508)	(148,718)
Loading expense	(36,912)	(24,330)
Total selling expenses	**(190,420)**	**(173,048)**
General and administrative expenses		
Audit fees:		
– Auditors of the Company	(1,385)	(1,224)
– Other auditors	(3,308)	(2,845)
Non-audit fees:		
– Auditors of the Company	–	(206)
– Other consultants	(40)	(36)
Employees' benefit expense:		
– Salaries, wages and other staff related expenses	(126,275)	(99,063)
– Defined benefit plan (Note 27)	(14,487)	(11,426)
– Defined contribution plan	(486)	(513)
Transportation	(5,167)	(6,528)
Training	(6,818)	(9,004)
Depreciation of property, plant and equipment (Note 14)	(12,313)	(8,727)
Amortisation of land use rights (Note 15)	(90)	(90)
Amortisation of intangible assets (Note 16)	(2,515)	(2,234)
Maintenance	(3,438)	(2,991)
Rental	(3,505)	(3,762)
Professional fees	(4,712)	(3,922)
Insurance	(4,381)	(4,007)
Security	(3,249)	(2,706)
Electricity, water and telephone	(774)	(823)
Licenses	(5,395)	(7,699)
Office expenses	(5,803)	(5,977)
Others	(4,049)	(10,637)
Total general and administrative expenses	**(208,190)**	**(184,420)**
Finance costs		
Interest expense and amortisation on:		
Loans and borrowings	(249,530)	(248,697)
Less:		
Capitalised to biological assets (Note 12)	94,054	143,448
Total finance costs	**(155,476)**	**(105,249)**

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8. Income tax expenses

Major components of income tax expense

	Group	
	2015	**2014**
	IDR million	**IDR million**
Current income tax:		
– Current year	(266,803)	(442,298)
Deferred income tax:		
– Origination/reversal of temporary differences	47,724	9,204
Income tax expense recognised in profit or loss	**(219,079)**	**(433,094)**

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	IDR million	**IDR million**
Profit before taxation	1,208,500	1,804,873
Tax at the domestic rates applicable to profits in the countries where the Group operates	(212,215)	(419,598)
Income not subject to tax	2,386	–
Non-deductible expenses	(3,159)	(13,215)
Share of loss of associate companies	(16,839)	(4,282)
Others	10,748	4,001
Income tax expense recognised in profit or loss	**(219,079)**	**(433,094)**

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction. The corporate income tax rates applicable to the Group companies in the following countries are:

	2015	**2014**
Singapore	17%	17%
Indonesia	25%	25%

9. Earnings per share

Basic earnings per share are calculated by dividing profit net of tax attributable to owners of the Company, by the weighted average number of ordinary shares outstanding during the respective financial years.

Diluted earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the respective financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. No dilution of shares was noted for the Company as at 31 December 2015 and 2014.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

9. Earnings per share (continued)

The following tables reflect the profit and share data used in the computation of earnings per share for the financial years ended 31 December:

	2015 IDR million	2014 IDR million
Profit for the year attributable to ordinary equity holders of the Company (IDR million)	890,697	1,153,006
Weighted average number of ordinary shares for basic earnings per share computation (No. of shares)	1,757,153,644	1,757,531,844
Earnings per share (IDR)		
– Basic and diluted	507	656

10. Investment in subsidiaries

	Company 2015 IDR million	Company 2014 IDR million
Unquoted equity shares, at cost	675,463	396,021

Details of the subsidiaries are as follows:

Subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	Proportion of ownership interest 2014 %
Held by the Company				
PT Bumitama Gunajaya Agro ("BGA")[1]	Indonesia	Wholesale distribution, agriculture and plantations development	90.00	90.00
PT Bumitama Sawit Lestari ("BSL")[1]	Indonesia	Investment holding	90.00	90.00
PT Bumitama Energi Lestari ("BEL")[1]	Indonesia	Wholesale distribution	95.00	95.00
PT Bumitama Oleo Sentosa ("BOS")[3]	Indonesia	Wholesale distribution	95.00	95.00
Held via BGA:				
PT Karya Makmur Bahagia ("KMB")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Windu Nabatindo Lestari ("WNL")[1]	Indonesia	Oil palm plantation and mill	81.00	81.00
PT Rohul Sawit Industri ("RSI")[1]	Indonesia	Palm oil mill	81.00	81.00

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. Investment in subsidiaries (continued)

Subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Held via BGA: (continued)				
PT Bumitama Gunajaya Abadi ("BG Abadi")(1)	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Windu Nabatindo Abadi ("WNA")(1)	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Masuba Citra Mandiri ("MCM")(1)	Indonesia	Oil palm plantation	85.50	85.50
PT Windu Nabatindo Sejahtera ("WNS")(3)	Indonesia	Oil palm plantation	85.50	85.50
PT Agro Manunggal Sawitindo ("AMS")(1)	Indonesia	Oil palm plantation	85.50	85.50
PT Lestari Gemilang Intisawit ("LGI")(1)	Indonesia	Oil palm plantation	81.00	81.00
PT Ladang Sawit Mas ("LSM")(1)	Indonesia	Oil palm plantation and mill	85.50	85.50
Held via BSL:				
PT Tanah Tani Lestari ("TTL")(1)	Indonesia	Oil palm plantation	85.50	85.50
PT Nabatindo Karya Utama ("NKU")(1)	Indonesia	Oil palm plantation	72.00	72.00
PT Andalan Sukses Makmur ("ASMR")(2)	Indonesia	Oil palm plantation	85.50	85.50
PT Inti Sawit Lestari ("ISL")(2)	Indonesia	Wholesale distribution	85.50	–
Held via KMB:				
PT Hatiprima Agro ("HPA")(2)	Indonesia	Oil palm plantation	85.73	85.73

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. Investment in subsidiaries (continued)

Subsidiaries	Country of incorporation	Principal activities	Proportion of ownership interest 2015 %	2014 %
Held via AMS:				
PT Gunajaya Karya Gemilang ("GKG")(1)	Indonesia	Oil palm plantation and mill	85.52	85.52
PT Gunajaya Ketapang Sentosa ("GKS")(1)	Indonesia	Oil palm plantation	85.52	85.52
PT Karya Bakti Agro Sejahtera ("KBAS")(1)	Indonesia	Oil palm plantation	85.52	85.52
Held via LGI:				
PT Agro Sejahtera Manunggal ("ASM")(1)	Indonesia	Oil palm plantation and mill	82.37	82.37
PT Karya Makmur Langgeng ("KML")(1)	Indonesia	Oil palm plantation	82.37	82.37
PT Nabati Agro Subur ("NAS")(3)	Indonesia	Oil palm plantation	76.95	–
Held via BEL:				
PT Energi Baharu Lestari ("EBL")(1)	Indonesia	Wholesale distribution	90.25	90.25
Held via ISL:				
PT Sentosa Prima Agro ("SPA")(2)	Indonesia	Oil palm plantation	81.23	–
PT Wahana Hijau Indah ("WHI")(2)	Indonesia	Oil palm plantation	81.23	–
PT Raya Sawit Manunggal ("RSM")(2)	Indonesia	Oil palm plantation	81.23	–

(1) Audited by member firm of Ernst & Young Global in Indonesia.
(2) Audited by KAP Anwar & Rekan.
(3) Not required to be audited by law in its country of incorporation.

The Group does not have any subsidiary with non-controlling interest that is individually material to the Group.

Notes to the Financial Statements

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10. Investment in subsidiaries (continued)

(a) *Acquisition of subsidiaries in 2015*

On 31 July 2015, LGI together with PT Karya Manunggal Sawitindo ("KMS"), an associate of the group's controlling shareholders, Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto, acquired PT Nabati Agro Subur ("NAS") from a third party for a total consideration of IDR 4,733 million. Upon completion of the acquisition, LGI and KMS own 95% and 5% of the issued and paid up share capital in NAS, respectively. As a result of the acquisition, the Group recognised IDR 590 million as provisional goodwill.

On 5 October 2015, BSL together with KMS acquired PT Inti Sawit Lestari ("ISL Group") and its subsidiaries from a third party for a total consideration of IDR 2,451 million. Upon completion of the acquisition, BSL and KMS own 95% and 5% of the issued and paid up share capital in ISL Group, respectively. No goodwill recognised upon acquisition of ISL Group as the acquisition has been accounted for as an acquisition of assets.

The fair value of the identifiable assets and liabilities of NAS as at the acquisition date were:

	NAS IDR million
Land use rights (Note 15)	8,106
Other receivables	2,250
Trade and other payables	(5,373)
Deferred tax liabilities	(621)
Total identifiable net assets at fair value	4,362
Non-controlling interest measured at the non-controlling interest's proportionate share of NAS' and ISL's net identifiable assets	(219)
Provisional goodwill arising from acquisition (Note 16)	590
Consideration paid	**4,733**

For ISL Group, the fair value of identifiable assets and liabilities as at the date of acquisition is individually immaterial for presentation in the financial statements.

Consideration transferred for the acquisition of NAS and ISL Group

	NAS IDR million	ISL Group IDR million	Total IDR million
Cash paid	2,483	276	2,759
Deferred settlement	2,250	–	2,250
	4,733	**276**	**5,009**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. Investment in subsidiaries (continued)

(a) Acquisition of subsidiaries in 2015 (continued)

Effect of the acquisition NAS and ISL Group on cash flows

	NAS IDR million	ISL Group IDR million	Total IDR million
Consideration transferred	4,733	276	5,009
Less: Deferred cash settlement	(2,250)	–	(2,250)
	2,483	276	2,759

Impact of the acquisition on profit or loss

From their acquisition dates, NAS and ISL Group contributed IDR 9,285 million of revenue, and loss of IDR 4,708 million to the Group's revenue and profit for the year, respectively. Had the business combinations took place at the beginning of the financial year, there will be no change to the contribution of revenue and profit for the year to the Group as the acquired subsidiaries had no activities during the year prior to acquisition.

(b) Incorporation of subsidiaries in 2014

On 7 August 2014, the Group incorporated PT Bumitama Energi Lestari ("BEL") and PT Bumitama Oleo Sentosa ("BOS") under the laws of the Republic of Indonesia. These subsidiaries have an authorised and paid-up capital of IDR 10 billion and IDR 5 billion, respectively. The principal activities of BEL and BOS are wholesale distribution of downstream products and investment holding.

The Company holds 95% of the total shareholdings of these subsidiaries while the remaining 5% is held by PT Harita Jayaraya, an associate of the Group controlling shareholders, Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto.

(c) Acquisition of subsidiaries in 2014

On 17 December 2014, BEL together with KMS, acquired PT Energi Baharu Lestari ("EBL") from a third party for a total consideration of IDR 9,916 million. Upon completion of the acquisition, BEL and KMS own 95% and 5% of the issued and paid up share capital in EBL, respectively. The net carrying value of the interest acquired approximates the fair consideration paid at the date of the acquisition.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

10. Investment in subsidiaries (continued)

(c) *Acquisition of subsidiaries in 2014* (continued)

The fair value of the identifiable assets and liabilities of EBL as at the acquisition date were:

	EBL IDR million
Land use rights (Note 15)	53,174
Property, plant and equipment	21,246
Other non-current assets	7,628
Inventories	54
Other receivables	3,500
Prepayments and advances	27
Prepaid taxes	6,629
Cash and cash equivalents	1,900
Tax payable	(39)
Other long-term liabilities	(81,681)
Total identifiable net assets at fair value	12,438
Non-controlling interest measured at the non-controlling interest's proportionate share of EBL's net identifiable assets	(622)
Consideration paid	**11,816**

Consideration transferred for the acquisition of EBL

	EBL IDR million
Cash paid	9,916
Deferred cash settlement	1,900
	11,816

Effect of the acquisition of EBL on cash flows

	EBL IDR million
Consideration transferred	11,816
Less: Deferred cash settlement	(1,900)
Consideration settled in cash	9,916
Less: Cash and cash equivalents of subsidiaries acquired	(1,900)
	8,016

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11. Investment in associate companies

	Group		Company	
	2015	2014	2015	2014
	IDR million	IDR million	IDR million	IDR million
Balance at beginning of financial year	84,250	108,061	131,556	123,894
Share of post-acquisition reserve	(67,357)	(25,062)	–	–
Currency re-alignment	7,150	1,251	14,330	7,662
Balance at end of financial year	**24,043**	**84,250**	**145,886**	**131,556**

Details of the associate companies are as follows:

Name	Country of incorporation	Principal activities	Proportion of ownership interest	
			2015	2014
			%	%
Held through the Company:				
PT Sawit Nabati Agro ("SNA")(1)	Indonesia	Oil palm plantation	28.00	28.00
PT Berkat Agro Sawitindo ("BAS")(1)	Indonesia	Oil palm plantation	28.00	28.00

(1) Audited by member firm of Ernst & Young Global in Indonesia

The summarised unaudited financial information of the associate companies not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group	
	2015	2014
	IDR million	IDR million
Assets and liabilities		
Total assets	1,290,486	1,042,745
Total liabilities	1,769,614	1,325,798
Results		
Revenue	32,531	32,944
Loss for the year	(240,559)	(61,167)

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12. Biological assets

Biological assets are classified into mature plantations, immature plantations and nurseries.

	Group	
	2015	**2014**
	IDR million	**IDR million**
Mature plantations		
At fair value:		
Beginning balance	5,713,512	4,342,181
Transfer from immature plantations	1,041,725	1,039,563
Disposal	(214,846)	–
	6,540,391	5,381,744
(Loss)/gain arising from fair value changes in biological assets	(144,881)	331,768
Ending balance	6,395,510	5,713,512
Immature plantations		
At fair value:		
Beginning balance	1,610,331	2,195,947
Development costs	799,633	794,090
Transferred from nurseries	45,084	34,967
	2,455,048	3,025,004
Disposal	(41,671)	–
Transferred to mature plantations	(1,041,725)	(1,039,563)
Gain/(loss) arising from fair value changes in biological assets	134,607	(375,110)
Ending balance	1,506,259	1,610,331
Nurseries		
At fair value:		
Beginning balance	194,105	220,203
Development costs	1,410	3,790
	195,515	223,993
Transferred to immature plantations	(45,084)	(34,967)
(Loss)/gain arising from fair value changes in biological assets	(35,651)	5,079
Ending balance	114,780	194,105
Total biological assets	**8,016,549**	**7,517,948**
Total loss arising from fair values changes in biological assets	**(45,925)**	**(38,263)**

The fair values of biological assets are determined by an independent valuer using the discounted future cash flows of the underlying plantations. The expected future cash flows of the biological assets are determined using the projected selling prices of CPO in the market.

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12. **Biological assets** (continued)

Significant assumptions made in determining the fair values of the biological assets include the following:

(a) no new planting or re-planting activities are assumed;

(b) oil palm trees have an average life of 25 years, with the first 4 years as immature and the remaining years as mature;

(c) determination of production calculation was taken from standard yield of seeds from leading oil palm seeds producers, which took into account factors such as seed types, land classification and the soil consideration in each estate, taking into consideration the weather characteristic;

(d) the discount rate used for the Group's plantation operations which is applied in the discounted future cash flows calculation for 31 December 2015 and 2014 is 13.85% and 13.39%, respectively;

(e) the exchange rate applied in the valuation for 31 December 2015 and 2014 is IDR 13,795/USD and IDR 12,200/USD, respectively; and

(f) the projected selling prices of CPO for the financial years ended 31 December 2015 and 2014 referenced to independent professional valuer's report.

	Group	
	2015	**2014**
Projected CPO price (IDR/kg)	7,065 – 7,849	7,756 – 7,838
Projected CPO price (MYR/metric ton)	2,201 – 2,449	2,177 – 2,200
	Tonnes	**Tonnes**
FFB harvested	1,578,815	1,401,040
	Hectares	**Hectares**
Mature biological assets (planted nucleus)	89,211	77,177
Immature biological assets (planted nucleus)	30,468	38,286

The plantations of the Group have been insured against the risk of fire, covering an aggregate area of approximately 14,424 hectares (2014: 14,911 hectares) for up to approximately IDR 361 billion (2014: IDR 430 billion) as at 31 December 2015. Total nucleus planted area for the year ended 31 December 2015 accounted for approximately 119,679 hectares (2014: 115,463 hectares).

Depreciation of property, plant and equipment capitalised to immature plantations for the financial years ended 31 December 2015 and 2014 amounted to IDR 13,311 million and IDR 6,829 million, respectively (Note 14).

Borrowing costs capitalised to immature plantations for the financial years ended 31 December 2015 and 2014 amounted to IDR 94,054 million and IDR 143,448 million, respectively (Note 7).

As at 31 December 2015 and 2014, biological assets pledged as collateral for the bank loans was approximately IDR 1,041,000 million.

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13. Plasma receivables

Plasma receivables represent costs incurred for plasma plantations development which was financed by the Subsidiaries while waiting for funding investment credit from the bank or shall be reimbursed by the plasma farmers. Plasma receivables also include advances to plasma farmers for payments of loan installments to the banks.

The Subsidiaries develop plasma plantations under the "Kredit Koperasi Primer untuk Anggota" (KKPA) scheme. Plasma plantations development is financed through investment credit from banks. Under the KKPA scheme, investment credit agreement is signed by plasma farmers through cooperative (*Koperasi Unit Desa*/KUD) as their representative and the Subsidiaries act as guarantors for the loan repayments.

As the guarantors for the loan installment, the Subsidiaries deduct up to 40% of plasma farmers' sales of FFB to the Subsidiaries until the plasma farmers' loans to the bank are fully paid. The amount deducted will be paid by the Company as the plasma farmers' loan installment to the bank. Deficits from difference between deductions from sales of FFB with bank loan installments, which must be paid by the Subsidiaries as guarantors of loan repayments, are recorded as plasma receivables until reimbursed by plasma farmers.

As of 31 December 2015 and 2014, the Company has developed plasma plantations through bank partnerships covering a total area of 44,498 hectares and 37,805 hectares, and plasma farmers of approximately 25,000 and 19,000, respectively.

Details of plasma plantation receivables as at 31 December are as follows:

Group	Plasma plantation development costs IDR million	Investment credits IDR million	Net plasma plantation receivables IDR million
KKPA			
At 1 January 2015	1,694,505	(909,843)	784,662
Development costs net of plasma FFB purchased by the Group	790,470	–	790,470
Additional credits	–	(699,736)	(699,736)
Depreciation expense capitalised (Note 14)	18,120	–	18,120
Interest paid on behalf	10,936	–	10,936
Payment of self financing of receivables from plasma plantation	–	235,534	235,534
At 31 December 2015	**2,514,031**	**(1,374,045)**	**1,139,986**
Less: Current portion of plasma receivables			(426,289)
Non-current portion of plasma receivables			713,697
At 1 January 2014	1,518,235	(905,479)	612,756
Development costs net of plasma FFB purchased by the Group	133,589	–	133,589
Additional credits	–	(129,302)	(129,302)
Depreciation expense capitalised (Note 14)	20,632	–	20,632
Interest paid on behalf	22,049	–	22,049
Payment of self financing of receivables from plasma plantation	–	124,938	124,938
At 31 December 2014	**1,694,505**	**(909,843)**	**784,662**
Less: Current portion of plasma receivables			(539,573)
Non-current portion of plasma receivables			245,089

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14. Property, plant and equipment

Group	Buildings	Renovation	Infrastructure	Machinery and equipment	Vehicles and heavy equipment	Furniture and fixtures	Assets under construction	Total
	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million	IDR million
Cost								
At 1 January 2014	826,982	2,551	314,565	627,948	366,070	82,707	436,893	2,657,716
Additions	157,959	–	173,927	188,586	72,298	15,459	341,193	949,422
Reclassification	107,392	–	38,281	113,863	3,183	–	(262,719)	–
At 31 December 2014 and 1 January 2015	1,092,333	2,551	526,773	930,397	441,551	98,166	515,367	3,607,138
Additions	65,165	–	47,892	106,933	23,581	16,288	445,799	705,658
Disposals	(16,892)	–	(21,969)	(2,127)	(23,173)	(1,598)	(57,238)	(122,997)
Reclassification	218,690	–	40,038	215,813	43	26	(474,610)	-
At 31 December 2015	1,359,296	2,551	592,734	1,251,016	442,002	112,882	429,318	4,189,799
Accumulated depreciation								
At 1 January 2014	154,944	2,126	35,843	140,990	184,894	46,411	–	565,208
Charge for the year	49,353	425	19,505	42,742	51,311	12,785	–	176,121
At 31 December 2014 and 1 January 2015	204,297	2,551	55,348	183,732	236,205	59,196	–	741,329
Charge for the year	64,537	–	27,967	63,583	54,623	13,599	–	224,309
Disposals	(3,217)	–	(1,988)	(946)	(13,278)	(798)	–	(20,227)
At 31 December 2015	265,617	2,551	81,327	246,369	277,550	71,997	–	945,411
Net carrying amount								
At 31 December 2014	**888,036**	**–**	**471,425**	**746,665**	**205,346**	**38,970**	**515,367**	**2,865,809**
At 31 December 2015	**1,093,679**	**–**	**511,407**	**1,004,647**	**164,452**	**40,885**	**429,318**	**3,244,388**

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14. Property, plant and equipment (continued)

Company	**Renovations IDR million**	**Furniture and fixtures IDR million**	**Total IDR million**
Cost			
At 1 January 2014	2,551	163	2,714
Additions	–	108	108
At 31 December 2014 and 1 January 2015	2,551	271	2,822
Additions	–	15	15
At 31 December 2015	2,551	286	2,837
Accumulated depreciation			
At 1 January 2014	2,126	47	2,173
Charge for the year	425	40	465
At 31 December 2014 and 1 January 2015	2,551	87	2,638
Charge for the year	–	59	59
At 31 December 2015	2,551	146	2,697
Net carrying amount			
At 31 December 2014	**–**	**184**	**184**
At 31 December 2015	**–**	**140**	**140**

Assets pledged as security

As at 31 December 2015 and 2014, the Group's property, plant and equipment with a net carrying amount of IDR 111,063 million, are pledged to secure the Group's bank loans.

Depreciation

Depreciation of property, plant and equipment was charged and allocated as follows:

	Group 2015 IDR million	**Group 2014 IDR million**
Cost of sales (Note 6)		
– FFB	82,553	76,786
– CPO and PK	93,297	62,901
– Biodiesel	4,715	246
General and administrative expenses (Note 7)	12,313	8,727
Immature plantations (Note 12)	13,311	6,829
Plasma receivables (Note 13)	18,120	20,632
Total depreciation	**224,309**	**176,121**

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15. Land use rights

	Group	
	2015	2014
	IDR million	IDR million
Cost		
At 1 January	492,365	408,508
Additions	132,426	30,683
Acquisition of subsidiaries (Note 10)	8,106	53,174
Disposal	(6,623)	–
At 31 December	626,274	492,365
Accumulated amortisation		
At 1 January	6,205	4,824
Amortisation for the year	4,509	1,381
At 31 December	10,714	6,205
Net carrying amount	**615,560**	**486,160**
Amount to be amortised:		
– Not later than one year	4,509	1,381
– Later than one year but not more than five years	18,036	5,525
– Later than five years	593,015	479,254
	615,560	**486,160**

Land use rights represent the cost of land use rights owned by the Group and cost associated with the legal transfer or renewal for titles of land use rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Land use rights are amortised on a straight line basis over their terms of 25 to 35 years. The terms can be extended up to a period of 3.5 years from the initial recognition, subject to agreement with the Government of Indonesia and payments of premium.

As at 31 December 2015, the land use rights have remaining tenure ranging from 21 years to 30 years (2014: 22 years to 30 years).

Amortisation of land use rights was charged and allocated as follows:

	2015	2014
	IDR million	IDR million
Cost of sales (Note 6)	4,419	1,291
General and administrative expenses (Note 7)	90	90
	4,509	**1,381**

As at 31 December 2015 and 2014, land use rights pledged as collateral for the bank loans facilities amounted to IDR 67,024 million.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. Intangible assets

	Goodwill IDR million	Software IDR million	Total IDR million
Cost			
At 31 December 2014 and 1 January 2015	174,464	16,398	190,862
Acquisition of a subsidiary (Note 10)	590	–	590
Additions	–	3,950	3,950
At 31 December 2015	175,054	20,348	195,402
Accumulated amortisation and impairment losses			
At 1 January 2014	–	10,789	10,789
Impairment goodwill	6,563	–	6,563
Amortisation for the year (Note 7)	–	2,234	2,234
At 31 December 2014 and 1 January 2015	6,563	13,023	19,586
Amortisation for the year (Note 7)	–	2,515	2,515
At 31 December 2015	6,563	15,538	22,101
Net carrying amount			
At 31 December 2014	**167,901**	**3,375**	**171,276**
At 31 December 2015	**168,491**	**4,810**	**173,301**

Goodwill

Impairment testing of goodwill

Goodwill arising from business combinations is allocated to the individual cash-generating units ("CGU") for the purpose of impairment testing. The CGUs relating to the goodwill as at 31 December are as follows:

	2015 IDR million	2014 IDR million
Carrying values:		
– KMB	22,885	22,885
– LGI	48,809	48,809
– NKU	96,207	96,207
– NAS	590	–
	168,491	**167,901**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

16. Intangible assets (continued)

The recoverable amount of the CGUs as at 31 December was determined based on value-in-use ("VIU") calculations using cash flow projections from financial budgets approved by management. The calculations were based on the following key assumptions:

	2015	2014
Discount rate (pre-tax)	13.85%	13.39%
Inflation rate	3.99% – 4.70%	5.00% – 6.65%
Projected CPO price (IDR/kg)	7,065 – 7,849	7,756 – 7,838

The VIU calculations applied a discounted cash flow model using cash flow projections and projected CPO price of IDR 7,065 – IDR 7,849 per kg. The cash flows calculated is based on a professional valuer's judgment with reference to monetary policy report published by Bank Indonesia, International Monetary Fund data and World Economic Outlook Database. The inflation rate in sixth year carries inflation rate of 3.99% and the cash flows beyond the projected periods are extrapolated using the inflation rate of 3.99%.

The calculations of VIU are most sensitive to the following assumptions:

Pre-tax discount rate – The discount rate applied to the cash flow projection is pre-tax and derived from the weighted average cost of capital of the oil palm plantation sectors.

Inflation rate – The inflation rate is based on the International Monetary Fund data and World Economic Outlook Database.

Projected CPO price – The CPO price was based on the international market price retrieved from Oil World Statistic and actual CPO price transacted by PT Bumitama Gunajaya Agro and its subsidiaries.

Based on the above analysis, management has assessed that the goodwill is not impaired as at 31 December 2015 and 2014.

Changes to the assumptions used by management to determine the recoverable amounts can have an impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of each CGU including goodwill to materially exceed their recoverable amount.

Impairment loss recognised

In 2014, an impairment loss was recognised to fully write down the carrying amount of goodwill attributable to the acquisition of LSM amounting to IDR 6,563 million. The impairment was made as the Group has expected that the fair value of LSM's net assets was lower than its carrying amount. The impairment loss of IDR 6,563 million has been recognised in profit or loss under the line item "Other expenses" for the financial year ended 31 December 2014.

Software

Software represents the cost of software that covers all direct cost related to the acquisition and preparation of the software for its intended use which is not part of an integral part of hardware. Amortisation of software is recognised in the "General and administrative expenses" line item in the consolidated income statements.

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17. Due from subsidiaries

	Company 2015 IDR million	Company 2014 IDR million
Non-current:		
Loan to subsidiaries	5,922,757	5,581,149
Current:		
Loan to subsidiaries	2,357,835	435,400
Total due from subsidiaries	**8,280,592**	**6,016,549**

Loan to subsidiaries

As at 31 December 2015, loan to subsidiaries include loans that are non-trade, bear interest at rates of 3.55% per annum above the one month London Interbank Offered Rate ("LIBOR"). The loans are unsecured, and have no fixed repayment terms. The amounts are denominated in USD.

As at 31 December 2014, loan to subsidiaries include loans that are non-trade, bear interest at rates of 5% per annum, 3.06% per annum above the six months LIBOR and 3.75% per annum above the six months LIBOR. The loans are unsecured and have no fixed repayment terms. The amounts are denominated in USD.

18. Loan to an associate company

Loan to an associate company is non-trade, bears interest at 5.0% per annum above the three months USD LIBOR, unsecured and is repayable at the end of the fifth anniversary from 20 March 2012. The amount is denominated in USD.

19. Inventories

	Group 2015 IDR million	Group 2014 IDR million
Balance sheet:		
At lower of cost and net realisable value		
Finished goods:		
CPO	285,659	176,164
PK	18,648	11,197
Biodiesel	7,018	5,560
	311,325	192,921
Raw materials:		
Fertilisers and chemicals	215,447	186,674
Spare parts and other consumables	123,111	145,314
Biodiesel materials	959	1,892
	339,517	333,880
Total inventories	**650,842**	**526,801**
Income statement:		
Inventories recognised as an expense:		
– in cost of sales (Note 6)	3,726,382	3,415,585
– in other expenses	1,184	–

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

20. Trade and other receivables

	Group		Company	
	2015	2014	2015	2014
	IDR million	IDR million	IDR million	IDR million
Trade and other receivables:				
Trade receivables	166,373	58,635	–	–
Other receivables	432,225	80,941	–	–
Total trade and other receivables	598,598	139,576	–	–
Due from subsidiaries (Note 17)	–	–	8,280,592	6,016,549
Loan to an associate company (Note 18)	327,686	282,167	327,686	282,167
Due from related companies (Note 21)	158,977	126,270	–	–
Dividend receivables	–	–	173,500	194,400
Cash and short-term deposits (Note 22)	598,797	310,858	22,603	8,701
Total loans and receivables	**1,684,058**	**858,871**	**8,804,381**	**6,501,817**

Trade receivables

Trade receivables are non-interest bearing and are generally less than 30 days credit terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. They are not secured by any collateral or credit enhancement. All trade receivables are denominated in IDR.

Receivables that are past due but not impaired

The Group has trade receivables as at 31 December 2015 amounting to IDR 63,215 million (2014: IDR 6,549 million), that are past due but not impaired. These receivables are unsecured and the analysis of their aging at the balance sheet date is as follows:

	Group	
	2015	2014
	IDR million	IDR million
Trade receivables past due:		
Less than 30 days	48,498	3,587
30 to 60 days	7,824	1,538
More than 61 days	6,893	1,424
	63,215	**6,549**

There are no trade receivables that are impaired either individually or collectively as at the end of each reporting period.

Other receivables

Other receivables are non-interest bearing, unsecured, repayable on demand, and are to be settled in cash. The balance as at 31 December 2015 includes the receivables from the disposal of business of subsidiary.

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21. Due from related companies

Due from related companies are non-trade in nature, non-interest bearing, unsecured, repayable on demand, and are to be settled in cash. All amounts due from related companies are denominated in IDR.

22. Cash and short-term deposits

(a) Cash and short-term deposits

	Group		Company	
	2015 IDR million	2014 IDR million	2015 IDR million	2014 IDR million
Cash at bank and on hand	549,409	89,111	22,603	8,701
Time deposit	49,388	221,747	–	–
Total cash and short-term deposits	598,797	310,858	22,603	8,701

Cash at bank earns interest at floating rates based on daily bank deposit rate. Time deposits are made for varying periods of between three months depending on the immediate cash requirements of the Group, and earn interest at the annual interest rates of 2.75% to 2.90% (2014: 2.75% to 3.30%).

Cash and short-term deposits denominated in foreign currencies at 31 December are as follows:

	Group		Company	
	2015 IDR million	2014 IDR million	2015 IDR million	2014 IDR million
USD	94,303	215,481	–	–
SGD	8,210	3,007	8,210	2,012
MYR	1,297	818	1,297	818

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

22. Cash and short-term deposits (continued)

(b) *Cash flow from operating activities*

	Group	
	2015	2014
	IDR million	IDR million
Profit before tax	1,208,500	1,804,873
Adjustments:		
Depreciation and amortisation	195,393	183,880
Finance cost	155,476	105,249
Interest income	(145,566)	(106,540)
Post employment benefits	15,143	16,474
Impairment of goodwill	–	6,563
Foreign exchange difference	415,568	288,758
Gain on disposal of business in subsidiary	(5,749)	–
Loss on disposal of property, plant, and equipment	(118)	–
Share of loss of associate companies	67,357	17,127
Loss arising from fair value changes in biological assets	45,925	38,263
Operating cash flows before working capital changes	1,952,165	2,354,647
(Increase)/decrease in trade and other receivables	(7,661)	4,509
Increase in inventories	(140,437)	(148,242)
Increase in prepaid taxes	(149,996)	(84,152)
Decrease in prepayment and advances	1,018	37,293
Increase in deferred charges	(2,300)	(5,307)
Decrease in VAT refundable	–	25,330
Increase in trade and other payables	157,435	264,505
(Decrease)/increase in accrued operating expenses	(9,504)	58,860
Decrease in sales advances	(103,118)	(98,232)
Decrease in post employment benefits	(6,837)	(12,586)
Cash flows from operations	1,690,765	2,396,625
Corporate income tax paid	(356,376)	(272,863)
Net cash resulting from operating activities	**1,334,389**	**2,123,762**

Notes to the Financial Statements

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23. Loans and borrowings

	Group		Company	
	2015	2014	2015	2014
	IDR million	IDR million	IDR million	IDR million
Current:				
Revolving loan facilities	1,843,898	400,436	1,861,201	433,324
Term loan	139,769	188,523	–	–
	1,983,667	588,959	1,861,201	433,324
Non-current:				
Revolving loan facility	343,933	–	343,933	–
Term loan	–	139,769	–	–
	343,933	139,769	343,933	–
Loans and borrowings	**2,327,600**	**728,728**	**2,205,134**	**433,324**

Revolving loan facility:

(a) Facility from a syndicate of foreign banks with maximum limit of USD 50 million and USD 80 million was obtained by the Group during 2012 and 2013, respectively. The facility for USD 50 million had commenced on 12 November 2012, while the facility for USD 80 million had commenced on 8 May 2013. The interest rate for both facilities were computed based on LIBOR plus 2.00% per annum (2014: LIBOR plus 2.00% per annum). Both facilities had been fully repaid in the current year.

(b) On 3 February 2015, the Company had entered into bilateral facility agreements with DBS Bank Ltd, United Overseas Bank Ltd, OCBC Bank Ltd, Sumitomo Mitsui Banking Corporation Singapore branch, Malayan Banking Berhad Singapore branch, and CIMB Bank Berhad Singapore branch as lenders (collectively, "the Banks"). The Banks had granted committed and uncommitted facilities of an aggregate principal amount up to USD 265 million. As at 31 December 2015, the aggregate outstanding balance of these facilities was USD 160 million (IDR 2,187,831 million). USD 25 million (IDR 343,933 million) of these facilities is presented as a non-current liability as it is due on 3 February 2017.

Term loans:

(a) Loans from an Indonesian bank obtained by a subsidiary during 2010 and 2012 for palm oil plantations purpose. These loans were obtained in 2 stages and bore interest at 10.75% per annum. The loans are secured over certain of the subsidiary's assets and repayable in quarterly installments, with a total amount of approximately IDR 140,000 million outstanding as at 31 December 2015 (2014: IDR 281,900 million). These loans include financial covenants which require certain subsidiary to maintain a current ratio exceeding 100%, debt to equity ratios not exceeding 300%, and debt service coverage ratio exceeding 100%. The loan obtained in 2010 was fully repaid in the current year, whilst, the loan obtained in 2012 will mature in October 2016.

(b) Loan from an Indonesian bank obtained by a subsidiary during 2010 for palm oil plantations purposes. The loan with a total amount of approximately IDR 47,600 million outstanding as at 31 December 2014 bore interest at 10.75% per annum and was secured over certain of the subsidiary's assets. The loan was fully repaid in 2015.

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24. Islamic medium term notes

On 10 January 2014, the Company was granted approval by the Securities Commission of Malaysia to establish a Ringgit-denominated Islamic Medium Term Note Programme ("IMTN") of up to MYR 2 billion under the laws of Malaysia. Under the programme, the Group may issue IMTN from time to time in Malaysian Ringgit in various amounts and tenures of more than a year and up to a maximum tenure of fifteen years.

The first issuance amounting to MYR 500 million was completed on 18 March 2014 with 5-year tenure and coupon of 5.25% per annum.

The second issuance amounting to MYR 500 million was completed on 2 September 2014 with 5-year tenure and coupon of 5.00% per annum.

The IMTNs are unsecured and will not be listed on any stock exchange.

The carrying amount of IMTNs as at end of the reporting period is as follows:

			Group and Company	
		Distribution rate	2015	2014
	Maturity date	(per annum)	IDR million	IDR million
First issuance	18 March 2019	5.25%	1,604,825	1,780,963
Second issuance	2 September 2019	5.00%	1,604,825	1,780,963
			3,209,650	3,561,926
Issuance costs			(8,491)	(11,876)
			3,201,159	3,550,050
Accumulated amortisation			1,735	1,320
Islamic medium term notes, net			**3,202,894**	**3,551,370**

Notes to the Financial Statements

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25. Trade and other payables

	Group		Company	
	2015	2014	2015	2014
	IDR million	IDR million	IDR million	IDR million
Trade and other payables:				
Trade payables	709,620	631,449	–	–
Other payables	225,810	141,173	13	–
Total trade and other payables	935,430	772,622	13	–
Loans and borrowings (Note 23)	2,327,600	728,728	2,205,134	433,324
Dividend payables	43,732	20,400	–	–
Islamic medium term notes (Note 24)	3,202,894	3,551,370	3,202,894	3,551,370
Accrued operating expenses (Note 26)	144,873	154,377	55,202	71,745
Total financial liabilities carried at amortised cost	**6,654,529**	**5,227,497**	**5,463,243**	**4,056,439**

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled within 30 to 90 days from date of invoice while other payables have an average term of six months. All trade and other payables are denominated in IDR.

26. Accrued operating expenses

	Group		Company	
	2015	2014	2015	2014
	IDR million	IDR million	IDR million	IDR million
Accrued salaries and wages	83,410	73,861	719	633
Accrued interests	52,317	71,142	51,982	69,527
Professional fees	5,894	5,911	1,221	754
Others	3,252	3,463	1,280	831
Total accrued operating expenses	**144,873**	**154,377**	**55,202**	**71,745**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. Employee benefit liability

Defined benefit plans

The Group recognised post employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003. The provision for post employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method. As at 31 December 2015, number of employees of 3,999 (2014: 3,312), were included in the computation.

The principal assumptions used in determining post employment benefits as of 31 December were as follows:

	2015	2014
Normal Pension Age	55 years	55 years
Salary Increment Rate per annum	7.0%	5.0%
Discount Rate per annum	9.1%	9.0%
Mortality Rate	Indonesia – III	Indonesia – II
Resignation level per annum	3% of 18 – 44 years	2% of 18 – 44 years

The estimated liability for post employment benefits as at balance sheet date is as follows:

	Group	
	2015 IDR million	2014 IDR million
Present value of defined benefit obligation	72,994	53,062
Assets at fair value	(47,770)	(40,693)
Total post employment benefits	**25,224**	**12,369**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

27. Employee benefit liability (continued)

Defined benefit plans (continued)

Remeasurement on defined benefit plan recognised to other comprehensive income are as follows:

	Group	
	2015	**2014**
	IDR million	**IDR million**
Actuarial loss arising from changes in financial assumptions	4,549	13,649
Deferred tax asset from actuarial loss arising (Note 28)	(1,137)	(3,412)
	3,412	10,237

Changes in the present value of defined benefit obligations are as follows:

Balance at 1 January	53,062	36,723
Interest cost	4,136	3,280
Current service cost	13,431	10,954
Actuarial loss arising from changes in assumptions	3,336	3,065
Past service cost	510	377
Benefits paid	(1,481)	(343)
Curtailment	–	(994)
Balance at 31 December	**72,994**	**53,062**

Changes in the fair value of plan assets are as follows:

Balance at 1 January	40,693	28,242
Expected return on plan assets	3,589	2,259
Contribution during the year	6,606	12,242
Benefit payment	(1,249)	–
Actuarial loss on asset	(1,869)	(2,050)
Balance at 31 December	**47,770**	**40,693**

The following table summarises the component of post employment benefits expense recognised in profit or loss as follows:

Current service cost	13,431	10,954
Interest cost on defined benefit obligation	4,136	3,280
Expected return on asset	(3,589)	(2,259)
Past service cost	509	377
Interest on effect of assets ceiling	–	68
Curtailment	–	(994)
Post employment benefits expense	**14,487**	**11,426**

Post employment benefits expense is recognised in the “General and administrative expenses” line item in the Group’s profit or loss.

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27. Employee benefit liability (continued)

Defined benefit plans (continued)

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Sensitivity analysis	
	Increase/ (decrease)	Changes in actuarial gain
Discount rates	+1%	(7,469)
	-1%	8,884
Salary increment rate per annum	+1%	8,936
	-1%	(7,790)

28. Deferred tax

Deferred tax as at 31 December relates to the following:

	Balance sheet Group		Income statement Group	
	2015 IDR million	2014 IDR million	2015 IDR million	2014 IDR million
Deferred tax assets:				
Property, plant and equipment	6,692	3,126	3,566	(3,269)
Tax loss carried forward	108,559	36,760	71,799	28,044
Biological assets	274,064	214,426	61,506	107,579
Remeasurement on defined benefit plan (Note 27)	3,417	2,280	–	–
Deferred tax assets, net	392,732	256,592	136,871	132,354
Deferred tax liabilities:				
Property, plant and equipment	(45,799)	(38,010)	(7,789)	(6,292)
Biological assets	(708,902)	(628,165)	(81,358)	(116,858)
Acquisition of subsidiary	(25,379)	(24,758)	–	–
Deferred tax liabilities, net	(780,080)	(690,933)	(89,147)	(123,150)
Deferred tax benefit			47,724	9,204

Unrecognised temporary differences relating to investments in subsidiaries and joint venture

At the end of the reporting period, no deferred tax liability (2014: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately IDR 3,900,189 million (2014: IDR 3,585,387 million).

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29. Derivative financial liabilities

Cross currency swaps

In 2014, the Company had entered into cross currency swap agreements with financial institutions for swapping its Ringgit-denominated IMTN indebtedness (Note 24) into USD 312 million. Based on the agreements, the financial institutions will swap the principal as well as the profit distribution amounts of the Company's IMTN from Malaysian Ringgit into United States Dollar. Cash flow hedge accounting has been applied to these cross currency swap agreements as they have been assessed by management to be effective hedging instruments. For the financial year ended 31 December 2015, fair value reserve adjustment of a gain of IDR 22,690 million (2014: IDR 55,225 million) had been included in other comprehensive income in respect of these contracts.

	Group and Company			
	2015		2014	
	Contract/ Notional Amount	Liabilities	Contract/ Notional Amount	Liabilities
	MYR million	IDR million	MYR million	IDR million
Cross currency swaps	1,000	1,126,928	1,000	377,480

30. Share capital and treasury shares

	Group and Company			
	2015		2014	
	No. of shares	IDR million	No. of shares	IDR million
Issued and fully paid ordinary shares				
At 1 January and at 31 December	1,757,531,844	1,807,045	1,757,531,844	1,807,045

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

	Group and Company			
	2015		2014	
	No. of shares	IDR million	No. of shares	IDR million
Treasury shares as at 31 December	2,255,300	17,946	–	–

In the current financial year, the Company purchases a total of 2,255,300 ordinary shares from the public, and held them as treasury shares. Other than these buy backs, there were no other changes in the Company's share capital.

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31. Other reserves

Other reserves comprise:

	Group		Company	
	2015	2014	2015	2014
	IDR million	IDR million	IDR million	IDR million
Premium paid on acquisition of non-controlling interests	(184,938)	(184,938)	–	–
Fair value reserve from derivative financial liabilities	(32,535)	(55,225)	(32,535)	(55,225)
	(217,473)	**(240,163)**	**(32,535)**	**(55,225)**

The premium paid on acquisition of non-controlling interest represents the difference between the consideration paid/(received) and the carrying value of the additional/(reduction in) interest acquired/(disposed).

Fair value reserve from derivative financial liabilities resulted from mark-to-market foreign currency swap of IMTN as at 31 December 2015 and 2014.

32. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of companies in the Group whose functional currencies are different from that of the Group's presentation currency.

33. Related party transactions

(a) Sale and purchase of goods and services and other transactions

In addition to the related party transactions disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2015	2014	2015	2014
	IDR million	IDR million	IDR million	IDR million
Non-trade:				
Management fee from related companies	402	4,803	–	–
Rental fee to related parties	8,100	12,292	–	1,809

The Group has entered into office premise lease agreements with Mr. Gunardi Hariyanto Lim for an amount of IDR 2,400 million for the year ended 31 December 2015; and lease agreements with Mr. Gunardi Hariyanto Lim and Goldwood Investments Ltd., a related party, for amount totalling IDR 3,742 million for the year ended 31 December 2014. On 30 September 2014, the rental agreement between the Group and Goldwood Investments Ltd. had been terminated.

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33. Related party transactions (continued)

(a) Sale and purchase of goods and services and other transactions (continued)

The Group has also entered into vessel lease agreement with PT Lima Srikandi Jaya, a related party, amounting to IDR 5,700 million (2014: IDR 8,550 million) for the year ended 31 December 2015.

(b) Compensation of key management personnel

	Group		Company	
	2015 IDR million	2014 IDR million	2015 IDR million	2014 IDR million
Short-term employee benefits	54,255	25,498	–	–

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The above amounts for key management compensation relate to the directors of the subsidiaries.

34. Commitments

(a) Contingent liability

In relation to agreements between PT Bank Mandiri (Persero) Tbk, PT Bank CIMB Niaga Tbk and several cooperatives, certain subsidiaries act as guarantors of plasma credits until full settlement of the outstanding credits.

As at 31 December 2015 and 2014, these credits are secured by land certificates held by the plasma farmers who participate in the plasma programme and certain subsidiaries' corporate guarantees of IDR 1,374,045 million and IDR 909,843 million, respectively. The harvested FFB will be sold to the Group and repayment of the credit facilities are through 40% deduction of plasma farmers' sales of FFB to the Group (Note 13).

(b) Rental commitments

As lessee

The Group has the following rental commitments on premises with initial or remaining term of one year or more:

	Group		Company	
	2015 IDR million	2014 IDR million	2015 IDR million	2014 IDR million
Not later than one year	9,731	11,465	1,931	1,865
Later than one year but not more than five years	1,931	600	1,931	–
	11,662	**12,065**	**3,862**	**1,865**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

34. **Commitments** (continued)

(b) ***Rental commitments*** (continued)

Certain rentals include options to renew the rentals after the expiry of the initial tenure. Rental payments under these agreements are usually fixed for the entire initial tenure. There are no restrictions placed upon the lessee by entering into these rentals. Rental commitments represent rental payable by the Group for the rental of office premises. The rental commitments are for a lease term of less than five years.

Minimum lease payments recognised as an expense in the Group's profit or loss for the financial years ended 31 December 2015 and 2014 amounted to IDR 9,205 million and IDR 12,312 million, respectively.

(c) ***Purchase commitments***

	Group	
	2015	**2014**
	IDR million	**IDR million**
Non-cancellable purchases:		
Not later than one year	**13,244**	**23,488**

Purchase commitments relate to non-cancellable purchases of fertilisers based on committed tonnage and computed based on market prices as at respective year ends.

(d) ***Sales commitments***

As at 31 December 2015, the Group has entered into non-cancellable sales commitments to deliver 78,051 and 9,774 metric tonnes (2014: 39,226 and 7,949 metric tonnes) of CPO and PK based at their prevailing market prices on date of delivery.

(e) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2015	**2014**
	IDR million	**IDR million**
Capital commitment in respect of property, plant and equipment	97,648	385,113

Capital commitments comprise amounts related to committed cost to build new mills, land clearing and construction of employees' houses and offices.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorise 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.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

Group	Significant observable inputs other than quoted prices (Level 2) IDR million	Significant unobservable inputs (Level 3) IDR million	Total IDR million
2015			
Assets measured at fair value			
Non-financial assets:			
Biological assets	–	8,016,549	8,016,549
Liabilities measured at fair value			
Financial liabilities:			
Derivative financial liabilities	1,126,928	–	1,126,928
2014			
Assets measured at fair value			
Non-financial assets:			
Biological assets	–	7,517,948	7,517,948
Liabilities measured at fair value			
Financial liabilities:			
Derivative financial liabilities	377,480	–	377,480

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. Fair value of assets and liabilities (continued)

(b) Assets and liabilities measured at fair value (continued)

Company	Significant observable inputs other than quoted prices (Level 2) IDR million	Significant unobservable inputs (Level 3) IDR million	Total IDR million
2015			
Liabilities measured at fair value			
Financial liabilities:			
Derivative financial liabilities	1,126,928	–	1,126,928
2014			
Liabilities measured at fair value			
Financial liabilities:			
Derivative financial liabilities	377,480	–	377,480

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives financial liabilities

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(d) Level 3 fair value measurements

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2015 IDR million	Valuation techniques	Unobservable inputs	Rate
Recurring fair value measurements				
Biological assets	8,016,549	Discounted cash flow	Discount rate	13.85%
			FFB yield	4 – 27 tonnes per hectare

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

Information about significant unobservable inputs used in Level 3 fair value measurements (continued)

Description	Fair value at 31 December 2014 IDR million	Valuation techniques	Unobservable inputs	Rate
Recurring fair value measurements				
Biological assets	7,517,948	Discounted cash flow	Discount rate	13.39%
			FFB yield	4 – 27 tonnes per hectare

For biological assets, a significant increase/(decrease) in the discount rate would result in a significantly lower/(higher) fair value measurement. Changes in FFB yield will result in directionally similar changes in fair value.

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in discount rate that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	Carrying amount IDR million	Effect of reasonably possible alternative assumptions Profit or loss IDR million
31 December 2015		
Recurring fair value measurements		
Biological assets	8,016,549	641,805
31 December 2014		
Recurring fair value measurements		
Biological assets	7,517,948	23,691

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the key unobservable input, used in the fair value measurement, by adjusting the discount rate by increasing and decreasing the assumptions by 1%.

The details of biological assets and the valuation methodology used to determine the fair value of the biological assets are disclosed and described in Note 12.

Movements in Level 3 assets measured at fair value

The movements in biological assets measured at fair value are disclosed in Note 12.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. Fair value of assets and liabilities (continued)

(d) Level 3 fair value measurements (continued)

Valuation policies and procedures

To determine the fair value of biological assets, the Group engages external valuation experts to perform the valuation. The corporate finance team is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

The corporate finance team reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuation experts. The corporate finance team also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the corporate finance team for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the assets and liabilities not measured at fair value but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active market for identical instruments (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**	**Carrying amount**
	IDR million	**IDR million**	**IDR million**	**IDR million**	**IDR million**
2015					
Group					
Liabilities					
Islamic medium term notes	–	3,156,826	–	3,156,826	3,202,894
Company					
Liabilities					
Islamic medium term notes	–	3,156,826	–	3,156,826	3,202,894

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

35. Fair value of assets and liabilities (continued)

(e) *Assets and liabilities not carried at fair value but for which fair value is disclosed* (continued)

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active market for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	IDR million	IDR million	IDR million	IDR million	IDR million
2014					
Group					
Liabilities					
Islamic medium term notes	–	3,626,240	–	3,626,240	3,551,370
Company					
Liabilities					
Islamic medium term notes	–	3,626,240	–	3,626,240	3,551,370

Determination of fair value

Islamic medium term notes

The fair value as disclosed in the table above is estimated by reference to the latest transacted prices at the end of the reporting period.

36. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, market risk (including foreign currency risk and commodity price risk), credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks and provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy is that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. Financial risk management objectives and policies (continued)

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from time deposits, loans and borrowings and shareholder loan, which bear interest at floating rates.

The Group's policy is to manage interest cost by switching to lower rate of loans whenever the opportunity arises.

Sensitivity analysis for interest rate risk

The table below illustrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit before tax (through the impact on interest expense on floating rate loans and borrowings).

	2015 Effect on profit before tax IDR million	2014 Effect on profit before tax IDR million
Increase by 200 basis points	198	(26)
Decrease by 200 basis points	(198)	26

(b) *Foreign currency risk*

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currency of the Group's entities, Indonesian Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Singapore Dollars ("SGD"). The Group does not consider foreign exchange risk from SGD to be significant to the Group.

As at 31 December 2015 and 2014, the Group's costs denominated in foreign currencies amounted to approximately 25.5% and 20.5%, respectively.

The Group is exposed to currency translation risk arising from its financial assets and liabilities that are denominated in currencies other than the respective functional currencies of the companies in the Group.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place. The Group's policy is to negotiate the terms of the forward currency contracts to match the terms of the firm commitment to maximise hedge effectiveness. As at the respective balance sheet date, the Group did not enter into any forward currency contracts to hedge its foreign currency exposures for sales and purchases.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. Financial risk management objectives and policies (continued)

(b) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's increase/(decrease) in profit before tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group, with all other variables held constant.

	2015 Profit before tax IDR million	2014 Profit before tax IDR million
IDR/USD		
– Strengthened by 5%	4,716	293
– Weakened by 5%	(4,716)	(293)

(c) Commodity price risk

The Group's exposure to commodity price risk arises primarily from its purchases of raw materials and sales of palm based products. Prices of raw materials and palm based products may fluctuate significantly depending on the market situation and factors such as weather, government policy, level of demand and supply in the market and the global economic environment. During periods of unfavourable price volatility, the Group may enter into forward physical contracts with the suppliers and customers or use commodity futures, options and swap contracts in the conduct of business to manage our price risk.

Sensitivity analysis for commodity price risk

During the reporting period, had the average selling prices of palm based products been 10% higher/lower, ceteris paribus, profit before tax for the financial year ended 31 December 2015 would have been IDR 546,862 million (2014: IDR 575,726 million) higher/lower.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group conducts business by the requirement of payment in advance, cash on delivery terms or may grant customers credit terms, where appropriate. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

For other financial assets (including restricted cash and cash and short-term deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. Financial risk management objectives and policies (continued)

(d) Credit risk (continued)

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by:

– The carrying amount of each class of financial assets recognised in the balance sheets; and

– The nominal amount of financial guarantees provided by the Group for repayment of plasma farmers' loans to the banks (Note 34).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring individual customers' outstanding balances on an ongoing basis.

As at 31 December 2015, approximately 49.6% (2014: 91.4%) of the Group's trade receivables were due from 3 major customers in 2015 (2014: 3 major customers) who are multi-industry conglomerates.

The Group's customers are concentrated in Indonesia.

Information on major customers

Revenues from 2 major customers of the Group contribute approximately 77.5% (2014: 86.4%) of the Group's total revenues for the year ended 31 December 2015.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Restricted cash and cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(e) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. Financial risk management objectives and policies (continued)

(e) Liquidity risk (continued)

As at 31 December 2015 and 2014, approximately 85.2% and 80.8% of the Group's total loans and borrowings (Note 23) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The following table summarises the Group's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less IDR million	More than 1 year to 5 years IDR million	Total IDR million
Group			
31 December 2015			
Financial assets:			
Loan to an associate company (Note 18)	–	350,421	350,421
Trade and other receivables (Note 20)	598,598	–	598,598
Due from related companies (Note 21)	158,977	–	158,977
Cash and short-term deposits (Note 22)	598,797	–	598,797
Total undiscounted financial assets	1,356,372	350,421	1,706,793
Financial liabilities:			
Loans and borrowings (Note 23)	1,983,667	350,643	2,334,310
Islamic medium term notes (Note 24)	–	3,831,136	3,831,136
Trade and other payables (Note 25)	935,430	–	935,430
Accrued operating expenses (Note 26)	144,873	–	144,873
Dividends payable	43,732	–	43,732
Derivative financial liabilities (Note 29)	–	1,126,928	1,126,928
Total undiscounted financial liabilities	3,107,702	5,308,707	8,416,409
Total net undiscounted financial liabilities	**(1,751,330)**	**(4,958,286)**	**(6,709,616)**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. Financial risk management objectives and policies (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	Total IDR million
Group			
31 December 2014			
Financial assets:			
Loan to an associate company (Note 18)	–	316,006	316,006
Trade and other receivables (Note 20)	139,576	–	139,576
Due from related companies (Note 21)	126,270	–	126,270
Cash and short-term deposits (Note 22)	310,858	–	310,858
Total undiscounted financial assets	576,704	316,006	892,710
Financial liabilities:			
Loans and borrowings (Note 23)	588,959	146,591	735,550
Islamic medium term notes (Note 24)	–	4,550,643	4,550,643
Trade and other payables (Note 25)	772,622	–	772,622
Accrued operating expenses (Note 26)	154,377	–	154,377
Dividend payables	20,400	–	20,400
Derivative financial liabilities (Note 29)	–	377,480	377,480
Total undiscounted financial liabilities	1,536,358	5,074,714	6,611,072
Total net undiscounted financial liabilities	**(959,654)**	**(4,758,708)**	**(5,718,362)**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

36. Financial risk management objectives and policies (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	Total IDR million
Company			
31 December 2015			
Financial assets:			
Loan to an associate company (Note 18)	–	350,421	350,421
Due from subsidiaries (Note 17)	2,357,835	6,257,271	8,615,106
Dividend receivables	173,500	–	173,500
Cash and short-term deposits (Note 22)	22,603	–	22,603
Total undiscounted financial assets	2,553,938	6,607,692	9,161,630
Financial liabilities:			
Trade and other payables (Note 25)	13	–	13
Loans and borrowings (Note 23)	1,861,201	350,643	2,211,844
Islamic medium term notes (Note 24)	–	3,831,136	3,831,136
Accrued operating expenses (Note 26)	55,202	–	55,202
Derivative financial liabilities (Note 29)	–	1,126,928	1,126,928
Total undiscounted financial liabilities	1,916,416	5,308,707	7,225,123
Total net undiscounted financial assets	**637,522**	**1,298,985**	**1,936,507**
31 December 2014			
Financial assets:			
Loan to an associate company (Note 18)	–	316,006	316,006
Due from subsidiaries (Note 17)	435,400	6,335,891	6,771,291
Dividend receivables	194,400	–	194,400
Cash and short-term deposits (Note 22)	8,701	–	8,701
Total undiscounted financial assets	638,501	6,651,897	7,290,398
Financial liabilities:			
Loans and borrowings (Note 23)	433,324	–	433,324
Islamic medium term notes (Note 24)	–	4,550,645	4,550,645
Accrued operating expenses (Note 26)	71,745	–	71,745
Derivative financial liabilities (Note 29)	–	377,480	377,480
Total undiscounted financial liabilities	505,069	4,928,125	5,433,194
Total net undiscounted financial assets	**133,432**	**1,723,772**	**1,857,204**

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

37. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to maintain the gearing ratio within the range of gearing ratios of leading companies in similar industry in order to secure access to finance at a reasonable cost. The Group includes within net debt, loans and borrowings, Islamic medium term notes, less restricted cash and cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

The Group's net debt to adjusted equity ratio at the end of the financial years ended 31 December 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	IDR million	**IDR million**
Loans and borrowings (Note 23)	2,327,600	728,728
Islamic medium term notes (Note 24)	3,202,894	3,551,370
Less:		
Cash and short-term deposits (Note 22)	(598,797)	(310,858)
Net debt	**4,931,697**	**3,969,240**
Equity attributable to owners of the Company	**6,935,290**	**6,483,236**
Gearing ratio	**71.1%**	**61.2%**

The Group monitors its key financial ratios that form part of its obligations under its bank loan and Islamic medium term notes covenants to ensure compliance with them.

38. Dividends

	Group and Company	
	2015	**2014**
	IDR million	**IDR million**
Declared and paid during the financial year:		
Dividend on ordinary shares:		
– Final tax exempt (one-tier) dividend at SGD 0.015 per share (2014: Interim tax exempt (one-tier) dividend at SGD 0.013 per share)	**261,097**	**211,311**

Notes to the Financial Statements

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39. Prior year reclassifications

The following balance sheets comparative figures have been reclassified to conform with current year's presentation:

	As previously classified 2014 IDR million	As reclassified 2014 IDR million
The Group		
Balance Sheets		
Plasma receivables – current assets	–	539,573
Plasma receivables – non current assets	784,662	245,089

40. Subsequent events

(i) On 3 February 2016, the Group through its subsidiary, PT Bumitama Sawit Lestari ("BSL") has entered into a Sales and Purchase Agreement with the Lim Family (which includes one of the Company's controlling shareholders, the Hariyantos) to acquire 95% of the total issued shares in PT Sukses Manunggal Sawitindo ("SMS") and its subsidiary, PT Gunajaya Harapan Lestari ("GHL"). SMS and GHL are engaged in plantation business in West Kalimantan.

(ii) As of the date of this report, the Company had extended its revolving credit facility ("RCF") agreements with United Overseas Bank Ltd, OCBC Bank Ltd, Sumitomo Mitsui Banking Corporation Singapore branch, Malayan Banking Berhad Singapore branch, and CIMB Bank Berhad Singapore branch. The Company has been granted committed and uncommitted facilities of an aggregate principal amount up to USD 260 million, with extended 1 or 2 years tenure.

41. Authorisation of financial statements for issue

The financial statements for the years ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 31 March 2016.

Shareholders' information

AS AT 15 MARCH 2016

Class of shares	:	Ordinary Shares
Issued and fully paid-up capital (including Treasury Shares)	:	S$255,242,545
Issued and fully paid-up capital (excluding Treasury Shares)	:	S$253,427,842
Number of shares issued (including Treasury Shares)	:	1,757,531,844
Number of shares issued (excluding Treasury Shares)	:	1,755,276,544
Number/Percentage of Treasury Shares	:	2,255,300 (0.13%)
Voting rights (excluding Treasury Shares)	:	One vote for per share

Distribution of Shareholdings

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
1 – 99	6	0.51	153	0.00
100 – 1,000	164	13.92	156,726	0.01
1,001 – 10,000	626	53.14	3,553,085	0.20
10,001 – 1,000,000	358	30.39	22,165,374	1.26
1,000,001 and above	24	2.04	1,729,401,206	98.53
	1,178	100.00	1,755,276,544	100.00

Twenty Largest Shareholders

No.	Name of Shareholders	No. of Shares	%
1.	Wellpoint Pacific Holdings Ltd	749,157,774	42.68
2.	Oakridge Investments Pte Ltd	535,050,070	30.48
3.	DBS Nominees Pte Ltd	175,062,110	9.97
4.	HSBC (Singapore) Nominees Pte Ltd	108,542,274	6.18
5.	Citibank Nominees Singapore Pte Ltd	51,263,097	2.92
6.	Lynwood Capital Resources Pte Ltd	21,622,000	1.23
7.	DB Nominees (S) Pte Ltd	19,392,840	1.11
8.	BNP Paribas Securities Services	17,730,400	1.01
9.	Raffles Nominees (Pte) Ltd	10,394,833	0.59
10.	DBSN Services Pte Ltd	9,237,472	0.53
11.	DBS Vickers Securities (S) Pte Ltd	5,459,000	0.31
12.	UOB Kay Hian Pte Ltd	4,226,700	0.24
13.	Bank of Singapore Nominees Pte Ltd	3,309,370	0.19
14.	Phillip Securities Pte Ltd	2,406,600	0.14
15.	OCBC Securities Private Ltd	2,320,300	0.13
16.	CIMB Securities (Singapore) Pte Ltd	1,927,926	0.11
17.	BNP Paribas Nominees Singapore Pte Ltd	1,927,700	0.11
18.	Liew Chee Kong	1,843,100	0.11
19.	Maybank Kim Eng Securities Pte Ltd	1,819,740	0.10
20.	Morgan Stanley Asia (S) Securities Pte Ltd	1,556,200	0.09
	Total	1,724,249,506	98.23

Shareholders' information

AS AT 15 MARCH 2016

Substantial Shareholders

Substantial Shareholders	Direct Interest (Number of Shares)	%(1)	Deemed Interest (Number of Shares)	%(1)
Wellpoint Pacific Holdings Ltd(2)(4)	903,157,774	51.45	–	–
Lim Hariyanto Wijaya Sarwono(2)	–	–	903,157,774	51.45
Lim Gunawan Hariyanto(2)	–	–	903,157,774	51.45
Fortune Corp Limited(2)	–	–	903,157,774	51.45
Fortune Holdings Limited(2)	–	–	903,157,774	51.45
Oakridge Investments Pte Ltd(3)	535,050,070	30.48	–	–
IOI Corporation Berhad(3)	–	–	556,672,070	31.71
Vertical Capacity Sdn Bhd(3)	–	–	556,672,070	31.71
Progressive Holdings Sdn Bhd(3)	–	–	556,672,070	31.71
Tan Sri Dato' Lee Shin Cheng(3)	–	–	556,672,070	31.71
Puan Sri Datin Hoong May Kuan(3)	–	–	556,672,070	31.71
Dato' Lee Yeow Chor(3)	–	–	556,672,070	31.71
Lee Yeow Seng(3)	–	–	556,672,070	31.71

Notes:

(1) Percentages are based on the issued share capital (excluding Treasury Shares) of the Company of 1,755,276,544 Shares as at the Latest Practicable Date.

(2) Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto is deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd, a wholly owned subsidiary of Fortune Holdings Limited, by virtue of his joint interest in Fortune Holdings Limited and in Fortune Corp Limited, the fund management company that manages Fortune Holdings Limited. Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto are the only directors of Fortune Corp Limited. Under the discretionary fund management mandate, Fortune Corp Limited is vested with the power to manage the voting rights of Fortune Holdings Limited. Fortune Holdings Limited is in turn deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd by virtue of its 100% shareholding interest in Wellpoint Pacific Holdings Ltd.

(3) Tan Sri Dato' Lee Shin Cheng, Puan Sri Datin Hoong May Kuan, Dato' Lee Yeow Chor and Lee Yeow Seng are immediate family members and are deemed to be interested in the Shares held by Oakridge Investments Pte Ltd (535,050,070 Shares) and Lynwood Capital Resources Pte Ltd (21,622,000 Shares), each a subsidiary of IOI Corporation Berhad, by virtue of their collective 100% shareholding interest in Progressive Holdings Sdn Bhd. Progressive Holdings Sdn Bhd is deemed to be interested in the Shares held by Oakridge Investments Pte Ltd and Lynwood Capital Resources Pte Ltd by virtue of its 100% shareholding interest in Vertical Capacity Sdn Bhd. Vertical Capacity Sdn Bhd is deemed to be interested in the Shares held by Oakridge Investments Pte Ltd and Lynwood Capital Resources Pte Ltd by virtue of its shareholding interest in IOI Corporation Berhad. IOI Corporation Berhad is in turn deemed to be interested in the Shares held by Oakridge Investments Pte Ltd and Lynwood Capital Resources Pte Ltd by virtue of its 100% shareholding interest in each of Oakridge Investments Pte Ltd and Lynwood Capital Resources Pte Ltd.

(4) Includes 154,000,000 Shares which are held through bank nominees.

Shareholdings held in the hands of public

Based on information available and to the best knowledge of the Company, as at 15 March 2016, approximately 16.81% of the total number of issued ordinary shares (excluding Treasury Shares) of the Company is held by the public. The Company is therefore in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BUMITAMA AGRI LTD. (the "**Company**") will be held at The Fullerton Hotel, Inland Revenue Room, Lower Lobby, One Fullerton Square, Singapore 049178 on Friday, 22 April 2016 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the year ended 31 December 2015 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare final dividend of S$0.005 per share (one-tier tax exempt) for the year ended 31 December 2015. (2014: S$0.015)

   (Resolution 2)

3. To re-elect the following Directors of the company retiring pursuant to Article 91 of the Company's Constitution:

   Dato' Lee Yeow Chor **(Resolution 3)**
   Mr. Tan Boon Hoo **(Resolution 4)**

   Mr. Tan Boon Hoo will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee, the Conflicts Resolution Committee and the Remuneration Committee, and as a member of the Nominating Committee. Mr. Tan will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve the payment of Directors' fees of S$291,000 for the year ending 31 December 2016, to be paid quarterly in arrears. (2015: S$291,000)

   (Resolution 5)

5. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 6)

6. To transact any other ordinary business which may be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. **RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION AND ITS ASSOCIATES**

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"):

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in Annexure I to the Appendix dated 7 April 2016 to the Annual Report in relation to the renewal of certain shareholders' mandates for interested person transactions (the "**Appendix**"), with any party who is of the class of Interested Persons described in Annexure I to the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such Interested Person Transactions as set out in Annexure I to the Appendix (the "**Shareholders' Mandate for IOI Transactions**");

(b) the Shareholders' Mandate for IOI Transactions shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next Annual General Meeting is held or is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for IOI Transactions as they may think fit.

[See Explanatory Note (i)]

(Resolution 7)

Notice of Annual General Meeting

8. **RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE SNA GROUP**

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"):

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in Annexure II to the Appendix dated 7 April 2016 to the Annual Report in relation to the renewal of certain shareholders' mandates for interested person transactions (the "**Appendix**") with any party who is of the class of Interested Persons described in Annexure II to the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such Interested Person Transactions as set out in Annexure II to the Appendix (the "**Shareholders' Mandate for SNA Transactions**");

(b) the Shareholders' Mandate for SNA Transactions shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next Annual General Meeting is held or is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for SNA Transactions as they may think fit.

[See Explanatory Note (i)]

(Resolution 8)

Notice of Annual General Meeting

9. **SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore and in accordance with Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), approval be and is hereby given to the Directors to issue:

(a) shares in the capital of the Company (whether by way of rights, bonus or otherwise); or

(b) convertible securities; or

(c) additional convertible securities arising from adjustments made to the number of convertible securities previously issued in the event of rights, bonus or other capitalisation issues; or

(d) shares arising from the conversion of convertible securities,

at any time and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that:

(i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(ii) the aggregate number of shares and convertible securities that may be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the total number of issued shares (excluding treasury shares) in the capital of the Company, or such other limit as may be prescribed by the SGX-ST as at the date the general mandate is passed;

(iii) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (i) and (ii) above, the percentage of issued shares shall be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company as at the date the resolution approving the general mandate is passed after adjusting for new shares arising from the conversion, exercise or vesting of any convertible securities, employee share options or share awards in issue, outstanding or subsisting as at the date the resolution approving the general mandate is passed, and after adjusting for any subsequent bonus issue, consolidation or subdivision of the Company's shares; and

(iv) unless earlier revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)]

(Resolution 9)

Notice of Annual General Meeting

10. RENEWAL OF SHARE BUYBACK MANDATE

That:

(a) for the purposes of the Companies Act (Cap. 50) of Singapore and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period, at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases ("**Market Purchases**"), transacted on the SGX-ST through the ready market or, as the case may be, any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases ("**Off-Market Purchases**") (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (Cap. 50) of Singapore and the Listing Manual of the SGX-ST,

and otherwise in accordance with all other provisions of the Companies Act (Cap. 50) of Singapore and the Listing Manual of the SGX-ST as may for the time being be applicable (the "**Share Buyback Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or required by law or the Constitution of the Company to be held;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the shareholders of the Company in a general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means that number of issued Shares representing 10% of the issued ordinary share capital of the Company as at the date of passing of this Resolution, unless the Company has effected a reduction of its share capital in accordance with the applicable provisions of the Companies Act (Cap. 50) of Singapore at any time during the Relevant Period, in which event the issued ordinary share capital of the Company shall be taken to be the amount of the issued ordinary share capital of the Company as altered;

Notice of Annual General Meeting

"**Relevant Period**" means the period commencing from the date on which the Annual General Meeting at which this Resolution is passed is held and expiring on the date the next Annual General Meeting is held or is required by law or the Constitution of the Company to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Purchase or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) any of the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[See Explanatory Note (iii)]

(Resolution 10)

By Order of the Board

Yoo Loo Ping
Chiang Wai Ming
Company Secretaries

Singapore, 7 April 2016

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be passed:

(i) The Ordinary Resolutions 7 and 8 proposed in items 7 and 8 above, respectively, if passed, will authorise the relevant Interested Person Transactions described in the Appendix dated 7 April 2016 to the Annual Report (in relation to the renewal of certain shareholders' mandate for interested person transactions) and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate for IOI Transactions and the Shareholders' Mandate for SNA Transactions, respectively. Such authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

(ii) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue Shares and convertible securities in the Company up to an amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to twenty percent (20%) may be issued other than on a pro rata basis.

(iii) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors from the date of the above Meeting until the next Annual General Meeting to repurchase ordinary shares of the Company by way of market purchases or off-market purchases of up to ten percent (10%) of the total number of issued shares (excluding treasury shares) in the capital of the Company at the Maximum Price. Information relating to this proposed Resolution is set out in the Appendix dated 7 April 2016 (in relation to the renewal of the share buyback mandate) attached.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "**Meeting**") is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. Any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

3. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

4. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903, not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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BUMITAMA AGRI LTD.

(Incorporated in Singapore)

(Co. Reg. No: 200516741R)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT

1. A relevant intermediary may appoint one or more proxies to attend the Annual General Meeting and vote (please see Note 4 for the definition of "relevant intermediary").
2. For investors who have used their CPF monies to buy shares in the Company, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or is purported to be used by them.
3. Please read the notes to the Proxy Form.

PERSONAL DATA PRIVACY

4. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Company's Notice of Annual General Meeting.

*I/We, ______________________________

of ______________________________

being a member/members of Bumitama Agri Ltd. (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

as *my/our *proxy/proxies to vote for *me/us and on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at The Fullerton Hotel, Inland Revenue Room, Lower Lobby, One Fullerton Square, Singapore 049178 on Friday, 22 April 2016 at 10.00 am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	**Resolutions relating to:**	**For**	**Against**
1	Directors' Statement and Audited Financial Statements for the year ended 31 December 2015		
2	Payment of a final dividend		
3	Re-election of Dato' Lee Yeow Chor as Director		
4	Re-election of Mr. Tan Boon Hoo as Director		
5	Approval of Directors' fees amounting to S$291,000 for the year ending 31 December 2016		
6	Re-appointment of Ernst & Young LLP as Auditors		
7	Renewal of Shareholders' Mandate for Interested Person Transactions with IOI Corporation and its Associates		
8	Renewal of Shareholders' Mandate for Interested Person Transactions with the SNA Group		
9	Share Issue Mandate		
10	Renewal of Share Buyback Mandate		

* *Delete where inapplicable*

Dated this __________ day of ____________________ 2016

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)/

and Common Seal of Corporate Shareholder

NOTES:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register, you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote on his/her behalf at the Meeting. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. A proxy need not be a member of the Company.

4. Any member who is a relevant intermediary is entitled to appoint one or more proxies to attend and vote at the Annual General Meeting. “Relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903, not less than forty-eight (48) hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 April 2016.

GENERAL

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

BOARD OF DIRECTORS

Executive:
Lim Gunawan Hariyanto (Executive Chairman and Chief Executive Officer)

Non-Executive & Non-Independent:
Dato' Lee Yeow Chor

Independent:
Tan Boon Hoo (Lead Independent Director)
Chua Chun Guan Christopher
Ong Chan Hwa

AUDIT COMMITTEE

Tan Boon Hoo (Chairman)
Chua Chun Guan Christopher
Ong Chan Hwa

NOMINATING COMMITTEE

Ong Chan Hwa (Chairman)
Tan Boon Hoo
Chua Chun Guan Christopher

REMUNERATION COMMITTEE

Tan Boon Hoo (Chairman)
Chua Chun Guan Christopher
Ong Chan Hwa

CONFLICTS RESOLUTION COMMITTEE

Tan Boon Hoo (Chairman)
Chua Chun Guan Christopher
Ong Chan Hwa

COMPANY SECRETARIES

Yoo Loo Ping, FCIS
Chiang Wai Ming, ACIS

REGISTERED OFFICE

10 Anson Road #11-19 • International Plaza • Singapore 079903
Tel: (65) 6222 1332 • Fax: (65) 6222 1336 • **www.bumitama-agri.com**

SHARE REGISTRARS

B.A.C.S. Private Limited • 8 Robinson Road • #03-00 ASO Building • Singapore 048544

AUDITOR

Ernst & Young LLP • 1 Raffles Quay • #18-01, North Tower • Singapore 048583

PARTNER-IN-CHARGE

Phua, Chun Yen Alvin (with effect from the financial year ended 2015)

INVESTOR RELATIONS

Christina Lim • **clim@bumitama-agri.com**
Glenn Ho • **glenn.ho@bumitama-agri.com**

Bumitama Agri Ltd.

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