

SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**
**UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD
FROM 1 JANUARY 2017 TO 30 JUNE 2017**

1(a)(i) Consolidated Statements of Profit or Loss and Other Comprehensive Income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	2nd Qtr 2017	2nd Qtr 2016	Change	YTD June 2017	YTD June 2016	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Revenue	100,407,407	106,328,763	(6)	248,875,983	192,448,846	29
Cost of sales	(84,129,075)	(80,996,201)	4	(187,549,776)	(156,340,979)	20
Gross profit	16,278,332	25,332,562	(36)	61,326,207	36,107,867	70
Operating expenses						
Distribution expenses	(403,041)	(239,742)	68	(546,568)	(543,981)	n.m.
Administrative expenses	(9,209,433)	(9,417,392)	(2)	(20,197,673)	(18,909,117)	7
Finance costs	(6,993)	(2,513)	178	(10,597)	(3,873)	174
	(9,619,467)	(9,659,647)	n.m.	(20,754,838)	(19,456,971)	7
Other items of income/(expenses)						
Interest income	3,387,279	3,279,056	3	7,309,623	6,452,712	13
Other income	2,474,989	1,192,364	108	11,153,620	3,664,943	204
Other expenses	(154,296)	(463,581)	(67)	(1,073,200)	(961,900)	12
Foreign exchange (loss)/gain, net	(905,454)	562,849	n.m.	(6,468,188)	(6,924,409)	(7)
	4,802,518	4,570,688	5	10,921,855	2,231,346	389
Profit before income tax	11,461,383	20,243,603	(43)	51,493,224	18,882,242	173
Income tax expense	(3,592,886)	(2,936,547)	22	(13,909,040)	(4,193,384)	232
Profit for the financial period	7,868,497	17,307,056	(55)	37,584,184	14,688,858	156
n.m.: Not meaningful						

	2nd Qtr 2017	2nd Qtr 2016	Change	YTD June 2017	YTD June 2016	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	1,960,658	(2,076,756)	n.m.	11,504,176	713,142	1,513
Total comprehensive income for the financial period	9,829,155	15,230,300	(35)	49,088,360	15,402,000	219
Profit attributable to:						
Owners of the parent	7,445,094	16,513,528	(55)	35,751,488	14,056,970	154
Non-controlling interests	423,403	793,528	(47)	1,832,696	631,888	190
	7,868,497	17,307,056	(55)	37,584,184	14,688,858	156
Total comprehensive income attributable to:						
Owners of the parent	9,405,752	14,436,772	(35)	47,255,664	14,770,112	220
Non-controlling interests	423,403	793,528	(47)	1,832,696	631,888	190
	9,829,155	15,230,300	(35)	49,088,360	15,402,000	219

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

	2nd Qtr 2017	2nd Qtr 2016	Change	YTD June 2017	YTD June 2016	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Interest income	(3,387,279)	(3,279,056)	3	(7,309,623)	(6,452,712)	13
Finance costs	6,993	2,513	178	10,597	3,873	174
Depreciation of property, plant and equipment	2,921,367	2,778,637	5	5,779,942	5,497,045	5
Amortisation of operating use rights	10,827	11,040	(2)	17,407	22,080	(21)
Depreciation of bearer plants	3,476,134	-	100	5,026,507	-	100
Foreign exchange loss/(gain), net	905,454	(562,849)	n.m.	6,468,188	6,924,409	(7)
Gain on disposal of plant and equipment, net	(4,585)	(17,079)	(73)	(4,585)	(374,154)	(99)
Gain on disposal of bearer plants, net	-	-	n.m.	(286,567)	(1,633,908)	(82)
Operating use rights written off	-	-	n.m.	15,546	-	100
Bearer plants written off	-	-	n.m.	248,448	-	100
Fair value gain on derivative financial instruments, net	(118,773)	-	100	(8,164,927)	-	100
Fair value (loss)/gain from financial assets at fair value through profit or loss	54,180	(30,240)	n.m.	(45,360)	(40,320)	13
Employment benefits expenses						
- salaries, wages and bonuses	6,389,037	5,519,928	16	13,931,330	12,426,272	12
Operating lease expenses						
- rental of premises	274,904	288,072	(5)	546,691	572,133	(4)
Representation and entertainment	76,992	112,979	(32)	275,317	228,380	21
Transportation, travelling and accommodation	254,311	266,582	(5)	468,937	519,733	(10)
Additional information:						
EBITDA (Excluding changes in fair value less estimated point-of-sales costs of biological assets)	14,489,425	19,756,737	(27)	55,018,054	17,952,528	206

1(b)(i) Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at		As at	
	30-06-17	31-12-16	30-06-17	31-12-16
	Rp '000	Rp '000	Rp '000	Rp '000
Non-current assets				
Bearer plants	106,936,721	109,105,613	-	-
Property, plant and equipment	128,477,159	129,735,933	39,659	37,688
Investments in subsidiaries	-	-	651,642,720	631,820,942
Plasma plantation receivables	51,974,072	52,456,380	-	-
Operating use rights	573,127	606,080	-	-
Club memberships	623,392	604,430	623,392	604,430
Deferred charges	6,194,318	5,882,978	-	-
	294,778,789	298,391,414	652,305,771	632,463,060
Current assets				
Biological assets	2,373,420	2,373,420	-	-
Inventories	34,882,193	48,808,518	-	-
Trade and other receivables	24,817,403	26,647,493	155,468,325	164,345,834
Current income tax recoverable	2,092,283	14,387,248	-	-
Dividend receivable	-	-	12,742,119	57,833,614
Prepayments	749,930	459,954	383,888	211,529
Financial assets at fair value through profit or loss	234,360	189,000	-	-
Derivative financial instruments	484,335	-	484,336	-
Cash and cash equivalents	374,907,670	372,943,082	162,843,458	158,744,236
	440,541,594	465,808,715	331,922,126	381,135,213
Less:				
Current liabilities				
Trade and other payables	41,270,157	58,325,862	646,729	1,217,056
Dividend payable to non-controlling interest	2,847,500	2,847,500	-	-
Finance lease payables	224,884	64,544	-	-
Current income tax payable	9,106,622	3,753,622	1,139,657	520,173
	53,449,163	64,991,528	1,786,386	1,737,229
Net current asset	387,092,431	400,817,187	330,135,740	379,397,984
Less:				
Non-current liabilities				
Finance lease payables	194,246	95,891	-	-
Provision for post-employment benefits	36,309,717	39,669,527	-	-
Deferred tax liabilities	3,510,787	3,253,001	-	-
	40,014,750	43,018,419	-	-
Net assets	641,856,470	656,190,182	982,441,511	1,011,861,044
Capital and reserves				
Share capital	653,763,935	660,381,631	653,763,935	660,381,631
Foreign currency translation reserve	92,965,867	81,461,691	306,691,251	275,365,297
Accumulated (losses)/profits	(120,537,884)	(99,484,996)	21,986,325	76,114,116
Equity attributable to owners of the parent	626,191,918	642,358,326	982,441,511	1,011,861,044
Non-controlling interests	15,664,552	13,831,856	-	-
Total equity	641,856,470	656,190,182	982,441,511	1,011,861,044

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

	As at	
	30-06-17 Rp '000	30-06-16 Rp '000
Amount repayable in one year or less, or on demand		
Secured	224,884	59,958
Unsecured	-	-
Total	224,884	59,958
Amount repayable after one year		
Secured	194,246	160,435
Unsecured	-	-
Total	194,246	160,435

1(c) Consolidated Statement of Cash Flows, together with a comparative statement for the corresponding period of the immediately preceding financial year

	2nd Qtr 2017 Rp '000	2nd Qtr 2016 Rp '000	YTD June 2017 Rp '000	YTD June 2016 Rp '000
Cash flows from operating activities				
Profit before income tax	11,461,383	20,243,603	51,493,224	18,882,242
Adjustments for:				
Amortisation of operating use rights	10,827	11,040	17,407	22,080
Depreciation of bearer plants	3,476,134	-	5,026,507	-
Gain on disposal of plant and equipment, net	(4,585)	(17,079)	(4,585)	(374,154)
Operating use rights written off	-	-	15,546	-
Bearer plants written off	-	-	248,448	-
Gain on disposal of bearer plants, net	-	-	(286,567)	(1,633,908)
Depreciation of property, plant and equipment	2,921,367	2,778,637	5,779,942	5,497,045
Fair value loss/(gain) from financial assets at fair value through profit or loss	54,180	(30,240)	(45,360)	(40,320)
Fair value gain on derivative financial instruments	(118,773)		(8,164,927)	-
Finance costs	6,993	2,513	10,597	3,873
Interest income	(3,387,279)	(3,279,056)	(7,309,623)	(6,452,712)
Unrealised currency translation losses	(309,746)	(2,327,032)	5,678,380	3,885,787
Operating cash flows before working capital changes	14,110,501	17,382,386	52,458,989	19,789,933
Working capital changes:				
Inventories	(1,646,966)	18,229,187	13,926,325	32,486,449
Trade and other receivables	23,770,832	74,505,788	5,998,482	74,169,731
Prepayments	(221,462)	(532,298)	(281,647)	(394,373)
Trade and other payables	(6,520,840)	(100,269,011)	(17,106,198)	(82,928,792)
Utilisation of post-employment benefits	(3,359,810)	-	(3,359,810)	(63,073)
Cash generated from operations	26,132,255	9,316,052	51,636,141	43,059,875
Interest received	1,837,356	4,970,062	4,116,559	6,366,052
Income tax refunded/(paid)	5,977,225	632,437	4,427,040	(3,278,918)
Net cash from operating activities	33,946,836	14,918,551	60,179,740	46,147,009

	2nd Qtr 2017	2nd Qtr 2016	YTD June 2017	YTD June 2016
	Rp '000	Rp '000	Rp '000	Rp '000
Cash flows from investing activities				
Capital expenditure on bearer plants	(1,544,352)	(3,743,533)	(3,422,199)	(6,089,519)
Cash receipts from trading of derivative financial instruments	71,809,127	-	134,889,844	-
Cash payments for trading of derivative financial instruments	(70,287,513)	-	(127,262,695)	-
Purchase of plant and equipment	(2,464,022)	(2,265,818)	(4,147,222)	(6,235,094)
Proceeds from disposal of plant and equipment	17,750	151,349	17,750	560,440
Payments for deferred expenditure	(310,087)	-	(311,340)	(70,000)
Net cash used in investing activities	(2,779,097)	(5,858,002)	(235,862)	(11,834,173)
Cash flows from financing activities				
Dividends paid to equity holders of the Company	(56,804,376)	(7,950,404)	(56,804,376)	(7,950,404)
Dividends paid to non-controlling interest	-	-	-	(1,062,500)
Share buyback held in treasury	(4,130,157)	(529,307)	(6,617,696)	(2,565,482)
Finance lease interest paid	(6,993)	(2,513)	(10,597)	(3,873)
Repayments of obligations under finance leases	(111,644)	(25,651)	(127,225)	(39,664)
Net cash used in financing activities	(61,053,170)	(8,507,875)	(63,559,894)	(11,621,923)
Net change in cash and cash equivalents	(29,885,431)	552,674	(3,616,016)	22,690,913
Cash and cash equivalents at beginning of financial period	402,924,377	338,227,273	372,943,082	319,506,506
Effects of currency translation on cash and cash equivalents	1,868,724	(675,588)	5,580,604	(4,093,060)
Cash and cash equivalents at end of financial period	374,907,670	338,104,359	374,907,670	338,104,359

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

Group	Attributable to owners of the parent						Total equity Rp '000
	Share capital Rp '000	Foreign currency translation reserve Rp '000	Accumulated (losses)/profits Rp '000	Equity attributable to owners of the parent Rp '000	Non- controlling interests Rp '000		
Balance as at 1 January 2017	660,381,631	81,461,691	(99,484,996)	642,358,326	13,831,856	656,190,182	
Profit for the financial period	-	-	35,751,488	35,751,488	1,832,696	37,584,184	
Other comprehensive income for the financial period:							
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	11,504,176	-	11,504,176	-	11,504,176	
Total comprehensive income for the financial period	-	11,504,176	35,751,488	47,255,664	1,832,696	49,088,360	
Transactions with owners recorded directly in equity:							
Share buyback held in treasury	(6,617,696)	-	-	(6,617,696)	-	(6,617,696)	
Total transactions with owners	(6,617,696)	-	-	(6,617,696)	-	(6,617,696)	
Dividend paid	-	-	(56,804,376)	(56,804,376)	-	(56,804,376)	
Balance as at 30 June 2017	653,763,935	92,965,867	(120,537,884)	626,191,918	15,664,552	641,856,470	

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

	Attributable to owners of the parent				Non-controlling interests Rp '000	Total equity Rp '000
	Share capital Rp '000	Foreign currency translation reserve Rp '000	Accumulated profits/(losses) Rp '000	Equity attributable to owners of the parent Rp '000		
Group						
Balance as at 1 January 2016	670,628,551	99,655,718	92,985,804	863,270,073	27,265,908	890,535,981
Adoption of Amendments to FRS 16 and FRS 41	-	-	(231,018,924)	(231,018,924)	(12,158,891)	(243,177,815)
Balance as at 1 January 2016 (Restated)	670,628,551	99,655,718	(138,033,120)	632,251,149	15,107,017	647,358,166
Profit for the financial period	-	-	14,056,970	14,056,970	631,888	14,688,858
Other comprehensive income for the financial period:						
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	713,142	-	713,142	-	713,142
Total comprehensive income for the financial period	-	713,142	14,056,970	14,770,112	631,888	15,402,000
Transactions with owners recorded directly in equity:						
Share buyback held in treasury	(2,565,482)	-	-	(2,565,482)	-	(2,565,482)
Total transactions with owners	(2,565,482)	-	-	(2,565,482)	-	(2,565,482)
Dividend paid	-	-	(7,950,404)	(7,950,404)	-	(7,950,404)
Balance as at 30 June 2016	668,063,069	100,368,860	(131,926,554)	636,505,375	15,738,905	652,244,280

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

	Share capital	Foreign currency translation reserve	Accumulated profits	Total equity
Company	Rp '000	Rp '000	Rp '000	Rp '000
Balance as at 1 January 2017	660,381,631	275,365,297	76,114,116	1,011,861,044
Profit for the financial period	-	-	2,676,585	2,676,585
Other comprehensive income for the financial period				
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	31,325,954	-	31,325,954
Total comprehensive income for the financial period	-	31,325,954	2,676,585	34,002,539
Transactions with owners recorded directly in equity:				
Share buyback held in treasury	(6,617,696)	-	-	(6,617,696)
Total transactions with owners	(6,617,696)	-	-	(6,617,696)
Dividend paid	-	-	(56,804,376)	(56,804,376)
Balance as at 30 June 2017	653,763,935	306,691,251	21,986,325	982,441,511
Balance as at 1 January 2016	670,628,551	324,289,093	16,271,582	1,011,189,226
Profit for the financial period	-	-	2,251,346	2,251,346
Other comprehensive income for the financial period				
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	2,029,928	-	2,029,928
Total comprehensive income for the financial period	-	2,029,928	2,251,346	4,281,274
Share buyback held in treasury	(2,565,482)	-	-	(2,565,482)
Total transactions with owners	(2,565,482)	-	-	(2,565,482)
Dividend paid	-	-	(7,950,404)	(7,950,404)
Balance as at 30 June 2016	668,063,069	326,319,021	10,572,524	1,004,954,614

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

As at 30 June 2017, the number of ordinary shares in issue was 206,484,000 of which 9,188,800 were held by the Company as treasury shares (30 June 2016: 206,484,000 ordinary shares of which 3,947,600 were held as treasury shares).

During the period from April 2017 to June 2017, the Company purchased 1,719,600 shares from the open market (April 2016 to June 2016: 198,900 shares).

The total number of treasury shares held by the Company as at 30 June 2017 was 9,188,800 (30 June 2016: 3,947,600).

Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of treasury shares	Treasury shares Rp '000
Balance as at 1 April 2017	7,469,200	23,922,955
Purchase of treasury shares	1,719,600	4,130,157
Balance as at 30 June 2017	9,188,800	28,053,112

Total number of treasury shares against issued shares (excluding treasury shares):

Number of shares	As at 30 June 2017	As at 30 June 2016
Treasury shares	9,188,800	3,947,600
Issued shares (excluding treasury shares)	197,295,200	202,536,400
Total shares in issue	206,484,000	206,484,000

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

Total number of issued shares (excluding treasury shares):

As at 30 June 2017	As at 31 December 2016
197,295,200	199,783,900

As at 30 June 2017, the number of ordinary shares in issue was 206,484,000 of which 9,188,800 were held by the Company as treasury shares (31 December 2016: 206,484,000 ordinary shares of which 6,700,100 were held as treasury shares).

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

During the period from April 2017 to June 2017, the Company purchased 1,719,600 shares from the open market (April 2016 to June 2016: 198,900 shares).

The total number of treasury shares held by the Company as at 30 June 2017 was 9,188,800 (30 June 2016: 3,947,600)

Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of shares	Treasury shares Rp '000
Balance as at 1 April 2017	7,469,200	23,922,955
Purchase of treasury shares	1,719,600	4,130,157
Balance as at 30 June 2017	9,188,800	28,053,112

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

These figures have not been audited, or reviewed by the auditors.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with the audited consolidated financial statements for the financial year ended 31 December 2016, except for the valuation of biological assets and the actuarial valuation of the post-employment benefits which will be undertaken at the end of the financial year. In addition, the Group also adopted various revisions to the FRS, which became effective during the year.

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

Not applicable.

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

	2nd Qtr 2017	2nd Qtr 2016	YTD June 2017	YTD June 2016
	Rp	Rp	Rp	Rp
Earnings per share for the period (Rp)				
(a) based on weighted average number of shares	38	81	180	69
(b) based on a fully diluted basis	38	81	180	69
Number of shares outstanding				
- Weighted average number of shares	198,194,758	202,678,985	198,748,487	202,843,760

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the; (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at		As at	
	30 June 2017	31 December 2016	30 June 2017	31 December 2016
Net asset value per ordinary share (Rp)	3,253	3,284	4,980	5,065
Number of issued shares excluding treasury shares	197,295,200	199,783,900	197,295,200	199,783,900

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

Review of Group performance

2Q2017 versus 2Q2016

Revenue

Our revenue for 2Q2017 decreased Rp5.9 billion or 6%, from Rp106.3 billion in 2Q2016 to Rp100.4 billion in 2Q2017. This was mainly due to lower crude palm oil ("CPO") sales revenue of Rp88.4 billion and palm kernel ("PK") sales revenue of Rp12.0 billion.

CPO sales revenue decreased by Rp2.1 billion or 2%, from Rp90.5 billion in 2Q2016 to Rp88.4 billion in 2Q2017. This was due to lower CPO average selling price and partially offset by higher CPO sales volume. CPO average selling price decreased by Rp319 per kilogram or 4%, from Rp8,004 per kilogram in 2Q2016 to Rp7,685 per kilogram in 2Q2017. Sales volume of CPO increased by 201 tons or 2% from 11,304 tons in 2Q2016 to 11,505 tons in 2Q2017.

PK sales revenue decreased by Rp3.9 billion or 24%, from Rp15.9 billion in 2Q2016 to Rp12.0 billion in 2Q2017. This was due to lower PK average selling price and lower PK sales volume. Average selling price of PK decreased by Rp1,262 per kilogram or 24% from Rp5,257 per kilogram in 2Q2016 to Rp3,995 per kilogram in 2Q2017. Sales volume of PK decreased by 12 tons, from 3,015 tons in 2Q2016 to 3,003 tons in 2Q2017.

Costs of sales

Cost of sales increased by Rp3.1 billion or 4%, from Rp81.0 billion in 2Q2017 to Rp84.1 billion in 2Q2017. This was due to the higher CPO sales volume and the depreciation of bearer plants of Rp3.5 billion recognised in 2Q2017.

Gross profit

As a result of the foregoing, gross profit decreased by Rp9.1 billion or 36%, from Rp25.3 billion in 2Q2016 to Rp16.2 billion in 2Q2017. Gross profit margin decreased to 16.2% in 2Q2017 from 23.8% in 2Q2016.

Distribution expenses

Distribution expenses increased by Rp0.2 billion or 68%, from Rp0.2 billion in 2Q2016 to Rp0.4 billion in 2Q2017. This was mainly due to higher freight charges incurred in 2Q2017 for the transportation of PK from the plantation's bulk storage warehouse to the loading port of Pontianak.

Administrative expenses

Administrative expenses decreased by Rp0.2 billion or 2% from Rp9.4 billion in 2Q2016 to Rp9.2 billion in 2Q2017. The decrease is due to one-off professional fees being charged for 2Q2016 and is not required for 2Q2017.

Finance costs

Finance cost increased by Rp0.004 billion or 178% in 2Q2017 due to higher finance lease interest paid for the additional finance lease in 2Q2017.

Interest income

Interest income increased by Rp0.1 billion or 3%, from Rp3.3 billion in 2Q2016 to Rp3.4 billion in 2Q2017, mainly due to higher interest earned from bank deposits in 2Q2017.

Other income

Other income increased by Rp1.3 billion or 108%, from Rp1.2 billion in 2Q2016 to Rp2.5 billion in 2Q2017, contributed mainly from increased sales of sludge oil by Rp1.4 billion in 2Q2017.

Other expenses

Other expenses decreased by Rp0.3 billion or 67%, from Rp0.5 billion in 2Q2016 to Rp0.2 billion in 2Q2017, mainly due to decrease in areal survey expenses in 2Q2017.

Foreign exchange loss, net

Net foreign exchange loss of Rp0.9 billion in 2Q2017 was mainly attributable to the depreciation of IDR against SGD in relation to the Company's IDR denominated inter-company non-working capital financing for its subsidiary and the depreciation of USD against SGD for the USD bank balances held.

Profit before income tax

As a result of the foregoing, profit before income tax decreased by Rp8.8 billion or 43%, from Rp20.2 billion in 2Q2016 to Rp11.4 billion in 2Q2017.

Income tax expense

Income tax expense increased by Rp0.7 billion or 22% from Rp2.9 billion in 2Q2016 to Rp3.6 billion in 2Q2017. This was mainly due to the reassessment of previous years' income tax returns by the Indonesia tax authorities.

Profit after income tax

As a result of the above, profit after income tax decreased by Rp9.4 billion or 55% from Rp17.3 billion in 2Q2016 to Rp7.9 billion in 2Q2017.

1H2017 versus 1H2016

Revenue

Our revenue for 1H2017 increased by Rp56.5 billion or 29%, from Rp192.4 billion in 1H2016 to Rp248.9 billion in 1H2017, mainly due to higher crude palm oil (“CPO”) sales revenue of Rp53.4 billion and palm kernel (“PK”) sales revenue of Rp3.0 billion.

CPO sales revenue increased by Rp53.4 billion or 31%, from Rp170.6 billion in 1H2016 to Rp224.0 billion in 1H2017 due to higher CPO sales volume and CPO average selling prices. Sales volume of CPO increased 3,148 tons from 24,164 tons in 1H2016 to 27,312 tons in 1H2017. CPO average selling price increased by Rp1,142 per kilogram, from Rp7,060 per kilogram in 1H2016 to Rp8,202 per kilogram in 1H2017.

PK sales revenue increased by Rp3.0 billion or 14%, from Rp21.9 billion in 1H2016 to Rp24.9 billion in 1H2017 due to higher PK average selling price and partially offset by decrease in PK sales volume. Average selling price of PK increased by Rp624 per kilogram from Rp4,347 per kilogram in 1H2016 to Rp4,971 per kilogram in 1H2017. Sales volume of PK decreased 21 tons, from 5,024 tons in 1H2016 to 5,003 tons in 1H2017.

Costs of sales

Cost of sales increased by Rp31.2 billion or 20%, from Rp156.3 billion in 1H2016 to Rp187.5 billion in 1H2017. This was mainly due to the higher CPO sales volume and the depreciation of bearer plants of Rp5.0 billion recognised in 1H2017.

Gross profit

As a result of the foregoing, gross profit increased by Rp25.2 billion or 70%, from Rp36.1 billion in 1H2016 to Rp61.3 billion in 1H2017. Gross profit margin increased 5.8% from 18.8% in 1H2016 to 24.6% in 1H2017.

Distribution expenses

Distribution expenses remained stable at Rp0.5 billion for 1H2017 and 1H2016.

Administrative expenses

Administrative expenses increased by Rp1.3 billion or 7% from Rp18.9 billion in 1H2016 to Rp20.2 billion in 1H2017. This was mainly due to higher salaries and wages paid in 1H2017.

Finance costs

Finance cost increased by Rp0.007 billion or 174% in 1H2017 due to higher finance lease interest paid for the additional finance lease in 1H2017.

Interest income

Interest income increased by Rp0.9 billion or 13%, from Rp6.4 billion in 1H2016 to Rp7.3 billion in 1H2017, mainly due to higher interest earned from bank deposits in 1H2017.

Other income

Other income increased by Rp7.5 billion or 204%, from Rp3.7 billion in 1H2016 to Rp11.2 billion in 1H2017, which was mainly due to fair value gain from derivative financial instruments of Rp8.2 billion in 1H2017.

Other expenses

Other expenses increased by Rp0.1 billion or 12%, from Rp1.0 billion in 1H2016 to Rp1.1 billion in 1H2017, mainly from the write off of matured plantation due to replanting.

Foreign exchange loss, net

Net foreign exchange loss of Rp6.5 billion in 1H2017 was mainly attributable to the depreciation of IDR against SGD in relation to the Company's IDR denominated inter-company non-working capital financing for its subsidiary and the depreciation of IDR against SGD for the Company's IDR bank balances held.

Profit before income tax

As a result of the foregoing, profit before income tax increased by Rp32.6 billion or 173%, from Rp18.9 billion in 1H016 to Rp51.5 billion in 1H2017.

Income tax expense

Income tax expense increased by Rp9.7 billion or 232% from Rp4.2 billion in 1H2016 to Rp13.9 billion in 1H2017. This was mainly due to the reassessment of previous years' income tax returns by the Indonesia tax authorities.

Profit after income tax

As a result of the above, profit after income tax increased by Rp22.9 billion or 156% from Rp14.7 billion in 1H2016 to Rp37.6 billion in 1H2017.

Review of Financial Position as at 30 June 2017

Non-current assets

Non-current assets for the Group decreased by Rp3.6 billion or 1%, from Rp298.4 billion as at 31 December 2016 to Rp294.8 billion as at 30 June 2017. This was mainly due to the net decrease of Rp2.2 billion in bearer plants and net decrease of Rp1.3 billion in property, plant and equipment, contributed by depreciation during 1H2017.

Current assets

Current assets for the Group decreased by Rp25.3 billion or 5%, from Rp465.8 billion as at 31 December 2016 to Rp440.5 billion as at 30 June 2017. This was mainly due to dividend paid to owners of the parents of Rp56.8 billion in 1H2017, offset by cash receipts from decrease in inventories of Rp13.9 billion and decrease in income tax recoverable by Rp12.3 billion in 1H2017.

Current liabilities

Current liabilities for the Group decreased by Rp11.5 billion or 18%, from Rp65.0 billion as at 31 December 2016 to Rp53.5 billion as at 30 June 2017. This was mainly due to the decrease of Rp17.0 billion in trade and other payables resulted from the advances from customers and offset by an increase in current income tax payable of Rp5.4 billion.

Non-current liabilities

Non-current liabilities for the Group decreased by Rp3.0 billion or 7% from Rp43.0 billion as at 31 December 2016 to Rp40.0 billion as at 30 June 2017, mainly due to utilization of post-employment benefits of Rp3.4 billion in 1H2017.

Accumulated losses

The accumulated losses of Rp120.5 billion was mainly contributed by the accumulated losses of Rp99.5 billion brought forward from FY2016 and dividend paid to owners of the parent of Rp56.8 billion in 1H2017, offset by the net profit of Rp35.8 billion in 1H2017. The accumulated losses of Rp99.5 billion in FY2016 was mainly due to the adoption of Amendments to FRS 16 and FRS 41 in FY2016, which resulted in a deficit of Rp231.0 billion in accumulated profits/(losses) in FY2016.

Review of Consolidated Cash Flows

Net cash generated from operating activities of Rp60.2 billion in 1H2017 was higher compared to Rp46.1 billion net cash generated from operating activities in 1H2016. The higher cash generated was mainly contributed by a higher operating profit from increased CPO sales volume and higher CPO and PK average selling prices in 1H2017.

Net cash used in investing activities of Rp0.2 billion in 1H2017 decreased by Rp11.6 billion as compared to net cash used in investing activities of Rp11.8 billion in 1H2016. This was mainly due to the net cash received of Rp7.6 billion from trading in derivative financial instruments in 1H2017, lower capital expenditure of bearer plants of R2.7 billion and lower purchase of plant and equipment of Rp2.1 billion.

Net cash used in financing activities of Rp63.6 billion in 1H2017 increased by Rp52.0 billion as compared to net cash used in financing activities for Rp11.6 billion in 1H2016. This was mainly due to increase of Rp48.9 billion in dividend paid to owners of the parents and increase of Rp 4.0 billion in the buyback of the Company's shares to be held as treasury shares.

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

Not applicable.

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

CPO prices are expected to remain volatile considering the uncertainty in the global economy and abnormal weather's affect on market dynamics. The demand for palm oil is expected to remain strong in view of rising food requirements from China, India, Indonesia and emerging markets, as well as demand from the biofuel, oleochemicals and compound feed industries.

The Group is starting to replace its older palm trees with newer breed of higher yielding palm trees gradually over the next five years. The management expects to see higher yield per hectare when the replanted palm trees reach maturity. This together with the management continuous effort to increase productivity, should result in a positive sustainable future for the Group.

11. Dividend

(a) Current Financial Period Reported on
Any dividend to be declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (Rp' million)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (Rp' million)
	1H2017	1H2017
PT Bumiraya Utama Lines	632	NIL*
PT Cemar Lestari	NIL	NIL*

*The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Negative confirmation pursuant to Rule 705(5)

The Directors of the Company do hereby confirm that to the best of their knowledge, nothing has come to their attention which would render the unaudited financial statements for the financial period from 1 January 2017 to 30 June 2017 to be false or misleading in any material aspects.

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

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

16. Update of the utilization of the Initial Public Offering (“IPO”) proceeds of S\$50.6 million

As at 30 June 2017, the use of net proceeds from the IPO are as follows:

Use of net proceeds	Amount allocated (S\$' million)	Amount utilised (S\$' million)	Balance (S\$' million)
Development of existing uncultivated land banks into oil palm plantations	15.61	13.34 ⁽¹⁾	2.27
Acquisition of other oil palm plantations and land banks	15.00	1.12 ⁽²⁾	13.88 ⁽³⁾
Repayment of the loans to PT Bank CIMB Niaga Tbk (“Bank Niaga”)	5.00	5.00	-
Construction of the co-composting plant	2.00	1.49	0.51
Working capital	9.50	9.50	-
Invitation expenses	3.49	3.49	-
Total	50.60	33.94	16.66

As at 30 June 2017, the use of net proceeds from the IPO for working capital are as follows:

	Indonesia Office (S\$' million)	Singapore Office (S\$' million)	Amount utilised (S\$' million)
Plantation & Mill Expenses	1.26	-	1.26
Purchase of FFB	1.76	-	1.76
Transport & Freight	0.36	-	0.36
Fertilizers	1.57	-	1.57
Purchase Fuel	0.35	-	0.35
Suppliers	0.65	-	0.65
Administration Expenses	0.49	1.00	1.49
Bank Interest	0.11	-	0.11
Leasing	0.09	-	0.09
Tax Payment	1.86	-	1.86
Total	8.50	1.00	9.50

Notes:

- (1) Out of the S\$13.34 million utilized for the development of existing uncultivated land banks into oil palm plantations, approximately S\$11.12 million were used for land clearing and new planting purposes.
- (2) The S\$1.12 million utilized for the acquisition of other oil palm plantations and land banks are expenses of S\$0.46 million incurred for the land location permit for 7,170 hectares of land in Muara Lesan Village and Lesan Dayak Village, both located in Berau Regency, East Kalimantan and expenses of S\$0.66 million incurred for the land location permit for 6,546 hectares of land in sub-districts of Ngabang and Jelimpo, both located in Landak Regency, West Kalimantan.
- (3) The Company has the option to acquire PT Cemar, an Indonesian-incorporated company which holds *Hak Guna Usaha* to approximately 6,429 ha of oil palm plantation land in the Landak Regency in West Kalimantan. The acquisition is subject to the fulfillment of conditions such as the conduct of legal and financial due diligence on PT Cemar as well as approvals required by the Indonesian authorities.

BY ORDER OF THE BOARD

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman & CEO

14 August 2017