

IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (“THE SECURITIES ACT”).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering circular. In accessing the attached offering circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of your Representation: You have accessed the attached offering circular on the basis that you have confirmed your representation to the Company and to the Initial Purchasers (as such terms are defined in the attached offering circular) that (1) you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission and agree to the terms set forth herein, (2) (i) you are outside the United States and, to the extent you purchase the securities described in the attached offering circular, you will be doing so pursuant to Regulation S under the Securities Act, and (ii) the e-mail address to which the attached offering circular has been delivered is not located in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, (3) you will not transmit the attached offering circular (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers and (4) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic conditions with respect to your decision to subscribe for or purchase any securities.

The attached offering circular has been made available to you in electronic format. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently none of the Company, the Initial Purchasers and their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Company, the Initial Purchasers or any of their respective affiliates accepts any liability or responsibility whatsoever with respect to any discrepancies between the document distributed to you in electronic format and the hard-copy version.

Restrictions: The attached offering circular is being furnished in connection with an offering exempt from registration under the Securities Act. Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so.

ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS REGISTERED UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION. YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Initial Purchasers or the Company that would, or is intended to, permit a public offering of the securities, or possession or distribution of the offering circular (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Company in such jurisdiction.

Under no circumstances shall this offering circular constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The offering circular has not been approved by an authorized person in the United Kingdom. The securities may not be offered or sold other than to persons whose ordinary activities involve these persons in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by us. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

You are reminded that the attached offering circular has been delivered to you on the basis that you are a person into whose possession the attached offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this document, electronically or otherwise, to any other person. If you receive this document by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

US\$350,000,000



PT Japfa Comfeed Indonesia Tbk

(incorporated in the Republic of Indonesia with limited liability)

5.375% Senior Notes due 2026

Issue Price: 99.460%

The US\$350,000,000 5.375% Senior Notes due 2026 (the “Notes”) to be issued by PT Japfa Comfeed Indonesia Tbk (the “Company”) will bear interest from March 23, 2021 (the “Issue Date”) at the rate of 5.375% per annum payable semi-annually in arrears on March 23 and September 23 of each year (each, a “Notes Interest Payment Date”) commencing on September 23, 2021.

The Notes mature on March 23, 2026 (the “Maturity Date”). At any time on or after March 23, 2024, the Company may redeem the Notes, in whole or in part, at the redemption prices specified under “Description of the Notes – Optional Redemption”. At any time prior to March 23, 2026, the Company, at its option, may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium (as defined herein) as of, and accrued and unpaid interest, if any, to the redemption date. At any time prior to March 23, 2024, the Company may redeem up to 35% of the principal amount of the Notes with the proceeds from certain equity offerings at a redemption price of 105.375% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date. No later than 30 days following a Change of Control (as defined herein), the Company will make an offer to repurchase all Notes then outstanding at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to the date of repurchase. The Notes are subject to redemption in whole, at 100% of their principal amount together with accrued interest, at the option of the Company at any time in the event of certain changes affecting taxes of the Republic of Indonesia (or certain other jurisdictions). See “Description of the Notes – Redemption for Taxation Reasons.”

Payments on the Notes will be made in U.S. dollars without deduction for or on account of taxes imposed or levied by Indonesia (or certain other jurisdictions) to the extent described under “Description of the Notes – Additional Amounts”. Any Subsidiary Guarantors will unconditionally and irrevocably guarantee (the “Note Guarantees”) the due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes.

Investing in the Notes involves certain risks. See “Risk Factors” beginning on page 16.

The Notes and the Note Guarantees have not been and will not be registered under the United States Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the Securities Act (“Regulation S”). For a description of certain restrictions on resale or transfer of the Notes, see “Transfer Restrictions”. The offering of the Notes does not constitute a public offering or private placement in Indonesia under Law No. 8 of 1995 on Capital Market (the “Indonesian Capital Markets Law”) and OJK Rule No. 30 of 2019 on the Issuance of Debt-Linked Securities and/or Sukuk issued by ways of Private Placement (“OJK Rule No. 30”). This Offering Memorandum may not be distributed in Indonesia and the Notes and the Guarantees may not be offered or sold in Indonesia, to Indonesian citizens (whether domiciled in Indonesia or elsewhere) or to Indonesian residents, in a manner which constitutes a public offering or private placement under the laws and regulations in Indonesia, including OJK Rule No. 30.

Approval in-principle has been received for the listing of the notes on the Official List of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Memorandum. Approval in-principle from, admission to the Official List of, and the listing and quotation of any notes on, the SGX-ST are not to be taken as an indication of the merits of us, our subsidiaries and associated companies (if any) or the notes.

The Notes will be in the denomination of US\$200,000 each or integral multiples of \$1,000 in excess thereof. The Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as any of the Notes are listed on the SGX-ST.

It is expected that delivery of the Notes will be made through the facilities of Euroclear Bank S.A./N.V. (“Euroclear”) and Clearstream Banking S.A. (“Clearstream”) on or about March 23, 2021.

Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Advisors

CREDIT SUISSE

DBS BANK LTD.

The date of this Offering Circular is March 16, 2021.

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This Offering Circular is confidential and has been prepared by us solely for use in connection with the issue and offering of the Notes described herein. Each of us, Credit Suisse (Singapore) Limited (“Credit Suisse”) and DBS Bank Ltd. (“DBS” and together with Credit Suisse the “Initial Purchasers” and each, an “Initial Purchaser”), as bookrunner and lead manager of the issue and offering of the Notes, reserves the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Circular is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Any disclosure of any of the contents of this Offering Circular, without our prior written consent, is prohibited. Each prospective purchaser, by accepting delivery of the Offering Circular, agrees to the foregoing and to make no photocopies of this Offering Circular or any documents attached hereto.

The distribution of this Offering Circular and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by us and the Initial Purchasers to inform themselves about and to observe any restrictions. No action is being taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action would be required for such purposes.

No person has been authorized to give any information or to make any representation other than those contained in this Offering Circular in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. Neither the delivery of this Offering Circular nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change in our financial position since the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Notes is correct as at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Credit Suisse, DBS, the Trustee, the Registrar, the Principal Paying Agent and the Transfer Agent (each as defined herein) do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Circular. None of Credit Suisse, DBS, the Trustee, the Registrar, the Principal Paying Agent or the Transfer Agent has independently verified any of such information and assumes no responsibility for its accuracy or completeness. Each person receiving this Offering Circular acknowledges that such person has not relied on Credit Suisse, DBS, the Trustee, the Registrar, the Principal Paying Agent, the Transfer Agent or any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision.

Each person contemplating making an investment in the Notes must make its own investigation and analysis of our creditworthiness and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. Each person should not construe the contents of this Offering Circular as legal, business or tax advice and should be aware that it may be required to bear the financial risks of any investment in the Notes for an indefinite period of time. Each person should consult its own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of a purchase of the Notes.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of us, or the Initial Purchasers or any affiliate or representative of any of us or it to subscribe for, or purchase, any Notes in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorized or to any person to whom it is unlawful to make such offer, invitation or solicitation.

Neither we nor the Initial Purchasers nor any affiliate or representative of us or any of them are making any representation to any investor regarding the legality of an investment by such investor under applicable laws.

Neither we nor the Initial Purchasers nor any affiliate or representative of us or any of them is responsible for any third party social, environmental and sustainability assessment of the Notes. The Notes may not satisfy an investor’s requirements or any future legal or industry standards for

investment in assets with sustainability characteristics. Investors should conduct their own assessment of the Notes from a sustainability perspective. Investors should note that the net proceeds of the issue of the Notes will be used for repayment of the 2022 Notes (as defined herein), capital expenditure, working capital and general corporate purposes.

The Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the U.S. or to U.S. persons.

This Offering Circular and the information contained therein are private and confidential and are for the use solely of the person to whom such materials are addressed. The offering of the Notes will not be conducted in a manner which constitutes a public offering of securities under applicable laws and regulations of the Republic of Indonesia.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this Offering Circular and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales and neither we nor the Initial Purchasers shall have any responsibility therefor.

IN CONNECTION WITH THIS OFFERING, CREDIT SUISSE (SINGAPORE) LIMITED AS THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, STABILIZATION MAY NOT NECESSARILY OCCUR. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE ISSUE DATE AND, IF BEGUN, MAY CEASE AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZATION MANAGER IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

THESE NOTES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM. SEE “TRANSFER RESTRICTIONS” AND “PLAN OF DISTRIBUTION” HEREIN. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

CONVENTIONS WHICH APPLY TO THIS OFFERING CIRCULAR

In this Offering Circular, “Japfa”, “we”, “us”, “our” and “the Company” refer to PT Japfa Comfeed Indonesia Tbk on its own or, as context requires, with its subsidiaries taken as a whole.

Unless otherwise indicated or otherwise required by the context, all references in this Offering Circular to “Rupiah” or “Rp” are to the lawful currency of Indonesia. References to “U.S. dollars” or “US\$” are to United States dollars, the lawful currency of the United States. Rounding adjustments have been made in calculating some of the financial information included in this Offering Circular. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

For convenience, certain Rupiah amounts have been translated into U.S. dollar amounts, based on the prevailing exchange rate on December 31, 2020 of Rp14,105 = US\$1.00 (being the middle exchange rate for Rupiah against U.S. dollars quoted by Bank Indonesia at December 31, 2020 as stated in “Exchange Rates and Exchange Controls”). Such translations should not be construed as representations that the Rupiah or U.S. dollar amounts referred to could have been, or could be, converted into Rupiah or U.S. dollars, as the case may be, at that or any other rate or at all. See “Exchange Rates and Exchange Controls” for further information regarding rates of exchange between the Rupiah and U.S. dollar.

In this Offering Circular, unless otherwise specified or the context otherwise requires, all references to “Indonesia” are references to the Republic of Indonesia. All references to the “Government” herein are

references to the Government of the Republic of Indonesia. All references to “United States” or “U.S.” herein are to the United States of America. All references to “United Kingdom” herein are to the United Kingdom of Great Britain and Northern Ireland.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (“EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “EU MiFID II”) or; (ii) a customer within the meaning of Directive 2016/97/EU (the “Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (the “EU PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the EU PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (“UK”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018; or (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “UK PRIIPs Regulation”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

PRESENTATION OF FINANCIAL INFORMATION

Except for the table on page 15 showing information relating to our subsidiaries that are not providing Note Guarantees, which has been derived from the stand-alone financial statements for these non-guarantor subsidiaries, the financial information included in this Offering Circular has been derived from our consolidated financial statements. Unless otherwise indicated, financial information in this Offering Circular has been prepared in accordance with Indonesian Financial Accounting Standards (“Indonesian FAS”), which differ in significant respects from International Financial Reporting Standards (“IFRS”). For a summary of the material differences between Indonesian FAS and IFRS, see “Summary of Certain Significant Differences Between Indonesian FAS and IFRS” included elsewhere in this Offering Circular.

NON-IFRS FINANCIAL MEASURES

Earnings before interest, tax, depreciation and amortization (“EBITDA”) and the related ratios presented in this Offering Circular are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Indonesian FAS or IFRS. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with Indonesian FAS or IFRS or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term, hence a direct comparison between companies using such a term may not be possible.

We believe that EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense and finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), the age and booked depreciation and amortization of assets (affecting relative depreciation and amortization of expense). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and

other interested parties in evaluating similar companies, many of whom present such non-GAAP financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our financial condition or results of operations, as reported under Indonesian FAS. Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business. The term “Consolidated EBITDA”, as used in the section titled “Description of the Notes” summarizing certain provisions of the Indenture, the Notes and the Note Guarantees, is calculated differently from EBITDA and is not a measurement of financial performance or liquidity under Indonesian FAS or IFRS.

INDUSTRY AND MARKET DATA

This Offering Memorandum includes certain market share, statistical and industry data and third-party projections and forecasts regarding growth and performance of the industry we operate in that we have obtained from Frost & Sullivan (S) Pte Ltd (“F&S”). We cannot assure you that such data is complete or accurate.

F&S, an independent industry consultant in the animal protein and feed industry, has been commissioned by us to provide an industry report titled ‘Independent Market Research on the Agriculture Markets in Indonesia with a focus on Poultry Meat, Feed and Feed Ingredients’ (the “**Report**”). None of us, the Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Advisors nor any of their respective affiliates or advisors has independently verified any of the data or ascertained the underlying economic assumptions relied upon therein. Similarly, third-party projections cited in this Offering Circular are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. The industry and market data contained in this Offering Circular, including the section titled “*Industry Overview*” are derived from the Report and have not been updated since the date of such report. No assurances are or can be given that the estimated figures will be achieved. In addition, financial data with respect to Indonesia provided in this Offering Circular may be subsequently revised in accordance with Indonesia’s ongoing maintenance of its economic data, and such revised data will not be distributed by us to any holder of the Notes. As a result, you are cautioned against undue reliance on such information.

ENFORCEABILITY

Enforceability of Foreign Judgments in Indonesia

The Company is incorporated in Indonesia. Most of the Company’s commissioners, directors and executive officers reside in Indonesia. All or a substantial portion of the Company’s assets are located in Indonesia. As a result, it may be difficult for investors to effect service of process upon the Company or its directors, or to enforce judgments against the Company.

The Company has been advised that judgments of non-Indonesian courts are not enforceable in Indonesian courts. A foreign court judgment could be offered and accepted as evidence in a proceeding of the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law. Re-examination of the underlying claim *de novo* would be required before the Indonesian court. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive, as those available in other jurisdictions.

Enforcement of the Notes and Note Guarantees in Indonesia

Under the Indonesian Civil Code, a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor’s assets on a guaranteed obligation prior to the obligee exercising its rights under the related guarantee. The Note Guarantees contain a waiver of this obligation. We have been advised by Indonesian counsel that the waiver of the right will be enforceable under Indonesian law; however, due to the uncertainty of the outcome of specific legal cases in Indonesia, there is no assurance that Indonesian courts will not in the future impose an obligation on the holders of the Notes (the “Noteholders”) to pursue all legal remedies against the Subsidiary Guarantors if it were to default on its obligations before exercising their rights under the Note Guarantees, even though we waived our

rights under the Note Guarantees. See “Risk Factors – Risks Relating to the Notes and the Note Guarantees – Through the purchase of the Notes and Note Guarantees, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for Noteholders to pursue claims under the Notes or the Note Guarantees due to considerable discretion and uncertainty of the Indonesian legal system.”

In addition, in several court cases in Indonesia, Indonesian companies that had defaulted on debt incurred through offshore financing entities (using structures involving a guarantee issued by an Indonesian company) have sued their creditors to, among other things, invalidate their debt obligations and have sought damages from creditors exceeding the original proceeds of the debt issued. In one such case, which was subsequently settled, an Indonesian court annulled the transaction documents in a structure involving a guarantee issued by an Indonesian company for debt of an offshore subsidiary. In another case, an Indonesian court (as affirmed by the Indonesian Supreme Court) declared null and void transaction documents in an offering structure involving a guarantee issued by an Indonesian company for debt of its offshore subsidiary and awarded damages to the defaulting borrower. The courts’ reports of the decisions do not provide a clear factual basis or legal rationale for the judgments.

In a June 2006 decision that was released in November 2006, the Indonesian Supreme Court affirmed a lower court judgment that invalidated US\$500 million of notes issued through an offshore offering structure (the “June 2006 Decision”). The decision involved an Indonesian listed company, PT Indah Kiat Pulp & Paper Tbk. (“Indah Kiat”), as plaintiff and various parties as defendants using a structure involving a guarantee issued by an Indonesian company, whereby notes were issued through a Dutch subsidiary of Indah Kiat and guaranteed by Indah Kiat. The Indonesian Supreme Court upheld the decisions of a District Court and High Court in Indonesia in favor of Indah Kiat. The Indonesian courts ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the Indah Kiat notes) committed a tort (*perbuatan melawan hukum*), and therefore the issuance of the notes was declared null and void. The courts nullified the notes by reasoning that the contracts made in relation to the notes were signed without any legal cause, and so did not meet the provision of Article 1320 of the Indonesian Civil Code that requires a legal cause as one of the elements for a valid agreement. The Indonesian courts accepted the plaintiff’s argument that Indah Kiat acted both as a debtor and as a guarantor of the same debt even though in the facts of the case Indah Kiat International Finance Company B.V. (“Indah Kiat BV”), Indah Kiat’s Dutch subsidiary established for the purpose of the issuance of the notes, was the issuer of the notes and Indah Kiat was the guarantor of such notes. *The Indonesian courts also ruled that the establishment of Indah Kiat BV was unlawful as it was intended to avoid Indonesian withholding tax payments.*

On August 19, 2008, the Indonesian Supreme Court granted a civil review (*peninjauan kembali*) and annulled the June 2006 Decision (“August 2008 Decision”). The Indonesian Supreme Court in its civil review decision stated that Indah Kiat had failed to prove that the transaction was an act of legal manipulation that caused damages to Indah Kiat. Therefore, the Indonesian Supreme Court concluded that the defendants did not commit any unlawful act. Further, the Indonesian Supreme Court maintained that it was clear that the money borrowed by Indah Kiat from Indah Kiat BV was in fact originated from the issuance of notes, as evidenced in the recital of the relevant loan agreement, and thus the claim that the whole transaction was a manipulation of law had no merit. Moreover, with regard to the validity and enforceability of the security documents, the civil review stated that the security agreements would prevail as long as the underlying agreements were still valid and binding. On the tax issues, the civil review considered that the Indonesian Supreme Court has misapplied the tax law as it did not prohibit tax saving, and thus the claim relating to tax was annulled. The civil review also stated that for certain New York law governed agreements in the transaction (such as the indenture, the loan agreement, the amended and restated loan agreement and the underwriting agreement), the claim should be brought to the appropriate court in the state of New York.

Despite the decision described above, the Indonesian Supreme Court has taken a contrary view with respect to PT Lontar Papyrus Pulp & Paper Industry (“Lontar Papyrus”), a sister corporation of Indah Kiat. According to an Indonesian Supreme Court decision at civil review level (which was subsequently upheld by the Indonesian Supreme Court at the appellate level), in March 2009, the Indonesian Supreme Court refused a civil review (the “March 2009 Decision”) of a judgment by the District Court of Kuala Tungkal, in South Sumatra, which invalidated US\$550 million of notes issued by APP International Finance Company B.V. (“APPC”) and guaranteed by Lontar Papyrus. Lontar Papyrus’s legal arguments in its lower court case were fundamentally the same as those in the earlier cases by

Indah Kiat—namely, that, under the notes structure, the plaintiff was acting as both the debtor and guarantor for the same debt and, therefore, the structure was invalid. The Indonesian Supreme Court’s refusal to grant a civil review effectively affirmed the lower court’s decision to invalidate all of the transaction documents, including Lontar Papyrus’s obligations as the guarantor under the notes, meaning the verdict is now final. The Indonesian Supreme Court’s refusal to grant the civil review was based on reasons that the loan agreement between APPC and Lontar Papyrus and the indenture with regard to the issuance of notes required adjustment to observe the prevailing laws and regulations in Indonesia. In addition, the fact that the loan has been paid in full by Lontar Papyrus to APPC under the relevant loan agreement resulted in Lontar Papyrus having no continuing outstanding legal obligation, either as debtor under the relevant loan agreement or as guarantor under the indenture. Lontar Papyrus and Indah Kiat are subsidiaries of Asia Pulp & Paper Company Ltd., and their original court cases against their creditors were filed at approximately the same time. While the lower court decisions in certain of these cases have been ultimately annulled by the Indonesian Supreme Court, as was the case in August 2008 in the Indah Kiat matter, it appears that the Indonesian Supreme Court took a contradictory view on the Lontar Papyrus case.

Moreover, regarding the Indah Kiat case, in September 2011, the Indonesian Supreme Court (the “September 2011 Decision”) refused a civil review of a decision by the District Court of Bengkalis (whose judgment was the subject of the Indonesian Supreme Court’s June 2006 Decision and August 2008 Decision), which invalidated the notes issued by Indah Kiat BV. The facts and legal claims presented by Indah Kiat BV were substantially the same as those made by Indah Kiat in the lower court cases that were the subject of the June 2006 Decision. The September 2011 Decision specifically noted that the Indonesian Supreme Court chose to not consider its August 2008 Decision despite such substantially similar facts and legal claims. The Indonesian Supreme Court’s refusal to grant civil reviews of the lower court decisions in the September 2011 Decision effectively affirmed the decision of the District Court of Bengkalis, and this decision is now final and not subject to further review.

There is also an instance where the Indonesian court, through a suspension of payment proceedings, failed to acknowledge noteholders as creditors of the parent guarantor. On December 8, 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that noteholders were not creditors of PT Bakrie Telecom Tbk (“Bakrie Tel”) for purposes of its court-supervised debt restructuring, known as a suspension of payment obligation or a PKPU (the “Bakrie Tel PKPU”). Bakrie Tel, an Indonesian telecommunications company, was the guarantor of US\$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge’s determination that the relevant creditor of Bakrie Tel in respect of the US\$380 million notes was the issuer subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU. As a result, only the issuer subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee. See “Risk Factors – Risks Relating to the Notes and the Note Guarantees – Indonesian companies have filed suits in Indonesian courts to invalidate transactions with structures that included guarantees by Indonesian companies and have brought legal action against lenders and other transaction participants; moreover, such legal action has resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and allowing affirmative recoveries from the lenders in excess of the amounts borrowed.”

Similar with the Bakrie Tel PKPU case, an Indonesian company, PT Trikomsel Oke Tbk (“Trikomsel”), in early 2016, entered into a PKPU under the Law No. 37 of 2004 regarding Bankruptcy and Suspension of Obligation for Payment of Debts (the “Indonesian Bankruptcy Law”) regime. The PKPU administrators were reported to reject claims that arose from their two Singaporean Dollar bonds and have taken the stance that the trustees do not have any standing to make claims on behalf of the bondholders. Further, they asserted that only individual noteholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on the restructuring plan. On September 28, 2016, the PKPU process was settled between Trikomsel and its creditors through the establishment of a composition plan (*rencana perdamaian*) which was approved by certain

bondholders, and then ratified by the Jakarta Commercial Court. Based on an announcement from Trikomsel, under the composition plan, the bondholders of the two of Singaporean dollar bonds may be required to convert their notes into new shares to be issued by Trikomsel, thereby extinguishing the bonds.

The Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as would be the case in common law jurisdictions such as the United States and the United Kingdom. This means that while lower courts are not bound by the Indonesian Supreme Court decisions, such decisions have persuasive force. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Decision or the March 2009 Decision in relation to the validity and enforceability of the Notes and the Note Guarantees or grant additional relief to the detriment of the holders of the Notes, if we were to contest the enforcement by the holders of the Notes of our obligations.

Indonesian Regulation of Offshore Borrowings

Pursuant to Presidential Decree No. 59/1972 dated October 12, 1972, and Presidential Regulation No. 86 of 2006 dated October 18, 2006, as amended by Presidential Regulation No. 91 of 2007 dated September 19, 2007, each guarantor is required to report details regarding its offshore borrowings to the Minister of Finance of Indonesia and Bank Indonesia, on the acceptance, implementation, and repayment of principal and interest. Ministry of Finance Decree No. KEP-261/MK/IV/5/1973 dated May 3, 1973, as amended by Ministry of Finance Decree No. 417/KMK.013/1989 dated May 1, 1989 and Ministry of Finance Decree No. 279/KMK.01/1991 dated March 18, 1991, as the implementing regulation of Presidential Decree No. 59/1972, further sets forth the requirements to submit periodic reports regarding offshore borrowings to the Ministry of Finance of Indonesia and Bank Indonesia on the effective date of the contract and each subsequent three-month period. Further, pursuant to the recently issued President Regulation No. 82 of 2020 on Corona Virus Disease (COVID-19) Handling Committee and National Economy Recovery, Presidential Decree No. 39 of 1991 on Foreign Commercial Loan Management Coordination was revoked and, as a result, the Offshore Commercial Borrowings Coordination Team (*Tim Koordinasi Pinjaman Komersial Luar Negeri*) has been dissolved.

On December 29, 2014, Bank Indonesia issued Bank Indonesia Regulation No. 16/21/PBI/2014 on Application of Prudential Principles in Management of Offshore Loan of Non-Bank Corporations, as last amended by Bank Indonesia Regulation No. 18/4/PBI/2016 (“PBI 16/21/2014”), which applies to non-bank corporations that obtain offshore loans in foreign currencies. Further to PBI 16/21/2014, Bank Indonesia also issued Circular Letter No. 16/24/DKEM dated December 30, 2014 as amended by Circular Letter No. 17/18/DKEM dated June 30, 2015 and Circular Letter No. 18/6/DKEM dated April 22, 2016 (“CL 16/24/2014”). PBI 16/21/2014 requires non-bank corporations that have offshore loans in foreign currencies to fulfill three prudential principles: (i) hedging ratios, (ii) liquidity ratios and (iii) credit ratings.

The minimum hedging ratio for non-bank corporations that have offshore loans in foreign currency is set at 25% of (i) the “negative difference” between the foreign exchange assets and the foreign exchange liabilities that will become due within three months from the end of the relevant quarter, and (ii) the “negative difference” between the foreign exchange assets and the foreign exchange liabilities that will become due in the period of more than three months up to six months after the end of the relevant quarter.

CL 16/24/2014 determines that only corporations that have “negative difference” of more than US\$100,000 are obliged to fulfill the minimum hedging ratio. In addition, PBI 16/21/2014 also requires that such hedging transactions shall be conducted only with banks in Indonesia with effect from January 1, 2017.

On the liquidity ratio requirement, non-bank corporations that have offshore loans in foreign currency are also required to comply with the minimum liquidity ratio of at least 70% liquidity by providing sufficient foreign exchange assets against foreign exchange liabilities that will become due within three months from the end of the relevant quarter.

In addition, on the credit rating requirement, non-bank corporations that obtain offshore loans signed or issued after January 1, 2016 in a foreign currency must have a minimum credit rating of “BB–” for

offshore borrowings issued by a rating agency recognized by Bank Indonesia, which includes PT Pemeringkat Efek Indonesia (“BB-” equivalent rating is “BB-(id)”), Fitch Ratings Indonesia (“BB-” equivalent rating is “(Idn)BB-”), Moody’s Investors Service (“BB-” equivalent rating is “Ba3”), Standard & Poor’s, Fitch Ratings, Japan Credit Rating Agency and Rating and Investment Information Inc. Such credit rating will be in the form of a rating over the relevant corporation or bonds. In addition, PBI 16/21/2014 provides that a corporation may use its parent company’s credit rating if (i) such corporation enters into an offshore debt in a foreign currency with its parent company or the offshore debt is guaranteed by its parent company, or (ii) such corporation is a newly established corporation that began commercial operations within the prior three years. The obligation to have a minimum credit rating does not apply to offshore loans in a foreign currency that are in the form of trade credit, which refers to debt arising from credit that is granted by offshore suppliers over transactions relating to goods or services. Exemptions from the requirement to satisfy the minimum credit rating are available for (i) the refinancing of offshore loans in foreign currency, (ii) offshore loans in foreign currency that finance infrastructure projects from (a) international bilateral or multilateral institutions and (b) syndicated loans with the contribution of international bilateral or multilateral institutions exceeding 50%, (iii) offshore loans in foreign currency in relation to government (central and regional) infrastructure projects, (iv) offshore loans in foreign currency that are guaranteed by international bilateral or multilateral institutions, (v) offshore loans in foreign currency in the form of trade credit, (vi) offshore loans in foreign currency in the form of other loans (i.e., any other loan than loan agreements, debt securities and trade credit that are, among others, payments of insurance claims and unpaid), (vii) offshore loans in foreign currency of finance companies, provided that, when the Indonesian Financial Services Authority last determined the “soundness” level of the relevant finance company, the finance company had a minimum “soundness” level (*tingkat kesehatan*) and fulfilled the maximum gearing ratio as regulated by OJK, and (viii) offshore loans in foreign currency of the Indonesian Export Financing Institution.

Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 dated December 31, 2014 on Reporting of Foreign Exchange Activity and Reporting of Application of Prudential Principles in relation to an Offshore Loan Management for Non-Bank Corporation (“PBI 16/22/2014”). PBI 16/22/2014 stipulates that banking institutions, non-bank financial institutions, non-financial institutions state/regional-owned companies, private companies, business entities and individuals performing activities that cause a movement in financial assets and liabilities between an Indonesian citizen and non-Indonesian citizen, including the movement of offshore financial assets and liabilities between Indonesian citizens, must submit a foreign exchange activities report with respect to any foreign exchange activities to Bank Indonesia. The foreign exchange activities report is required to cover: (i) trade activities in goods, services and other transactions between residents and non-residents of Indonesia, (ii) the position and changes in the balance of foreign financial assets and/or foreign financial liabilities, and/or (iii) any plan to incur foreign debt or the implementation of such plan. In addition, PBI 16/22/2014 requires any non-bank entity which applies prudential principles to submit reports which cover (i) the implementation of prudential principles, which have complied with an attestation procedure; (ii) notification of compliance of credit ratings; (iii) financial statements; and (iv) an initial report on the implementation of prudential principles (“Implementation of Prudential Principles Report”). Bank Indonesia requires foreign exchange activities reports to be submitted monthly. The Implementation of Prudential Principles Report must be submitted quarterly, unless another submission deadline is required under PBI 16/22/2014. On January 9, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/2/PBI/2019 dated January 9, 2019 on Reporting of Foreign Exchange Activity (“PBI 21/2/2019”) which came into effect on March 1, 2019. PBI 21/2/2019 which revokes all provisions on the reporting of foreign exchange activities under PBI 16/22/2014. Pursuant to PBI 21/2/2019, PBI 16/22/2014 remains valid only in relation to the regulation of reports on the implementation of prudential principles.

Bank Indonesia has issued implementing regulations for PBI 21/2/2019, namely (i) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/3/PADG/2019 dated February 15, 2019 on Offshore Debt of Bank and Other Banks Liabilities in Foreign Exchange (“PADG 21/3”); and (ii) the Members of the Board of Governors of Bank Indonesia Regulation No. 21/4/PADG/2019 dated February 28, 2019 on the Reporting of Foreign Exchange Activities in the form of Offshore Debt and Risk Participation Transactions (“PADG 21/4”). Both implementing regulations came into effect on March 1, 2019. A report on foreign exchange activities must be submitted using an online system in accordance with the implementing regulations of PBI 21/2/2019 as applicable, namely PADG 21/4.

According to PADG 21/4, any individual or entity that obtains offshore debt in a foreign currency and/or Rupiah and conducts risk participation transactions pursuant to loan agreements, debt securities, trade credits or other loans, such as dividend loans and royalty loans, must report such activities to Bank Indonesia. There is no minimum loan amount threshold to trigger the reporting obligation with regard to offshore debt obtained by an entity (whether a financial or non-financial institution). In contrast, an individual's offshore debt is only required to be reported if such debt exceeds an amount of US\$200,000 or its equivalent in any other currency. The reports consist of a main data report and/or amendments, a monthly recapitulation data report and an offshore debt plan data report. A main data report must be submitted to Bank Indonesia by no later than the 15th day of the following month between 07:10 and 16:15 Western Indonesia time after the signing of the loan agreement or the issuance of the debt securities and/or the debt acknowledgment over the trade credits and/or other loans, and a monthly recapitulation data report must be submitted to Bank Indonesia by no later than the 15th day of the following month at 24:00 Western Indonesia time, until the offshore debt has been repaid in full. In addition, data reports for new offshore debt plans must be submitted to Bank Indonesia by no later than the March 15th of the respective year, and any changes to an existing offshore debt plans must be submitted by June 15th of the respective year.

On April 12, 2019, Members of the Board of Governors of Bank Indonesia issued another implementing regulation of PBI 21/2/2019, namely Members of the Board of Governors of Bank Indonesia Regulation No. 21/7/PADG/2019 dated April 12, 2019 on the Reporting of Foreign Exchange Activities for Non-Bank Corporations ("PADG 21/7"). PADG 21/7 replaced Bank Indonesia Circular No. 17/26/DStA dated October 15, 2015 on the Reporting of Foreign Exchange Activities Other than Offshore Loan.

In addition to reporting on foreign exchange activities, for the purpose of PBI 16/21/2014 (as defined below), PBI 16/22/2014 also requires reporting on the implementation of the prudential principles. Under the implementing regulation of PBI 16/22/2-14, namely Bank Indonesia Circular No. 17/3/DStA dated March 6, 2015 on the Reporting of the Implementation of Prudential Principles in the Offshore Loan Management for Non-Bank Corporations, as lastly amended by Bank Indonesia Circular No. 17/24/DStA dated October 12, 2015 ("SEBI 17/3/DStA"), non-bank corporations must submit:

- (i) the prudential principles implementation activity report ("KPPK report") including (i) a non-attested KPPK Report, which is to be submitted on quarterly basis, no later than the end of the third month after the end of the relevant quarter; and (ii) an attested KPPK report (attested to by a public accountant), which is to be submitted no later than the end of June of the following year;
- (ii) information on the fulfillment of credit ratings, which is to be submitted at the latest at the end of the month following the execution or issuance of the offshore debt; and
- (iii) the financial statements of the company, consisting of: (i) unaudited financial statements, to be submitted on a quarterly basis, by no later than the end of the third month after the end of the relevant quarter; and (ii) annual audited financial statements, which must be submitted by no later than end of June of the following year.

Bank Indonesia examines the accuracy of the foreign exchange activities report and the prudential principles implementation activity report. It can also request clarifications, evidence, records or other supporting documents from the relevant party or institutions, including direct inspection of the company or the appointment of a third party to do so.

From January 1, 2016, submissions of and corrections to the prudential principles implementation activity report are required to be made online. The requirement to submit evidence of credit ratings fulfillment only applies to offshore debt executed or issued as of January 1, 2016.

Furthermore, Bank Indonesia issued Bank Indonesia Regulation No. 16/10/PBI/2014 on The Receipt of Foreign Exchange Proceeds from Export and Withdrawal of Foreign Exchange Offshore Loan ("PBI 16/10/2014") on May 14, 2014, as amended by Bank Indonesia Regulation No. 17/23/PBI/2015 dated December 28, 2015, which was partially revoked by Bank Indonesia Regulation No. 21/14/PBI/2019 on Foreign Exchange Export Proceeds and Foreign Exchange Import Payments and implemented by Bank Indonesia Circular No. 18/5/DStA dated April 6, 2016 on Withdrawal of Foreign Exchange Offshore Loan. Based on PBI 16/10/2014, every Indonesian debtor of an offshore loan must withdraw the proceeds of the loan through an Indonesian foreign exchange bank.

Any Indonesian debtor failing to comply with the obligation may incur an administrative sanction in the form of fine of 0.25% of the amount of every withdrawal that is not withdrawn through an Indonesian foreign exchange bank, with maximum sanction of Rp50,000,000. PBI 16/10/2014 does not specifically require the foreign currency brought into Indonesia to be converted into Rupiah and kept in Indonesia for a specified period of time.

Language of the Transaction Documents

Pursuant to Law No. 24 of 2009 on Flag, Language, Coat of Arms, and National Anthem that was enacted on July 9, 2009 (“Law No. 24/2009”), agreements to which Indonesian parties are a party are required to be executed in Bahasa Indonesia, although, when a foreign entity is a party, a dual-language document in English or the national language of the relevant party is permitted. There exists substantial uncertainty on how Law No. 24/2009 will be interpreted and applied, and it is not certain that an Indonesian court would permit the English version of an agreement to prevail or even consider the English version. See “Risk Factors – Risks Relating to Indonesia.” The Indenture and other documents entered into in connection with the issuance of the Notes will also be prepared in Bahasa Indonesia. However, a translation from English to Bahasa Indonesia may not accurately reflect the original intent of the parties thereto. Further, there can be no assurance, in the event of inconsistencies between the Bahasa Indonesia and English Language version of those documents, that an Indonesian court would hold that the English versions of such documents prevail.

On June 20, 2013, the District Court of West Jakarta released Decision No. 451/Pdt.G/2012/PN.Jkt.Bar (the “June 2013 Decision”) which annulled a loan agreement between an Indonesian borrower, namely PT Bangun Karya Pratama Lestari as plaintiff, and a non-Indonesian lender, Nine AM Ltd. as defendant. The loan agreement was governed by Indonesian law and was drafted only in the English language. The court ruled that the agreement had contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, inter alia, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the “lawful cause” requirement and was void from the outset, meaning that a valid and binding agreement had never existed. On December 4, 2014, the Jakarta High Court released Decision No. 662/Pdt/2014/PT.DKI which rejected the appeal submitted by Nine AM Ltd. and affirmed the June 2013 Decision in its entirety. In its judgment, the Jakarta High Court was of the opinion that the District Court of West Jakarta’s judgment was correct and accurate. Further, in October 23, 2015, the Supreme Court through the Decision No. 1572 K/Pdt/2015 again affirmed the District and High Court’s (*judex facti*) decision.

On September 30, 2019, Presidential Regulation No. 63 of 2019 on The Use of Indonesian Language (“PR No. 63/2019”) was issued as an implementing regulation to Law No. 24/2009. The amended regulation stipulates that in the event of any inconsistency or difference in interpretation between the Indonesian language and the foreign language version of an agreement or memorandum of understanding (in this case the English language version), then the language as agreed by the parties in such agreement or memorandum of understanding shall prevail. As Law No. 24/2009 does not specify any sanctions for non-compliance, we cannot predict how the implementation of Law No. 24/2009 (including its implementing regulation) will impact the validity and enforceability of the Notes in Indonesia, which creates uncertainty as to the ability of Noteholders to enforce the Notes in Indonesia.

On January 15, 2014, Law No. 2 of 2014 on Amendment to the Law No. 30 of 2004 on Notary Profession (“Notary Law”) was issued. Pursuant to the Notary Law, a notarial deed made after January 15, 2014 must be drawn up in the Indonesian language. If the parties require, the notarial deed can be made in a foreign language and in such an event, the notary must translate the deed into the Indonesian language but in the event of a difference in interpretation as to the content of the deed, the Indonesian language deed shall prevail.

We will execute dual English and Bahasa Indonesia versions of all transaction agreements, to which any of the Company or the Indonesian Guarantors is a party. All of these documents will provide that in the event of a discrepancy or inconsistency, the parties intend the English version to prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language, and the exact meaning of the English text may not be fully captured by the Indonesian language version. If

this occurs, there can be no assurance that the terms of the Notes, including the Indenture, will be as described in the Offering Circular, or will be interpreted and enforced by the Indonesian courts as intended.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

This Offering Circular contains words such as “believe”, “plan”, “expect”, “intend” and “anticipate” and similar expressions that constitute “forward-looking statements”. Specifically, statements under the captions “Summary – Overview”, “Risk Factors”, “Business” and “Industry Overview” relating to the following matters may include forward-looking statements:

the anticipated demand and selling prices for our products;

- our ability to be and remain competitive;
- our financial condition, business strategy, budgets and projected financial and operating data as well as the plans and objectives of management for future operations;
- generation of future receivables;
- environmental compliance and remediation; and
- changes in import or export controls, duties, levies or taxes, either in Indonesia or in international markets.

Such statements are subject to certain risks and uncertainties including:

- economic, social and political conditions in Indonesia;
- increases in regulatory burdens in Indonesia and other countries, including environmental regulations and compliance costs; and
- fluctuations in foreign currency exchange rates.

Should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected. Specifically, but without limitation, capital costs could increase, projects could be delayed and anticipated improvements in production, capacity or performance might not be fully realized. Although we believe that the expectations of our management as reflected by such forward-looking statements are reasonable based on information currently available to us, no assurances can be given that such expectations will prove to have been correct. Accordingly, prospective purchasers are cautioned not to place undue reliance on forward-looking statements. In any event, these statements speak only as at their dates, and we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

Notice Concerning Singapore—Section 309B(1)(c) Notification

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 (the “CMP Regulations 2018”), we have determined, and hereby notify all relevant persons (as defined in Section 309A(1) of the SFA) that the notes are prescribed capital markets products (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUMMARY

This summary highlights information contained elsewhere in this Offering Circular. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Offering Circular. We urge you to read this entire Offering Circular carefully, including our consolidated financial statements and related notes and “Risk Factors”.

OVERVIEW

We are one of Indonesia’s leading agri-livestock companies specializing in the manufacturing and distribution of animal feed and the production of animal protein. Our operations are organized according to the following three key business segments: (i) poultry; (ii) aquaculture; and (iii) beef cattle. Other segments include woven bags, vaccines, animal health and retail meat shops. Our poultry operations, which includes (i) animal feed production and distribution; (ii) DOC breeding, (iii) commercial broiler farming and (iv) poultry processing and consumer products, generated 86%, 86% and 84% of our net sales for the years ended December 31, 2018, 2019 and 2020, respectively, is our core business activities.

We are one of Indonesia’s largest poultry feed manufacturers, with nearly 21% market share based on production capacity in 2019, according to Frost & Sullivan. We have a network of poultry feed production facilities located across Indonesia, which allows us to take advantage of raw material procurement opportunities in Indonesia and to better serve our customers whose operations are located throughout Indonesia. For the years ended December 31, 2018, 2019 and 2020, we had a total poultry feed production capacity of approximately 4.4 million tons, 4.6 million tons and 4.8 million tons, respectively. We market our poultry feed under the brands of “Comfeed” and “Benefeed”, which we believe are recognized in Indonesia for their premium product quality and customer service.

Our DOC breeding operations involve producing high quality DOCs which we distribute to our own commercial and contract farms and to third party poultry farmers in Indonesia. We are one of Indonesia’s largest DOC breeding operations with an approximate market share of 25% based on production capacity in 2019, according to Frost & Sullivan. We have the exclusive rights to sell and distribute Aviagen’s Indian River breed of commercial broiler DOCs in Indonesia. Aviagen is a global supplier in the poultry genetics market, and the Indian River breed has been specially bred for tropical climate conditions in respect of humidity, heat and disease resistance. All DOC grandparent broiler stock for our DOC breeding are imported from Aviagen’s international operations. For each of the years ended December 31, 2018, 2019 and 2020, we had total production capacity of approximately 800 million DOCs, 900 million DOCs and 1,000 million DOCs, respectively.

The major proportion of the broilers from our commercial farms are sold as “live birds” to third party poultry traders for on sale to end consumers, with the remainder being processed by our processing facilities for direct sale to end consumers. In connection with our diversification into downstream poultry operations, we had 15 slaughter houses as of December 31, 2020 to process broilers from our commercial farms.

Our core poultry business is complemented by our growing business in downstream retail operations. Our downstream retail operations strategy allows us to diversify our operations. In the consumer food segment, we acquired PT So Good Food, thereby expanding our business into secondary processing, producing value added branded, ready to eat consumer products including chilled and frozen products. We acquired Best Meat and Meat Market to widen our distributor channel direct to the consumer for our processed meat products. Both Best Meat and Meat Market were acquired in October 2019 with retail shops located in Bali, Java and Sumatra.

Our aquaculture business primarily focuses on producing feed for commercially farmed fish and shrimp in Indonesia and also breeds fry shrimp for sale. For the years ended December 31, 2018, 2019 and 2020, we had a total production capacity of approximately 374,000 tons, 382,000 tons and 450,000 tons of aquaculture feed. For the years ended December 31, 2018, 2019 and 2020, revenue from our aquaculture business represented 6.9%, 8.1% and 9.0%, respectively, of our total net sales.

In our beef cattle business, we import cattle from Australia which we fatten to maturity at 90 days before selling them to third parties. In 2020, we processed approximately 45,000 head of cattle per cycle at our four integrated feedlots. Our beef cattle operations contributed 4.5%, 4.1% and 3.0% to our total net sales for the years ended December 31, 2018, 2019 and 2020. In addition to wholesale distribution of beef cattle, we also produce a small amount of processed fresh beef and wagyu beef for domestic consumption.

Sustainability has been important in our operations since our founding 50 years ago. Sustainability is deeply rooted in our values of growing towards mutual prosperity and in what we do every day, which is nourishing millions of people with affordable staple protein foods. We have set up a sustainability committee whose primary role is to drive sustainability within our company and to align our strategies with the United Nations Sustainable Development Goals (“UN SDG”). Three members of our Board of Directors are members of our sustainability committee. To achieve this, we have set up our Sustainability Pillars to guide the implementation of best practices in sustainability across our group. These pillars focus on establishing an efficient production system, developing our people and improving nutrition.

As of December 31, 2020, 94% of our total indebtedness was unsecured.

Our net sales for the years ended December 31, 2018, 2019 and 2020 were Rp36,228.3 billion, Rp38,872.1 billion and Rp36,964.9 billion (US\$2,620.7 million), respectively.

COMPETITIVE STRENGTHS

We are positioned as a well-established market leader in the Indonesian animal protein sector

We are focused on producing poultry meat, the most consumed meat within Indonesia, the most populous nation in Southeast Asia. According to Frost & Sullivan, rapid economic development of the Southeast Asian region is contributing to the increase in consumer prevalence for high protein food, including poultry meat. We are one of the largest companies in the Indonesian poultry feed industry, with market share of nearly 21% in 2019, according to Frost & Sullivan. Competition in the Indonesian poultry feed and breeding business is predominantly domestic, due to strict halal considerations in Indonesia and consumer preference for purchasing fresh chickens in wet markets. We believe that our industrialized and vertically integrated business model, large scale operations, geographic diversification within Indonesia, and strong brand reputation enable us to achieve economies of scale in sourcing, production and distribution. In addition to our strong market position in the poultry industry, we are also one of the leading aquafeed businesses in Indonesia. With the acquisition of PT So Good Food, we believe that we have a comprehensive portfolio of animal protein products across fresh meats and ready-to-eat products. We believe that our national coverage and 50 years of cumulative poultry production experience put us in position to maintain our market position and grow with the industry, given the potential increase in consumption of animal protein in Indonesia.

We have a large-scale industrialized, vertically integrated operational platform with extensive geographical reach

We are the leading integrated poultry producer in Indonesia with a nationwide footprint. Our operations cover the entire poultry process, including poultry feed production, DOC breeding, commercial broiler farming and primary processing. The level of our integration also includes supporting infrastructure of after-sales services and laboratories for testing feed ingredients, changes in farming environment, vaccine research and other distribution-related facilities such as feed packaging material production and a transport operation for DOC delivery.

- *Our industrialized, vertically integrated business model creates efficiencies and facilitates replication, use of superior breeds, and a sophisticated approach to animal husbandry, animal health and nutrition.* Our management believes that large scale standardized approach results in premium quality DOCs and feed conversion ratios that are among the lowest in the industry in Indonesia. The vertical integration of our operations enables us to optimize our operations at

every stage of the production process. For instance, we have the ability to customize our feed formulation to suit the age and type of poultry, together with the right to purchase a superior strain of DOC suited for tropical climate conditions in respect of humidity, heat and disease resistance.

- *Our size and vertically integrated position allows us to achieve a profit margin higher than smaller competitors.* As the second largest Indonesian poultry feed and DOC producer, we achieve significant economies of scale, especially in conjunction with the broader Japfa Group, which allows us to produce quality products at lower costs thereby driving our competitiveness and profitability. Being a vertically-integrated producer, we are also able to capture value at different points in the value chain. Controlling the entire protein food value chain provides us with greater food security and traceability. This is becoming increasingly important in Asia and is a key driver for premium pricing as consumers become more aware of health and safety concerns involving food.
- *Our integrated feed business has been able to deliver resilient performance across cycles.* Underpinned by the ability to effectively pass on adverse currency and commodity price movements, the group core business consistently offers stable profitability.
- *Our extensive geographic reach makes us less susceptible to regional risks and allows us to maintain product quality.* Our nationwide footprint with operations in 76 breeding farms and 30 central hatcheries throughout the Indonesian archipelago makes us less susceptible to risks associated with market shocks or disease outbreaks in one particular region. In addition, because our feedmills and processing facilities are located near our customers, we are able to ensure product freshness and maintain consistent product quality. This wide geographical reach also offers access to both poultry farmers and domestic corn producers.

We maintain a high standard of biosecurity and animal health

We believe that we have one of the most stringent bio-security systems in the animal protein industry. Our biosecurity procedures are implemented with the objective of disease prevention and reducing the number and spread of infectious disease agents in the animal protein production chain. These measures include isolation (the process of keeping our livestock confined and protected in specialized areas), sanitation and disinfection, and traffic control. In addition, we undertake modern farming practices, vaccination and medication, ongoing monitoring, auditing and education of our staff, suppliers and customers. Our biosecurity system also covers our distribution of approximately 2.5 – 3.0 million DOCs daily to poultry farms within Indonesia. In addition, we also monitor the health of our poultry at our own laboratories, which serves as an early disease detection system. Our in-house vaccine R&D and production unit, Vaksindo, improves efficacy and shortens response time to disease outbreaks.

Our industry has significant barriers to entry reinforcing our market leadership position

We commenced our poultry operations in 1975, and since then we have invested in significant amounts of capital expenditure to build our poultry feed operations, processing facilities and supporting infrastructure as well as technology to develop a modern industrialized, vertically-integrated operating platform.

Our nationwide footprint across all of the major islands of Indonesia is a logistical feat given Indonesia's geography as an archipelago, which is a key barrier to entry to defend our current leading market position. In addition, we have the exclusive rights to sell and distribute grandparent stock of high grade Indian River from Aviagen (USA), one of the world's leading poultry genetics companies in Indonesia. We believe that our exclusive contract with Aviagen for the sourcing of grandparent broiler stock with superior genetics tailored for the Indonesian climate provides us with a key advantage over our competitors. Our investment in advanced feed technology further ensures quality control and optimal feed conversion ratios. We believe that implementing such modern farming techniques with superior breeding and genetics allows us to have the best in-class farm management practices and cost-effective model. Furthermore, we are able to standardize our operations via mechanized

production processes and established standard operating procedures which allow for consistency and high quality end product.

Our long track record, strong customer relationships, national distribution network and technological and technical expertise provide us with significant competitive advantages and serve as barriers to entry for companies seeking to enter the Indonesian poultry business. We believe we will be able to maintain our market leadership position in the Indonesian animal protein industry with our extensive investment in breeding, hatchery and logistical infrastructure.

We have a strong brand reputation and customer relationships

We distribute our poultry feed under the brand names “Comfeed” and “Benefeed.”, and “Comfeed” for aquafeed. The two brand names are used for different marketing areas/geographies. Given our long and successful track record of offering quality products and comprehensive customer support services, we believe that both “Comfeed” and “Benefeed” are widely recognized as trusted premium brands with strong value-added attributes. Our commitment to quality extends to all of our other key operations. In poultry breeding, we have the exclusive right to distribute a superior strain of broiler DOC well-suited to the Indonesian climate and consumer taste. In the consumer food segment, we acquired PT So Good Food on November 30, 2020, which has established retail brands known as “So Good” and “So Nice”. In anticipation of growing demand for frozen food, we launched a new retail brand in May 2020 named “Seafood Lovers”.

To support our customer base, we have established an extensive customer service network throughout Indonesia manned by qualified technical and marketing staff who offer a range of support services to help farmers optimize livestock performance. We believe that our leadership position is the result of more than 50 years of relationship and brand building with Indonesian farmers. Our brands are well known throughout the industry and to our customers and offer an excellent value proposition to customers who are looking for quality, consistency and reliability

Our management team is committed and experienced and has a strong track record

Our management team has extensive experience in the animal protein industry, and has a proven track record of guiding the company through various cycles. Members of our core management team led us through the 1997-98 Asian economic crisis, the 2004-2005 Avian influenza epidemic and the 2008 global financial crisis. Our board of commissioners has over 50 years of combined experience in the agricultural industry.

Our management team has shown a strong track record of growth, both organically and through acquisitions and, we believe, is well-positioned to position the company for long-term growth in line with the industry. We also have an experienced workforce and believe we are an employer of choice, which is reflected by our low attrition rate.

We benefit from the strong support from the broader Japfa Group

Our parent company is Japfa Ltd, a leading pan-Asian, industrialized agri-food company listed on the mainboard of the Singapore Exchange Securities Trading Limited. Japfa Ltd has achieved top market positions across multiple protein segments in Indonesia, Myanmar, Vietnam, India, Bangladesh and China. We enjoy significant economies of scale from the procurement volume of raw materials by our centralized group procurement as well as its wide geographic reach providing us with access to specialist corporate expertise, raw material suppliers, genetic companies and global banks.

STRATEGY

Continue to grow in line with the poultry industry and enhance the profitability of our core poultry business in Indonesia

Our poultry feed, breeding and commercial farming operations have been the core of our business since 1982. Our core feed business offers stable profitability, constituting 77% of the Group’s operating

profit before other income, other expense and loss arising from change in fair value of biological assets in FY2020. Despite volatile commodity prices and weakening Rupiah, the Group's feed business has been able to consistently deliver stable gross margins, underscoring the ability to effectively pass on adverse currency and commodity price movements. Our "cost plus" pricing model in our core feed business is a stable segment in our industrialized and vertically-integrated value chain and provides a stable pillar for profitability, even during a market downturn. Furthermore, by focusing on our downstream operations and investing in more slaughterhouses, we also reduce exposure to fluctuating farm gate prices. Commercial farming also helps drive sales volume for feed business. We believe that by strengthening our vertical integration in poultry production, we will be able to capture additional revenue in line with the poultry industry growth and increase our profit margins along the value chain through increased market penetration and cost efficiencies. We have acquired land in Lamongan, East Java for a new feedmill facility, with construction planned to commence in 2022. We are also exploring opportunities to create additional feedmills in other locations.

Downstream retail operations strategy to position the company for long-term growth

Our core poultry business is complemented by our growing business in downstream retail operations. Our downstream retail operations strategy allows us to diversify our operations. In the consumer food segment, we acquired PT So Good Food, thereby expanding our business into secondary processing, producing value added branded, ready to eat consumer products, including chilled and frozen products. Other retail operations that we have acquired include retail meat shops Best Meat and Meat Market to widen our distribution channel directly to the consumer for processed meat products. Both Best Meat and Meat Market were acquired in October 2019 with retail shops located in Bali, Java and Sumatra.

Continue to focus on genetic improvements, improve our production technology, and ensure high quality biosecurity systems

We intend to continue to focus on improving the efficiency of our poultry feed and breeding business by introducing internationally adopted farm management processes and focusing on research and development. Our research and development activities are focused primarily on improving our feed formulation, the survival rate of our DOC and on breeding a superior and high growth poultry breed with improved resistant to disease and suited to Indonesian climatic conditions and consumer preferences.

We continue to strengthen our operational expertise by building strategic alliances with global leaders in breeding research, such as Aviagen for poultry and Hendrix Genetics for shrimp. Hendrix Genetics is a leading supplier of specific pathogen free, genetically improved shrimp broodstock to the Indonesian shrimp industry. Our subsidiary STP, established a joint venture company with Hendrix Genetics on November 10, 2020, PT Kona Bay Indonesia (KBI), to operate a broodstock multiplication center ("BMC") for cultivation of shrimp post larvae into broodstock (ready-to-mate) in Indonesia. KBI will give priority rights of supply to STP of shrimp broodstock (ready-to-mate).

We will continue to be committed to implementing high quality biosecurity measures. Vaksindo, a company engaged in poultry and animal vaccine production that is one of the few companies in Indonesia with the facilities to research the H5N1 virus and other zoonotic diseases. We believe that Vaksindo's technical capacity will continue to provide us with world-leading biosecurity protection measures by means of the most up-to-date vaccine technology, appropriate for the disease profile and market needs in Indonesia. To ensure that farms are able to manage stable production levels, drops in efficiency due to disease are monitored and characterized at the two diagnostic labs located in East and West Java, which are led by an experienced team of veterinarians. These measures have successfully managed disease issues before they progress into outbreaks.

Continue to invest in human capital to support sustainable growth

We reinforce our best-in-class farm management and technical know-how by continuously recruiting and training our employees to industry best-practices. The retention of experienced management further ensures that we have a clear long-term vision of our Company's business. By investing in

human capital and developing the skills of our employees, we ensure that we are providing consistent and high quality products to our customers. We have introduced training programs and human resource development on technical issues, health and safety and best business practices. Between January 1, 2020 and December 31, 2020, we conducted over 90 health and safety training classes for our company divisions, subsidiaries, affiliates and key customer groups. We will continue to develop and implement initiatives for recruiting, developing and retaining top performing employees. We believe our continued investment in human capital will ensure that we remain an employer of choice, which will allow us to retain employees thereby reducing our recruitment costs while enhancing overall productivity.

RECENT DEVELOPMENTS

We are a voluntary supporter of the UN SDG and to achieve our sustainability goals, we have set up our Sustainability Pillars to guide the implementation of best practices in sustainability across our group. These pillars focus on establishing an efficient production system, developing our people and improving nutrition. In 2021 we announced our Sustainability-Linked Bond Framework available at <https://www.japfacomfeed.co.id/investors/sustainability-report>. Information on our website is not incorporated into this Offering Circular and should not be relied upon in determining whether or not to make an investment in the Notes. For further information, see “Sustainability Development Goals.”

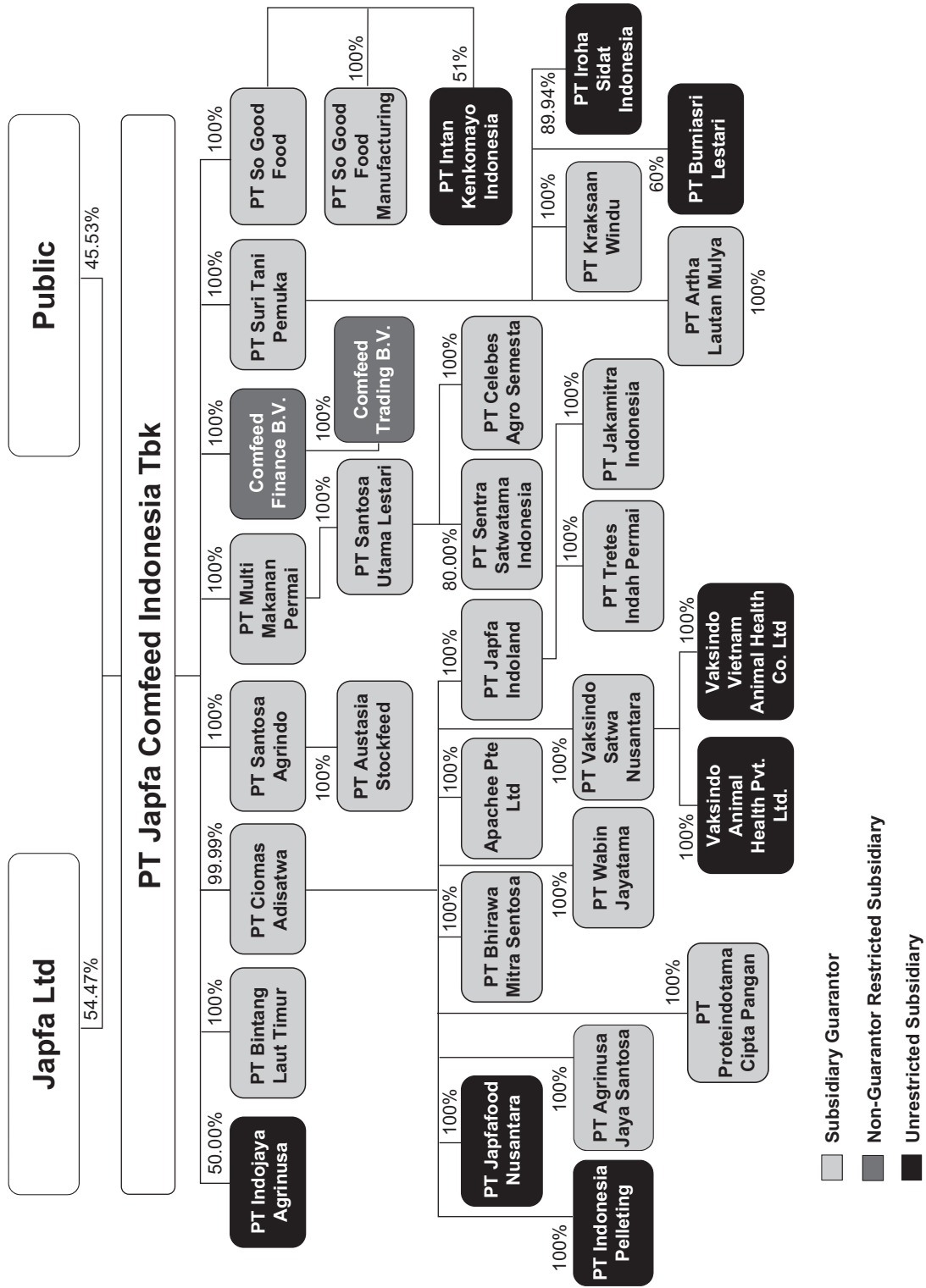
Information on our website is not incorporated into this Offering Circular and should not be relied upon in determining whether or not to make an investment in the Notes. For further information, see “Sustainability Development Goals.”

CORPORATE INFORMATION

Our head office is located at Wisma Millenia, 7th Floor, Jalan MT. Haryono Kav. 16, Tebet Barat, Jakarta, Indonesia and our telephone number at that address is +62 21 2854 5680.

OUR CORPORATE STRUCTURE

The diagram below sets forth the material operating companies in our corporate structure as of December 31, 2020:



SUMMARY OF THE OFFERING

The following is a general summary of the terms of the Notes and the Note Guarantees. This summary is derived from and should be read in conjunction with the full text of the section "Description of the Notes" and the Indenture relating to the Notes. The section "Description of the Notes" and the Indenture prevail to the extent of any inconsistency with the terms set out in this section. Capitalized terms used but not defined in this section have the meanings ascribed to them in the section "Description of the Notes."

Issuer	PT Japfa Comfeed Indonesia Tbk.
Subsidiary Guarantors	PT Bintang Laut Timur, PT Suri Tani Pemuka, PT Artha Lautan Mulya, PT Kraksaan Windu, PT Ciomas Adisatwa, PT Wabin Jayatama, PT Vaksindo Satwa Nusantara, Apachee Pte Ltd, PT Japfa Indoland, PT Tretes Indah Permai, PT Santosa Agrindo, PT Austasia Stockfeed, PT Agrinusa Jaya Santosa, PT Jakamitra Indonesia, PT Bhirawa Mitra Sentosa, PT Multi Makanan Permai, PT Santosa Utama Lestari, PT Sentra Satwatama Indonesia, PT Celebes Agro Semesta, PT Proteindotama Cipta Pangan, PT So Good Food and PT So Good Food Manufacturing, and any other subsidiary of the Company that executes a Subsidiary Guarantee in accordance with the provisions of the Indenture.
Issue	US\$350 million aggregate principal amount of 5.375% Senior Notes due 2026 (the "Notes").
Issue Price	99.460% of the principal amount of the Notes.
Issue Date	March 23, 2021.
Maturity Date	March 23, 2026.
Notes Interest Payment Dates	Interest will be payable semi-annually in arrears on March 23 and September 23 of each year, commencing September 23, 2021, <i>provided that</i> for any interest period commencing on or after the Notes Interest Payment Date immediately following the Step-Up Event, if any, the Rate of Interest shall be increased by 25 bps to 5.625% per annum, in case the Step-Up Event has occurred. An increase in the Rate of Interest may occur no more than once in respect of the Relevant Notes.
Ranking	The Notes will: <ul style="list-style-type: none">• be general obligations of the Company;• be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;• rank at least <i>pari passu</i> in right of payment with all unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);• be guaranteed by the Subsidiary Guarantors on an unsubordinated basis; and• be effectively subordinated to all existing and future obligations of the Non-Guarantor Subsidiaries.

Subsidiary Guarantees The Subsidiary Guarantors will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

The Company will cause each of its future Restricted Subsidiaries, immediately upon becoming a Restricted Subsidiary, to guarantee the payment of the Notes.

The Ranking of the Subsidiary Guarantees

Each Subsidiary Guarantee will:

- be a general obligation of the relevant Subsidiary Guarantor;
- be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- rank at least *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law).

Optional Tax Redemption

Subject to certain exceptions and as more fully described herein, the Notes may be redeemed, in whole but not in part, at the option of the Company, at a redemption price equal to 100% of the principal amount thereof, plus accrued and unpaid interest to the redemption date (plus additional amounts due thereon, if any) if, as a result of certain changes in the laws, treaties, regulations or rulings (or the application or interpretation thereof) affecting taxes of Indonesia, the Company would be required to pay certain additional amounts; provided that where the additional amounts are due as a result of such changes affecting Indonesian taxes, the Notes may be redeemed only in the event that the withholding rate required under Indonesian law or laws is in excess of 20%.

Redemption at the Option of the Company

The Notes may be redeemed, in whole or in part, at the option of the Company at any time on or after March 23, 2024 at the redemption prices set forth herein, together with accrued interest to the redemption date. See “Description of the Notes – Optional Redemption”.

At any time and from time to time prior to March 23, 2024, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more Equity Offerings at a redemption price of 105.375% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date.

The Notes will be redeemable at the Company’s option, in whole but not in part, at any time prior to March 23, 2024,

at a price equal to 100% of the principal amount of the Notes plus a “make-whole” premium.

Redemption upon a Change of Control

Trigger Event Unless the Notes are previously redeemed, repurchased and canceled the Company will, no later than 30 days following a Change of Control make an offer to purchase all outstanding Notes at a purchase price, of 101% of their principal amount together with accrued and unpaid interest, if any.

Certain Covenants We have agreed in the Notes and Indenture governing the Notes to observe certain covenants, including, among other things:

- a limitation on the incurrence of additional indebtedness;
- a limitation on dividends and other restricted payments;
- a limitation on certain asset sales;
- a limitation on the issuance and sale of capital stock of Restricted Subsidiaries;
- a limitation on transactions with affiliates;
- a limitation on the incurrence of liens;
- a limitation on sale/leaseback transactions;
- a limitation on business activities;
- a limitation on our ability to consolidate, merge or sell all or substantially all of our assets; and
- covenants as to the delivery of certain financial statements.

These covenants will be subject to a number of important qualifications and exceptions described in “Description of the Notes – Certain Covenants”.

Events of Default Certain events will permit acceleration of the principal of the Notes (together with all interest and additional amounts accrued and unpaid thereon). These events include default with respect to the payment of principal of, premium, if any, or interest on, the Notes.

Use of Proceeds The net proceeds of the issue of the Notes (after the deduction of fees, commissions, and expenses) are expected to be approximately US\$341.3 million. The Company plans to use the net proceeds primarily to repay the 2022 Notes, capital expenditure, working capital and general corporate purposes. See “Use of Proceeds”.

Selling and Transfer Restrictions The Notes will not be registered under the U.S. Securities Act or under any state securities law of the United States and will be subject to customary restrictions on transfer and resale. See “Plan of Distribution” and “Transfer Restrictions.”

Further Issues	The Company may from time to time without the consent of the Noteholders create and issue further securities having the same terms and conditions as the Notes in all respects so that such further issue shall be consolidated and form a single class with the Notes.
Form, Denomination and Trading of Notes	The Notes will be issued in registered form in the denomination of US\$200,000 each or integral multiples of US\$1,000 in excess thereof and will be initially represented by Global Notes registered in the name of a nominee of the Common Depositary.
Book-Entry	The Notes sold outside the United States in reliance on Regulation S and will be issued in book-entry form through the facilities of Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see “Global Clearance and Settlement”.
Delivery of the Notes	Delivery of the Notes, against payment in same-day funds, is expected on or about March 23, 2021, which the Company expects will be the fifth business day following the date of this Offering Circular, which we refer to as “T+5”. You should note that initial trading of the Notes may be affected by the T+5 settlement. See “Plan of Distribution”.
Global Note	ISIN: XS2313088739 Common Code: 2313088739
Trustee and Principal Paying Agent	The Bank of New York Mellon, London Branch.
Registrar and Transfer Agent	The Bank of New York Mellon SA/NV, Luxembourg Branch.
Sustainability Structuring Agent to the Issuer	PT Life Cycle Indonesia.
Governing Law	The Notes and the Indenture will be governed by, and construed in accordance with, the laws of New York.
Listing	Approval in-principle has been received for the listing of the notes on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Memorandum. Approval in-principle from, admission to the Official List of, and the listing and quotation of any notes on, the SGX-ST are not to be taken as an indication of the merits of us, our subsidiaries and associated companies (if any) or the notes. So long as the notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the global note representing such notes is exchanged for definitive notes in certified form, we will appoint and maintain a paying agent in Singapore, where the notes

may be presented or surrendered for payment or redemption. In addition, in the event that the global note is exchanged for definitive notes in certificated form, an announcement of such exchange shall be made by us or on our behalf through the SGX-ST and such announcement shall include all material information with respect to the delivery of the definitive notes in certificated form, including details of the paying agent in Singapore.

Under the rules of the SGX-ST, the notes if traded on the SGX-ST, are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). The Notes will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Notes are listed on the SGX-ST.

Ratings The Notes have been rated “BB-” by Fitch and “BB-” by S&P. The credit ratings accorded the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See “Risk Factors – Risks Relating to the Notes and the Note Guarantees –The ratings assigned to the Notes and the Company may be suspended, lowered or withdrawn at any time which may adversely affect the market price of the Notes.”

Risk Factors Investment in the Notes involves risks which are described in the “Risk Factors” section of this Offering Circular. See “Risk Factors” beginning on page 16.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

You should read the summary consolidated financial information and operating data presented below in conjunction with our consolidated financial statements and the related notes to these financial statements included elsewhere in this Offering Circular.

The following tables present our summary consolidated financial information and operating data as of the dates and for each of the years and periods indicated. We have derived the summary consolidated statement of comprehensive income and cash flows and other financial data for the years ended December 31, 2018, 2019 and 2020 and our summary consolidated statement of financial position data as of December 31, 2018, 2019 and 2020, in the tables below, from our historical consolidated financial statements as of December 31, 2018, 2019 and 2020 and for the years then ended prepared in accordance with Indonesian FAS, which have been audited by KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountant, as stated in their report appearing herein. Our financial statements have been prepared and presented in accordance with Indonesian FAS, which differs in certain material respects from IFRS; see “Summary of Certain Significant Differences Between Indonesian FAS and IFRS”.

Condensed Statement of Profit or Loss and Other Comprehensive Income

	For the year ended December 31,			
	2018 (as restated)	2019 (as restated)	2020	
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Net sales	36,228.3	38,872.1	36,964.9	2,620.7
Cost of goods sold	(28,342.6)	(31,000.2)	(29,535.7)	(2,094.0)
Gross Profit	7,885.7	7,871.9	7,429.2	526.7
Selling and marketing expenses	(1,387.6)	(1,557.8)	(1,550.0)	(109.9)
General and administrative expenses	(2,927.8)	(3,178.3)	(3,244.2)	(230.0)
Loss arising from change in fair value of biological assets	(34.2)	(2.1)	(23.6)	(1.7)
Other income	335.5	158.4	109.5	7.7
Other expenses	(168.4)	(167.8)	(236.7)	(16.8)
Profit from Operations	3,703.2	3,124.3	2,484.2	176.0
Finance income	82.9	177.2	56.3	4.0
Finance cost	(869.5)	(817.2)	(862.2)	(61.1)
Equity in net income in joint venture	1.5	10.2	0.8	0.1
Profit before Income Tax	2,918.1	2,494.5	1,679.1	119.0
Income tax expense, net	(829.9)	(700.6)	(457.2)	(32.4)
Profit for the year after effect of merging entity's income adjustment	2,088.2	1,793.9	1,221.9	86.6
Other comprehensive income for the year, net of tax	200.7	(41.3)	(179.5)	(12.7)
Total comprehensive income for the year	2,288.9	1,752.6	1,042.4	73.9

Condensed Consolidated Statement of Financial Position

	As of December 31,			
	2018	2019	2020	
	(as restated)	(as restated)	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Assets				
Total Current Assets	13,334.8	12,873.1	11,745.1	832.7
Total Non-Current Assets	11,492.6	13,777.8	14,206.7	1,007.2
Total Assets	24,827.4	26,650.9	25,951.8	1,839.9
Liabilities and Equity				
Total Current Liabilities	7,689.5	7,742.0	6,007.7	425.9
Total Non-Current Liabilities	6,372.2	7,012.1	8,532.1	604.9
Total Liabilities	14,061.7	14,754.1	14,539.8	1,030.8
Equity attributable to the Owners of the Company	10,158.3	11,220.9	10,677.9	757.0
Non-controlling Interests	607.4	675.9	734.1	52.1
Total Equity	10,765.7	11,896.8	11,412.0	809.1
Total Liabilities and Equity	24,827.4	26,650.9	25,951.8	1,839.9

	For the year ended December 31,			
	2018	2019	2020	
	Rp	Rp	Rp	US\$
	(as restated)	(as restated)	Rp	US\$
	(Rp billions and US\$ millions)			
Net cash provided by operating activities	1,845.3	1,891.2	4,099.5	290.6
Net cash used in investing activities	(2,047.2)	(3,148.1)	(1,980.8)	(140.4)
Net cash (used in) provided by financing activities	(345.3)	1,128.4	(1,794.6)	(127.2)
Net increase (decrease) in cash and cash equivalents	(547.2)	(128.5)	324.1	23.0
Cash and cash equivalents at beginning of the year	1,663.5	1,160.4	1,004.3	71.2
Effect of foreign exchange rate changes	44.1	(27.6)	7.5	0.5
Cash and cash equivalents at the end of the year	1,160.4	1,004.3	1,335.9	94.7

	As of or for the year ended December 31,			
	2018	2019	2020	
	Rp	Rp	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions unless otherwise indicated)			
EBITDA ⁽¹⁾	4,461.1	4,139.4	3,886.8	275.5
Net sales	36,228.3	38,872.1	36,964.9	2,620.7
Debt ⁽²⁾	7,614.1	9,197.3	7,919.8	561.4
Net Debt ⁽³⁾	6,453.7	8,193.0	6,583.9	466.7
Cash Interest Expense ⁽⁴⁾	622.1	824.0	879.8	62.4
Capital Expenditure ⁽⁵⁾	2,347.8	3,064.8	1,645.1	116.6
EBITDA Margin (%) ⁽⁶⁾	12.3%	10.6%	10.5%	10.5%
EBITDA/Cash Interest Expense (X) ⁽⁷⁾	7.2	5.0	4.4	4.4
Net Debt/EBITDA	1.45	1.98	1.69	1.69
Debt/EBITDA ⁽⁶⁾ (X)	1.71	2.22	2.04	2.04
Debt/Equity (%)	70.7%	77.3%	69.4%	69.4%
Net Debt/Equity (%)	59.9%	68.9%	57.7%	57.7%

(1) We define EBITDA as gross profit less selling expenses and general and administrative expenses, plus depreciation and amortization for the year, as reported in the financial statements included in this Offering Circular prepared under Indonesian FAS.

	For the year ended December 31,			
	2018	2019	2020	
	As Restated	As Restated	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Gross profit	7,885.7	7,871.9	7,429.2	526.7
(-) Selling expenses	(1,387.6)	(1,557.8)	(1,550.0)	(109.9)
(-) General and administrative expenses	(2,927.8)	(3,178.3)	(3,244.2)	(230.0)
(+) Depreciation and amortization	890.8	1,003.6	1,251.8	88.7
EBITDA	4,461.1	4,139.4	3,886.8	275.5

- (2) We define Debt as short-term bank loans, long term bank loans, bonds payable, lease liabilities, loans to finance the acquisition of fixed assets as of the date of each respective statement of financial position.
- (3) We define Net Debt as Debt less cash and cash equivalents as of the date of each respective statement of financial position.

The following table reconciles our Debt and Net Debt as of the date of each respective the statement of financial position dates:

	2018	2019	2020	2020
	Rp	Rp	Rp	US\$
Short-term bank loans	1,451.4	3,278.0	423.3	30.0
Long-term bank loans	625.4	1,348.8	2,787.0	197.6
Bonds payable	5,531.0	4,563.8	4,641.2	329.0
Leases liabilities	4.9	—	63.7	4.5
Loans to finance acquisitions of fixed assets	1.4	6.7	4.6	0.3
Debt	7,614.1	9,197.3	7,919.8	561.4
Less:				
Cash and cash equivalents	1,160.4	1,004.3	1,335.9	94.7
Net Debt	6,453.7	8,193.0	6,583.9	466.7

- (4) Cash Interest Expense is equal to our interest expense paid during the year as shown as “interest paid” in the cash flow statements.
- (5) Capital expenditure is derived from additional fixed assets during the year.
- (6) EBITDA Margin is calculated as EBITDA during the year divided by net sales during the year,

EBITDA is not a standard measure under Indonesian FAS. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as revenues and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. You should not compare EBITDA presented by us to EBITDA presented by other companies because not all companies use the same definition.

The table below shows the assets and operating profit of our subsidiaries that are not providing a Guarantee (namely the two Non-Guarantor Restricted Subsidiaries and the six Unrestricted Subsidiaries), both in absolute terms and as a percentage of the Company’s total consolidated assets and consolidated operating profit.

	As of or for the year ended December 31, 2020		
	Rp	US\$	As a % of consolidated results
	billions	millions	
Non-guarantor subsidiaries⁽¹⁾			
Total assets ⁽²⁾	2,471.0	175.2	9.5%
Operating profit ⁽²⁾	270.3	19.2	10.3%

(1) Non-guarantor subsidiaries are the following entities: PT Indojoya Agrinusa, PT Indonesia Pelleting, PT Intan Kenkomayo Indonesia, PT Japfafood Nusantara, PT Bumiasri Lestari, PT Iroha Sidat Indonesia, Vaksindo Animal Health Pvt. Ltd., Vaksindo Vietnam Animal Health Company Limited, Comfeed Finance B.V., and Comfeed Trading B.V..

(2) Total assets and operating profit before other income and other expense, net gain/loss arising from the change in fair value of biological assets in 2020 are after intra-group eliminations.

RISK FACTORS

An investment in the Notes involves a number of risks. You should carefully consider all of the information contained in this Offering Circular including the risks described below before deciding to invest in the Notes. Additionally, some risks may be unknown to us and other risks currently believed to be immaterial could turn out to be material. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The market price of the Notes could decline due to any of these risks and you may lose all or part of your investment. The risks described below are not the only ones that may affect us or the Notes.

RISKS RELATING TO OUR OPERATIONS AND THE INDUSTRY

Outbreaks of livestock diseases could have a material adverse effect on our business.

Outbreaks of livestock diseases such as Avian Influenza, Newcastle Disease, Infectious Bronchitis and Infectious Bursal Disease could significantly restrict our ability to conduct our operations. Since 2003, the H5N1 strain of Avian Influenza, or bird flu, which is potentially lethal to humans, has affected poultry flocks and other birds in several countries around the world, including in Indonesia. Avian Influenza is highly contagious among domestic and wild birds and can cause sickness or death of domesticated birds, including chickens, geese, ducks and turkeys. Indonesian governmental authorities have implemented a variety of emergency measures to prevent the further spread of Avian Influenza.

Although, as of the date of this Offering Circular, no cases of Avian Influenza have been reported within our farms or production facilities and although we have an internal biosecurity policy and biosecurity measures in place at all of our farms and production facilities, there can be no assurance that there will not be an outbreak in the future or that our biosecurity measures will be effective in the event of an outbreak.

Previous outbreaks of the H5N1 strain of Avian Influenza in Indonesia have resulted in reduced demand for chickens and the price of DOCs and chicken products we produce and sell. In particular, the initial outbreak of H5N1 strain of Avian Influenza in Indonesia in late 2003 / early 2004 resulted in a reduction in our gross profit for the first quarter of 2004 for our poultry business of approximately 12.4% from the previous comparative period.

As of the date of this Offering Circular, health authorities continue to track outbreaks of avian influenza, with the world health organization reporting regular outbreaks in Asian countries including, China, Taiwan, South Korea, Cambodia and Vietnam. In early 2017, an outbreak of avian influenza in humans was confirmed in China, which was reported to result in severe illness and some deaths. In December 2016 there was an outbreak of a strain of avian influenza in South Korea which required more than 20 million birds to be culled, and in March 2013 there was an outbreak of the H7N9 strain of Avian Influenza in China, which spread to humans and resulted in patient deaths. Annual outbreaks in China have continued through 2017. The strain does not appear to adversely affect the health of birds and, therefore, it is difficult to detect prior to human infection. Although most cases of the H7N9 virus have occurred in China or in people who traveled to China, it is possible that the virus could spread to Southeast Asia and Indonesia, which would directly impact our business.

Any future outbreak of a livestock disease could result in any of the following, all of which could have a material adverse effect on our business:

- the Indonesian government may introduce requirements for us to destroy one or more of our flocks;
- the demand for chickens and the price of DOCs and/or chicken products may decrease significantly;
- one or more of our facilities may be placed in quarantine until the threat of disease spreading is eliminated;
- the importation of grandparent stocks into Indonesia may be prohibited; and/or

- the Indonesian government may introduce restrictions on the movement and/or the sale of our unprocessed chicken products.

We do not maintain insurance to cover the consequences of livestock disease outbreaks, including those cited above, due to the lack of availability of such insurance at commercially reasonable cost in Indonesia. There is also no compensation paid by the government in the event that flocks must be culled. Any outbreak of disease in Indonesia or in neighboring countries, even if there is no outbreak at our facilities, could create adverse publicity and any negative perception by potential customers, government authorities, lenders or general insurance providers could harm us through a loss of customers, new regulations or livestock culling requirements, the failure to obtain financing or the loss of insurance coverage generally. Any of these consequences could have a material adverse effect on our business, financial condition, results of operations and prospects.

We currently source all our grandparent broiler stocks from Aviagen's foreign-based operations (predominantly U.S.). While no cases of Avian Influenza or other livestock diseases have been reported in Aviagen's U.S. based production facilities, there can be no assurance that this will continue to be the case. Outbreaks of Avian Influenza or other livestock diseases in the U.S. may result in Indonesia banning imports of grandparent stocks from affected territories in the U.S. In the event of such outbreaks resulting in imposition of import bans, the cost of breeder flocks of similar quality imported from alternative sources could be higher than the cost of our current supplies. In addition, there can be no assurance that any such alternative supplies would be readily available to meet our requirements or at all. Any long-term interruption in supplies of breeder flocks would have a material adverse effect on our business, financial condition, results of operations and prospects.

In addition, our aquaculture and beef cattle businesses are also vulnerable to diseases and other biological hazards. If disease outbreaks or other biological hazards are not successfully mitigated by the biosecurity measures we have in place, the volume of aqua-feed we produce and the size of our beef cattle may decrease, mortality rates could increase, our stocks could require greater amounts of feed to survive and we may suffer production delays and shortages, which could have a material and adverse effect on our production and/or sales of our products, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business, financial condition and results of operations may be materially and adversely affected by market fluctuations and economic slowdowns in Indonesia and the global economy, particularly as a result of the COVID-19 pandemic.

Our business is subject to global market fluctuations and general economic conditions in Indonesia and the global economy. Any prolonged downturn, recession or other condition that adversely affects our business and economic environment, including the ongoing novel coronavirus strain ("COVID-19") pandemic, could materially and adversely impact our business, financial condition and results of operations. The Indonesian economy has also been severely affected by the global COVID-19 pandemic.

In December 2019, the emergence of COVID-19 was reported in Wuhan, Hubei Province, China, and the virus subsequently spread throughout the world, including Indonesia. On January 30, 2020, the World Health Organization declared COVID-19 a public health emergency of international concern and on March 11, 2020, the World Health Organization declared the outbreak a pandemic. The COVID-19 outbreak is currently having a severe adverse impact on the global economy, including that of Indonesia. Governments of many countries, including Indonesia, have reacted by instituting lockdowns, business shutdowns, quarantines and restrictions on travel. Businesses have also implemented countermeasures and safety measures to reduce the risk of transmission. These measures have caused unprecedented drops in GDP and economic productivity in many countries, including significant increases in levels of unemployment, and have caused significant drops and volatility in stock markets and substantial decreases in the earnings of many corporations. The economic impact of the COVID-19 crisis could continue for an extended period of time.

On March 31, 2020, by virtue of Presidential Decree No. 11 of 2020, the President of Indonesia declared the COVID-19 pandemic a Public Health Emergency (*Darurat Kesehatan Masyarakat*). On April 13, 2020 through Presidential Decree No. 12 of 2020, the President of Indonesia declared the COVID-19 pandemic a National Disaster (*Bencana Nasional*). The Government implemented various

protective measures, including imposing temporary travel restrictions on inbound travelers, closing of certain schools and workplaces, restrictions on religious activities and activities in public places. On February 9, 2021, the national COVID-19 taskforce issues Circular Letter No. 6 of 2021, pursuant to which the Government imposed entry restrictions in respect of international visitors to Indonesia. A number of governments revised GDP growth forecasts downward for 2020, in response to the economic slowdown caused by the spread of COVID-19, and the outbreak of COVID-19 has caused a prolonged and deep global economic crisis or recession. Statistics Indonesia announced that Indonesia's GDP shrank by 2.07% in 2020, following the outbreak of the COVID-19 pandemic. The slowdown in economic growth was largely due to the negative impact on domestic demand as a result of the COVID-19 outbreak, including demand for animal protein, which is generally correlated with levels of discretionary income. There is still significant uncertainty relating to the severity of the near-and long-term adverse impact of the COVID-19 pandemic, whether globally or in Indonesia, causing heightened economic uncertainty and volatile financial market performance. It is possible that the current COVID-19 pandemic will cause a prolonged global economic crisis or recession.

The economic impact of COVID-19 on Indonesia has already been substantial and may increase. The rate of economic growth has slowed, unemployment has increased and is expected to increase, valuations and trading prices of financial and other assets have declined and the Rupiah has depreciated significantly against the U.S. dollar. Initially, the COVID-19 pandemic affected sectors related to travel, such as tourism, hospitality, food and beverage and their subsectors. Subsequently, the pandemic affected a broader set of sectors such as the manufacturing industry. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths as a consequence of COVID-19 worldwide, significantly exceeds that observed during the SARS epidemic that occurred from November 2002 to July 2003. The COVID-19 pandemic has already resulted in a high number of cases and deaths in Indonesia. This pandemic has become more severe and resulted in a more widespread health crisis than that observed during the SARS epidemic, which has in turn resulted in protracted volatility in international markets and/or resulted in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In the medium to long term, if the spread of COVID-19 is prolonged, including if vaccination efforts (which have been identified as being particularly challenging in Indonesia, given its geography) are unsuccessful, it could further adversely affect the economies and financial markets of Indonesia and of many other countries, resulting in an economic downturn that could, among other effects, reduce international trade flows through Indonesia.

As of the date of this Offering Circular, our operations have been significantly disrupted by COVID-19. These disruptions include:

- impact of reduction in demand brought about by local and national lockdowns, including restrictions on the operating hours and dine-in capabilities of restaurants and cafes
- temporary access restrictions at our head office due to local Jakarta regulations
- changes in employee health and safety regulations, and an increase in costs associated with regular checks of employee health such as the preventative rapid testing of all employees for COVID-19
- increased costs associated with disinfection of premises
- an increase in delays by customers on accounts receivable
- impact of changes to supply due to Government – imposed measures including culling regulations through Directorate General of Livestock and Animal Health of the Ministry of Agriculture of the Republic of Indonesia, by issuing several instructions to the poultry industry.

Due to the impact of the COVID-19 pandemic, our revenue for the year ended December 31, 2020 decreased 4.9% compared to the year ended December 31, 2019. From August 2020, in response to the COVID-19 pandemic's effect on demand of final stock (*bibit niaga*), the Directorate General of Livestock and Animal Health of the Ministry of Agriculture of the Republic of Indonesia ("DGLAH") has issued several instructions to control the rate of production of broilers by adjusting the supply of DOC through (i) culling of fertilized 19-day hatching eggs and (ii) culling parent stock older than the age as

referred to in the relevant instruction. The DGLAH could amend those instructions from time to time. This is an effort by the DGLAH to balance the demand and supply dynamics of poultry in Indonesia and has led to widespread culling in the poultry industry. As of the date of this Offering Circular, we have incurred additional expenses by adopting certain measures to prevent further transmission of COVID-19, such as making hand sanitizers available within our facilities, increasing the frequency of disinfection of facilities, testing of our employees for COVID-19 and providing our employees with personal protective equipment, among others. There is no certainty that such measures will be sufficient or that we will not be required to incur additional expenses to address the effect of COVID-19 on our operations.

If the pandemic continues to spread and more restrictive measures are implemented or reimposed by the Government, our business, financial condition, results of operations and prospects may be materially impacted. A further outbreak of COVID-19 or the future outbreak of another contagious or infectious disease or any other serious public health concern in Indonesia may adversely affect our business, financial condition, results of operations and prospects, and our ability to make payments under the Notes. In particular, an incidence or outbreak of COVID-19 at any of our facilities or farms or among any of our employees and staff could require us to shut down parts or all of our operations and could substantially reduce our production volumes and sales, which could have a material adverse impact on our business, financial condition and results of operations. The perception that an outbreak of a contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia, including Indonesia.

As of the date of this Offering Circular, there is significant uncertainty relating to the severity of the near-and long-term adverse impact of the COVID-19 pandemic on the global economy, global financial markets and economy, and we are unable to accurately predict the near-term or long-term impact of the COVID-19 pandemic on our business. To the extent that the COVID-19 pandemic adversely affects our business and operations, it may also have the effect of heightening many of the other risks described in this “Risk Factors” section.

Our business operations and the Indonesian poultry industry in general have been subject to competition investigations and fines and may be subject to continued supervision from the KPPU under the Anti-Monopoly Law.

Recently, the Indonesian Competition Commission (*Komisi Pengawas Persaingan Usaha* or “KPPU”), has progressively increased its regulatory activities in both scope and frequency. As we are one of the biggest players in the Indonesian poultry industry, we are continuously subject to the KPPU’s supervision which is the primary enforcer of antitrust and competition law in Indonesia. The KPPU has the power to impose fines and corrective measures for any violations of Law No. 5 of 1999 on the Prohibition on Monopolistic Practices and Unfair Business Competition (“Anti-Monopoly Law”). In addition, the KPPU has also the power to supervise partnership agreements which we enter into under Law No. 20 of 2008 on Micro, Small and Medium Enterprises (“MSME Law”). The KPPU may also impose fines and corrective measures for any abusive conduct toward the micro, small and medium partners.

In 2015, PT Ciomas Adisatwa, one of our subsidiaries, was subject to an investigation by the KPPU for unfair sub-contracting arrangements with certain local farmers in contravention of Law No. 20 of 2008 on Micro, Small and Medium Enterprises. The investigation ended after PT Ciomas Adisatwa revised its sub-contracting agreements with the farmers to conform to the KPPU’s recommendations.

In addition, in 2015, our subsidiaries, PT Santosa Agrindo and PT Austasia Stockfeed, along with 30 other unrelated companies were found to be in violation of: (i) Article 11 and (ii) Article 19 (c) of the Anti-Monopoly Law. The KPPU held that our subsidiaries had participated in behavior to restrict the supply and distribution of imported cattle. The KPPU concluded that such acts were jointly agreed and resulted in a cattle shortage and increased beef prices for end consumers. Although we argued that the beef price increase was primarily caused by the Government’s policy to decrease the import quota, the KPPU fined our subsidiaries a total of Rp14,281.6 billion. The case is now closed and the decision of the KPPU is final and binding. See “Business – Litigation” for greater details on the case.

In 2016, the KPPU found that we and 10 other unrelated Indonesian companies had violated Article 11 of the Anti-Monopoly Law due to a joint cull of a certain amount of broiler parent stocks by the Company and the other 10 companies. The cull was instructed by the DGLAH to reduce the

oversupply of DOC final stock in the market. The oversupply condition had drastically undercut the price of live birds. In this case, the KPPU imposed fines of Rp25 billion on us. We appealed the KPPU decision and, in 2017, the Supreme Court overturned the KPPU decision and held that the act to carry out the Government's instruction could not amount to a violation of the Anti-Monopoly Law. See "Business – Litigation" for greater details on the case.

The Anti-Monopoly Law has been in the process of amendment for several years to align its provisions with international best practices and may be subject to further amendment; however, any such amendments of the Anti-Monopoly Law could possibly still require several years to pass, as the draft amendment of the Anti-Monopoly Law is not listed as a 2021 priority by the government. Notwithstanding the specific amendment process, in 2020 the Government issued the Omnibus Law, which partially amended the Anti-Monopoly and the MSME Laws. The Omnibus Law (i) removes the capped fines of Rp 25 billion, (ii) removes criminal sanctions for violations of the substantive laws, (iii) increases criminal sanctions for obstruction of justice, and (iv) changes the forum of appeal against KPPU decisions from district courts to the commercial courts.

Recently, the government issued Government Regulation No. 44 of 2021 on the Implementation of Prohibition of Monopolistic Practices and Unfair Business Competition ("GR 44"), as the implementing regulation for the Omnibus Law on competition. GR 44 introduces a new cap, calculation, and criteria of fines. The new cap is tied to either 50% of the relevant company's net profit or 10% of its turnover, both calculated from the relevant market during the violation period. The regulation also removes monetary sanctions and sets criteria for administrative sanctions. First, the sanctions must be proportionate to the degree or impact of the violation. Second, the sanction should ensure business continuity but effective enough to create a deterrence effect. Third and last, the sanction must be based on detailed and concrete reasoning from valid and measurable data. All these factors are elaborated further in the regulation.

Failure to comply with applicable governmental regulations, including licensing and environmental regulations, could harm our operating results, financial condition and reputation.

We hold various licenses and permits issued by various government authorities and regulatory agencies in Indonesia and other jurisdictions, and these licenses and permits are essential for the conduct of our business. See "Business – Regulations and Licenses – Licenses."

These licenses and permits are generally subject to a variety of conditions which are either stipulated within the licenses and permits themselves, or under the particular legislation and/or regulations governing the issuing authorities. The continuation of these licenses and permits may be subject to annual examinations and/or random inspections by the relevant authorities to ensure that our premises comply with all relevant regulations of the issuing authority.

Any breach or material non-compliance with the regulations of the issuing authorities may result in suspension, withdrawal or termination of the relevant licenses and permits, financial penalties or cessation of our operations.

From August 2020, in response to the COVID-19 pandemic's effect on demand of final stock (*bibit niaga*), the DGLAH issued several instructions to control the rate of production of broilers by adjusting the supply of DOC through (i) culling of fertilised 19-day hatching eggs and (ii) culling parent stock older than the age as referred to in the relevant instruction. The DGLAH could amend those instructions from time to time. This is an effort by the DGLAH to balance the demand and supply dynamics of poultry in Indonesia and has led to widespread culling in the poultry industry.

We cannot guarantee that we will be able to renew all necessary licenses and permits in the future or that we will not be subject to suspension, withdrawal or termination of our licenses and permits, despite our best efforts to maintain high standards, and any loss of, or a failure to secure renewal of, a required license or permit or a failure to comply with regulatory changes, could materially and adversely affect our operations, financial performance and results of operations.

We are required to comply with environmental protection, health and safety laws and regulations, in particular related to waste products from our farming sites.

We are required to comply with environmental protection, health and safety laws and regulations. Some of these regulations govern the level of fees payable to government entities providing

environmental protection services and the prescribed standards relating to the discharge of effluent, or liquid waste.

Our DOC farms and our commercial farms are located on large sites which allow us to distance our farming sites and poultry houses from the production sites. The scale of our poultry operations leads to the production of a large quantity of poultry waste, requiring appropriate disposal. We use a proportion of the poultry waste as manure and the remainder is disposed of in accordance with applicable environmental regulations, which we monitor ourselves and report semi-annually to the Indonesian environmental regulatory office. In addition, our aquaculture business operated by our wholly-owned subsidiary, PT Suri Tani Pemuka (“PT STP”) and its subsidiaries, generates effluent as part of the production processes, which is subject to environmental regulation. PT STP’s aquaculture facilities in Simalungun, Lake Toba, North Sumatra require the continued validity of its license to utilize water from Lake Toba for PT STP’s operations. This license was submitted for renewal in November 2015 and, while the license is still valid unless the renewal is rejected, there is no assurance that the renewal will be approved. The approval of the license is pending due to a Government study that is being conducted in respect of Lake Toba to assess it for industrial and tourist purposes.

In 2017, PT STP was involved in a number of proceedings with respect to its tilapia operations at Simalungun, Lake Toba, North Sumatra. All of these were concluded in the Company’s favor. See “Business – Litigation” for further details on these cases.

In general, if we fail to comply with any of the relevant environmental laws and regulations in Indonesia, depending on the type and severity of any violation, we may be subject to, among other things, warnings from relevant authorities, imposition of fines and/or criminal liability, being ordered to close down our business operations and suspension of relevant permits. As a result, our reputation may be harmed and our business, financial condition, results of operations and prospects could be materially and adversely affected. In addition, because laws and regulations are becoming increasingly more stringent both in Indonesia and worldwide (including with regard to environmental and competition laws and regulations), there can be no assurance that we will not be required to incur significant costs to comply with such laws and regulations in the future.

The prices of corn, soybeans and other feed raw materials are subject to fluctuations.

Our poultry feed and aqua-feed businesses are dependent upon the price and availability of raw materials. The single largest component of our cost of goods sold is the cost of raw materials used in the preparation of feed, which accounted for most of the cost of goods sold in the year ended December 31, 2020.

The price and availability of corn and our other raw material requirements can therefore have a significant effect on our cost of goods sold. We source the majority of our corn domestically, although harvest results and domestic availability considerations require us to import a portion of our corn. Under Ministry of Trade Regulation No. 21 of 2018 on Provisions Related to Corn Imports, corn imports for feed must be purchased through the Indonesian Bureau of Logistics (“BULOG”) as opposed to importing it directly. The majority of our soybean meal requirements (which is the second-largest component of our feed) is met by imports. Market prices for corn and soybean meal may be subject to fluctuations resulting from weather, the size of harvests, transportation and storage costs, governmental agricultural policies, currency exchange rates and other factors. Accordingly, we may not be able to negotiate a price for our key raw materials that is acceptable to us.

We do not grow our own corn or other raw materials and do not intend to do so in the near future. Each of these raw materials is a commodity that is priced according to local and international prices. The bulk of the raw materials we procure are purchased on a spot basis, which further exposes us to price fluctuations and we have not entered into any hedging transactions with respect to the raw materials we use in our products. Although we have historically been able to pass on cost increases to our feed business customers, there can be no assurance we will be able to continue doing so in the future. If we are unable to pass on cost increases to our customers and we are unsuccessful in alternatively managing our exposure to the effects of raw material price fluctuations, overall financial performance could be adversely affected.

We have limited long-term contracts in relation to the supply of our raw materials or the sale of our products.

Many of our suppliers are unwilling to enter into long-term supply contracts with us (due, in part, to uncertainty as to future prices and market conditions) and sell to us on a spot basis. We rely heavily upon the strength of our reputation as a market-leader and we believe that our suppliers perceive us as a reliable counterparty. Although we believe that our long-term relationships with local farmers act as an incentive for them to sell their corn crops to us at market prices, there can be no assurance that this will continue in the future. New market players may approach local farmers and seek to procure their corn crops at rates which exceed the prices that we are prepared to offer.

In the event that one or all of our established suppliers were to cease supplying to us, our key raw materials may not be available at a price that is acceptable to us or at all. In addition, we depend on our ability to source raw materials of sufficient quality. Domestically sourced corn, for example, may be fresher than imported corn (which may become wet during transportation) or alternatively, nutrient levels may be higher in imported corn. If we are unable to source corn and other raw materials of sufficient quality, our business could be adversely affected.

Many of our customers operate through purchase orders or short-term contracts. Within our poultry business, we sell approximately half of our final stock DOC and a substantial portion of our feed to our commercial farms. Some of these farmers are unwilling to enter into long-term contracts, preferring the flexibility offered by short-term contractual arrangements. Within our aquaculture business, most of the fish and shrimp feed that we currently produce is sold directly to local farmers and independent distributors located throughout Indonesia. Within our beef cattle business, we either sell live cattle for distribution through wet markets, or to our abattoir for processing into beef products. As many of our arrangements with our customers and suppliers are short-term, there can be no assurance that any or all of our suppliers or customers will continue to do business with us in the future. Although we aim to renew contracts as they expire, there can be no assurance that our suppliers and customers will not seek more favorable terms from one of our competitors. If we are unable to renew our contracts with our suppliers or customers, our business, financial condition, results of operations and prospects could be materially adversely affected.

We may require additional capital in the future in order to continue to grow our business, which may not be available on favorable terms or at all.

Our strategy to grow our business and maintain our market share during periods of growth within the animal protein industry may require us to raise additional funds or refinance our existing debt or for working capital. There can be no assurance that such funds will be available on favorable terms or at all, including due to the impact of the COVID-19 pandemic. Additional debt financing may increase our financing costs and reduce our profitability. Our financing agreements may contain terms and conditions that may restrict our freedom to operate and manage our business, such as terms and conditions that require us to maintain certain pre-set debt service coverage ratios and leverage ratios and require us to use our assets, including our cash balances, as collateral for our indebtedness. If we are unable to raise additional funds on favorable terms or at all as and when required, our business, financial condition, results of operations and prospects could be materially adversely affected.

We depend on our supplier, Aviagen to provide us with high grade grandparent stock for our DOC breeding business.

We import high grade Indian River broiler grandparent stock DOC from Aviagen. Aviagen has operations in Australia, Brazil, the United Kingdom and the U.S.. Pursuant to our contracts with Aviagen, we have the exclusive rights to buy, sell and distribute all Indian River breed of DOC in Indonesia.

Our contracts with Aviagen with respect to the Indian River breed broiler grandparent stock expire on October 30, 2023 and are renewed automatically for repeated terms of five years each. While we have more than 24 years' experience working with Aviagen, there can be no assurance that we will be successful in negotiating our contracts with them in the future. Aviagen may offer terms that are not commercially attractive to us or may otherwise terminate the contracts or refuse to renew. In the event of a supply failure by Aviagen or the cessation of our relationship with them, we cannot assure you that

it would be possible for us to source an alternative supplier of high-grade grandparent stock in a timely manner or at all. Any termination or interruption of our supply relationship with Aviagen could have a material adverse effect on our business, financial condition, results of operations and prospects.

We face significant competition in the businesses in which we operate.

We face competition from other Indonesian producers in the domestic markets in which we sell our products, and large international producers may seek to penetrate the Indonesian market in the future. Key factors affecting our competitiveness include price, product quality, brand identification, breadth of product line, distribution reach and customer service.

As part of our integrated operations, we are able to offer feed and DOC sales in order to provide a fully integrated package of services and products to our farming customers, including technical advice to optimize results, productivity and the competitive advantages of our customers. While we believe that we gain a strategic advantage from the integrated services and solutions that we offer, we cannot guarantee that our integrated services and products will continue to appeal to present and future customers, who may move to new or existing competitors who are able to offer similar products and services more cheaply and individually, as and when required, rather than as part of an integrated operation.

We believe that our primary competitor in the business in which we operate is PT Charoen Pokphand Indonesia, Tbk., which also aims to offer a fully-integrated solution to its customers, and which currently has a larger market share in the poultry breeding and feed production industries.

The poultry breeding and feed production business is particularly competitive. Although we believe that we are one of the market leaders in poultry breeding and feed production, we cannot provide assurance that we will be able to compete successfully with any or all of our competitors in the future. The Indonesian poultry industry is still evolving technologically, particularly in relation to biotechnology improvements in breed selection. The right breed, adjusted to local conditions, can lead to significantly higher profits for farmers due to lower mortality, better growth rates and better feed-to-weight conversion ratios. We exclusively use the Indian River breeds, a breed which has been specially tailored for tropical climate conditions, particularly in relation to tolerance of heat, humidity and resistance to disease. We cannot guarantee that our competitors' suppliers will not offer new poultry breeds in the future, for example, as a result of their research and development activities, that are genetically superior to our breeds and more appealing to customers.

As Indonesia is a predominantly Muslim country, it is important that poultry be slaughtered and maintained in a "halal" manner in accordance with religious requirements. Due to this and other factors including import restrictions, imports of poultry products into Indonesia have historically been relatively low. However, if (i) the import prohibition on chicken parts is repealed or (ii) the regulation prohibiting chicken imports not certified as halal by the Indonesian Council of Religious Scholars is amended, imports of chickens and chicken products would likely increase which would adversely affect our financial performance and results of operations. As an example with respect to beef, the Government in 2017 allowed the importation of frozen buffalo meat from India, which is sold as a cheaper alternative to cattle beef. Any similar changes in the poultry market could adversely affect our financial performance and results of operations. Foreign governments in markets where we export our products may also impose measures that levy quantity restrictions, introduce other non-tariff barriers or impose higher taxes on imports from certain countries that are successfully importing products which are in high demand to protect local producers.

Increased competition may result in price reductions for our products and a loss of market share, greater volatility in our revenues, and damage to our reputation which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

Changes in consumer preferences away from our products or technological advances could materially and adversely affect us.

Changes in consumer preferences away from poultry or negative publicity regarding human consumption of poultry may reduce worldwide demand for our poultry products. Consumer preferences can change for many reasons including changes in nutritional standards, health advisories and general

economic conditions. For example, increased awareness of the impact of animal husbandry (in particular beef cattle) on climate change and global warming could result in a decrease in demand for our products. In addition, in some countries veganism and vegetarianism are becoming increasingly mainstream and non-meat based protein is increasingly widely available. Finally, synthetic or lab-grown meat products have recently received regulatory approval in certain jurisdictions, and could, in the long-run, supplant much of our animal protein business. If such trends are repeated in Indonesian consumer preferences or those of our export markets it could lead to a reduction in demand for our products and have a material adverse effect on our business, financial condition, results of operations and prospects. A reduction in the demand for poultry may in turn adversely affect demand for our poultry feed products.. Similarly, sales of our beef, poultry feed, shrimp feed and fish feed products could be adversely affected by shifts in consumer preferences away from beef, poultry, shrimp or fish, respectively.

Our success depends upon our management team and other key personnel, the loss of any of whom could disrupt our business operations.

We believe that our future success is heavily dependent upon the continued service of our senior management team who have valuable and long-standing experience in the business in which we operate and an important depth of understanding of the demands of our business and our customers' needs. The loss of the services of one or more of our key personnel could impede implementation and execution of our business strategies. We do not carry key person life insurance in respect of any of our employees. While we believe we offer attractive terms of employment, there can be no assurance that we will retain our key management personnel or that we will be able to attract, train or retain qualified personnel in the future. The loss of key management personnel (particularly to one of our competitors) may adversely affect the implementation of our business strategies, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our feed business is exposed to foreign exchange rate fluctuations.

A portion of our cost of goods sold relating to our feed business are denominated in foreign currencies, the bulk of which were U.S. dollar denominated or linked to the U.S. dollar predominantly for soybean meal. The majority of our net sales are denominated in Rupiah. As a result, we are exposed through our feed business to certain amounts of risk in the fluctuation in the exchange rates between the U.S. dollar and the Rupiah. This risk is reduced by the time lag between the time we pay our suppliers for soybean meal and other minor raw materials denominated in U.S. dollars and the time we bill our customers that allows us to pass on any increases in costs that are determined by market conditions.

We actively monitor and hedge our foreign currency exposure, but there is no guarantee that our current hedging strategy will be sufficient to fully protect us from any adverse change in exchange rates. Furthermore, there is no guarantee that in the future, adequate hedges will be available at all or at prices that are commercially reasonable. Any change in exchange rates that we are not protected from by our hedging strategy could have an adverse effect on our business, financial condition, results of operations and prospects, which may impact our ability to make payments on the Notes. See "Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosure about Market Risks – Exchange Rate Risks".

Our strategy of opportunistic growth subjects us to various risks.

We plan to pursue a strategy that, during periods of an increase in demand, includes expanding our core poultry breeding and feed production business into new geographic areas within Indonesia. Our growth strategies may include organic growth through the construction of new facilities, acquisitions of other existing companies engaged in a similar business, as well as companies engaged in the production of other animal proteins. Risks relating to our growth strategy include the following:

- we may face competition to acquire land for expansion or acquisition opportunities, which may limit the number of chances we have to acquire suitable companies and which may lead to higher acquisition prices as we compete for valuable investments.
- we may not be able to integrate new operations, whether organically grown or acquired, with our existing operations;

- we may face increased costs, supply difficulties and competition in obtaining raw materials for our operations;
- we may not be able to hire and retain workers necessary for our expanded operations or may have to pay higher wages for these workers than we expect; and
- unforeseen circumstances and problems relating to our expansion projects may distract our management from focusing on our existing operations.

We cannot assure you that we will be able to identify, acquire, or profitably manage additional businesses or to successfully integrate newly-acquired businesses into our existing business structure without incurring substantial costs, delays or other operational or financial difficulties.

We face certain risks associated with our aquaculture and beef cattle business.

The aquaculture segment of our business represented 9.0% and the beef cattle segment of our business represented 3.0% of our total net sales in the year ended December 31, 2020. Pricing fluctuations in relation to the raw materials for aqua-feed production and beef cattle breeding can impact upon our margins, profitability and the overall financial performance of our aquaculture and beef cattle businesses. Climatic and environmental changes (including pollution) can also jeopardize the viability of beef cattle breeding, resulting in reduced quantity and/or quality or mortality of our beef cattle. Our aquaculture and beef cattle activities also carry the risk of contamination resulting from disease, pollution or other foreign substances.

Any unforeseen social, political or economic events in Indonesia and/or the countries to which we export our value-added shrimp products and beef cattle products could also have a negative effect upon our aquaculture and beef cattle businesses. For example, in the past a number of groups staged protests in Australia in relation to live exports of cattle which resulted in a temporary disruption in the supply of live cattle to Indonesia. Although these protests and disruptions have ceased, there is no guarantee that groups will not stage similar protests in the future. Protests against live cattle exports may also generate negative press about us and beef cattle companies in general. Also, the Government has enacted laws and regulations to (i) allow the importation of frozen buffalo meat from India, which is sold as a cheaper alternative to cattle beef, (ii) restrict the import of beef by requiring importers to maintain a breeder to feeder ratio of 1:5 and (iii) decrease the price of retail fresh beef by setting reference prices. Increased competition and regulations may result in price reductions for our products and a loss of market share, greater volatility in our revenues, and damage to our reputation which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects

Rising energy prices could adversely affect our operating results.

In the past few financial years, energy prices have risen dramatically, which has resulted in increased energy related costs for our feed production activities. The price of oil has a minimal impact on global corn prices. We believe that we are currently able to pass on increases and fluctuations in our operational costs to our customers, through the price of our feed products, within a relatively short timeframe (typically, within two weeks). However, there can be no assurance that rising energy prices may not have an increasingly adverse impact upon our operational costs and that we will be able to pass on increasing and fluctuating operational costs to our customers in the future.

Our insurance coverage may be inadequate.

Our insurance coverage may not adequately protect us from the risks associated with our business. We insure our principal assets against risk of physical loss or damage caused by accident, fire, civil disorder and/or natural disasters. However, we do not have coverage against losses arising from Avian Influenza, as such insurance is not customary, and is unavailable in Indonesia on commercially reasonable terms. In addition, there can be no assurance that we will be able to continue to maintain our existing insurance coverage or obtain insurance policies on economically viable terms. If we were to suffer a loss that is not adequately covered by insurance, our business, financial condition, results of operations and prospects could be materially adversely affected. See “Business – Insurance”.

RISKS RELATING TO INDONESIA

We are incorporated in Indonesia and all of our officers are based in Indonesia, while most of our commissioners and directors are based in Indonesia. All of our operations and all of our assets are located in Indonesia. As a result, future political, economic and social conditions in Indonesia, as well as certain actions and policies the Government may take or adopt, or omit from taking or adopting, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Political and social instability in Indonesia may adversely affect the economy, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

Following the collapse of President Suharto's regime in 1998, Indonesia has experienced a process of democratic change. Despite Indonesia successfully conducted its first free elections for parliament and president in 1999, as a new democratic country, Indonesia continues to face various socio-political issues and has, from time to time, experienced political instability and social and civil unrest.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, former President Yudhoyono and current President Widodo as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy and the American-led military campaigns in the middle-east. Although these demonstrations were generally peaceful, some have turned violent.

Other protests regarding elections occurred when Indonesia's Electoral Commission (*KPU*) formally announced the results of the 2019 presidential election, and it was confirmed that the incumbent President Joko Widodo won the presidential polls with 55.5% of the total votes. The result triggered allegations of electoral fraud. Thousands of supporters of the opposing candidate, Prabowo Subianto, then held a rally in front of the Elections Supervisory Agency's (*Bawaslu*) headquarters on Jl. Thamrin in Central Jakarta on May 21, 2019, calling for the disqualification of Joko Widodo from the presidential election. The rally ended with a riot on May 22, 2019 in Central Jakarta. Further, the opposing party has challenged the election result in the Constitutional Court with allegations of fraud, resulting in political uncertainty and instability in Indonesia. The Constitutional Court rejected the appeal in relation to the presidential election result on July 27, 2019.

Further, in September 2019, the House of Representatives (*Dewan Perwakilan Rakyat*) planned to enact a draft Indonesian criminal code and a draft anti-corruption law which was met by a series of protests and rallies rejecting the draft laws. The protestors argued that the draft criminal code contained several articles that would potentially threaten civil liberty and contradict several Constitutional Court decisions. The draft anti-corruption law was also rejected by the protestors on the grounds that the draft law has onerous requirements that would essentially hinder the eradication of corruption. Following several rallies on September 30, 2019, a riot took place during which several police stations and public property were destroyed. Due to the controversy surrounding the draft laws and series of rallies, the Government agreed to postpone the enactment and further revise the draft laws.

Political and related social developments in Indonesia have been unpredictable in the past. There can be no assurance that this situation or future sources of discontent will not lead to further political and social instability. Social and civil disturbances could directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Notes

Indonesia is subject to significant geological risk that could lead to social unrest and economic loss.

The Indonesian archipelago is one of the most volcanically active regions in the world. Because Indonesia is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis, or tidal waves. In recent years, a number of natural disasters have occurred in Indonesia, including major earthquakes,

which resulted in tsunamis and volcanic activity. In addition to these geological events, Indonesia has also been struck by other natural disasters such as heavy rains and flooding. All of the above resulted in loss of life, the displacement of large numbers of people and widespread destruction of property. More recently, throughout the first week of January 2020, heavy and persistent rainfall caused severe flooding in and around Jakarta which killed at least 66 people and displaced nearly 400,000 people.

While these events did not have a significant economic impact on the Indonesian capital markets, the Government has had to expend significant amounts of resources on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. However, such aid may not continue to be forthcoming, and may not be delivered to recipients on a timely basis. If the Government is unable to deliver foreign aid to affected communities in a timely manner, political and social unrest could result. Any such failure on the part of the Government, or declaration of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, impacting our operations of us and our customers and suppliers, thereby materially and adversely affecting our businesses, financial condition, results of operations and prospects.

Future geological occurrences could significantly impact the Indonesian economy. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our businesses, financial condition, results of operations and prospects.

Terrorist attacks and terrorist activities, and certain destabilizing events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business and/or property.

Terrorist attacks and associated military responses have resulted in substantial and continuing economic volatility and social unrest in the world. In Indonesia during the last several years there have been various terrorist attacks in Indonesia directed towards the Government, foreign governments and public and commercial buildings frequented by foreigners, which have killed and injured a number of people. For example, on May 13, 2018 and May 14, 2018, multiple bombings occurred in several churches and a police station in Surabaya, East Java, killing at least 28 people and injuring at least 57 people.

There can be no assurance that further terrorist acts will not occur in the future. Any of the foregoing events including damage to our infrastructure or that of our suppliers and customers, could materially and adversely affect international financial markets and the Indonesian economy, interrupt parts of our business and materially and adversely affect our financial condition, results of operations and prospects.

Domestic, regional or global economic changes may adversely affect our business.

Indonesia's economy was significantly affected by the Asian financial crisis of 1997. The crisis was characterized in Indonesia by, among other effects, currency depreciation, a significant decline in real gross domestic product ("GDP"), high interest rates, social unrest and extraordinary political developments.

Indonesia and other ASEAN countries, along with developing market countries globally, have been negatively affected by the unprecedented financial and economic conditions in developed markets. Although the Government has taken many steps to improve these unprecedented conditions, with the aim of maintaining economic stability and public confidence in the Indonesian economy, continuation of these unprecedented conditions may negatively impact economic growth, the Government's fiscal position, the Rupiah's exchange rate and other facets of the Indonesian economy. In addition, the Government continues to have a large fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile with poor liquidity, and the banking sector suffers from high levels of non-performing loans. If the economy continues to be volatile or declines, Indonesia's economic growth, its fiscal position, the Rupiah's exchange rate and other facets of its economy may be negatively affected.

Any changes in the regional or global economic environment that result in a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility

in the Indonesian financial markets and inhibit or reverse the growth of the Indonesian economy. Any such increased volatility, slowdown or negative growth in the global economy, including the Indonesian economy, may materially and adversely affect our business, financial condition and results of operations. In particular, the Indonesian economy continues to be disrupted by the current COVID-19 pandemic. Given the rapidly changing implications of the spread of COVID-19, it is difficult to assess the full nature and extent of the impact that the outbreak will have on the Indonesian economy.

The current global economic situation could further deteriorate or have a greater impact on Indonesia and our business. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations, and on our ability to pay interest on, and repay the principal of, the Notes. In addition, a loss of investor confidence in the financial systems of emerging and other markets may cause increased volatility in the financial markets, including the Indonesian financial markets and a slowdown in economic growth or negative economic growth in Indonesia or elsewhere in the world. The cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads. Commercial banks and capital markets investors have implemented stringent control on lending and investments. We may experience working capital constraints and limited borrowing abilities. Our financial condition may deteriorate significantly if we are unable to obtain adequate capital from our operations or other available sources. We cannot assure you that developments in the financial markets, turbulence in the global markets or slowdowns in Indonesia and the Asia Pacific Region economies and prolonged declines in business and consumer spending will not have a material adverse effect on our business, financial condition, results of operations or prospects.

Regional autonomy may adversely affect our business through imposition of local restrictions, taxes and levies.

Indonesia is a large and diverse nation covering a multitude of ethnicities, languages, traditions and customs. During the administration of the former President Soeharto, the Government controlled and exercised decision-making authorities on almost all aspects of national and regional administration, including the allocation of revenues generated from extraction of national resources in the various regions. This control led to a demand for greater regional autonomy, in particular with respect to the management of local economic and financial resources. In response to such demand, the Indonesian Parliament in 1999 passed Law No. 22 of 1999 regarding Regional Autonomy (“Law No. 22/1999”) and Law No. 25 of 1999 regarding Fiscal Balance between the Central and the Regional Governments (“Law No. 25/1999”). Law No. 22/1999 has been revoked by Law No 23 of 2014 regarding Regional Government Law (“Law No. 23/2014”) as amended by Government Regulation in lieu of Law No. 2 of 2014 regarding Amendment of Law No. 23/2014, which was further amended by the Law No. 2 of 2015 and Law No. 9 of 2015 on Regional Autonomy. Law No. 25/1999 has been revoked and replaced by Law No. 33 of 2004 regarding the Fiscal Balance between the Central and the Regional Governments (“Law No. 33/2004”). Under these regional autonomy laws, regional autonomy was expected to give the regional governments greater powers and responsibilities over the use of “national assets and resources” and to create a balanced and equitable financial relationship between central and regional governments. However, under the pretext of regional autonomy and with the presence of the Law No. 28 of 2009 on Local Taxes and Levies, Law No. 23 of 2014 on Local Government and Constitution Court Decision No. 46/PUU-XII/2014, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the Government. Our business and operations are located in various locations in Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

Depreciation or volatility in the value of the Rupiah may adversely affect our business, financial condition, results of operations and prospects.

Our results of operations can be affected by fluctuations in exchange rates, in particular by depreciation or appreciation of the Rupiah against the U.S. dollar. The Rupiah to U.S. dollar exchange rate (based on the middle exchange rate announced by Bank Indonesia) was Rp.14,481 = US\$1.00 as of December 31, 2018 and Rp.13,901 = US\$1.00 as of December 31, 2019. Although the Rupiah has appreciated considerably from its low point of approximately Rp.17,000 per U.S. dollar in January 1998, the Rupiah continues to experience significant volatility. In particular, the Rupiah significantly weakened against the U.S. dollar during the first half of 2020, depreciating by 19.8% from an exchange

rate (based on the middle exchange rate announced by Bank Indonesia) of Rp.13,662 = US\$1.00 as of January 31, 2020 to Rp.16,367 = US\$1.00 as of March 31, 2020, before appreciating to Rp.14,302 = US\$1.00 as of June 30, 2020, primarily as a result of the current COVID-19 pandemic, see “– Our business, financial condition and results of operations may be materially and adversely affected by market fluctuations and economic slowdowns in Indonesia and the global economy, particularly as a result of the COVID-19 pandemic.”

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to persons outside of Indonesia and may not conduct certain transactions with non-residents). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. We cannot assure you that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the US dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful. Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategy. Any of the foregoing consequences could have a material adverse effect on our business, financial conditions, results of operations and prospects.

Downgrades of credit ratings of Indonesia and Indonesian companies could adversely affect us and the market price of the Notes.

As of the date of this Offering Circular, Indonesia’s sovereign foreign currency long-term debt is rated “Baa2” by Moody’s (upgraded from “Baa3” on April 14, 2018), “BBB” by Fitch (upgraded from “BBB-” on December 20, 2017) and “BBB” by S&P (upgraded from “BBB-” on May 31, 2019). These ratings reflect an assessment of the Government’s overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due and are an improvement over the sovereign ratings granted by these international credit rating agencies to Indonesia following the 1997 financial crisis.

Any downgrade to credit rating of Indonesia or Indonesian companies could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could have a material adverse effect on us.

Labor laws and regulations in Indonesia and labor unrest may materially adversely affect our results of operations.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the Government issued Law No. 21 of 2000 regarding Labor Union (the “Labor Union Law”). The Labor Union Law permits employees to form unions without intervention from an employer, the government, a political party or any other party. On March 25, 2003, President Megawati enacted Law No. 13 of 2003 regarding Employment (the “Labor Law”) which, among other things, increased the amount of severance, pension, medical coverage, life insurance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires companies with 50 or more employees establish bipartite forums with participation from employers and employees. The Labor Law also requires a labor union to have participation of more than half of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and order the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labor strikes.

The Labor Law also prohibits an employer from paying an employee below the minimum wage stipulated annually by the provincial or regional/city government. The minimum wage is generally determined according to the need for a decent living standard and taking into consideration the productivity and growth of the economy. However, there are no specific provisions as to how to determine the amount of the yearly minimum wage increase, and implementation varies from region to region making compliance cumbersome. For example, in January 2020, the provincial government of DKI Jakarta, through the Governor of DKI Jakarta Province Regulation No. 10 of 2020, increased the minimum wage of DKI Jakarta province for 2020 from Rp3,940,972 (full amount) per month to Rp4,276,349 (full amount) per month, a 8.51% increase, which was increased to Rp3,355,750 (full amount) per month starting from January 1, 2020. In addition to directly increasing wages for lower level employees, these minimum wage increases indirectly apply upward pressure on the wages of higher level employees over time. Any increase in minimum wage in Indonesia could have a material adverse effect on the Company's business, cash flows, financial condition and prospects. The recent change in social security program from "Jamsostek" to "BPJS" in accordance with Law No. 24 of 2011 on Social Security Administrator also increased costs to the group, and any further changes to social security arrangements could have an adverse effect on the Company's business, cash flow, financial condition and prospects

On November 2, 2020, Law No. 11 of 2020 concerning Job Creation (the "Job Creation Law") was enacted. The Job Creation Law represents effort from the Government to comprehensively amend or revoke numerous sectoral laws and regulations with the goal to create job opportunities and improve Indonesia's investment eco-system. The changes amend several provisions in the Labour Law on the termination of employment and the amount of severance pay. As implementation of the Job Creation Law, the Government recently issued Regulation No. 35 of 2021 on Fixed-Term Employment Agreement, Outsourcing, Working Hours and Time-off, and Termination of Employment ("GR 35/2021") as the implementation regulation of the Job Creation Law, which regulates further on the compensation made for the termination on the Fixed-Term Employment Agreement (*Perjanjian Kerja Waktu Tertentu/PKWT*). Based on GR 35/2021, the employer must now pay compensation when a Fixed-Term Employment Agreement expires.

Labor unrest and activism in Indonesia could disrupt our operations, our suppliers or contractors and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Jakarta or other stock exchanges and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Notes.

Indonesian accounting standards differ from those in other jurisdictions.

Our financial statements are prepared in accordance with Indonesian FAS, which differ from IFRS. As a result, our financial statements and reported earnings could be different from those which would be reported under IFRS. This Offering Circular does not contain a reconciliation of our financial statements to IFRS, and there can be no assurance that such reconciliation, if performed, would not reveal material differences. See "Summary of Significant Differences Between Indonesian FAS and IFRS."

RISKS RELATING TO THE NOTES AND THE NOTE GUARANTEES

It may be difficult or impossible for Noteholders to pursue claims under the Notes or the Note Guarantees due to considerable discretion and uncertainty of the Indonesian legal system.

Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply within the jurisdictions of the United States, the European Union or other countries. Neither the rights of debtors nor the rights of creditors under Indonesian law are as clearly established or recognized as under legislation or judicial precedent in the United States and most European Union member states. In addition, under Indonesian law, debtors may have rights and defenses to actions filed by creditors that these debtors would not have in jurisdictions with more established legal regimes such as those in the United States and the European Union member states.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published.

Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian law depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit or may not be decided upon a legal and factual analysis of the issues presented in a case, and as a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources.

In addition, under the Indonesian Civil Code, although a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor's assets prior to the obligee exercising its rights under the related guarantee, a guarantor may be able to argue successfully that the guarantor can nonetheless require the obligee to exhaust such remedies before acting against the guarantor. No assurance can be given that an Indonesian court would not side with us or a Subsidiary Guarantor on this matter, despite the express waiver by Company and a Subsidiary Guarantor of this obligation in the Note Guarantees.

Furthermore, on September 2, 2013, the holders of notes issued by BLD Investments Pte. Ltd. and guaranteed by PT Bakrieland Development Tbk. ("Bakrieland"), under a trust deed governed under English law, filed a suspension of debt payment petition with the Commercial Court of the Central Jakarta District Court on several grounds, including that Bakrieland had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their put option under the terms of the notes. In its decision dated September 23, 2013, the Commercial Court of the Central Jakarta District Court ruled, among other things, that (i) the trust deed relating to the notes was governed by English law, (ii) that all disputes arising out of or in connection with the trust deed must be settled by English courts and (iii) as a result, the Jakarta commercial court does not have the authority to examine and adjudicate this case.

As a result of the foregoing, it may be difficult for Noteholders to pursue a claim against us or the Subsidiary Guarantors in Indonesia, which may adversely affect or eliminate entirely the ability of the Noteholders to obtain and enforce a judgment against us or the Subsidiary Guarantors in Indonesia or increase the costs incurred by Noteholders in pursuing, and the time required to pursue, claims against us or the Subsidiary Guarantors in Indonesia.

Indonesian companies have filed suits in Indonesian courts to invalidate transactions with structures that included guarantees by Indonesian companies and have brought legal action against lenders and other transaction participants; moreover, such legal action has resulted in judgments against these defendants, invalidating all obligations under the applicable debt instruments and allowing affirmative recoveries from the lenders in excess of the amounts borrowed.

In several cases in Indonesian courts, Indonesian companies that had defaulted on notes and other debt incurred through offshore financing entities using a structure that included guarantees by other Indonesian companies, have successfully sued creditors and other transaction participants. In these proceedings, the plaintiff companies have obtained, among other relief:

- a declaration that the entire debt obligation is null and void;
- disgorgement of prior payments made to holder the notes on the notes;
- damages from lenders and other transaction participants in amounts exceeding the original proceeds of the debt issued; and
- injunctions prohibiting holders of notes from enforcing rights under the transaction documents and trading in the notes.

Published reports, including those court decisions that are available, do not provide a clear factual basis or legal rationale for these judgments. In reaching these decisions, however, the courts have not appeared to follow the contractual selection of non-Indonesian law as the governing law. These courts have in certain instances barred the exercise of any remedies available to the investors anywhere in the world.

In a June 2006 decision that was released in November 2006, the Indonesian Supreme Court affirmed a lower court judgment involving PT Indah Kiat Pulp & Paper Tbk. (“Indah Kiat”), an Indonesian listed company, as plaintiff and various parties as defendants that invalidated US\$500 million of notes issued through an offshore offering structure. The decision involved an Indonesian listed Company, Indah Kiat, as plaintiff and various parties as the defendants using a Dutch subsidiary of Indah Kiat and guaranteed by Indah Kiat. The Indonesian Supreme Court upheld the decisions of a District Court and High Court in Indonesia in favor of Indah Kiat. The Indonesian courts ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the Indah Kiat notes) committed a tort (*perbuatan melawan hukum*) by entering into the transaction, and therefore the issuance of the notes was declared null and void. The courts nullified the notes by reasoning that the *contracts made in relation to the notes were signed without any legal cause, and so did not meet the provision of Article 1320 of the Indonesian Civil Code which requires a legal cause as one of the elements for a valid agreement. The Indonesian courts accepted the plaintiff’s argument that Indah Kiat acted both as a debtor and as a guarantor of the same debt even though in the facts of the case Indah Kiat International Finance Company B.V. (Indah Kiat’s Dutch subsidiary established for the purpose of the issuance of the notes) was the issuer of the notes and Indah Kiat was the guarantor of such notes. The Indonesian courts also ruled that the establishment of Indah Kiat International Finance Company B.V. was unlawful as it was intended to avoid Indonesian withholding tax payments.*

On August 19, 2008, the Supreme Court granted a civil review (*peninjauan kembali*) and annulled the June 2006 Supreme Court decision. The Indonesian Supreme Court in its civil review decision stated that Indah Kiat has failed to prove that the transaction is an act of legal manipulation that caused damages to Indah Kiat. Therefore, the Supreme Court concluded that the defendants did not commit any unlawful act. Further, the Supreme Court is of the view that it was clear that the money borrowed by Indah Kiat from Indah Kiat International Finance Company B.V. originated from the issuance of notes, as evidenced in the recital of the relevant loan agreement and thus the claim that the whole transaction was a manipulation of law had no merit. Moreover, with regard to the validity and enforceability of the security documents, the Supreme Court stated that the security agreements would prevail as long as the underlying agreements were still valid and binding. On the tax issues, the civil review decided that the Supreme Court had misapplied the tax law as it did not prohibit tax saving, and thus the claim relating to tax was annulled. The Supreme Court also stated that for certain New York law governed agreements in the transaction (such as the indenture, the loan agreement, the amended and restated loan agreement and the underwriting agreement), the claim should be brought to the appropriate court in the state of New York and not a District Court of Indonesia.

Despite the decision described above, the Indonesian Supreme Court in March 2009 refused a civil review (the “March 2009 Decision”) of a judgment by the District Court of Kuala Tungkal, South Sumatra, which invalidated US\$550 million of notes issued by APP International Finance Company B.V. (“APPC”) and guaranteed by PT Lontar Papyrus Pulp & Paper Industry (“Lontar Papyrus”), a sister corporation of Indah Kiat. Although the Indonesian Supreme Court’s official judgment is not publicly available, Lontar Papyrus’ legal arguments in its lower court case were substantially similar to those made by Indah Kiat and rejected by the Indonesian Supreme Court in its August 2008 Decision. The Indonesian Supreme Court’s refusal to grant a civil review effectively affirmed and made final the lower court’s decision to invalidate the transaction documents and Lontar Papyrus’s guarantor obligations under the notes. The Indonesian Supreme Court reasoned that the loan agreement between APPC and Lontar Papyrus and the indenture with respect to the notes required revisions in order to comply with Indonesia’s prevailing laws and regulations and that because Lontar Papyrus had repaid in full the loan from APPC, it had no outstanding legal obligations as debtor under the loan agreement with APPC or as guarantor under the indenture. Lontar Papyrus and Indah Kiat are subsidiaries of Asia Pulp & Paper Company Ltd., and their original lower court cases against their creditors were filed at approximately the same time. While the lower court decisions in certain of these cases have been annulled by the Indonesian Supreme Court, as in the August 2008 Decision, the Indonesian Supreme Court has taken a contradictory view in the March 2009 Decision.

Further to the Indah Kiat case, the Indonesian Supreme Court decided in September 2011 (the “September 2011 Decision”) to refuse a civil review of a decision by the District Court of Bengkalis (whose judgment was the subject of the Indonesian Supreme Court’s June 2006 Decision and August 2008 Decision), which invalidated the notes issued by Indah Kiat BV. The facts and legal claims presented by Indah Kiat BV were substantially the same as those made by Indah Kiat in the lower court cases that were the subject of the June 2006 Decision. The September 2011 Decision specifically noted that the Indonesian Supreme Court chose to not consider its August 2008 Decision despite such substantially similar facts and legal claims. The Indonesian Supreme Court’s refusal to grant civil reviews of the lower court decisions in the September 2011 Decision effectively affirmed the decision of the District Court of Bengkalis and such decision is now final and not subject to further review.

There is also an instance where the Indonesian court, through a suspension of payment proceedings, failed to acknowledge noteholders as creditors of the parent guarantor. On December 8, 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that noteholders were not creditors of PT Bakrie Telecom Tbk (“Bakrie Tel”) for purposes of its court-supervised debt restructuring, known as a PKPU (the “Bakrie Tel PKPU”). Bakrie Tel, an Indonesian telecommunications company, is the guarantor of US\$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge’s determination that the relevant creditor of Bakrie Tel in respect of the US\$380 million notes was the issuer subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU. As a result, only the issuer subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee. See “Risk Factors – Risks Relating to the Notes and the Note Guarantees – Indonesian companies have filed suits in Indonesian courts to invalidate transactions with structures that included guarantees by Indonesian companies and have brought legal action against lenders and other transaction participants; moreover, such legal action has resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and allowing affirmative recoveries from the lenders in excess of the amounts borrowed.”

Similar to the Bakrie Tel PKPU case, another Indonesian company, PT Trikonsel Oke Tbk (“Trikonsel”), in early 2016 was entered into a suspension of payment obligation (PKPU) under the Law No. 37 of 2004 regarding Bankruptcy and Suspension of Obligation for Payment of Debts (the “Indonesian Bankruptcy Law”) regime. The PKPU administrators were reported to reject claims that arose from the company’s two Singapore-dollar bonds and took the stance that the trustees did not have any standing to make claims on behalf of the bondholders. Further, they asserted that only individual noteholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on the restructuring plan. On September 28, 2016, the PKPU process was settled between Trikonsel and its creditors through the establishment of a composition plan (rencana perdamaian), which was approved by certain bondholders and then ratified by the Jakarta Commercial Court. Based on an announcement from Trikonsel, under the composition plan, the bondholders of the two of Singaporean Dollar bonds may be required to convert their notes into new shares to be issued by Trikonsel, thereby extinguishing the bonds.

Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as in common law jurisdictions such as the United States and the United Kingdom. This means that while lower courts are not bound by Indonesian Supreme Court decision, such decisions have persuasive effect. However, we cannot assure you that a court would not issue a decision similar to the September 2011 Decision with respect to the validity and enforceability of the Guarantees or grant any additional relief, which in each case would be adverse to the interests of Noteholders. We cannot assure you that the Indonesian Supreme Court and lower Indonesian courts will not invalidate the Notes, the Guarantees and other transaction documents, or that you will be able to enforce your rights in Indonesia, where most of the Subsidiary Guarantors’ assets are located. In addition, in jurisdictions where courts recognize such Indonesian court decisions, holders of the Notes may also be unable to enforce their rights under the Notes, the Guarantees or other transaction documents, or have recourse to any Subsidiary Guarantor’s assets. Holders of the Notes may have no

effective or practical recourse to any assets or legal process in Indonesia to enforce their rights against the Subsidiary Guarantors.

Noteholders may be exposed to affirmative judgments by Indonesian courts against them in amounts exceeding the value of the notes held by them. In addition, in jurisdictions where courts recognize Indonesian court decisions, non-Indonesian courts may enforce such judgments against the assets of Noteholders as well as other parties such as underwriters and trustees located outside of Indonesia.

The terms of the Notes and the Note Guarantees will contain covenants limiting our financial and operating flexibility.

Covenants contained in the documentation relating to the Notes will restrict our ability and that of any Restricted Subsidiary to, among other things:

- incur or guarantee additional indebtedness and issue certain redeemable or preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to our shares, or the shares of our Restricted Subsidiaries;
- prepay or redeem subordinated debt or equity;
- make certain investments and capital expenditures;
- create encumbrances or restrictions on the payment of dividends, or other distributions, loans or advances to and on the transfer of assets to us or any of our Restricted Subsidiaries;
- enter into sell, lease or transfer certain assets, including stock of Restricted Subsidiaries;
- enter into sale and leaseback transactions;
- engage in certain transactions with certain shareholders and affiliates;
- enter into unpermitted business or engage in prohibited activities; and
- consolidate or merge with other entities.

All of these covenants are subject to the limitations, exceptions and qualifications described in “Description of the Notes – Certain Covenants”. These covenants could limit our ability to pursue our growth plan, restrict our flexibility in planning for, or reacting to, changes in our business and industry, and increase our vulnerability to general adverse economic and industry conditions. We may also enter into additional financing arrangements in the future, which could further restrict our flexibility.

Any defaults of covenants contained in the Notes may lead to an event of default under the Notes and the Indenture and may lead to cross-defaults under our other indebtedness. No assurance can be given that the Company will be able to pay any amounts due to Noteholders in the event of such default, and any default may significantly impair the Company’s ability to pay, when due, the interest of and principal on the Notes and our, and any Subsidiary Guarantor’s, ability to satisfy our obligations under the Note Guarantees.

We may incur additional indebtedness, which could further exacerbate the risks described herein.

Subject to restrictions in the Indenture governing the Notes, we may incur additional indebtedness, which could increase the risks associated with our existing indebtedness. If we incur any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share ratably with the Noteholders in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of the Company or a Guarantor. This may have the effect of reducing the amount of proceeds paid to the Noteholders. Covenants in agreements

governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. The degree to which we will be leveraged in the future could have important consequences for the Noteholders, including, but not limited to, (i) increasing our vulnerability to, and reducing our flexibility to respond to, general adverse economic and industry conditions, (ii) requiring the dedication of a substantial portion of cash flow from operations to the payment of principal of, and interest on, our indebtedness, thereby reducing the availability of such cash flow to fund working capital, capital expenditures, acquisitions, joint ventures or other general corporate purposes, (iii) limiting flexibility in planning for, or reacting to, changes in our business, the competitive environment and the industries in which we operate and (iv) limiting our ability to borrow additional funds and increasing the cost of any such borrowing. Any of these or other consequences or events could materially and adversely affect our ability to satisfy debt obligations, including the Notes and the Note Guarantees.

In addition, we could be in default of financial covenants contained in agreements relating to our future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities and the Indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our financial condition and results of operations and our ability to satisfy our obligations under the Notes. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources” and “Description of the Notes”.

The interest of our principal shareholders may conflict with the interest of Noteholders, and they may take actions that are not in, or may conflict with, the interest of the Noteholders.

As of the date of December 31, 2020, 54.47% of our outstanding shares were held by Japfa Ltd. For information relating to the ownership of our shares, see “Principal Shareholders”. Japfa Ltd may be able to effectively control matters certain requiring approval by our shareholders, depending on participation at our shareholder meetings. Circumstances may arise in which Japfa Ltd interests or the interests of associated companies may conflict with your interests as a Noteholder.

From time to time, we enter into, and we may enter into, transactions with entities controlled by any of our principal shareholders and other related parties. As of December 31, 2018, 2019 and 2020, the outstanding amounts owed by us was Rp1,881.4 billion, Rp1,637.4 billion and Rp1,608.1 billion, respectively. See “Related Party Transactions” for a summary of our existing transactions with related parties. Although any transaction that we undertake with related parties must comply with the rules of Indonesian Financial Services Authority or *Otoritas Jasa Keuangan* (“OJK”) and the IDX, we cannot

assure you that any amounts we may pay in these transactions would necessarily reflect the prices that would be paid by an independent third party.

Enforcing your rights under the Notes or the Note Guarantees across multiple jurisdictions may prove difficult.

The Notes will be issued by the Company and guaranteed the Subsidiary Guarantors. We and most of the Subsidiary Guarantors are incorporated under the laws of Indonesia. The Notes, the Note Guarantees and the Indenture will be governed by the laws of the State of New York. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Indonesia and the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under the Notes and the Note Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Indonesia and the United States may be materially different from, or be in conflict with, each other and those with which you may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes and the Note Guarantees in the relevant jurisdictions or limit any amounts that you may receive.

It may not be possible for you to effect service of process or to enforce judgment of a foreign court on the Company or the Subsidiary Guarantors in Indonesia.

We and most of the Subsidiary Guarantors are limited liability companies incorporated in Indonesia operating within the framework of Indonesian laws relating to investment, and all or a substantial portion of the Company's and each Subsidiary Guarantor's assets are located in Indonesia. Most of the Company's commissioners, directors and executive officers reside in Indonesia. It may be difficult for investors to effect service of process upon the Company or its directors.

We have been advised that judgments of non-Indonesian courts are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. Our Indonesian legal advisors have also advised us that there is doubt as to whether Indonesian courts will recognize judgments in original actions brought in Indonesia courts based only upon the civil liability provisions of the securities laws of other countries. In addition, an Indonesian court may refuse to hear an original action based on securities laws of other countries. As a result, Noteholders would be required to pursue claims against us or some Subsidiary Guarantors or our or their respective commissioners, directors and executive officers in Indonesian courts.

The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of Noteholders in the same manner or to the same extent as would courts in more developed countries outside of Indonesia.

The Note Guarantees may be challenged under applicable financial assistance, insolvency or fraudulent transfer laws, which could impair the enforceability of the Note Guarantees.

Under Indonesian Bankruptcy Law, fraudulent transfer laws, financial assistance, insolvency or unfair preference or similar laws in Indonesia, where we and the Subsidiary Guarantors are incorporated and where all of our and their significant assets are currently located (as well as under the law of certain other jurisdictions to which in certain circumstances we or a Subsidiary Guarantor may be subject), the enforceability of the Note Guarantees may be impaired if certain statutory conditions are met. In particular, the Note Guarantees may be voided, or claims in respect of the Note Guarantees could be subordinated to all other debts of such Subsidiary Guarantor, if at the time that such Subsidiary Guarantor incurred the indebtedness evidenced by, or when it gives, its Note Guarantee, it:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the Note Guarantee in a position which, in the event of such

Guarantor's insolvency, would be better than the position the beneficiary would have been in had the Note Guarantee not been given;

- received less than reasonably equivalent value or fair consideration for the incurrence of such Guarantee;
- received no commercial benefit;
- was insolvent or rendered insolvent by reason of such incurrence;
- was engaged in a business or transaction for which such Subsidiary Guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The test for insolvency, the other particular requirements for the enforcement of fraudulent transfer law, and the nature of the remedy if a fraudulent transfer is found, may vary depending on the law of the jurisdiction which is being applied. Under the laws of Indonesia, it would also be necessary for the directors to ensure that such Subsidiary Guarantor is solvent immediately after entry into, and performance of any obligation under, the transaction, that:

- it will be able to satisfy its liabilities as they become due in the ordinary course of its business; and
- the realizable value of the assets of such Subsidiary Guarantor will not be less than the sum of its total liabilities other than deferred taxes, as shown in the books of account, and its capital.

The directors are required to ensure that the issued capital of such Subsidiary Guarantor is maintained and that, after the giving of the Note Guarantee, such Subsidiary Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

If a court voided the Note Guarantee, or held the Note Guarantee unenforceable for any other reason, then the Noteholders would cease to have a claim against such Subsidiary Guarantor based upon such Note Guarantee, and would solely be creditors of the Company. If a court subordinated the Note Guarantee to other indebtedness of such Subsidiary Guarantor, then claims under such Note Guarantee would be subject to the prior payment of all liabilities (including trade payables). We cannot assure you that there would be sufficient assets to satisfy the claims of Noteholders after providing for all such prior claims.

The Notes will be unsubordinated indebtedness of us but will effectively be subordinated to any of our secured obligations to the extent of the assets serving as security therefor.

As of the date hereof all of our borrowing, except those of PT Indojoya Agrinusa, are unsecured. We may also be able to borrow substantial additional indebtedness, including senior debt, in the future under the terms of the Indenture.

Claims of the secured creditors of the Company and the Guarantors will have priority with respect to the assets securing their indebtedness over the claims of Noteholders. Therefore, the Notes and the Note Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Company and the Guarantors, respectively, to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Company or the Guarantors that has secured obligations, holders of secured indebtedness will have prior claims to the assets of the Company or the Guarantors that constitute their collateral. The Noteholders will participate ratably with all holders of the unsecured indebtedness of the Company or the Guarantors, and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Company or the Guarantors. In the event that any of the secured indebtedness of the Company or the Guarantors becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Company's and the Guarantors' assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or Note Guarantees. As a result, Noteholders may receive less than holders of secured indebtedness of the Company and Guarantors.

We may be subject to future bankruptcy, insolvency and similar proceedings in Indonesia or other jurisdictions, which may delay or prevent payment on the Notes.

Under the Indonesian Bankruptcy Law, a creditor that sees that its debtor will not be able to continue to pay its debts when they become due and payable, or a creditor that predicts that a debtor will be unable to pay its debts when they become due and payable, may file for suspension of debt payment with the Commercial Court of the Central Jakarta District Court. Under the Indonesian Bankruptcy Law, a suspension of debt payment proceeding takes priority over a bankruptcy proceeding and must be decided first. As such, a suspension of debt payment proceeding will effectively postpone any bankruptcy proceeding. As a result, creditors are unlikely to receive any payment during the course of the suspension of debt payment proceeding (with the exception of secured creditors subject to certain conditions) and the bankruptcy estate may be insufficient to fully settle their claims.

In addition, during the suspension of debt payment proceeding, the debtor may propose a composition plan to its creditors. Such composition plan, if approved at a creditors' meeting and ratified by the Commercial Court of the Central Jakarta District Court, will be binding on all unsecured creditors and on secured creditors that voted for the composition plan, and the suspension of debt payment proceeding will end. The debtor can then continue its business and service its debt in accordance with such composition plan. The secured creditors that did not attend the creditors' meeting or vote on the plan are not bound by the plan and are entitled to enforce their security interests.

As a composition plan, if approved, is approved by majority of the creditors on a collective basis, it may not be in the best interest of any particular creditor. If a Guarantor becomes a debtor in a bankruptcy proceeding or a suspension of debt payment proceeding in Indonesia, we may file for suspension of debt payment with a proposed composition plan which may not be satisfactory to you. If such composition plan is approved, it will be binding on you. See "Risk Factors – Risks Relating to the Notes and the Note Guarantees – Indonesian companies have filed suits in Indonesian courts to invalidate transactions with structures that included guarantees by Indonesian companies and have brought legal action against lenders and other transaction participants; moreover, such legal action has resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and allowing affirmative recoveries from the lenders in excess of the amounts borrowed" for further information regarding the case involving the suspension of debt payment.

If we are unable to comply with the restrictions and covenants contained in the Indenture governing the Notes and the Note Guarantees or in future debt agreements, an event of default could occur under the terms of such agreements or the Indenture, which could cause repayment of our debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Indenture or our future debt agreements, there could be an event of default under the terms of such agreements. If an event of default occurs under these agreements, the holders of the debt could terminate their commitments to lend to us, accelerate the debt and declare all amounts borrowed due and payable or terminate the agreements, as the case may be.

Furthermore, the Indenture contains, and future debt or other agreements may contain, cross-acceleration or cross-default provisions. As a result, our default under one debt agreement may cause the acceleration of other debt agreements, including the Notes, or result in a default under our other debt agreements, including the Indenture. If any of these events occur, we cannot assure Noteholders that our assets and cash flow would be sufficient to repay our indebtedness in full, or that we would be able to find alternative financing. Even if we could obtain alternative financing, we cannot assure Noteholders that it would be on terms that are favorable or acceptable to us.

We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control as required by the Indenture governing the Notes.

Upon a Change of Control (as defined in the Indenture governing the Notes), we must make an offer to repurchase all outstanding Notes. Pursuant to this offer, we must repurchase the outstanding Notes at 101% of their principal amount plus accrued and unpaid interest, if any, up to the date of repurchase. See "Description of the Notes – Repurchase of Notes Upon a Change of Control". However, we may

not have enough available funds at the time of any Change of Control to make repurchase of tendered outstanding Notes. Our failure to make the offer to repurchase or repurchase tendered Notes would constitute an Event of Default (as defined in the Indenture). This Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If such other debt were accelerated, we may not have sufficient funds to repurchase the Notes and repay the debt.

In addition, the definition of Change of Control for purposes of the Indenture governing the Notes does not necessarily afford protection for the Noteholders in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancings, restructurings or other recapitalizations, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings and the Noteholders. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of “all or substantially all” of our properties or assets and our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition under applicable law. Accordingly, our obligation to make an offer to repurchase the Notes, and the ability of a Noteholder to require us to repurchase the Notes pursuant to the offer, as a result of a highly leveraged transaction or a sale of less than all of our assets, may be uncertain.

The Trustee may request holders of the Notes to provide an indemnity and/or security and/or pre-funding to its satisfaction.

Where the Trustee is bound under the provisions of the Indenture and the Notes to act at the request or direction of the Noteholders, the Trustee shall nevertheless not be so bound unless first indemnified and/or provided with security and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable and all costs, charges, damages, expenses and liabilities which it may incur by so doing. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions, notwithstanding the provision of an indemnity or security or pre-funding, in breach of the terms of the Indenture or the Notes and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the holders of the Notes to take such actions directly.

The ratings assigned to the Notes and the Company may be suspended, lowered or withdrawn at any time which may adversely affect the market price of the Notes.

The ratings assigned to the Notes and the Company may be suspended, lowered or withdrawn entirely in the future. The Notes have been assigned a rating of “BB-” by S&P and “BB-” by Fitch and the Company has been assigned a rating of “BB-” by S&P and “BB-” by Fitch. The ratings assigned to the Notes address our ability to perform our obligations under the terms of the Notes and the credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform Noteholders of any such revision, downgrade or withdrawal. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes may adversely affect the market price of the Notes.

An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected.

Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue such market making activity at any time without notice. We cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market were to develop, the Notes could trade at prices that may be lower than their initial offering price. The liquidity of any market for the Notes depends on many factors, including:

- the number of Noteholders;
- the interest of securities dealers in making a market in the Notes;

- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- our financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. We have received approval in-principle for the listing of the Notes on the SGX-ST. However, no assurance can be given that we will be able to obtain or maintain such listing or that, if listed, a trading market will develop. We do not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. The Notes may not be publicly offered, sold, pledged or otherwise transferred in any jurisdiction where registration may be required. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a Noteholder's ability to dispose of the Notes.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Note Guarantees have not been registered under, and we are not obligated to register the Notes or the Note Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Transfer Restrictions". We have not agreed to or otherwise undertaken to register the Notes or the Note Guarantees (including by way of an exchange offer), and we have no intention to do so.

Your investment in the Notes may subject you to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than U.S. dollars, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollars relative to the currency by reference to which you measure your returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes.

Current OJK regulations may restrict our ability to issue additional debt securities.

In April 2020, OJK Regulation No. 17/POJK.04/2020 on Material Transactions and Change of Core Business was issued, which replaced the previous regulation issued in 2011 (the "Material Transactions Regulation"). This regulation is applicable to publicly listed companies in Indonesia and their unlisted consolidated subsidiaries. Pursuant to the Material Transactions Regulation, each borrowing and lending in one transaction or a series of related transactions for a particular purpose or activity having a transaction value of 20% to 50% of the publicly listed company's equity, as determined by the latest audited annual financial statements, the limited review or audited quarterly financial statements, or any other audited interim financial statements, must be announced to the public and the listed company must also prepare an appraisal report. The announcement relating to the material transaction must be made to the public in IDX's website and the publicly listed company's website and the submission of supporting documents must be made to OJK no later than the end of the second business day after the material transaction is executed. The announcement to the public and submission to OJK are required to include a summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company's financial condition, a summary of the appraisal report (including its purpose, the parties involved, the assumptions, qualifications and methodology used in the appraisal report and a fairness opinion on the transaction), which must not be dated more than six months prior to the date of the material transaction, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending, non-affiliated and conflict of interest statement from the Board of Directors and

the Board of Commissioners, and statement from the Board of Commissioners stating that all of material information has been disclosed and are true. Publicly listed companies must submit evidence of an announcement as referred to above, including the independent appraisal report to OJK at the latest by the end of the second business day after the announcement is made.

For a material transaction (in this case borrowing and lending) with a value in excess of 50% of a company's equity, it must also obtain shareholders' approval whereby shareholders holding more than half of all shares with valid voting rights are present or represented, and more than half of such shareholders present or represented approve the transaction, in addition to fulfilling the appraisal disclosure requirements. If in the future we decide to issue additional debt securities other than through public offering, and the amount issued exceeds the 50% threshold, we would be required to obtain shareholders' approval, as well as a new appraisal report. In addition, if the material transactions which requires shareholders' approval contain affiliated party transaction and/or conflict of interest transaction, independent shareholders' approval is required. There is no assurance that we would be able to obtain the approval of our shareholders or a favorable appraisal report in order to issue such additional debt securities. This requirement could limit our ability to finance our future operations and capital needs or pursue business opportunities and activities that may be in our interest, which could materially and adversely affect our business, financial condition, results of operations and prospects.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will initially only be represented by one or more Global Notes in registered form and deposited with a common depository for the accounts of Euroclear and Clearstream. Interests in the Global Notes (as defined in "Global Clearance and Settlement") will trade in book entry form only, and Notes in definitive registered form, or definitive registered Notes, will be issued in exchange for book entry interests only in very limited circumstances. Owners of book entry interests will not be considered owners of the Notes or Noteholders. The common depository for Euroclear and Clearstream will be considered the sole holder of the Global Notes representing the Notes. Payments of principal, interest and other amounts owing on or in respect of the Global Notes representing the Notes will be made to the Principal Paying Agent which will make payments to the common depository for Euroclear and Clearstream, which will distribute such payments to participants in accordance with the procedures of Euroclear and Clearstream, respectively. After payment to the common depository for Euroclear and Clearstream, we will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book entry interests. Accordingly, if you own a book entry interest, you must rely on the procedures of Euroclear and Clearstream, and if you are not a participant in Euroclear or Clearstream, on the procedures of the participant through which you own your interest, to exercise any rights and obligations of a Noteholder under the Indenture.

Unlike the Noteholders themselves, owners of book entry interests will not have the direct right to act upon our solicitations for consents, requests for waivers or other actions from the Noteholders. Instead, if you own a book entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear or Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis. Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

The Notes may not be a suitable investment for all investors seeking exposure to assets with sustainability characteristics.

Although the Notes will be issued as sustainability-linked notes, with interest rate relating to the Notes subject to an upward adjustment if the Sustainability Performance Target is not met (as set out in the Description of the Notes) the Notes may not satisfy an investor's requirements or any future legal, quasi legal or other standards for investment in assets with sustainability characteristics.

In addition, the Step-Up Event (as defined in the Description of the Notes) in respect of the Notes depends on definitions of the Sustainability Performance Target (as defined in the Description of the

Notes), that may be inconsistent with investor requirements or expectations. We have not obtained any third-party analysis of such definitions or how such definitions relate to any sustainability-related standards.

There can be no assurance meeting the Sustainability Performance Target as to the extent to which we will be successful in or that any future investments we make in furtherance of these targets will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact.

Although the interest on the Notes will be subject to an upward revision if the Sustainability Performance Target is not met, the failure to meet the targets will not be an Event Default nor will we be required to repurchase or redeem any Notes in such circumstances by reason only of the failure to meet the Sustainability Performance Target.

The Notes are not being marketed as “green bonds”, “social bonds” or “sustainability bonds” as the net proceeds of the issue of the Notes will be used repay our 5.5% senior notes due 2022, capital expenditure, working capital and general corporate purposes, which may include the refinancing of existing indebtedness.

The Notes are not being marketed as “green bonds”, “social bonds” or “sustainability bonds” as the net proceeds of the issue of the Notes will be used for repay our 5.5% senior notes due 2022, capital expenditure, working capital and general corporate purposes.

In addition, the payment of additional interest upon the occurrence of a Step-Up Event will depend on us meeting, or not meeting, the Sustainability Performance Target, which may be inconsistent with or insufficient to satisfy investor requirements or expectations. Prospective investors in the Notes should have regard to the information set out herein and must determine for themselves the relevance of such information for the purpose of any investment in the Notes, together with any other investigation such investor deems necessary.

There is currently no market consensus on what precise attributes are required for a particular project, activity or performance target to be defined as “green”, “social” or “sustainable”, and therefore no assurance is or can be given to investors by us, the Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Advisors or the External Verifier that the Notes will meet any or all investor expectations regarding the Notes or our sustainability performance target qualifying as “green”, “social”, “sustainable” or “sustainability-linked” or that any adverse environmental, social and/or other impacts will not occur in connection with us striving to achieve our Sustainability Performance Target or the use of the net proceeds from the offering of Notes.

No assurance or representation is given by the Issuer, the Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Advisors or the External Verifier as to the suitability or reliability for any purpose whatsoever of any opinion, report, certification or validation of any third party in connection with the offering of the Notes or the Sustainability Performance Target to fulfill any green, social, sustainability, sustainability-linked and/or other criteria. Any such opinion, report or certification is not, nor shall it be deemed to be, incorporated in and/or form part of the Offering Memorandum.

Providers of opinions, certifications and validations in connection with the offering of the Notes or the Sustainability Performance Target are not currently subject to any specific regulatory or other regime or oversight. Any such opinion or certification is not, nor should be deemed to be, a recommendation by us, the Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Advisors, the External Verifier or any other person to buy, sell or hold Notes. Noteholders have no recourse against us, any of the Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Advisors or the provider of any such opinion or certification for the contents of any such opinion or certification, which is only current as at the date it was initially issued. Prospective investors must determine for themselves the relevance of any such opinion, certification or validation and/or the information contained therein and/or the provider of such opinion, certification or validation for the purpose of any investment in the Notes. Any such opinion or certification will not be incorporated into, and will not form

part of, this Offering Memorandum. Any withdrawal of any such opinion or certification or any such opinion, certification attesting that we are not complying in whole or in part with any matters for which such opinion, certification or validation is opining on or certifying on may have a material adverse effect on the value of the Notes and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

Although we intend to meet the Sustainability Performance Target, there can be no assurance of the extent to which we will be successful in doing so, that we may decide not to continue with the Sustainability Performance Target or that any future investments we make in furtherance of the Sustainability Performance Target will meet investor expectations or any binding or non-binding legal standards regarding sustainability performance, whether by any present or future applicable law or regulations or by our own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact. Our efforts in achieving the Sustainability Performance Target may further become controversial or be criticized by activist groups or other stakeholders.

Achieving the Sustainability Performance Target will require us to expend significant resources, while not meeting any such targets would result in increased interest payments and could expose us to reputational risks.

Achieving the Sustainability Performance Target will require us to construct nine water recycling facilities. As a result, achieving the Sustainability Performance Target will require us to expend significant resources.

In addition, if we do not meet the Sustainability Performance Target, this would not only result in the obligation to pay additional interest on the Notes, but could also harm our reputation, the consequences of which could, in each case, have a material adverse effect on our business prospects, financial condition or results of operations.

Our ability and autonomy to calculate the Key Performance Indicators

We calculate our Key Performance Indicators as described under our Sustainability-Linked Financing Framework.

Though subject to review / assurance by a qualified independent third party, these evaluations are made internally, i.e. by us, based on broadly accepted standards and reported externally. The standards and guidelines on which such Key Performance Indicators are based may change over time and investors should be aware that the way in which we calculate our Key Performance Indicators may also change over time.

Noteholders are exposed to risks relating to Singapore taxation

The Notes to be issued are intended to be issued as “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore (“ITA”), subject to the fulfillment of certain conditions more particularly described in the section “Taxation – Singapore Taxation”.

However, there is no assurance that the Notes will be or continue to be “qualifying debt securities” or that the tax concessions in connection therewith will apply throughout the tenure of the Notes should the relevant tax laws be amended or revoked at any time.

USE OF PROCEEDS

We expect the net cash proceeds from the offering and issue of the Notes as described herein, after deducting underwriting discounts and other estimated expenses related to the offering and issue of the Notes, to be approximately US\$341.3 million.

We will use the net proceeds of the offering of the Notes primarily to repay our 5.5% senior notes due 2022 (the “2022 Notes”), capital expenditure, working capital and general corporate purposes.

The foregoing represents our current intentions and our best estimate of our allocation of the net proceeds of the Offering based upon our current plans and estimates regarding our anticipated expenditures. We may find it necessary or advisable to use portions of the net proceeds for other business related purposes.

CAPITALIZATION

The table below sets forth our consolidated capitalization and indebtedness as of December 31, 2020 and as adjusted to account for (i) the repayment of the 2022 Notes and (ii) this offering (see “Use of Proceeds”). This information has been partially extracted from our consolidated financial statements as at December 31, 2020.

You should read this table in conjunction with our consolidated financial statements and the related notes to the financial statements included elsewhere in this Offering Circular and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Use of Proceeds.”

	Actual (audited)		As adjusted (unaudited)⁽¹⁾	
	Rp billions	US\$ millions	Rp billions	US\$ millions
Short-term bank loan	423.3	30.0	423.3	30.0
Long-term bank loan	2,787.0	197.6	2,787.0	197.6
Bonds payable				
Rupiah II Sustainable Bonds	1,147.3	81.3	1,147.3	81.3
US\$ Senior Notes due 2022	3,493.9	247.7	—	—
Notes offered hereunder ⁽³⁾	0	0.0	4,814.0	341.3
Others ⁽²⁾	68.3	4.8	68.3	4.8
Total Debt	7,919.8	561.4	9,239.9	655.0
Equity				
Capital Stock				
Subscribed and paid-up capital	1,879.5	133.2	1,879.5	133.2
Additional paid-in capital	1,148.1	81.4	1,148.1	81.4
Treasury stock	(80.0)	(5.7)	(80.0)	(5.7)
Retained earnings	7,770.4	551.0	7,738.4	548.6
Cashflow hedges	1.2	0.0	1.2	0.0
Difference arising from transactions with non-controlling interest	(100.7)	(7.1)	(100.7)	(7.1)
Performance Share plan reserve	32.2	2.3	32.2	2.3
Exchange differences on translating foreign operations	27.2	1.9	27.2	1.9
Total Equity Attributable to Owners of the Company	10,677.9	757.0	10,645.9	754.6
Non-controlling interest	734.1	52.1	734.1	52.1
Total Equity	11,412.0	809.1	11,380.0	806.7
Total Capitalization	19,331.8	1,370.5	20,619.9	1,461.7
Cash and cash equivalents	1,335.9	94.7	2,624.0	186.0

(1) After issuance of the Notes and repayment of the 2022 Notes. The remaining proceeds are reflected in cash and cash equivalents to be used for capital expenditure, working capital and general corporate purposes.

(2) Others include lease liabilities and loans to finance the acquisition of fixed assets.

(3) Gross proceeds (US\$350,000,000) minus bond discount and estimated bond issuance costs.

Except as disclosed or contemplated in this Offering Circular, there has been no material change in our capitalization since December 31, 2020.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

You should read the selected consolidated financial information and operating data presented below in conjunction with our consolidated financial statements and the related notes to the financial statements included elsewhere in this Offering Circular.

The following tables present our selected consolidated financial information and operating data as of the dates and for each of the years and periods indicated. We have derived the selected consolidated statement of comprehensive income and cash flows and other financial data for the years ended December 31, 2018, 2019 and 2020 and our selected consolidated statement of financial position data as of December 31, 2018, 2019 and 2020, in the tables below, from our historical consolidated financial statements as of December 31, 2018, 2019 and 2020 and for the years then ended, prepared in accordance with Indonesian FAS, which have been audited by KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants, as stated in their report appearing herein. Our financial statements have been prepared and presented in accordance with Indonesian FAS, which differs in certain material respects from IFRS, see “Summary of Certain Significant Differences Between Indonesian FAS and IFRS.”

Condensed Statement of Profit or Loss and Other Comprehensive Income	For the year ended December 31,			
	2018 (as restated)	2019 (as restated)	2020	
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Net sales	36,228.3	38,872.1	36,964.9	2,620.7
Cost of goods sold	(28,342.6)	(31,000.2)	(29,535.7)	(2,094.0)
Gross Profit	7,885.7	7,871.9	7,429.2	526.7
Selling and marketing expenses	(1,387.6)	(1,557.8)	(1,550.0)	(109.9)
General and administrative expenses	(2,927.8)	(3,178.3)	(3,244.2)	(230.0)
Loss arising from change in fair value of biological assets	(34.2)	(2.1)	(23.6)	(1.7)
Other income	335.5	158.4	109.5	7.7
Other expenses	(168.4)	(167.8)	(236.7)	(16.8)
Profit from Operations	3,703.2	3,124.3	2,484.2	176.0
Finance income	82.9	177.2	56.3	4.0
Finance cost	(869.5)	(817.2)	(862.2)	(61.1)
Equity in net income in joint venture	1.5	10.2	0.8	0.1
Profit before Income Tax	2,918.1	2,494.5	1,679.1	119.0
Income tax expense, net	(829.9)	(700.6)	(457.2)	(32.4)
Profit for the year after effect of merging entity's income adjustment	2,088.2	1,793.9	1,221.9	86.6
Other comprehensive income for the year, net of tax	200.7	(41.3)	(179.5)	(12.7)
Total comprehensive income for the year	2,288.9	1,752.6	1,042.4	73.9

Condensed Consolidated Statement of Financial Position	As of December 31,			
	2018	2019	2020	
	(as restated)	(as restated)	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Assets				
Total Current Assets	13,334.8	12,873.1	11,745.1	832.7
Total Non-Current Assets	11,492.6	13,777.8	14,206.7	1,007.2
Total Assets	24,827.4	26,650.9	25,951.8	1,839.9
Liabilities and Equity				
Total Current Liabilities	7,689.5	7,742.0	6,007.7	425.9
Total Non-Current Liabilities	6,372.2	7,012.1	8,532.1	604.9
Total Liabilities	14,061.7	14,754.1	14,539.8	1,030.8
Equity attributable to the Owners of the Company	10,158.3	11,220.9	10,677.9	757.0
Non-controlling Interests	607.4	675.9	734.1	52.1
Total Equity	10,765.7	11,896.8	11,412.0	809.1
Total Liabilities and Equity	24,827.4	26,650.9	25,951.8	1,839.9

Condensed Consolidated Statements of Cash Flows	For the year ended December 31,			
	2018	2019	2020	
	(as restated)	(as restated)	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Net cash provided by operating activities	1,845.3	1,891.2	4,099.5	290.6
Net cash used in investing activities	(2,047.2)	(3,148.1)	(1,980.8)	(140.4)
Net cash (used in) provided by financing activities	(345.3)	1,128.4	(1,794.6)	(127.2)
Net increase (decrease) in cash and cash equivalents	(547.2)	(128.5)	324.1	23.0
Cash and cash equivalents at beginning of the year	1,663.5	1,160.4	1,004.3	71.2
Effect of foreign exchange rate changes	44.1	(27.6)	7.5	0.5
Cash and cash equivalents at the end of the year	1,160.4	1,004.3	1,335.9	94.7

Other Consolidated Financial Information and Ratios	As of or for the year ended December 31,			
	2018	2019	2020	
	Rp	Rp	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions unless otherwise indicated)			
EBITDA ⁽¹⁾	4,461.1	4,139.4	3,886.8	275.5
Net sales	36,228.3	38,872.1	36,964.9	2,620.7
Debt ⁽²⁾	7,614.1	9,197.3	7,919.8	561.4
Net Debt ⁽³⁾	6,453.7	8,193.0	6,583.9	466.7
Cash Interest Expense ⁽⁴⁾	622.1	824.0	879.8	62.4
Capital Expenditure ⁽⁵⁾	2,347.8	3,064.8	1,645.1	116.6
EBITDA Margin (%) ⁽⁶⁾	12.3%	10.6%	10.5%	10.5%
EBITDA/Cash Interest Expense (X) ⁽⁷⁾	7.2	5.0	4.4	4.4
Net Debt/EBITDA	1.45	1.98	1.69	1.69
Debt/EBITDA ⁽⁶⁾ (X)	1.71	2.22	2.04	2.04
Debt/Equity (%)	70.7%	77.3%	69.4%	69.4%
Net Debt/Equity (%)	59.9%	68.9%	57.7%	57.7%

(1) We define EBITDA as gross profit less selling expenses and general and administrative expenses, plus depreciation and amortization for the year, as reported in the financial statements included in this Offering Circular prepared under Indonesian FAS.

	For the year ended December 31,			
	2018	2019	2020	
	As Restated	As Restated	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Gross profit	7,885.7	7,871.9	7,429.2	526.7
(-) Selling expenses	(1,387.6)	(1,557.8)	(1,550.0)	(109.9)
(-) General and administrative expenses	(2,927.8)	(3,178.3)	(3,244.2)	(230.0)
(+) Depreciation and amortization	890.8	1,003.6	1,251.8	88.7
EBITDA	4,461.1	4,139.4	3,886.8	275.5

- (2) We define Debt as short-term bank loans, long term bank loans, bonds payable, lease liabilities, loans to finance the acquisition of fixed assets as of the date of each respective statement of financial position.
- (3) We define Net Debt as Debt less cash and cash equivalents as of the date of each respective statement of financial position.

The following table reconciles our Debt and Net Debt as of the date of each respective the statement of financial position dates:

	2018	2019	2020	2020
	Rp	Rp	Rp	US\$
Short-term bank loans	1,451.4	3,278.0	423.3	30.0
Long-term bank loans	625.4	1,348.8	2,787.0	197.6
Bonds payable	5,531.0	4,563.8	4,641.2	329.0
Leases payable	4.9	—	63.7	4.5
Loans to finance acquisitions of fixed assets	1.4	6.7	4.6	0.3
Debt	7,614.1	9,197.3	7,919.8	561.4
Less:				
Cash and cash equivalents	1,160.4	1,004.3	1,335.9	94.7
Net Debt	6,453.7	8,193.0	6,583.9	466.7

- (4) Cash Interest Expense is equal to our interest expense paid during the year as shown as "interest paid" in the cash flow statements.
- (5) Capital expenditure is derived from additional fixed assets during the year.
- (6) EBITDA Margin is calculated as EBITDA during the year divided by net sales during the year,

EBITDA is not a standard measure under Indonesian FAS. EBITDA should not be considered in isolation or construed as an alternative to cash flows, net income or any other measure of performance or as an indicator of operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities. EBITDA does not account for taxes, interest expense or other non-operating cash expenses. In evaluating EBITDA, we believe that investors should consider, among other things, the components of EBITDA such as revenues and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. You should not compare EBITDA presented by us to EBITDA presented by other companies because not all companies use the same definition.

The table below shows the assets and operating profit of our subsidiaries that are not providing a Guarantee (namely the two Non-Guarantor Restricted Subsidiaries and the six Unrestricted Subsidiaries), both in absolute terms and as a percentage of the Company's total consolidated assets and consolidated operating profit.

	As of or for the year ended December 31, 2020		
	Rp	US\$	As a % of consolidated results
	billions	millions	
Non-guarantor subsidiaries⁽¹⁾			
Total assets ⁽²⁾	2,471.0	175.2	9.5%
Operating profit ⁽²⁾	270.3	19.2	10.3%

(1) Non-guarantor subsidiaries are the following entities: PT Indojoya Agrinusa, PT Indonesia Pelleting, PT Intan Kenkomayao Indonesia, PT Japfafood Nusantara, PT Bumiasri Lestari, PT Iroha Sidat Indonesia, Vaksindo Animal Health Pvt. Ltd., Vaksindo Vietnam Animal Health Company Limited, Comfeed Finance B.V., and Comfeed Trading B.V..

(2) Total assets and operating profit before other income and other expense, net gain/loss arising from the change in fair value of biological assets in 2020 are after intra-group eliminations.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based upon information contained in our consolidated financial statements and the related notes to these financial statements included elsewhere in this Offering Circular. You should read the following discussion and analysis in conjunction with our consolidated financial statements and the related notes to these financial statements. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See "Forward-Looking Statements and Associated Risks" for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors" and elsewhere in this Offering Circular. Our financial statements have been prepared in accordance with Indonesian FAS. Indonesian FAS differs in certain material respects from IFRS. For a summary of significant differences between Indonesian FAS and IFRS, see "Summary of Certain Significant Differences Between Indonesian FAS and IFRS".

Overview

We are one of Indonesia's leading agri-livestock companies specializing in manufacturing and distributing animal feed and breeding poultry and cattle. Our operations are organized according to the following three key business segments: (i) poultry; (ii) aquaculture; and (iii) beef cattle. Other segments include eel and food processing. Our poultry operations, which consist of animal feed production, breeding of DOCs and commercial farming and consumer products, which generated 86%, 86% and 84% of our net sales for the years ended December 31, 2018, 2019 and 2020, respectively, are our core business activities. After establishing a leadership position in the poultry business in the Indonesian market, where poultry is the primary source of animal protein, we commenced our aquaculture and beef cattle businesses in 1988 and 2008, respectively, to diversify into secondary sources of animal protein for domestic consumption. Our aquaculture operations generated 6.9%, 8.1% and 9.0% and our beef cattle operations generated 4.5%, 4.1% and 3.0% of our net sales for the years ended December 31, 2018, 2019 and 2020, respectively. We believe we are one of the top producers of animal protein in Indonesia. Our net sales for the years ended December 31, 2018, 2019 and 2020 were Rp36,228.3 billion, Rp38,872.1 billion and Rp36,964.9 billion (US\$2,620.7 million), respectively.

Factors Affecting our Business and Results of Operations

Set forth below are some of the significant factors that have affected our results of operations during the period under review, as well as factors that we currently expect to affect our results of operations in the foreseeable future. Other factors beyond those identified below may materially affect our results of operations. See "Risk Factors" in this Offering Circular.

COVID-19

The ongoing COVID-19 pandemic has impacted both the supply and demand for our products. At the onset of the pandemic in early 2020, there was a sharp decline in demand for both poultry meat and live birds in Indonesia, due to the movement restrictions imposed by the government and a decline in purchasing power. This led to a decline in the market prices of poultry meat and live birds in April 2020. Subsequently, due to a shortage of supply of poultry products prices increased in June 2020 due to such shortage. From August 2020, the DGLAH issued several instructions to control the rate of production of broilers by adjusting the supply of DOC through (i) culling of fertilised 19-day hatching eggs and (ii) culling parent stock older than the age as referred to in the relevant instruction. The DGLAH could amend those instructions from time to time. This is an effort by the DGLAH to balance the demand and supply dynamics of poultry in Indonesia. This instruction is in effect as of the date of this Offering Memorandum. Market prices for our products fluctuated throughout 2020, impacting our results.

Sales volumes of animal feed, poultry, aquaculture and cattle

Our sales volumes depend primarily on consumer demand for our products and the end products of our customers. As Indonesia's GDP per capita grows, we expect the consequent increase in purchasing power to increase the proportion of protein consumption in the Indonesian market, which

we expect to consist primarily of poultry, seafood and beef, given the halal dietary requirements of a significant majority of the Indonesian population. Any drop in Indonesia GDP per capita will lead to a decrease in our sales volumes. Sales volumes of poultry, seafood and cattle are also affected by changes in consumer preferences, including changes in nutritional guidelines or health advisories, and outbreaks of contagious diseases such as COVID-19 and the avian influenza. We expect changes in demand for animal feed to be in tandem with changes in macro-economic conditions in Indonesia and the demand for animal protein in the Indonesian market.

Production capacity for animal feed, poultry and beef cattle

We derived a significant portion of our net sales for the years ended December 31, 2018, 2019 and 2020 from our animal feed, commercial farm, DOC breeding, poultry processing and consumer products, business segments and the results of these segments depend to a significant extent on their production capacities. The volume of animal feed and the number of broilers and DOCs that we can produce annually are dependent on the availability of sufficient production capacity to meet demand. In the past, our ability to meet demand in certain of these segments has been limited by our capacity and, as such, changes to our capacity could have a significant impact on our net sales. If required, we will look to expand our animal feed and DOC production capacities in order to allow us to better meet our customer demand. Conversely, any reduction in our production capacities in these key business segments, whether due to planned maintenance or unforeseen events, may impact our ability to meet customer demand and could potentially reduce our net sales in the affected business segment.

Prices of our products

The prices of our DOC, broiler and beef products are affected by demand and supply conditions, government regulations (for example the regulations promulgated in response to the COVID-19 pandemic, as discussed above), the prices of raw materials that we require for production, the quality of our products and our customer relationships, which could have an impact on the demand for our products. The selling prices of our feed products typically track the prices of major imported raw materials, any increase in prices of our raw materials will generally result in an increase in our selling prices, which could have an impact on the demand for our products. Factors affecting these prices are availability, seasonality (i.e., whether it is the harvest season) and foreign exchange rates.

Economic conditions in Indonesia and growth of the poultry industry

The majority of our net sales are generated from customers in Indonesia. Accordingly, our results of operations are affected by significant changes in economic and political developments in Indonesia, which could affect the demand for and pricing of our products in the Indonesian market.

We expect our business, in particular our poultry business segment and the poultry industry, to benefit directly from macroeconomic growth in Indonesia. We believe that, as income levels and disposable income available for food purchases increase in Indonesia, animal protein intake will also increase. According to Frost & Sullivan, Indonesia's 7.9 kilograms per capita per annum chicken consumption, compared to Malaysia's per capita per annum chicken consumption of 46.8 kilograms in 2020, is one of the lowest in Asia. We believe that we are well positioned to grow and maintain our leadership position within the Indonesian poultry market. As we grow we may incur additional debt for capital expenditure and working capital purposes. However, we believe that our profits will also increase as we grow.

The COVID-19 pandemic has had a significant, negative impact on the Indonesian economy and, accordingly, on disposable income in Indonesia. This decrease in disposable income has led to a decreased demand for animal protein as consumers prioritize other purchases. According to Frost & Sullivan, the poultry and feed industries remain optimistic that demand will return in 2021 as the economy recovers from the COVID-19 pandemic and related downturn.

Prices and availability of raw materials

For the year ended December 31, 2020, raw materials constituted 94% of the total cost of goods sold for the production of poultry feed. Corn and soybean meal constitute a significant proportion of the raw materials that we require for the production of poultry feed. Approximately 100% of our soybean meal

requirements in 2020 were met by imports. Continued reliance on imported soybean meal in Indonesia is due to rising consumption of poultry products as well as the fact that soybean meal is not available in Indonesia. The availability and prices of these commodities are influenced by various factors, including production levels, weather conditions, epidemic diseases, global demand for such materials, fluctuations in the U.S. dollar and Rupiah exchange rate (since imported corn and soybean meal are typically priced in U.S. dollars), and changes in prices of other commodities such as crude oil. Also, local corn prices have historically adjusted to global corn prices. Any significant change in the availability or any significant increase in the price of raw materials could materially affect our cost of goods sold.

Regulatory environment

Our business activities and results of operations are affected by the regulatory environment in Indonesia. Changes in regulations and government policies with regard to the poultry and cattle industry could significantly impact our sales and cost of goods sold. From August 2020, in response to the COVID-19 pandemic's effect on demand of final stock (*bibit niaga*), the DGLAH issued several instructions to control the rate of production of broilers by adjusting the supply of DOC through (i) culling of fertilised 19-day hatching eggs and (ii) culling parent stock older than the age as referred to in the relevant instruction. The DGLAH could amend those instructions from time to time. This is an effort by the DGLAH to balance the demand and supply dynamics of poultry in Indonesia and has led to widespread culling in the poultry industry. The Indonesian government has introduced a new scheme to strengthen domestic beef production and reduce Indonesia's reliance on cattle imports. Currently, imported feeder cattle must be accompanied by imported productive heifers for the purpose of breeding at a ratio of 1:5 (breeder:feeder ratio). This regulation has restricted our ability to import feeder cattle as the new import ratio requires vast tracks of land to grow the breeding enterprise, while the recently imposed price ceiling for retail fresh beef reduces our margins as the price of feeder cattle increases. On the other hand, in an effort to counter inflationary food prices, the government continues to allow the import of buffalo meat from India. See "Risk Factors – Risks Relating to our Operations and the Industry – Our business operations and the poultry industry in general have been subject to investigations and fines and may be subject to continued supervision from KPPU and under the new Anti-Monopoly law."

Seasonality

The Indonesian poultry industry is subject to seasonal fluctuations in demand. Typically, poultry consumption is highest during Ramadan and lowest during the period immediately following Ramadan and during the beginning of the school year. This seasonality may cause our net sales to vary across different calendar quarters from year to year.

Key Components of Our Income Statement

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	For the year ended December 31,			
	2018 (as restated)	2019 (as restated)	2020	
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Net sales	36,228.3	38,872.1	36,964.9	2,620.7
Cost of goods sold	(28,342.6)	(31,000.2)	(29,535.7)	(2,094.0)
Gross Profit	7,885.7	7,871.9	7,429.2	526.7
Selling and marketing expenses	(1,387.6)	(1,557.8)	(1,550.0)	(109.9)
General and administrative expenses	(2,927.8)	(3,178.3)	(3,244.2)	(230.0)
Loss arising from change in fair value of biological assets	(34.2)	(2.1)	(23.6)	(1.7)
Other income	335.5	158.4	109.5	7.7
Other expenses	(168.4)	(167.8)	(236.7)	(16.8)
Profit from Operations	3,703.2	3,124.3	2,484.2	176.0
Finance income	82.9	177.2	56.3	4.0
Finance cost	(869.5)	(817.2)	(862.2)	(61.1)
Equity in net income in joint venture	1.5	10.2	0.8	0.1
Profit before Income Tax	2,918.1	2,494.5	1,679.1	119.0
Income tax expense, net	(829.9)	(700.6)	(457.2)	(32.4)
Profit for the year after effect of merging entity's income adjustment	2,088.2	1,793.9	1,221.9	86.6
Other comprehensive income for the year, net of tax	200.7	(41.3)	(179.5)	(12.7)
Total comprehensive income for the year	2,288.9	1,752.6	1,042.4	73.9

Net Sales

Net sales for each financial period is calculated by our total sales derived from our various business segments less the sales discounts that we provide to our customers and excluding sales between our business segments including, but not limited to, sales by our animal feeds and DOC segments to our commercial farm and poultry processing and consumer products segment. We derive our net sales primarily from the animal feeds, day-old chick, commercial farm and poultry processing and consumer products, aquaculture, cattle and trading and others business segments.

The following table sets forth information about our sales and the percentage breakdown of net sales for the periods indicated:

	For the year ended December 31,					
	2018 (as restated)		2019 (as restated)		2020	
	Rp	%	Rp	%	Rp	US\$
	(Rp billions and US\$ millions except percentages)					
Sales – net sales of discounts						
Animal feed	12,104.3	33.4	13,002.0	33.4	10,361.0	734.6
Poultry breeding	3,214.8	8.9	3,181.0	8.2	2,329.5	165.1
Poultry processing and consumer products	5,172.9	14.3	5,555.1	14.3	4,994.6	354.1
Commercial farm	10,698.8	29.5	11,548.4	29.7	13,363.7	947.4
Aquaculture	2,498.3	6.9	3,167.2	8.1	3,319.9	235.4
Beef	1,645.0	4.5	1,611.8	4.2	1,126.6	79.9
Trading and others	894.2	2.5	806.6	2.1	1,469.6	104.2
Net Sales	36,228.3	100	38,872.1	100	36,964.9	2,620.7

Cost of goods sold

Our cost of goods sold consists mainly of the expenses associated with the purchase of raw materials and supplies for our animal feeds, commercial farm, poultry breeding, poultry processing, aquaculture and beef cattle business segments, net of inter-segment eliminations. The principal contributors to costs of goods sold for each business segment are:

- *Animal feed:* corn and soybean meal
- *Commercial farm:* day-old chick and animal feed
- *Poultry breeding:* animal feed and depreciation expense relating to our breeding stock
- *Poultry processing and consumer products:* live chickens and slaughtering and production costs
- *Aquaculture:* soybean meal, wheat and/or wheat by-products
- *Beef:* cost of imported cattle
- *Trading and others:* costs of the raw materials being traded, (including vaccines (Vaksindo), poultry equipment and woven bags)

Finance Income

Our interest income consists of interest from deposits (Rupiah and foreign currency) and time deposits with banks.

Gain on sale of property, plant and equipment

Our gain on sale of property, plant and equipment consists of gains from the sale of property, plant and equipment outside of the ordinary course of business, which includes gains from sales of unused land.

Gain / (loss) on foreign exchange – net

Our gain on foreign exchange consists of gains and losses relating to the revaluation of our foreign currency denominated assets and liabilities including, going forward, our indebtedness under the Notes, due to currency fluctuations.

General and administrative expenses

Our general and administrative expenses primarily consist of expenses for employees' salaries and benefits, defined long-term employee benefits, security, depreciation, travel, repairs and maintenance, electricity and water, office supplies, professional fees, building rental, and vehicles maintenance.

Selling expenses

Our selling expenses primarily consist of expenses incurred for employees' salaries and benefits, freight, sales commission, vehicle maintenance, depreciation, travel and courier services, advertising and promotion, export charges and freight forwarding.

Finance costs

Our interest expenses primarily consist of interest expenses incurred on our short-term and long-term loan facilities as well as our Rupiah denominated bonds and U.S. dollar denominated bonds. See "Description of Indebtedness."

Others – net

Others – net primarily consists of rental income from investment properties, any tax provisions and gains/losses on provisions for inventories and receivables.

Tax expense

The following table sets forth the breakdown of our current and deferred tax expense for the periods indicated:

	For the year ended December 31,			
	2018	2019	2020	
	(as restated)	(as restated)	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Current tax	(974.8)	(697.4)	(488.6)	(34.6)
Adjustments in respect of previous years	(4.9)	(23.6)	(5.2)	(0.4)
Deferred tax	149.8	20.4	36.6	2.6
Total tax expense	<u>(829.9)</u>	<u>(700.6)</u>	<u>(457.2)</u>	<u>(32.4)</u>

Translations adjustment

Our translation adjustment consists of adjustments arising from the translation of certain accounts into our functional currency, Rupiah.

Results of Operations

Results of operations for the year ended December 31, 2020 compared to the year ended December 31, 2019

Net sales. Our net sales (excluding inter-segment sales) decreased 4.9% to Rp36,964.9 billion (US\$2,620.7 million) for 2020 from Rp38,872.1 billion for 2019, primarily due to general decreases in demand in Indonesia for some of our business segments:

- *Animal feed.* Net sales from animal feeds decreased 20.3% to Rp10,361.0 billion (US\$734.6 million) for 2020 from Rp13,002.0 billion for 2019. Taking into account inter-segment sales, this resulted in a decrease of only 5.8% in sales volume caused by a reduction in the number of chickens farmed in Indonesia due to the COVID-19 pandemic.
- *Poultry breeding.* Net Sales from poultry breeding decreased 26.8% to Rp2,329.5 billion (US\$165.1 million) for 2020 from Rp3,181.0 billion for 2019. Taking into account inter-segment sales, this resulted in a decrease of only 9.4% in sales volume as a result of a contraction in demand in response to the COVID-19 pandemic. Prices initially fell due to the contraction in demand brought about by government-imposed movement restrictions before rising in the third and fourth quarters of 2020 as demand recovered.
- *Poultry processing and consumer products.* Net sales from poultry processing and consumer products decreased 10.1% to Rp4,994.6 billion (US\$354.1 million) for 2020 from Rp5,555.1 billion for 2019. This decrease was primarily due to a 3.5% decrease in poultry processing sales volume and a 6.9% decrease in the average sales price of chicken meat.
- *Commercial farm.* Net sales from commercial farms increased 15.7% to Rp13,363.7 billion (US\$947.4 million) for 2020 from Rp11,548.4 billion for 2019. This increase was primarily due to a 16.8% increase in sales volume due to the vertically integrated nature of our business combined with our contract farmers who were not as significantly impacted by the COVID-19 pandemic.
- *Aquaculture.* Net sales from aquaculture increased 4.8% to Rp3,319.9 billion (US\$235.4 million) for 2020 from Rp3,167.2 billion for 2019. This increase was primarily due to a 4.8% increase in sales volume of aquafeed brought about by an expansion in our production capacity as a result of our new feedmill commissioned in late 2019.
- *Beef.* Net sales from beef decreased 30.1% to Rp1,126.6 billion (US\$79.9 million) for 2020 from Rp1,611.8 billion for 2019. This decrease was primarily due to a 24.9% decrease in sales volume

that was caused by a decline in demand due to the movement restrictions imposed by the Government to curb the spread of COVID-19 and a decline in purchasing power.

- *Trading and others.* Net sales from other items increased 82.2% to Rp1,469.6 billion (US\$104.2 million) for 2020 from Rp806.6 billion for 2019. This increase was primarily due to increased sales on our new acquired retail operations Best Meat and Meat Market in 2019.

Cost of goods sold. Our cost of goods sold decreased to Rp29,535.7 billion (US\$2,094.0 million) in 2020 from Rp31,000.2 billion in 2019. This decrease was primarily due to a decrease in sales volume for feed, and decreases in the cost of raw materials such as a decrease of more than 10% in the cost of the corn in the course of 2020, due to the adjustment in demand for corn by operators of feedmills.

Gross profit. Our gross profit decreased 5.6% to Rp7,429.2 billion (US\$526.7 million) for 2020 from Rp7,871.9 billion for 2019, and our gross margin decreased to 20.1% in 2020 from 20.3% in 2019, as a result of the above factors.

General and administrative expenses. Our general and administrative expenses increased 2.1% to Rp3,244.2 billion (US\$230.0 million) for 2020 from Rp3,178.3 billion for 2019. This increase was primarily due to the payment of a hedging premium.

Selling and marketing expenses. Our selling and marketing expenses decreased 0.5% to Rp1,550.0 billion (US\$109.9 million) for 2020 from Rp1,557.8 billion for 2019. This decrease was primarily due to a decrease in freight costs that was partially offset by an increase in salaries and allowances due to our new retail operations and rentals.

Operating profit. Our operating profit which consists of profit from operations excluding other income, other expenses and loss arising from the change in fair value of biological assets decreased 16.0% to Rp2,635.0 billion (US\$186.8 million) for 2020 from Rp3,135.8 billion for 2019. The operating margin of the Company decreased to 7.1% for 2020 from 8.1% from 2019.

Finance costs. Our finance costs increased 5.5% to Rp862.2 billion (US\$61.1 million) for 2020 from Rp817.2 billion for 2019. This increase was primarily due to an increase in average outstanding loans during 2020. See "Description of Material Indebtedness — Bank Loans — Club Deal Loan Facilities".

Finance income. Finance income decreased 68.2% to Rp56.3 billion (US\$4.0 million) for 2020 from Rp177.2 billion for 2019, primarily due to hedge accounting that was implemented in accordance with the newly implemented PSAK 71, to account for the relationship between the changes in the values of our USD denominated bonds payable and the related hedge instruments. Unlike in 2019 there was no recognition of any unrealized foreign exchange gains arising from the revaluation of our USD denominated bonds.

Other income and other expenses

- *Others – net.* Others – net consist of other income and other expense account. Expense relating to other items increased to Rp127.2 billion (US\$9.1 million) for 2020 from Rp9.4 billion for 2019. The increase was primarily due to tax provisioning of Rp134.5 billion. This provisioning relates to an ongoing tax dispute relating to withholding tax.

Income before tax. Our income before tax decreased 32.7% to Rp1,679.1 billion (US\$119.0 million) for 2020 from Rp2,494.5 billion for 2019.

Tax expenses. Tax expenses decreased 34.7% to Rp457.2 billion (US\$32.4 million) for 2020 from Rp700.6 billion for 2019, primarily due to the decrease in our income before tax and a decrease in our effective tax rate as a result of a reduction in income tax rates introduced by the government of Indonesia in response to the COVID-19 pandemic from 25% to 22%.

Net income. As a result of the foregoing factors, our net income decreased 31.9% to Rp1,221.9 billion (US\$86.6 million) for 2020 from Rp1,793.9 billion for 2019.

Results of operations for the year ended December 31, 2019 compared to the year ended December 31, 2018

Net sales. Our net sales (excluding inter-segment sales) increased 7.3% to Rp38,872.1 billion for 2019 from Rp36,228.3 billion for 2018, primarily due to general increases in demand in Indonesia across our business segments:

- *Animal feed.* Net sales from animal feeds increased 7.4% to Rp13,002.0 billion for 2019 from Rp12,104.3 billion for 2018. This increase was primarily due to an increase of 8.5% in sales volume due to growth in our animal feed business and a 5.1% increase in our average sales price.
- *Poultry breeding.* Net sales from poultry breeding decreased 1.1% to Rp3,181.0 billion for 2019 from Rp3,214.8 billion for 2018. This decrease was primarily due to a decrease of 2.0% in the average selling price.
- *Poultry processing and consumer products.* Net sales from poultry processing and consumer products increased 7.4% to Rp5,555.1 billion for 2020 from Rp5,172.9 billion for 2019. This increase was primarily due to an increase of 28.1% in poultry processing sales volume.
- *Commercial farm.* Net sales from commercial farms increased 7.9% to Rp11,548.4 billion for 2019 from Rp10,698.8 billion for 2018. This increase was primarily due to an increase of 19.0% in sales volume partially offset by a 8.0% decrease in our average sales price.
- *Aquaculture.* Net sales from aquaculture increased 26.8% to Rp3,167.2 billion for 2019 from Rp2,498.3 billion for 2018. This increase was primarily due to an increase of 18.2% in the sales volume of aquafeed due to our increased market share.
- *Beef.* Net sales from beef decreased 2.0% to Rp1,611.8 billion for 2019 from Rp1,645.0 billion for 2018. This decrease in sales volume of beef was primarily due to decrease of 0.3% in sales volume.
- *Trading and others.* Net sales from other items decreased 9.8% to Rp806.6 billion for 2019 from Rp894.2 billion for 2018. This decrease was primarily due to decrease in net sales of trading on edible oil as the raw material was scarce.

Cost of goods sold. Our cost of goods sold increased to Rp31,000.2 billion in 2019 from Rp28,342.6 billion in 2018. This increase was primarily due to an increase in the cost of feed particularly the cost of corn which increased by 14.0%. Feed contributed the most to costs compared to our other business segments.

Gross profit. Our gross profit decreased 0.2% to Rp7,871.9 billion for 2019 from Rp7,885.7 billion for 2018, and our gross margin decreased to 20.3% in 2019 from 21.8% in 2018, as a result of the above factors.

General and administrative expenses. Our general and administrative expenses increased 8.6% to Rp3,178.3 billion for 2019 from Rp2,927.8 billion for 2018. This increase was primarily due to a 14.4% increase in salaries and allowances brought about by a 9.0% increase in our number of employees.

Selling and marketing expenses. Our selling and marketing expenses increased 12.3% to Rp1,557.8 billion for 2019 from Rp1,387.6 billion for 2018. This increase was primarily due to an increase of 20.5% in freight costs. Freight costs increased due to our acquisition and expansion of a corn drier business located in central Indonesia.

Operating profit. Our operating profit which consists of profit from operations excluding other income, other expenses and loss arising from change in fair value of biological assets decreased 12.2% to Rp3,135.8 billion for 2019 from Rp3,570.3 billion for 2018. The operating margin of Company decreased to 8.1% for 2019 from 9.9% from 2018.

Finance costs. Our finance costs decreased 6.0% to Rp817.2 billion for 2019 from Rp869.5 billion for 2018. This decrease was primarily due to the recognition of unrealized foreign exchange losses arising from the revaluation of our USD denominated bonds in 2018.

Finance income. Finance income increased 113.8% to Rp177.2 billion for 2019 from Rp82.9 billion for 2018, primarily due to the recognition of unrealized foreign exchange gains arising from the revaluation of our USD denominated bonds payable in 2019.

Other income and other expenses

Others – net. Others — net consist of other income and other expense account. Income/(expense) relating to other items decreased to expense of Rp(9.4 billion) for 2019 from income of Rp167.1 billion for 2018. The decrease was primarily due to the recognition of significant unrealized gain on the changes in the fair value of our derivative assets in respect of our foreign exchange risk arising from our USD denominated bonds payable in 2018.

Income before tax. Our income before tax decreased 14.5% to Rp2,494.5 billion for 2019 from Rp2,918.1 billion for 2018.

Tax expenses. Tax expenses decreased 15.6% to Rp700.6 billion for 2019 from Rp829.9 billion for 2018, primarily due to the decrease in income before tax and the effective tax rate.

Net income. As a result of the foregoing factors, our net income decreased 14.1% to Rp1,793.9 billion for 2019 from Rp2,088.2 billion for 2018.

Liquidity and Capital Resources

We have historically financed our capital requirements primarily through funds generated by our operations, bank financings and the issuance of Rupiah and U.S. dollar denominated bonds. Our primary capital requirements have been used for capital expenditure and working capital purposes. We believe that we will have sufficient capital resources from our operations, the net proceeds of this offering and financing from banks to meet our capital requirements for at least the next 12 months. Subject to restrictions in our existing indebtedness, we may incur further indebtedness in connection with the operation of our business, which may result in an increase in our interest expenses.

At certain times of the year our working capital requirements increase significantly as we bulk purchase certain raw materials. These consist of the bulk purchase of corn following the domestic corn harvest and the purchase of other raw materials in the months leading up to Ramadan. We finance these working capital requirements through our working capital facilities.

As of December 31, 2020, we had cash and cash equivalents of Rp1,335.9 billion (US\$94.7 million) and had available credit lines of Rp7,557.0 billion (US\$535.0 million). For a description of our working capital facilities, see “Description of Indebtedness”.

As of December 31, 2020, we had total outstanding indebtedness consisting of short-term bank loans and bonds payable, excluding unamortized transaction costs, issuance costs and bond discounts, of Rp7,952.4 billion of which Rp7,499.5 billion was unsecured. As of December 31, 2020, we had a small amount of other indebtedness consisting of lease liabilities of Rp63.7 billion and loans to finance the acquisition of fixed assets of Rp4.6 billion.

Liquidity

The following table sets forth information regarding our cash flows for the years ended December 31, 2018, 2019 and 2020, and our cash and cash equivalents at the end of each period:

Condensed Consolidated Statements of Cash Flows	For the year ended December 31,			
	2018 (as restated)	2019 (as restated)	2020	
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Net cash provided by operating activities	1,845.3	1,891.2	4,099.5	290.6
Net cash used in investing activities	(2,047.2)	(3,148.1)	(1,980.8)	(140.4)
Net cash (used in) provided by financing activities	(345.3)	1,128.4	(1,794.6)	(127.2)
Net increase (decrease) in cash and cash equivalents	(547.2)	(128.5)	324.1	23.0
Cash and cash equivalents at beginning of the year	1,663.5	1,160.4	1,004.3	71.2
Effect of foreign exchange rate changes	44.1	(27.6)	7.5	0.5
Cash and cash equivalents at the end of the year	<u>1,160.4</u>	<u>1,004.3</u>	<u>1,335.9</u>	<u>94.7</u>

Cash flows provided by operating activities

In 2020, our net cash provided by operating activities was Rp4,099.5 billion (US\$290.6 million), consisting of cash used to pay suppliers and others of Rp28,245.0 billion, employee remuneration of Rp3,851.3 billion, income tax of Rp335.4 billion, and interest of Rp879.8 billion, partially offset by cash receipts from customers of Rp37,180.9 billion and a tax refund of Rp230.1 billion.

In 2019, our net cash provided by operating activities was Rp1,891.2 billion, consisting of cash receipts from customers of Rp38,642.2 billion and cash receipts from income tax refund of Rp80.6 billion, partially offset by cash payments to suppliers and others of Rp31,110.6 billion, employee remuneration of Rp3,674.8 billion, income tax paid of Rp1,222.1 billion and interest paid of Rp824.0 billion.

In 2018, our net cash provided by operating activities was Rp1,845.3 billion, consisting of cash receipts from customers of Rp36,609.8 billion and cash receipts from income tax refund of Rp4.5 billion, partially offset by cash payments to suppliers and others of Rp30,160.0 billion, employee remuneration of Rp3,198.4 billion, income tax paid of Rp788.4 billion and interest paid of Rp622.1 billion.

Cash flows (used in) investing activities

In 2020, our net cash used in investing activities was Rp1,980.8 billion (US\$140.4 million), primarily consisting of a Rp1,607.4 billion cash payment for the acquisition of fixed assets, acquisition of land for development of Rp129.5 billion, acquisition of business of Rp364.2 billion and addition for right of use asset of Rp73.3 billion, partially offset by cash receipt of Rp57.8 billion from interest and Rp27.6 billion from the sale of fixed assets.

In 2019, our net cash used in investing activities was Rp3,148.1 billion, consisting of cash payments of Rp3,088.6 billion used for the acquisition of fixed assets, Rp53.9 billion used for additions for land development, Rp37.2 billion in acquisitions of subsidiaries and Rp83.0 billion in payments for business acquisitions, partially offset by cash receipts of Rp22.7 billion from interest, and proceeds from the sale of fixed assets of Rp7.6 billion.

In 2018, our net cash used in investing activities was Rp2,047.2 billion, consisting of cash payments of Rp2,216.8 billion used for the acquisition of fixed assets, Rp53.3 billion used for additions for land development, Rp30.4 billion for additions of biological assets, Rp37.9 billion for additions of intangible assets, partially offset by proceeds due from a related party of Rp202.3 billion, Rp68.5 billion in proceeds from sale of fixed assets, and cash receipts of Rp58.3 billion of interest.

Cash flows provided by (used in) financing activities

In 2020, our net cash provided by financing activities was Rp1,794.6 billion (US\$127.2 million), consisting of proceeds from long term loan facilities of Rp1,738.0 billion, partially offset by the payment for short term bank loans of Rp2,877.7 billion, payments of dividends of Rp258.4 billion, an increase of treasury stock of Rp72.7 billion, and payment of lease liabilities of Rp23.0 billion.

In 2019, our net cash provided by financing activities was Rp1,128.4 billion, consisting of proceeds from short term bank loans of Rp2,419.0 billion, and proceeds from long term bank loans of Rp966.0 billion, partially offset by payments of dividends of Rp638.3 billion, and payments related to reduction in bonds payable of Rp850.0 billion.

In 2018, our net cash used in financing activities was Rp345.3 billion, consisting of payment of dividends of Rp1,205.9 billion, partially offset by proceeds from short term bank loans of Rp819.6 billion, proceeds from long term bank loans of Rp293.5 billion and an increase in additional paid in capital of Rp239.8 billion.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments to make future payments under our total debt and finance lease obligations as of December 31, 2020:

As of December 31, 2020

	Total		Payment due by period			
			Less than 1 year	1-2 year	3-5 year	More than 5 years
	(Rp billion)	(US\$ million)	(Rp billion)			
Short-term bank loans	423.3	30.0	33.3	—	390.0	—
Trade payables						
Related parties	1,608.1	114.0	1,608.1	—	—	—
Third parties	895.8	63.5	895.8	—	—	—
Other payables to third parties	639.9	45.4	639.9	—	—	—
Other payables to related parties	849.9	60.3	849.9	—	—	—
Accrued expenses	294.4	20.9	294.4	—	—	—
Loans to finance acquisition of fixed assets	4.6	0.3	3.2	1.4	—	—
Lease liabilities	63.7	4.5	29.8	33.9	—	—
Long-term bank loans	2,787.0	197.6	494.6	1,276.9	1,015.5	—
Bonds payable	4,641.2	329.0	149.4	4,491.8	—	—
Total	12,207.9	865.5	4,998.4	5,804.0	1,405.5	—

Capital Expenditure

The following table sets forth information regarding our total capital expenditure for the years ended December 31, 2018, 2019 and 2020:

	For the year ended December 31,			
	2018	2019	2020	
	(as restated)	(as restated)	Rp	US\$
	Rp	Rp	Rp	US\$
	(Rp billions and US\$ millions)			
Animal feed	496.7	700.0	199.4	14.1
Poultry breeding	948.2	1,317.9	422.8	30.0
Commercial farm	187.6	284.7	204.1	14.5
Poultry processing and consumer products . . .	112.1	213.8	243.9	17.3
Aquaculture	140.5	218.4	266.1	18.8
Beef	37.6	35.8	30.2	2.1
Trading and others	425.1	294.2	278.6	19.8
Total capital expenditures	2,347.8	3,064.8	1,645.1	116.6

Off Balance Sheet Arrangements

We do not have any off-balance sheet liabilities that are not reflected in our financial statements. See the Notes to the Consolidated Financial Statements for the year ended December 31, 2020 included elsewhere in this Offering Circular.

Quantitative and Qualitative Disclosures about Market Risks

Our business exposes us to a variety of financial risks, including interest rate, foreign exchange, credit and liquidity risks. The following discussion summarizes our exposure to interest rate, foreign exchange, credit and liquidity risks and our policies to address these risks. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions about us. These statements are based upon current expectations and projections about future events. There are important factors that could cause our actual results and performance to differ materially from such forward-looking statements, including those risks discussed under "Risk Factors."

Exchange Rate Risk

We are exposed to exchange rate risk primarily as a result of our U.S. dollar denominated bonds. In addition, for the year ended December 31, 2020, the majority of our cost of goods sold were denominated in or linked to foreign currencies, the bulk of which were U.S. dollar denominated or linked with the remainder denominated in Australian dollars and Singapore dollars. For the same period, the majority of our net sales were denominated in Rupiah. As a result, we are exposed to certain amounts of risk in the fluctuation in the exchange rates between the U.S. dollar and the Rupiah. We seek to manage this risk by effectively managing our raw material inventory and entering into substantial agreements at advantageous prices wherever possible. We also typically manage to pass on any increases in raw material costs to our customers. We actively monitor and hedge our foreign exchange exposure and will continue to do so in the future. We also entered into a foreign exchange rate hedging agreement to hedge the payments of principal and interest on the Existing Notes through their maturity.

Interest Rate Risk

We are exposed to interest rate risk primarily as a result of bank loans, lease liabilities and bonds issued by us. We manage our interest expenses through a mix of fixed rate and variable rate debt by evaluating trends in market rates and conducting assessments of interest rates offered by creditors to obtain the most favorable interest rate before making any decision to enter into any new financing.

Credit Risk

We are exposed to credit risk primarily from our deposit of cash and cash equivalents with banks, short-term investments, time deposits, trade accounts receivable from third parties and other accounts receivable, in the event of non-performance by our customers or the counterparties to our contracts. We continuously monitor our positions with, and credit quality of, the financial institutions that are counterparties to our financial instruments, as well as other contractual counterparties.

Liquidity Risk

We are subject to the risk that we will not have sufficient funds to meet our operating requirements and financial obligations when they fall due. We manage our liquidity risk by maintaining a level of cash and cash equivalents we deem adequate to finance our operations and to mitigate the effects of fluctuations in cash flows. We also regularly evaluate our projected and actual cash flows, including our loan maturity profiles, and continuously assess conditions in the financial markets for opportunities to obtain optimal funding sources.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with Indonesian FAS. The preparation of these consolidated financial statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. We continually evaluate such estimates and judgments. Actual results may differ from these estimates under different assumptions or actual conditions. In order to provide an understanding of how our management forms their judgment about future events, including the variables and assumptions underlying our estimates, and the sensitivity of judgments to different circumstances, we have identified the critical accounting policies discussed below. For more details, see Notes 2 and 3 to our consolidated financial statements included in this Offering Circular.

Judgments

The following are the judgments that have the most significant effects on the amounts recognized in the consolidated financial statements which are made by management in the process of applying our accounting policies:

a. Consolidation of Entities in which the Company Holds 50%

Management considers that the Company controls PT Indojaya Agrinusa (IAG) even though it owns only 50% of the voting rights since it has the power to govern the operating and financial policies of IAG.

b. Functional Currency

The currency of each of the Company and its subsidiaries is the currency of the primary economic environment in which each entity operates. Management assessed that the functional currency of the Company is Rupiah, it is the currency that mainly influences the revenue and expenses from sale of goods and services rendered.

c. Purchase price allocation and goodwill impairment

Acquisition accounting requires extensive use of accounting estimates to allocate the purchase price of an acquisition to the fair market values of the assets and liabilities purchased, including intangible assets. Certain business acquisitions of the Group have resulted in goodwill. In accordance with PSAK 22 (Revised 2010), "Business Combinations", such goodwill is not amortized and subject to an annual impairment testing.

Computation of future cash flows in determining the fair values of fixed assets, plant and other non-current assets of the acquirees at the dates of acquisitions involves significant estimation.

While the management believes that their assumptions are appropriate and reasonable, significant changes in those assumptions used may materially affect management's assessment of recoverable values and may lead to future impairment charges under PSAK 48 (Revised 2014) "Impairment of Assets".

Goodwill is subject to annual impairment testing and whenever there is an indication that goodwill may be impaired. Management uses its judgment in estimating the recoverable value and determining if there is any indication of impairment of goodwill.

d. Claims for tax refund

Based on currently enacted tax regulation, management uses judgment if the amounts recorded as claims for tax refunds are recoverable and refundable by the Indonesian Tax Office.

e. Classification of financial assets and financial liabilities

Management determines the classification of certain assets and liabilities as financial assets and financial liabilities. Accordingly, the financial assets and financial liabilities are accounted for in accordance with our accounting policies as described in Note 2 to the Consolidated Financial Statements.

f. Financial instruments

The Company and its subsidiaries carry certain financial assets and liabilities at fair values, which require the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair values would differ if the Company utilized a different valuation methodology. Any change in the fair values of these financial assets and liabilities would affect directly the Company's profit or loss.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of uncertainty of estimation as of the date of our Consolidated Financial Statements that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed below. We base our assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing assumptions about and circumstances surrounding future developments may change due to market changes or future events beyond our control. Such changes are reflected in the assumptions as and when they occur.

a. Fair value of biological assets

Biological assets are measured at fair value less cost to sell. The fair value is measured based on market or income approach unless the fair value cannot be measured reliably, in which case we use the cost approach (frequently referred to as current replacement cost). Any changes in the estimation approach may effect the fair value of the biological assets significantly.

b. Provision for Expected Credit Losses ("ECLs") of trade receivables (Effective beginning January 1, 2020)

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if economic conditions (for example, forecasted gross domestic product) are expected to deteriorate over the next year, which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted upwards. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecasted economic conditions. Our historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default rates in the future.

c. Allowance for impairment losses of trade receivables (before January 1, 2020)

We evaluate specific accounts where we have information that certain customers are unable to meet their financial obligations. In these cases, we use judgment based on the best available facts and circumstances, including but not limited to, the length of our relationship with the customer, the customer's current credit status (based on third party credit reports) and known market factors to record specific provisions for customers against amounts due, thereby reducing the receivable amounts that the Company is expected to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment losses on trade receivables.

d. Allowance for decline in market values and obsolescence of inventories

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

e. Depreciation of fixed assets, right-of-use assets and amortization of intangible assets

The costs of fixed assets, right-of-use assets and intangible assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 (two) to 26 (twenty-six) years. These are common life expectancies applied in the industries where we conduct our businesses. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, and therefore, future depreciation charges could be revised.

f. Pension and employee benefits

The measurement of our obligations and cost for pension and employee benefits liability is dependent on our selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increases, annual employee turn-over rates, disability rates, retirement age and mortality rate. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income at the period in which they occur.

While we believe that our assumptions are reasonable and appropriate, significant differences in our actual experiences or significant changes in our assumptions may materially affect our estimated liability for employee benefits and net employee benefits expense.

g. Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income, which could necessitate future adjustments to taxable income and tax expenses already recorded.

Determination of tax provisions requires significant judgements, and the final assessment of those tax provisions could differ from the carrying amount.

h. Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the unused tax

losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

i. Impairment of non-financial assets

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

Accounting Standards issued but not yet effective

The accounting standards that have been issued up to the date of issuance of the Company's consolidated financial statements, but are not yet effective are disclosed below. Our management intends to adopt the standards that are considered relevant to us when these standards become effective. We do not expect that the future adoption of any of these accounting standards to have a significant impact on our consolidated financial statements.

Effective beginning on or after January 1, 2021

1. Amendments to IFRS 3: Definition of a Business
2. Amendments to PSAK 71: Financial Instruments, Amendments to PSAK 55: Financial Instruments: Recognition and Measurement, Amendments to PSAK 60: Financial Instruments: Disclosures, Amendments to PSAK 62: Insurance Contracts and Amendments to PSAK 73: Leases on Interest Rate Reference Reform - Stage 2

Amendments to PSAK 71, Amendments to PSAK 55, Amendments to PSAK 60, Amendments to PSAK 62 and Amendments to PSAK 73 concerning Interest Rate Reference Reform - Phase 2 were adopted from IFRS concerning Interest Rate Benchmark Reform - Phase 2.

Effective beginning on or after January 1, 2022

1. Amendments to PSAK 22: Business Combinations regarding Reference to Conceptual Frameworks
2. Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets regarding Aggravating Contracts - Contract Fulfillment Costs
3. 2020 Annual Improvements – PSAK 71: Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities
4. 2020 Annual Improvements – PSAK 69: Agriculture

Effective beginning on or after January 1, 2023

1. Amendments to PSAK 1: Classification of Liabilities as Current or Non-current, effective January 1, 2023, and earlier application is permitted

INDUSTRY OVERVIEW

The following industry and market data has been prepared by and obtained from F&S, an independent industry consultant in the animal protein and feed industry. This information has not been independently verified by us or the Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Advisors or any of our respective affiliates or advisors. Neither we nor the Joint Global Coordinators and Joint Sustainability-Linked Bond Structuring Advisors make any representation as to the accuracy or completeness of such data or any assumptions relied upon thereon.

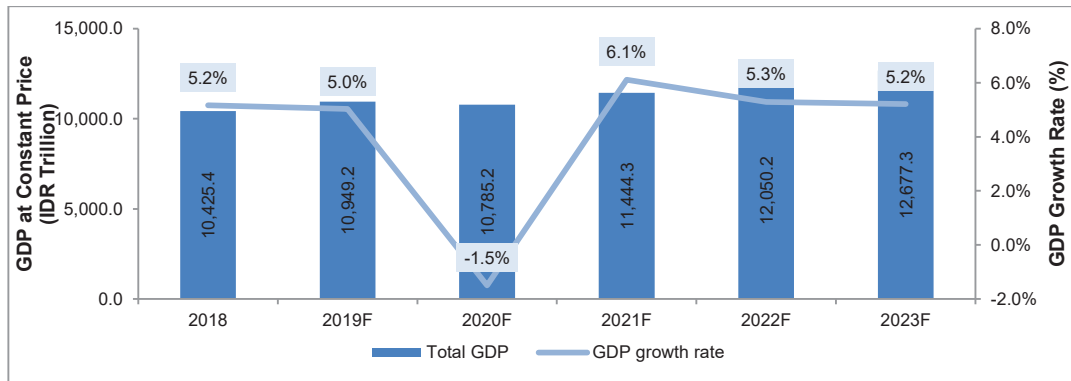
F&S has advised us as follows:

The market research process for this study has been undertaken through secondary/desktop research as well as focused primary research. Quantitative information was sourced from secondary research from sources including but not limited to press releases, journals, Government publications, company presentations and other information in the public domain since F&S also tracks the animal protein and feed industries. Forecasts, estimates, predictions, and other forward-looking statements contained in this section are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements. This study has been prepared by F&S for inclusion in the Preliminary Offering Memorandum and Final Offering Memorandum of the Company. Save for the inclusion of this study in the Preliminary Offering Memorandum and final Offering Memorandum issued by the Company and for using the data in the report (in whole or part) for the investor presentation (as reviewed by F&S), no part of it may be otherwise given, lent, resold, or disclosed to non-customers without F&S' written permission. Furthermore, no part may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without F&S' permission. F&S has prepared this study in an independent and objective manner, and it has taken adequate care to ensure its accuracy and completeness. F&S believes that this study presents a true and fair view of poultry meat, feed and feed ingredients industry in Indonesia from an outside-in perspective largely relying on publicly available information on the impact and key challenges faced in the wake of COVID-19 within the limitations of, among others, secondary statistics and primary research. Due to the limitations surrounding travel, there were no site visits conducted for the purpose of this research report. Therefore, it does not purport to be exhaustive. F&S' research has been conducted with an "overall industry" perspective, and it may not necessarily reflect the performance of individual companies in the industry unless otherwise specified. F&S shall not be liable for any loss suffered because of reliance on the information contained in this study. This study should also not be considered as a recommendation to buy or not to buy the shares of any company or companies as mentioned in it or otherwise.

1 MACROECONOMIC OVERVIEW OF INDONESIA

1.1 GDP AND GDP GROWTH

Chart 1-1: Gross Domestic Product (“GDP”) at Constant Price and GDP Growth Rate, Indonesia, 2015–2025F



Source: International Monetary Fund (“IMF”) World Economic Outlook (“WEO”), October 2020

The country has registered a steady GDP growth rate of about 5% over the years 2018-2019. However, in 2020 the GDP dipped and recorded a negative growth (a decline) of approximately 1.5% owing to the worldwide pandemic.

In 2Q2020, the Indonesian economy experienced a deeper contraction of 5.32% y-o-y; a contraction that was deeper than the initial IMF projection of 0.3% in June 2020. This was largely on account of contraction in the transportation and logistics sectors that witnessed a slow down to the tune of approximately 30.84% during the same period. Other sectors contributing to the decline was export and import of product and services that experienced a contraction of 11.66% and 16.96% respectively¹.

Additionally, on 5th November 2020, Statistics Indonesia (“BPS”) has announced that Indonesia GDP in 3Q2020 experienced a contraction of 3.49% year-on-year (“y-o-y”). This was the second contraction after the previous quarter’s economic output registered a decline of 5.32% (y-o-y). Against this backdrop, Indonesia was officially in a recession for the first time since 1999².

In an effort to strengthen the economy and to aid in economic development, the Indonesian Government has raised its budget for the National Economic Recovery program to Rp 553.09 trillion (US\$39.4 billion), increasing fiscal support for a country struggling to contain its coronavirus outbreak

Indonesia’s economy is likely to return to growth in 2021 as COVID-19 vaccines become available and monetary and fiscal stimulus measures are extended, but coronavirus risks are likely to still hamper the recovery.

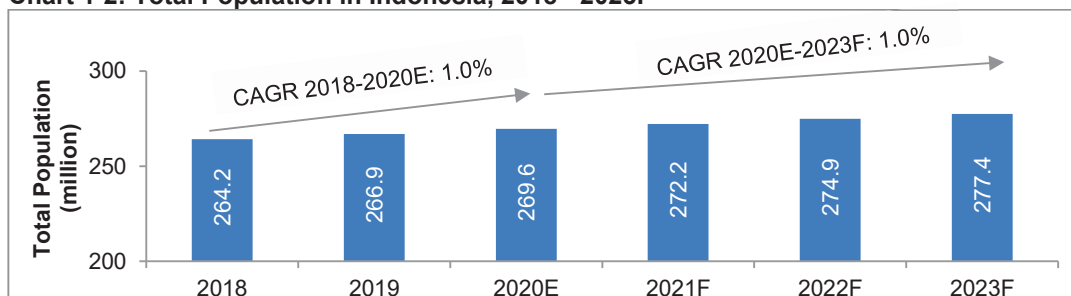
¹ Ekonomi Indonesia Triwulan II 2020 Turun 5,32 Persen, BPS Kuartal 2, 2020

² Ekonomi Indonesia Triwulan III 2020 Tumbuh 5,05 Persen (q-to-q), BPS Kuartal 3, 2020

1.2 POPULATION AND SOCIO-ECONOMIC INDICATORS

1.2.1 Population and Growth Trends

Chart 1-2: Total Population in Indonesia, 2018 - 2023F



Source: IMF, WEO October 2020

In 2018, the total population in Indonesia stood at 264.2 million, making it the most populous country in Southeast Asia. The country's population is estimated to have grown at a CAGR rate of 1.0% to 269.6 million in 2020 from 2018. The IMF forecasts a population growth rate range bound between 0.9% and 1.0% y-o-y to reach 277.4 million by 2023.

1.2.2 Purchasing Power and Income Analysis

Table 1-1: Income Range by Share of Population, Indonesia, 2018 – 2023F

Income Range	Share of Population					
	2018	2019	2020E	2021F	2022F	2023F
< USD 5,001	24%	23%	21%	20%	18%	17%
USD5,001–USD 10,000	32%	31%	30%	29%	28%	27%
USD10,001–USD 20,000	28%	29%	29%	30%	30%	31%
USD20,001–USD30,000	8%	9%	10%	11%	12%	13%
>USD30,000	7%	9%	10%	11%	12%	13%

Note: Data based on income at purchasing power parity ("PPP")

Source: IMF, WEO October 2020; Frost & Sullivan

As of April 2020, the Ministry of Manpower reported that 2.8 million workers had already been put on unpaid leave or laid off due to the COVID-19 pandemic while the employment outlook for the 2 million youth entering the labour market remained bleak³. Based on a survey conducted in April 2020, consumers in Indonesia expect to spend less across a majority of consumer product categories including the food and service sector with a 77% expected decrease in spending on restaurant, 75% decrease in quick service restaurants and 58% expected decrease in take out and deliveries⁴. However, more than half of Indonesian consumers surveyed are optimistic about a quick recovery rebound despite the reduction in household income and savings⁵.

Overall, the disposable income per capita in Indonesia is estimated to have grown at a CAGR of 3.8% between 2018 and 2020, and is expected to grow at a CAGR of 4.1% between 2020 and 2023. The growth in disposable income is contributing to a higher discretionary buying power for the middle-income class in Indonesia. Based on the table above, the share of working population earning more than USD10,000 is expected to grow between 2018 and 2023 as urbanization rate is also expected to improve from 55.3% in 2018 to 58.6% in 2023. Additionally, in 2019, the average monthly expenditure per capita grew by 3.3% from the year before with monthly expenditure on food increasing by 2.8% from 2018.

³ Asian Development Bank, COVID-19 Active Response and Expenditure Support Program: Report and Recommendation of the President, "Poverty Impact Assessment", April 2020

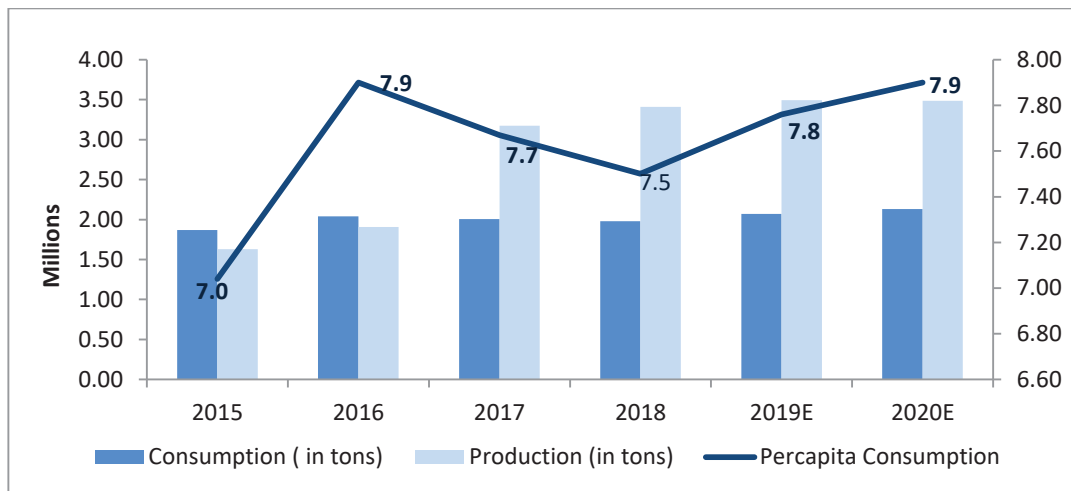
⁴ McKinsey & Company, "Optimistic, digital, generous: COVID-19's impact on Indonesian consumer sentiment", April 2020

⁵ McKinsey & Company, "Survey: Indonesian consumer sentiment during the coronavirus crisis", November 6, 2020

2 INDONESIA POULTRY MEAT MARKET

2.1 OVERVIEW OF POULTRY MEAT MARKET IN INDONESIA

Figure 2-1: Poultry Meat Production, Consumption and Consumption Per Capita (in Tons and Kg), Indonesia, 2015 - 2020E



Note: Total Consumption data was derived from consumption per capita data. Source; Production data from BPS, Per capita consumption from OECD, IMF WEO October 2020 Edition, Compiled by Frost & Sullivan.

In 2020, poultry meat consumption registered a 5-year CAGR of 6.7% from approximately 1.8 metric ton in 2015 to approximately 2.1 metric ton in 2020. As the most consumed meat in Indonesia, the annual consumption was 7.9 kg per capita in 2020, having grown from nearly 7kgs in 2015.

Poultry meat production grew at a faster rate, growing by a CAGR rate 16.4% from 1.63 million metric tons in 2015 to 3.48 million metric tons in 2020. Indonesia is self-sufficient in producing broiler and local chicken meat to meet the local consumption; therefore it does not import any broiler or chicken meat from abroad.

KEY TRENDS IN INDONESIA POULTRY MEAT MARKET

COVID-19 impact: Due to the COVID-19 pandemic, the Government of Indonesia (“GOI”) has implemented various measures to reduce the spread which includes travel limits, social distancing and restrictions on large gatherings. The pandemic caused an oversupply of poultry meats in the local market which has led to several intervention measures by the government such as culling of parent stocks, culling of final stock hatching eggs, withdrawal of hatching eggs and reduced egg setting to stabilise chicken prices. However, the oversupply situation which occurred in 2015 and 2017 will not likely reoccur given the Government’s role in managing the supply and demand dynamics of the poultry industry.

Price sensitivity: The retail prices of chicken is more affordable than the other types of meat as the cost of chicken per kg is nearly four times lower than that of beef. Indonesia has a lower household disposable income compared to Singapore and Malaysia, and hence Indonesian consumers are more sensitive to changes in the price of meat. A study reported that it takes

about 7.3 hours of work for the average Indonesian to afford a kg of chicken meat, as compared 23.6 hours for a kg of beef⁶.

Changing lifestyle and food consumption behaviours: The consumption behaviours of Indonesians are changing. Indonesians are consuming more processed foods and more consumers prefer foods that are easy to prepare at home or ready-to-eat food, available in fast food chains or minimarts. This trend follows the expansion of the middle-income group in conjunction with the growing urban population. The increasingly easy access to poultry products with the addition of modern grocery retailers coupled with an emerging middle-income working population who often prepare convenience food at home (e.g., chicken nuggets, sausages, meatballs), is driving the poultry industry in Indonesia. Nuggets make up approximately 44% of the total processed meat consumption followed by sausages at 19%, and others such as seasoned chicken wings and coated chickens, which comprise the remaining 37%.

Support on local production: The Government of Indonesia is continuously strengthening its import regulations for agricultural products (e.g. maize, livestock, and poultry products).

It is adopting a protective approach for the domestic agricultural sector against external competition. In regulating international agricultural trade, the Government appointed the National Food Logistics Agency (BULOG) as the only authorised maize and poultry importer. This scenario has softened the poultry industry competitiveness and limited price competition.

Indonesia also has protectionist policies on the import of ingredients for the poultry feed industry such as those imposed on maize imports, which is the main component of poultry feed, in supporting the local maize production. However, as the local production of maize increases towards achieving self-sufficiency for domestic consumption, policies imposed on import quantity and pricing may affect the growth of the poultry industry.

In regards to Government Regulation to import poultry products, the government in 2019 issued another regulation following the WTO's approval of Brazil's request to export chicken to Indonesia. The regulation No. 29/2019 issued by the Ministry of Trade, is around provisions for export and import of the poultry products. The regulation expands the scope of chicken imports to include chicken pieces (wings, thighs, breasts). Apart than this, another regulation No.23/2018 issued by the Ministry of Agriculture is around amendments to the Regulation No. 34 / Permentan / Pk.210 / 7/2016. The changes made to these regulations is purported to be carried out with due regard to national interests and public health. Industry sources opine that the regulatory adjustments is not with the intention to give trade preferences to imported poultry products from Brazil, but to ensure that Indonesians get products that are safe, healthy and halal.

Culling Programs and its impact on the poultry- Oversupply of chicken has been a recurring problem in Indonesia and the government intervened by asking the poultry breeders to cull about 3 million chicken with the farming ministry instructing the breeders in Java island to cull about 4.4 million chickens in the 3rd quarter of 2020. While this did bring about a moderate recovery in poultry prices from a historic low, the impact of the pandemic which resulted in lower purchasing power did have an impact on the recovery of the industry and is likely to remain subdued in 2021.

Impact of the import quota for GPS on local players- In general, it takes approximately 1.5 to 2 years for GPS to be realised as output and as such, the impact of any increase in import quota in 2020 would only be reflected in 2022. However, the government has been imposing several measures to stabilise chicken prices which include culling of parent stocks, culling of final stock hatching eggs, withdrawal of hatching eggs and reduced egg setting to address the oversupply situation caused by the COVID-19 pandemic. As a result of this, industry players are likely to face margin pressures in the near term until the oversupply situation normalises.

Key Risks in Indonesia Poultry meat market

⁶ <https://marketplus.ch/swiss-meat-the-most-expensive-more-than-the-average-worldwide/>

Disease outbreaks and hygiene concerns: Avian influenza (bird flu) outbreaks have led to the culling of chickens in the past, affecting the supply and sentiments. Avian influenza is a highly contagious bird disease which is considered endemic in many parts of Indonesia. This may drive some consumers to choose other animal proteins over poultry. Additionally, in an outbreak, breeders have to bear considerable losses as they are required to cull all the affected chickens.

In an effort to combat Avian influenza, the Government of Indonesia has taken measures to regulate the traditional slaughtering carried out in the wet market. Such measures include the Government's latest initiative known as the Relocation Programme, where a dedicated area is assigned for slaughtering. However, most traditional wet markets do not practice strict hygiene during slaughtering and have poor health awareness, which would still expose the chickens to contamination.

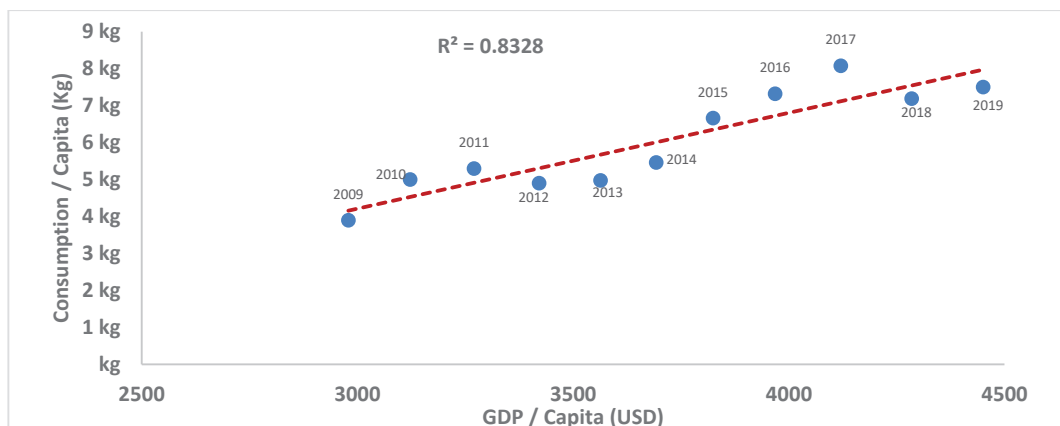
High dependency on imported raw material: The Indonesian poultry market relies heavily on imported feed ingredients such as soy bean meal, maize gluten meal, and meat-and-bone meal. These ingredients are primarily imported from countries such as the US, India, China, Brazil, and Argentina. Consequently, feed prices are vulnerable not only to commodity price fluctuations but currency fluctuations as well, causing prices to be highly unstable. The high dependency on imported raw material affects the feed prices, contributing to volatility in broiler prices.

Protectionist policies on the import of ingredients for the feed industry: In supporting local maize production, the Government of Indonesia has imposed restrictions on its import. Meanwhile, as the local production increases towards achieving self-sufficiency for domestic consumption, policies on the import quantity and pricing may affect the growth of the poultry industry.

Geographical location: Indonesia is vulnerable to natural disasters such as earthquakes, tsunamis, volcano eruptions, and floods which are unpredictable and may disrupt the viability of conducting business in Indonesia. Poor infrastructure conditions and development in Indonesia further aggravate the effects of these events, possibly hindering potential investors from entering the market.

2.2 GDP PER CAPITA AND POULTRY MEAT CONSUMPTION CORRELATION

Figure 2-2: Correlation between GDP Per Capita (USD) and Poultry Meat Consumption Per Capita (Kg), Indonesia, 2009 - 2019



Note: The dots represent the value of consumption of poultry per capita and the value for GDP per capita in each year over the period of 2009-2019. GDP Per Capita at Constant Prices as per IMF data, WEO October 2020. Poultry Consumption as per data from OECD and BPS
Source: BPS Indonesia; IMF, WEO October 2020.

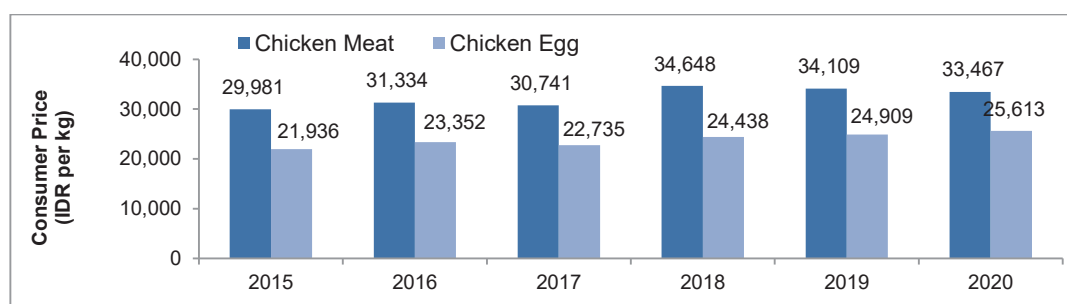
From 2009 to 2019, the poultry meat consumption per capita growth in Indonesia outpaced Indonesia's GDP per capita, recording a 7.1% CAGR growth and 4.1% CAGR growth over the period respectively. The favourable economic growth has led to the growth in disposable income, and according to the World Health Organisation, the growth in level of annual disposable income leads to higher meat consumption, including poultry which is shown in the chart above.

The growth in disposable income is contributing to a higher discretionary buying power in Indonesia, particularly for consumers in the lower segment of the middle-income group. Meat is also becoming essential to dietary consumption whereby the daily energy intake per capita has increased over time. Apart from being the most consumed meat, poultry is also one of the fastest-growing among all meat categories.⁷

2.3 DOMESTIC POULTRY MEAT COMMODITIES PRICES (2018-2019/2020E)

The consumer prices of chicken meat and eggs grew at growth rates of 2.2% and 3.1% per annum, between the period of 2015 and 2020. Notably, in 2017, there was a decline in prices of chicken meat and eggs due to an over-supply of grandparent stock (“GPS”) dating back to 2015, in which 700,000 GPS were imported instead of the usual 500,000 GPS needed per annum⁸. These prices managed to recover sharply in 2018 before declining in growth in 2019 (chicken meat incurred negative growth), due to an oversupply⁹. In 2020, issues of oversupply continued to occur, causing prices to decline to IDR33,467 per kg from IDR34,109 per kg in 2019, which led to the government’s initiative to cull chicken supply. Nevertheless, the prices of eggs managed to increase to IDR25,613 per kg, an increase from IDR24,909 per kg from the previous year.

Figure 2-3: Average Consumer Price of Poultry Meat Commodities in Indonesia, 2015–2020



Note: Figures for 2015-2019 is obtained directly from Ministry of Agriculture. Figure for 2020 is obtained from PIHPS by averaging the end of month prices for each respective commodity in 2020.

Source: Ministry of Agriculture; PIHPS; Frost & Sullivan analysis

The prices of broiler chicken experienced noticeable fluctuations in 2018, with highest prices of IDR24,500 and lowest prices of IDR16,500. In 2019, progressive oversupply led to a government mandate to cull chicken supply in September 2019, in which prices were seen to gradually recover thereafter. However, in 2020, the impact of the COVID-19 pandemic leading to logistics disruptions, coupled with an oversupply of broiler chickens, led to a decline in prices in March-April 2020. Nevertheless, the government managed to collaborate with business to encourage them to purchase farmer’s chickens, and improved the oversupply situation overall¹⁰. In September 2020, the average prices declined to IDR15,000, the second lowest after an all time low in April owing again to oversupply. As a means to combat this oversupply and price fluctuations, the government ordered farmers to cull broiler chickens to help prices recover, leading to a stabilization of average prices at the end of 2020.

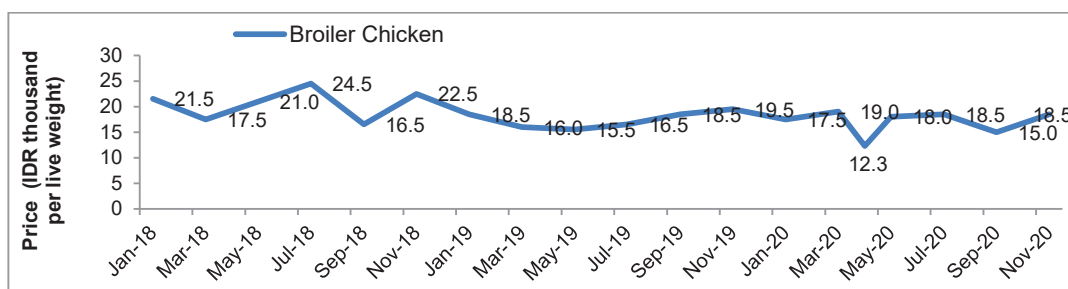
Figure 1-3a: Monthly Average Prices of Live Broiler Chicken in Indonesia, 2020

⁷ In terms of production volume, poultry meat (broiler chicken), registered a CAGR of approximately 21% over 2015-2019 as against mutton, horse meat which registered a CAGR of 2.8% and 0.7% respectively. Beef registered a decline of 0.8% over the same period.

⁸ The Jakarta Post, “Chicken price drops due to oversupply”, 24 March 2017

⁹ The Jakarta Post, “No solution found for drop in chicken meat prices”, 26 June 2019

¹⁰ The Jakarta Post, “Ministry encourages businesses to buy farmers’ chickens as prices fall”, 20 April 2020



Notes: Prices refer to farm gate prices of broiler chicken between 1.1-1.2 kg

Source: USDA; Compiled by Frost & Sullivan

2.4 OVERVIEW OF INDONESIAN MARKET BY LOCATION OF BROILER FARMING POPULATION (2019)

Figure 2-4: Broiler Farming Population (Number of Heads), by Provinces, Indonesia, 2019

Provinces in Indonesia	Broiler Population (Number of heads)
JAWA BARAT	799,084,155
JAWA TENGAH	598,906,824
JAWA TIMUR	460,040,240
BANTEN	201,162,025
SUMATERA UTARA	140,001,466
RIAU	97,977,865
LAMPUNG	85,558,337
KALIMANTAN SELATAN	85,404,221
SUMATERA SELATAN	75,763,657
OTHERS	605,483,430
TOTAL INDONESIA	3,149,382,220

Source: BPS, Indonesia. The provinces mentioned above account for 80% of Indonesia's broiler population.

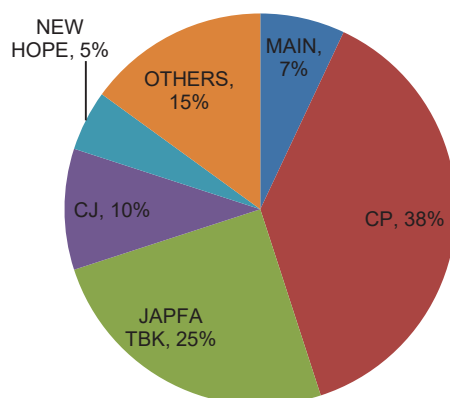
In Indonesia, broiler production is countrywide but focused in West Java (Bandung), close to its fresh bird markets that lack an adequate cold chain while village poultry exists across Indonesia.

Broiler production is also highly correlated to the population, due to the demand for live birds which cannot be transported efficiently over even medium distances in Indonesia due to high temperatures and poor road infrastructure. The development of the industry therefore follows the development of the wet markets around the large populations of West, East and Central Java. This is also supported by the development of feed production capacity close to the ports of major population centers around Jakarta and Surabaya.

Based on the table above, more than 50% of the total broiler population is located in Jawa Island. Sumatera Utara and Selatan, Riau, Lampung, and Kalimantan Selatan are among the top 10 provinces for broiler population by number of heads.

2.5 INDONESIA DOC PRODUCTION CAPACITY SHARE 2019E

Figure 2-5: Estimated DOC Production Capacity, Indonesia, 2019E



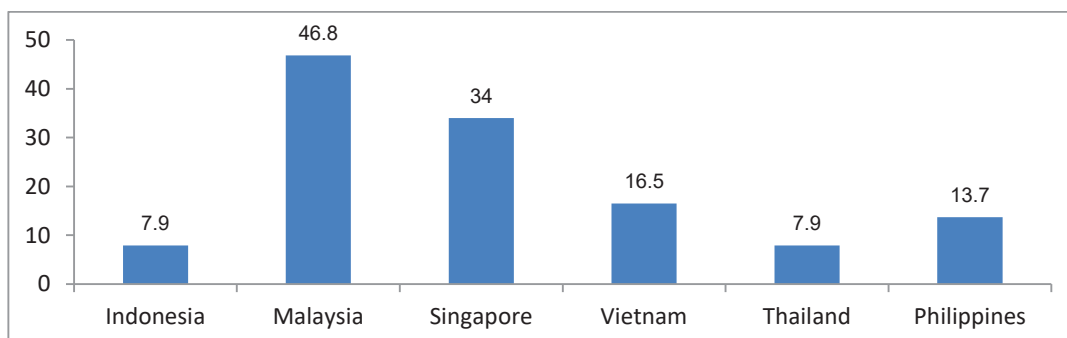
Note: DoC- capacity and shares are from PT Malindo Tbk. Frost & Sullivan has not independently verified competitors' DOC capacities

Source: Companies' annual reports and investor relations publication; Frost & Sullivan Analysis

The total DOC production capacity in Indonesia was estimated to be approximately 3,702.9 million birds in 2019. Charoen Pokphand (CP) Group is estimated to have supplied the most number of DOC of 1,407.1 million birds (38.0% share of capacity), followed by PT Japfa Comfeed Indonesia Tbk at an estimated 925.7 million birds (25.0% share of capacity), and PT Cheil Jedang – PIA (CJ) at 370.3 million birds (10.0% share of capacity).

2.6 PER CAPITA POULTRY MEAT CONSUMPTION IN SE ASIA, BY COUNTRY (2019/2020E)

Figure 2-6: Per Capita Poultry Meat Consumption (in Kgs), Key Southeast Asian Countries, 2020E



Note: Data for Singapore is for chicken meat. For other countries it is poultry meat. Data for, Malaysia and Singapore is sourced from respective country's national authority, while data for Indonesia, Vietnam, Thailand and Philippines is sourced from OECD.

Source: BPS; DVS; SFA; Frost & Sullivan

In Indonesia, poultry meat is the most consumed meat followed by beef and pork. Rapid economic development of the Southeast Asia region is contributing to the increase in disposable incomes and overall change of consumer preference towards a higher intake of protein food (including poultry meat). The consumption of white meat and high-protein products such as broiler meats is considered as mainstream in the Southeast Asia region due to their high nutrition content and affordability.

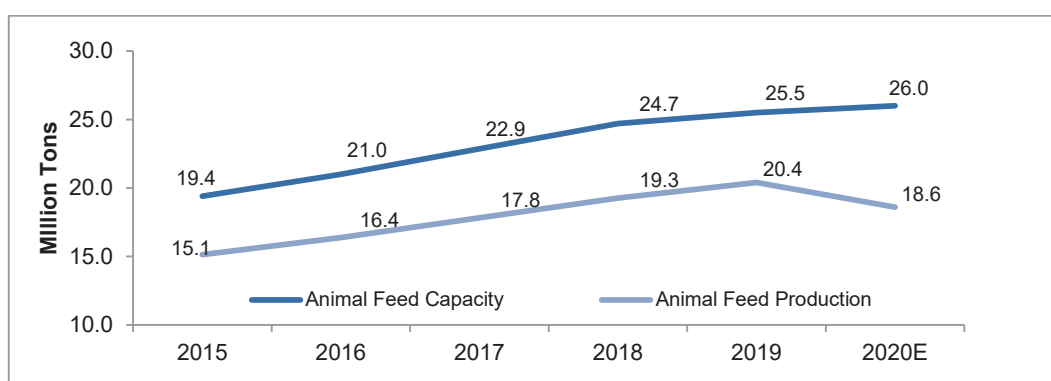
3 OVERVIEW OF ANIMAL FEED MARKET IN INDONESIA

3.1 KEY TRENDS IN THE ANIMAL FEED MARKET IN INDONESIA WITH A FOCUS ON POULTRY FEED

The Indonesian animal feed consists of mainly wheat, maize and rice, in which producers typically use maize for approximately 50% to 55 % of animal feed mix¹¹. In 2020, the total feed production was expected to have declined to 18.6 million tons from 20.4 million tons in 2019, owing to factors including the reduction of DOC population by approximately 22 million in March and April 2020, as well as a temporary reduction in broiler meat demand within the same period possibly on account of CoVID¹². The poultry industry was expected to consume approximately 87% of animal feed production, accounting for nearly 16.2 million tons. As a major component of the feed mix, maize consumption for feed was expected to decline to 8.3 million tons in 2020, but is forecasted to recover to 8.8 million tons in 2021¹³. The poultry and feed industries remain optimistic demand will return in 2021 as the economy recovers from the pandemic related downturn.

In 2019, PT Japfa Comfeed Indonesia Tbk had a poultry feed production capacity of approximately 4.6 million metric tons accounting for nearly 21% of the poultry feed market. PT Charoen Pokphand Indonesia Tbk., was the market leader and accounted for an estimated 32% of the poultry feed production capacity market in the same year.¹⁴

Figure 3-1: Animal Feed – Estimated Capacity and Production (in Million Tons), Indonesia, 2015-2020E



Note: Feed capacity figures for 2015 and 2016 are based on marketing year (MY), while figures for 2018 and onwards are based on Calendar Year (CY). Figure for 2017 is derived from the average between 2016 and 2018.
Source: USDA; GPMT; Frost & Sullivan Analysis

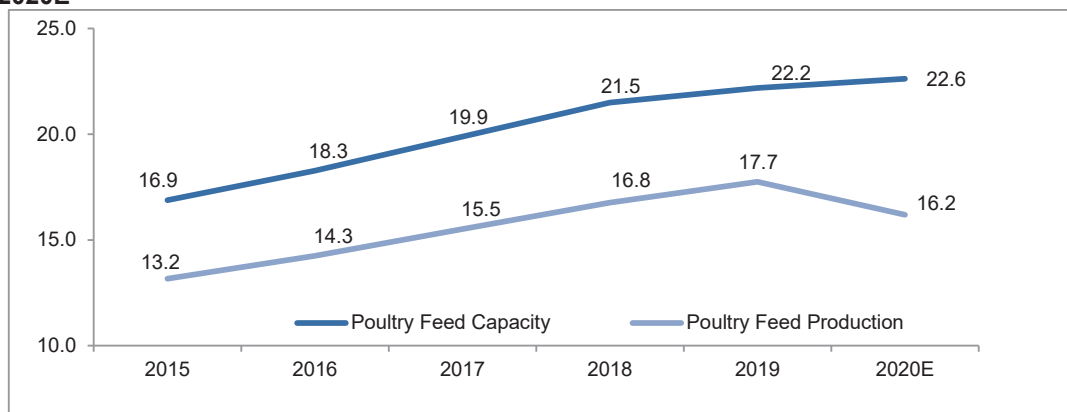
¹¹ Reuters, "Indonesia animal feed makers see 7-9.5 mln T corn consumption in 2019 – assoc", 13 December 2018

¹² USDA: Grain and Feed Update, Indonesia, 17 July 2020

¹³ USDA: Grain and Feed Update, Indonesia, 30 November 2020

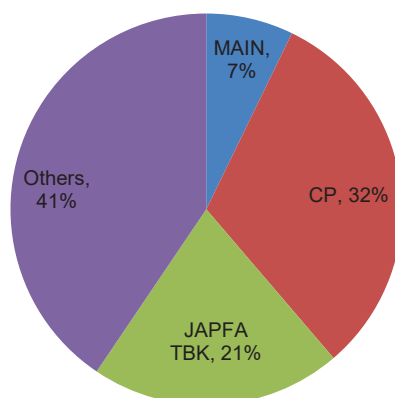
¹⁴ <https://katadata.co.id/sortatobing/finansial/5e9a518a5c356/charoen-pokphand-anggarkan-rp-125-t-bangun-pabrik-produksi-pakan>

Figure 3-2: Poultry Feed – Capacity and Production (in Million Tons), Indonesia, 2015-2020E



Note: Figures for 2015 and 2016 are based on marketing year, while figures for 2018 and onwards are based on full year data. Figure for 2017 is derived from the average between 2016 and 2018. On an average poultry feed accounted for nearly 85-90% of animal feed produced. Poultry feed capacity is derived by applying the same capacity utilization rate used for animal feed, scaling upwards from poultry feed production to obtain its capacity.
Source: USDA; Frost & Sullivan Analysis

Figure 3-3: Estimated Poultry Feed Production Capacity, Indonesia, 2019E



Note: Pt Japfa Tbk's production capacity numbers are from company's own data. Malindo's feed production capacity is assumed to be poultry feed production capacity as swine and other animal feed production capacity is assumed to be negligible.

Source: Companies' annual reports and investor relations publication; Frost & Sullivan Analysis

3.2 KEY RISKS FOR ANIMAL FEED MARKET

Dependency on imported raw materials for animal feed

Indonesia relies heavily on imported raw materials for animal feed, such as soy bean meal, corn gluten meal, and meat-and-bone meal, as local production is insufficient and is usually situated in remote areas which are located far from feed mills. As such, locally produced animal feed is highly influenced by world commodity prices and exchange rates.

Seasonality factors

Animal feed production in Indonesia may be vulnerable to seasonality factors such as irregular rain fall periods. This was observed in November 2019, in which the rainy season was delayed later than the normal 30 years average of October, annually. As such, farmers in most Indonesian rice and corn producing areas of East Java, Central Java, West Java, and Lampung experienced

two to three month delays in their first crop cycle¹⁵. However, the government has set targets to establish water reservoirs, construct new irrigation canals, and to rehabilitate irrigation canals.

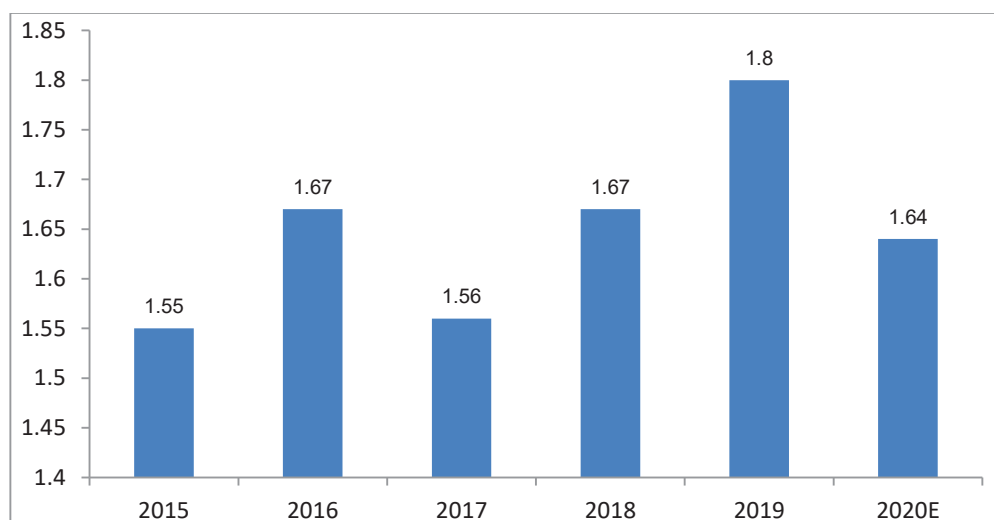
Risks of oversupply

The issue with chicken oversupply in the country has been recurring and it is not uncommon for millions of chickens to be culled when the government observes prices reducing to below floor prices. The government intervened by asking the poultry breeders to cull about 3 million chicken while the farming ministry instructed the breeders in Java island to cull about 4.4 million chickens in the 3rd quarter of 2020 in efforts to boost up prices of chicken. This poses an over-supply risk towards animal feed production, particularly for poultry feed, due to its direct correlation.

4 OVERVIEW OF THE AQUA FEED MARKET

4.1 BRIEF OVERVIEW OF AQUA FEED MARKET IN INDONESIA

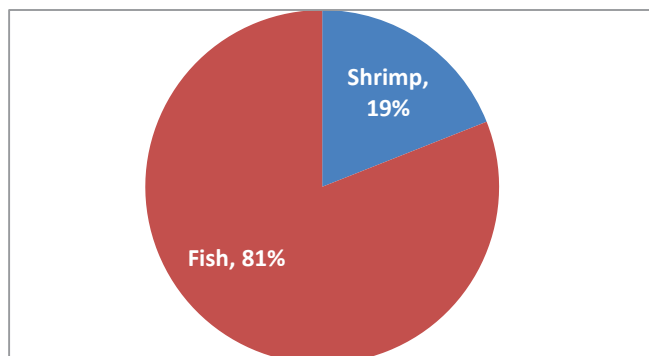
Figure 4-1: Aqua Feed, Production (in Million Metric Tons), Indonesia, 2015 - 2020E



Source: GPMT Indoneisa, Compiled by Frost & Sullivan.

¹⁵ USDA: Grain and Feed Update, Indonesia, 17 July 2020

Figure 4-2: Aqua Feed share (in percentages), 2020E



Source: GPMT Indonesia,, Compiled by Frost & Sullivan

The production trend for aqua feed reflects the total demand in the aquaculture industry given that on an average approximately 60% of production cost is from feed. While the fluctuation of national feed production is more prevalent for shrimp, the dominant types of aqua feed are for catfish, tilapia, goldfish, and milkfish.

Feed for catfish accounts for approximately 25% of the total consumption for aqua feed. Catfish farming is registering a significant increase due to its affordability. About 70% of the feed distribution is on the islands of Java and Sumatra with the remaining 30% in Kalimantan, Sulawesi, Bali, West Nusa Tenggara, East Nusa Tenggara, Papua and other regions¹⁶.

With a production volume of approximately 285,000 metric tons in 2019, PT Japfa Tbk accounted for nearly 16% of the aquafeed market.

Some of the key challenges/risks include significantly low ex-farm prices in the domestic market, composition and quality of feeds, rising costs of energy and the push to develop sustainable feeds. Threat of new entrants from China and Thailand is also expected to heighten the competition in the market.

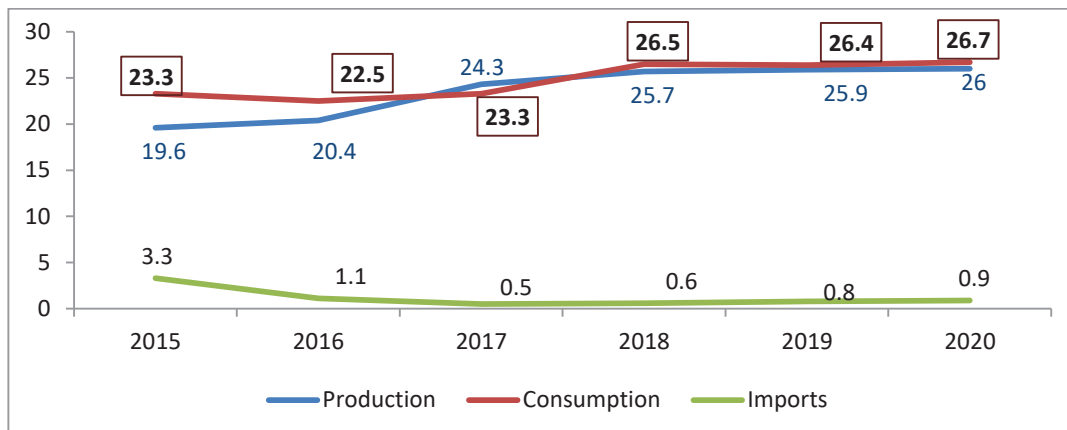
Additionally, availability of high quality and cost effective aqua feed has become a main constraint in the development of the aquaculture industry. Increasing cost of feed in freshwater fish farming in Indonesia has become a major factor that discourages fish farmers to develop their business due to low profit margins. In response to this, the Government launched a "self-sufficient fish feed" ("GERPARI") programme in 2015 which aims to reduce the dependence on imported raw materials, especially fishmeal, by using locally available ingredients for feed. The use of local ingredients is expected to produce good quality fish feed fish at a low price in order to improve farmer profit margin and the sustainability of the aquaculture industry.

¹⁶ Trobos Aqua, "Mengukur Bisnis Pakan Akuakultur", January 2020

5 INDONESIA ANIMAL FEED INGREDIENTS MARKET

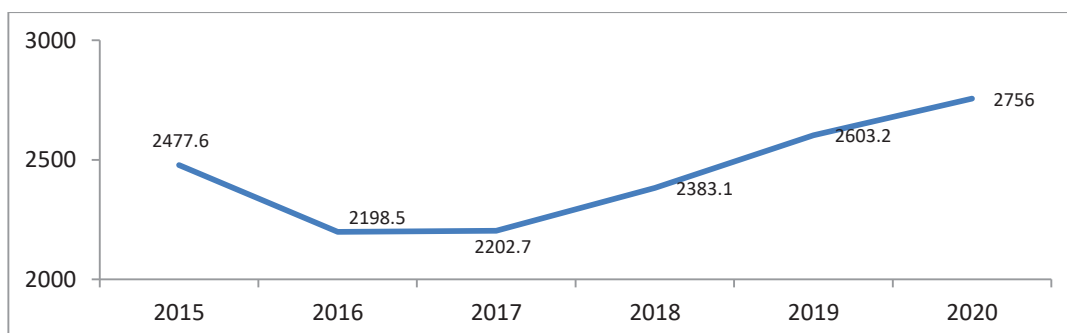
5.1 MAIZE

Figure 5-1: Maize Production, Consumption and Imports in Million Tons, Indonesia, 2015 – 2020



Source: OECD-FAO Agricultural Outlook 2019-2028

Figure 5-1a: Domestic Maize Prices, Indonesia, IDR/Ton, 2015 – 2020



Note: Refers to producer price

Source: OECD-FAO Agricultural Outlook 2019-2028

Total maize production in Indonesia increased at a 5-year CAGR of 5.8% from 2015 with reduced reliance on maize imports which fell by 22.1% over the same period.

Since 2015, the Ministry of Agriculture (“MOA”) has set a target to be self-sufficient for maize. Some of the measures that have been imposed since to achieve this target include import restrictions on maize where imports used for feed can only be imported by the state-owned trading company BULOG, which otherwise shares the right to import maize for food or industrial raw materials with selected private companies. Imports for feed use are restricted to special permits issued by the Ministry of Trade (“MOT”) to BULOG which are usually only provided in times of significant supply shortage. In addition to this, only imports from countries with approved aflatoxin laboratory facilities, such as Brazil, Ukraine, Argentina, and the United States are allowed¹⁷.

Other protective measures include providing subsidies for seeds, fertilizers, and farming equipment to increase harvested area, and establishing a minimum buying price for maize with 15 percent moisture content at the farm levels. Higher demand from integrated feed mills, government regulations on minimum retail prices, and better margins compared to other secondary crops have helped to increase harvested area, while supports for fertilizer and seeds,

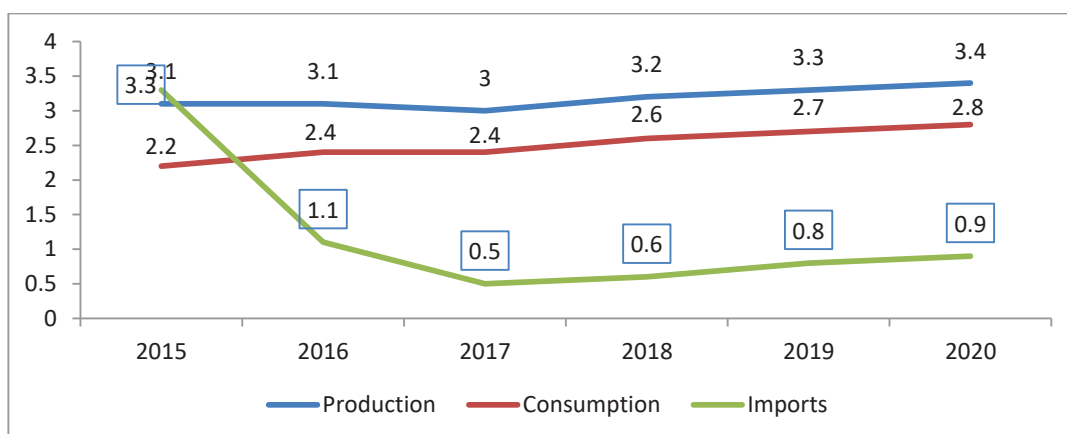
¹⁷ USDA, Grain and Feed Update, July 2020

higher yielding hybrid maize varieties and the introduction of better pest and disease management have improved overall yields¹⁸.

Despite the COVID-19 pandemic, total consumption grew marginally in 2020 from the year before and at a 5-year CAGR growth rate of 2.7% from 23.3 million tons in 2015 to 26.7 million tons in 2020. While the MOA continues to target maize self-sufficiency, the lack of suitable land for growing maize outside of Java, land conversion to non-agricultural uses on Java, and seed availability will likely become impediments to reaching this goal¹⁹.

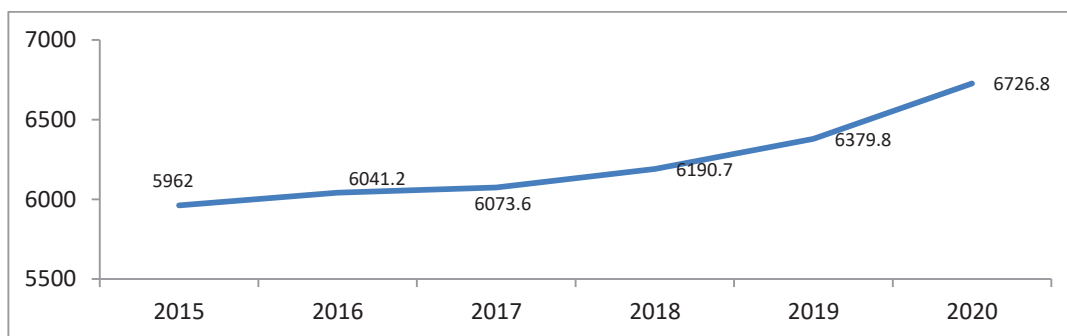
5.2 SOYBEAN

Figure 5-2: Soybean Consumption and Imports in Million Tons, Indonesia, 2015 - 2020E



Source: OECD-FAO Agricultural Outlook 2019-2028

Figure 5-2a: Domestic Soybean Prices, Indonesia, IDR/Ton, 2015 - 2020E



Note: Refers to producer price

Source: OECD-FAO Agricultural Outlook 2019-2028

Indonesia relies on soybean imports to cater to its local demand. Between 2015 and 2020, total local consumption of soybean which grew at a CAGR rate of 2.2% was mainly supported by imports, which grew by a CAGR rate of 5.0% over the same period.

Soybean is mostly used for human food consumption, primarily as the main ingredient in staple food products such as tempeh and tofu. Tempeh and tofu producers, who are often home-based businesses or small-medium enterprises, typically utilize 50-100kg of soybean per day²⁰. A small

¹⁸ USDA, Grain and Feed Update, July 2020

¹⁹ USDA, Indonesia Grain and Feed Annual Report 2019, March 2019

²⁰ USDA, Oilseeds and Products Update, February 2021

volume of soybeans is used in the feed sector as full fat soybean (“**FFS**”)²¹. Feed industries use FFS in their feed formulations to balance the volatility of maize supplies and prices²².

In terms of imports, US soybeans contributed approximately 90 percent of total imports followed by 9 percent for Canadian soybeans in 2020²³. The narrowing price spread with US soybeans along with a drop in Canadian exports to China since 2018 has opened up imports from Indonesia.

The global surge in soybean prices has led the National Association of Tempe and Tofu Producers (“**GAKOPTINDO**”) to raise concerns to the Government of Indonesia (“**GOI**”) officials on behalf of members whose profit margins are being squeezed by higher prices. To stabilize rising soybean prices the MOA has put forth a three-phase plan that includes: “market operations” whereby importers would be required to sell soybeans at below market prices for a period of 100 days to tempeh and tofu makers; “partnership agreements” between importers and soybean farmers which would require importers to absorb local soybeans at fixed prices; and classifying soybeans as a “strategic commodity”, which would allow the GOI to place restrictions on imports²⁴.

Over the 5 year period from 2015 to 2020, the increase in prices which grew from IDR5,962,002 per ton in 2015 to IDR 6,726,808 per ton in 2020 was in line with total consumption in Indonesia.

²¹ USDA, Oilseeds and Products Update, November 2020

²² USDA, Oilseeds and Products Update, March 2020

²³ USDA, Oilseeds and Products Update, November 2020

²⁴ USDA, Oilseeds and Products Update, February 2021

BUSINESS

OVERVIEW

We are one of Indonesia's leading agri-livestock companies specializing in the manufacturing and distribution of animal feed and the production of animal protein. Our operations are organized according to the following three key business segments: (i) poultry; (ii) aquaculture; and (iii) beef cattle. Other segments include woven bags, vaccines, animal health and retail meat shops. Our poultry operations, which includes (i) animal feed production and distribution; (ii) DOC breeding, (iii) commercial broiler farming and (iv) poultry processing and consumer products, generated 86%, 86% and 84% of our net sales for the years ended December 31, 2018, 2019 and 2020, respectively, is our core business activities.

We are one of Indonesia's largest poultry feed manufacturers, with nearly 21% market share based on production capacity in 2019, according to Frost & Sullivan. We have a network of poultry feed production facilities located across Indonesia, which allows us to take advantage of raw material procurement opportunities in Indonesia and to better serve our customers whose operations are located throughout Indonesia. For the years ended December 31, 2018, 2019 and 2020, we had a total poultry feed production capacity of approximately 4.4 million tons, 4.6 million tons and 4.8 million tons, respectively. We market our poultry feed under the brands of "Comfeed" and "Benefeed", which we believe are recognized in Indonesia for their premium product quality and customer service.

Our DOC breeding operations involve producing high quality DOCs which we distribute to our own commercial and contract farms and to third party poultry farmers in Indonesia. We are one of Indonesia's largest DOC breeding operations with an approximate market share of 25% based on production capacity in 2019, according to Frost & Sullivan. We have the exclusive rights to sell and distribute Aviagen's Indian River breed of commercial broiler DOCs in Indonesia. Aviagen is a global supplier in the poultry genetics market, and the Indian River breed has been specially bred for tropical climate conditions in respect of humidity, heat and disease resistance. All DOC grandparent broiler stock for our DOC breeding are imported from Aviagen's international operations. For each of the years ended December 31, 2018, 2019 and 2020, we had total production capacity of approximately 800 million DOCs, 900 million DOCs and 1,000 million DOCs, respectively.

The major proportion of the broilers from our commercial farms are sold as "live birds" to third party poultry traders for on sale to end consumers, with the remainder being processed by our processing facilities for direct sale to end consumers. In connection with our diversification into downstream poultry operations, we had 15 slaughterhouses as of December 31, 2020 to process broilers from our commercial farms.

Our core poultry business is complemented by our growing business in downstream retail operations. Our downstream retail operations strategy allows us to diversify our operations. In the consumer food segment, we acquired PT So Good Food, thereby expanding our business into secondary processes, producing value added branded, ready to eat consumer products including chilled and frozen products. We acquired Best Meat and Meat Market to widen our distribution channel direct to the consumer for our processed meat products. Both Best Meat and Meat Market were acquired in October 2019 with retail shops located in Bali, Java and Sumatra.

Our aquaculture business primarily focuses on producing feed for commercially farmed fish and shrimp in Indonesia and also breeds fry shrimp for sale. For the years ended December 31, 2018, 2019 and 2020, we had a total production capacity of approximately 374,000 tons, 382,000 tons and 450,000 tons of aquaculture feed. For the years ended December 31, 2018, 2019 and 2020, revenue from our aquaculture business represented 6.9%, 8.1% and 9.0%, respectively, of our total net sales.

In our beef cattle business, we import cattle from Australia which we fatten to maturity at 90 days before selling them to third parties. In 2020, we processed approximately 45,000 head of cattle per cycle at our four integrated feedlots. Our beef cattle operations contributed 4.5%, 4.1% and 3.0% to our total net sales for the years ended December 31, 2018, 2019 and 2020. In addition to wholesale distribution of beef cattle, we also produce a small amount of processed fresh beef and wagyu beef for domestic consumption.

Sustainability has been important in our operations since our founding 50 years ago. Sustainability is deeply rooted in our values of growing towards mutual prosperity and in what we do every day, which is nourishing millions of people with affordable staple protein foods. We have set up a sustainability committee whose primary role is to drive sustainability and to align our strategies with the United Nations Sustainable Development Goals (“UN SDG”). Three members of our Board of Directors are members of our sustainability committee. To achieve this, we have set up our Sustainability Pillars to guide the implementation of best practices in sustainability across our group. These pillars focus on establishing an efficient production system, developing our people and improving nutrition.

As of December 31, 2020, 94% of our total indebtedness was unsecured.

Our net sales for the years ended December 31, 2018, 2019 and 2020 were Rp36,228.3 billion, Rp38,872.1 billion and Rp36,964.9 billion (US\$2,620.7 million), respectively.

COMPETITIVE STRENGTHS

We are positioned as a well-established market leader in the Indonesian animal protein sector

We are focused on producing poultry meat, the most consumed meat within Indonesia, the most populous nation in Southeast Asia. According to Frost & Sullivan, rapid economic development of the Southeast Asian region is contributing to the increase in consumer prevalence for high protein food, including poultry meat. We are one of the largest companies in the Indonesian poultry feed industry, with market share of nearly 21% in 2019, according to Frost & Sullivan. Competition in the Indonesian poultry feed and breeding business is predominantly domestic, due to strict halal considerations in Indonesia and consumer preference for purchasing fresh chickens in wet markets. We believe that our industrialized and vertically integrated business model, large scale operations, geographic diversification within Indonesia, and strong brand reputation enable us to achieve economies of scale in sourcing, production and distribution. In addition to our strong market position in the poultry industry, we are also one of the leading aqua-feed businesses in Indonesia. With the acquisition of PT So Good Food, we believe that we have a comprehensive portfolio of animal protein products across fresh meats and ready-to-eat products. We believe that our national coverage and 50 years of cumulative poultry production experience put us in position to maintain our market position and grow with the industry, given the potential increase in consumption of animal protein in Indonesia.

We have a large-scale industrialized, vertically integrated operational platform with extensive geographical reach

We are the leading integrated poultry producer in Indonesia with a nationwide footprint. Our operations cover the entire poultry process, including poultry feed production, DOC breeding, commercial broiler farming and primary processing. The level of our integration also includes supporting infrastructure of after-sales services and laboratories for testing feed ingredients, changes in farming environment, vaccine research and other distribution-related facilities such as feed packaging material production and a transport operation for DOC delivery.

- *Our industrialized, vertically integrated business model creates efficiencies and facilitates replication, use of superior breeds, and a sophisticated approach to animal husbandry, animal health and nutrition.* Our management believes that large scale standardized approach results in premium quality DOCs and feed conversion ratios that are among the lowest in the industry in Indonesia. The vertical integration of our operations enables us to optimize our operations at every stage of the production process. For instance, we have the ability to customize our feed formulation to suit the age and type of poultry, together with the right to purchase a superior strain of DOC suited for tropical climate conditions in respect of humidity, heat and disease resistance.
- *Our size and vertically integrated position allows us to achieve a profit margin higher than smaller competitors.* As the second largest Indonesian poultry feed and DOC producer, we achieve significant economies of scale, especially in conjunction with the broader Japfa Group, which allows us to produce quality products at lower costs thereby driving our competitiveness and profitability. Being a vertically-integrated producer, we are also able to capture value at different

points in the value chain. Controlling the entire protein food value chain provides us with greater food security and traceability. This is becoming increasingly important in Asia and is a key driver for premium pricing as consumers become more aware of health and safety concerns involving food.

- *Our integrated feed business has been able to deliver resilient performance across cycles.* Underpinned by the ability to effectively pass on adverse currency and commodity price movements, the group core business consistently offers stable profitability.
- *Our extensive geographic reach makes us less susceptible to regional risks and allows us to maintain product quality.* Our nationwide footprint with operations in 76 breeding farms and 30 central hatcheries throughout the Indonesian archipelago makes us less susceptible to risks associated with market shocks or disease outbreaks in one particular region. In addition, because our feedmills and processing facilities are located near our customers, we are able to ensure product freshness and maintain consistent product quality. This wide geographical reach also offers access to both poultry farmers and domestic corn producers.

We maintain a high standard of biosecurity and animal health

We believe that we have one of the most stringent bio-security systems in the animal protein industry. Our biosecurity procedures are implemented with the objective of disease prevention and reducing the number and spread of infectious disease agents in the animal protein production chain. These measures include isolation (the process of keeping our livestock confined and protected in specialized areas), sanitation and disinfection, and traffic control. In addition, we undertake modern farming practices, vaccination and medication, ongoing monitoring, auditing and education of our staff, suppliers and customers. Our biosecurity system also covers our distribution of approximately 2.5 – 3.0 million DOCs daily to poultry farms within Indonesia. In addition, we also monitor the health of our poultry at our own laboratories, which serves as an early disease detection system. Our in-house vaccine R&D and production unit, Vaksindo, improves efficacy and shortens response time to disease outbreaks.

Our industry has significant barriers to entry reinforcing our market leadership position

We commenced our poultry operations in 1975, and since then we have invested in significant amounts of capital expenditure to build our poultry feed operations, processing facilities and supporting infrastructure as well as technology to develop a modern industrialized, vertically-integrated operating platform.

Our nationwide footprint across all of the major islands of Indonesia is a logistical feat given Indonesia's geography as an archipelago, which is a key barrier to entry to defend our current leading market position. In addition, we have the exclusive rights to sell and distribute grandparent stock of high grade Indian River from Aviagen (USA), one of the world's leading poultry genetics companies in Indonesia. We believe that our exclusive contract with Aviagen for the sourcing of grandparent broiler stock with superior genetics tailored for the Indonesian climate provides us with a key advantage over our competitors. Our investment in advanced feed technology further ensures quality control and optimal feed conversion ratios. We believe that implementing such modern farming techniques with superior breeding and genetics allows us to have the best in-class farm management practices and cost-effective model. Furthermore, we are able to standardize our operations via mechanized production processes and established standard operating procedures which allow for consistency and high quality end product.

Our long track record, strong customer relationships, national distribution network and technological and technical expertise provide us with significant competitive advantages and serve as barriers to entry for companies seeking to enter the Indonesian poultry business. We believe we will be able to maintain our market leadership position in the Indonesian animal protein industry with our extensive investment in breeding, hatchery and logistical infrastructure.

We have a strong brand reputation and customer relationships

We distribute our poultry feed under the brand names "Comfeed" and "Benefeed", and "Comfeed" for aquafeed. The two brand names are used for different marketing areas/geographies. Given our long

and successful track record of offering quality products and comprehensive customer support services, we believe that both “Comfeed” and “Benefeed” are widely recognized as trusted premium brands with strong value-added attributes. Our commitment to quality extends to all of our other key operations. In poultry breeding, we have the exclusive right to distribute a superior strain of broiler DOC well-suited to the Indonesian climate and consumer taste. In the consumer food segment, we acquired PT So Good Food on November 30, 2020, which has established retail brands known as “So Good” and “So Nice”. In aquaculture, in anticipation of growing demand for frozen food, we launched a new retail brand in May 2020 named “Seafood Lovers”.

To support our customer base, we have established an extensive customer service network throughout Indonesia manned by qualified technical and marketing staff who offer a range of support services to help farmers optimize livestock performance. We believe that our leadership position is the result of more than 50 years of relationship and brand building with Indonesian farmers. Our brands are well known throughout the industry and to our customers and offer an excellent value proposition to customers who are looking for quality, consistency and reliability

Our management team is committed and experienced and has a strong track record

Our management team has extensive experience in the animal protein industry, and has a proven track record of guiding the company through various cycles. Members of our core management team led us through the 1997-98 Asian economic crisis, the 2004-2005 Avian influenza epidemic and the 2008 global financial crisis. Our board of commissioners has over 50 years of combined experience in the agricultural industry.

Our management team has shown a strong track record of growth, both organically and through acquisitions and, we believe, is well-positioned to position the company for long-term growth in line with the industry. We also have an experienced workforce and believe we are an employer of choice, which is reflected by our low attrition rate.

We benefit from the strong support from the broader Japfa Group

Our parent company is Japfa Ltd, a leading pan-Asian, industrialized agri-food company listed on the mainboard of the Singapore Exchange Securities Trading Limited. Japfa Ltd has achieved top market positions across multiple protein segments in Indonesia, Myanmar, Vietnam, India, Bangladesh and China. We enjoy significant economies of scale from the procurement volume of raw materials by our centralized group procurement as well as its wide geographic reach providing us with access to specialist corporate expertise, raw material suppliers, genetic companies and global banks.

STRATEGY

Continue to grow in line with the poultry industry and enhance the profitability of our core poultry business in Indonesia

Our poultry feed, breeding and commercial farming operations have been the core of our business since 1982. Our core feed business offers stable profitability, constituting 77% of the Group’s operating profit before other income, other expense and loss arising from change in fair value of biological assets in FY2020. Despite volatile commodity prices and weakening Rupiah, the Group’s feed business has been able to consistently deliver stable gross margins, underscoring the ability to effectively pass on adverse currency and commodity price movements. Our “cost plus” pricing model in our core feed business is a stable segment in our industrialized and vertically-integrated value chain and provides a stable pillar for profitability, even during a market downturn. Furthermore, by focusing on our downstream operations and investing in more slaughterhouses, we also reduce exposure to fluctuating farm gate prices. Commercial farming also helps drive sales volume for feed business. We believe that by strengthening our vertical integration in poultry production, we will be able to capture additional revenue in line with the poultry industry growth and increase our profit margins along the value chain through increased market penetration and cost efficiencies. We have acquired land in Lamongan, East Java for a new feedmill facility, with construction planned to commence in 2022. We are also exploring opportunities to create additional feedmills in other locations.

Downstream retail operations strategy to position the company for long-term growth

Our core poultry business is complemented by our growing business in downstream retail operations. Our downstream retail operations strategy allows us to diversify our operations. In the consumer food segment, we acquired PT So Good Food, thereby expanding our business into secondary processes, producing value added branded, ready to eat consumer products, including chilled and frozen products. Other retail operations that we have acquired include retail meat shops Best Meat and Meat Market to widen our distribution channel directly to the consumer for processed meat products. Both Best Meat and Meat Market were acquired in October 2019 with retail shops located in Bali, Java and Sumatra.

Continue to focus on genetic improvements, improve our production technology, and ensure high quality biosecurity systems

We intend to continue to focus on improving the efficiency of our poultry feed and breeding business by introducing internationally adopted farm management processes and focusing on research and development. Our research and development activities are focused primarily on improving our feed formulation, the survival rate of our DOC and on breeding a superior and high growth poultry breed with improved resistant to disease and suited to Indonesian climatic conditions and consumer preferences.

We continue to strengthen our operational expertise by building strategic alliances with global leaders in breeding research, such as Aviagen for poultry and Hendrix Genetics for shrimp. Hendrix Genetics is a leading supplier of specific pathogen free, genetically improved shrimp broodstock to the Indonesian shrimp industry. Our subsidiary STP, established a joint venture company with Hendrix Genetics on November 10, 2020, PT Kona Bay Indonesia (KBI), to operate a broodstock multiplication center (“BMC”) for cultivation of shrimp post larvae into broodstock (ready-to-mate) in Indonesia. KBI will give priority rights of supply to STP of shrimp broodstock (ready-to-mate).

We will continue to be committed to implementing high quality biosecurity measures. Vaksindo, a company engaged in poultry and animal vaccine production that is one of the few companies in Indonesia with the facilities to research the H5N1 virus and other zoonotic diseases. We believe that Vaksindo’s technical capacity will continue to provide us with world-leading biosecurity protection measures by means of the most up-to-date vaccine technology, appropriate for the disease profile and market needs in Indonesia. To ensure that farms are able to manage stable production levels, drops in efficiency due to disease are monitored and characterized at the two diagnostic labs located in East and West Java, which are led by an experienced team of veterinarians. These measures have successfully managed disease issues before they progress into outbreaks.

Continue to invest in human capital to support sustainable growth

We reinforce our best-in-class farm management and technical know-how by continuously recruiting and training our employees to industry best-practices. The retention of experienced management further ensures that we have a clear long-term vision of our Company’s business. By investing in human capital and developing the skills of our employees, we ensure that we are providing consistent and high quality products to our customers. We have introduced training programs and human resource development on technical issues, health and safety and best business practices. Between January 1, 2020 and December 31, 2020, we conducted over 90 health and safety training classes for our company divisions, subsidiaries, affiliates and key customer groups. We will continue to develop and implement initiatives for recruiting, developing and retaining top performing employees. We believe our continued investment in human capital will ensure that we remain an employer of choice, which will allow us to retain employees thereby reducing our recruitment costs while enhancing overall productivity.

RECENT DEVELOPMENTS

We are a voluntary supporter of the UN SDG and to achieve our sustainability goals, we have set up our Sustainability Pillars to guide the implementation of best practices in sustainability across our group. These pillars focus on establishing an efficient production system, developing our people and improving nutrition. In 2021 we announced our Sustainability – Linked Financing Framework available

at <https://www.japfacomfeed.co.id/investors/sustainability-report>. Information on our website is not incorporated into this Offering Circular and should not be relied upon in determining whether or not to make an investment in the Notes. For further information, see “Sustainable Development Goals.”

In 2019, we commenced a formal Life Cycle Assessment (LCA), a science-based methodology that is recognised internationally, to provide insights into our environmental hotspots which will be used to form the backbone of our on-going efforts in sustainability. The most material topics identified from the LCA include wastewater management, animal welfare, and farmer livelihood.

PRODUCTION FACILITIES AND CAPABILITIES

As at December 31, 2020, we had 16 poultry feedmills, 76 breeding farms, 30 hatcheries, 15 slaughterhouses, four beef cattle feedlots, one abattoir and five aqua-feedmills, located throughout Indonesia.

OUR OPERATIONS

Our operations are organized in the following key business segments:

- Poultry;
- Aquaculture;
- Beef cattle.

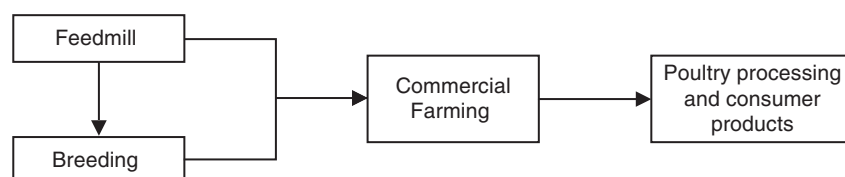
Operational Profile

FY2016	FY2020
<ul style="list-style-type: none"> • Poultry feedmill capacity: 4.6 million tons per annum • DOC breeding capacity: 800 million birds per annum, • Aquaculture feed capacity: 372,000 tons per annum • Beef cattle processing: 55,000 heads per cycle 	<ul style="list-style-type: none"> • Poultry feedmill capacity: 4.8 million tons per annum • DOC breeding capacity: 1,000 million birds per annum • Aquaculture feed capacity: 450,000 tons per annum • Beef cattle processing: 45,000 heads per cycle

Poultry

We are a leading Indonesian poultry company. Our poultry business is our largest revenue contributor, accounting for 86%, 86% and 84% of our total net sales for the years ended December 31, 2018, 2019 and 2020, respectively. For the years ended December 31, 2018, 2019 and 2020, net sales from our poultry business were Rp31,190.8 billion, Rp33,286.5 billion and Rp31,048.8 billion (US\$2,201.4 million), respectively. Although poultry is the primary form of animal protein in Indonesia, consumption levels per capita have been low compared to other Asian countries. However, we expect consumption to grow going forward. We believe that growth in consumption levels, together with continued economic and population growth, offer significant opportunities for our business.

The vertical integration of our poultry production chain can be seen in the following four principal steps:

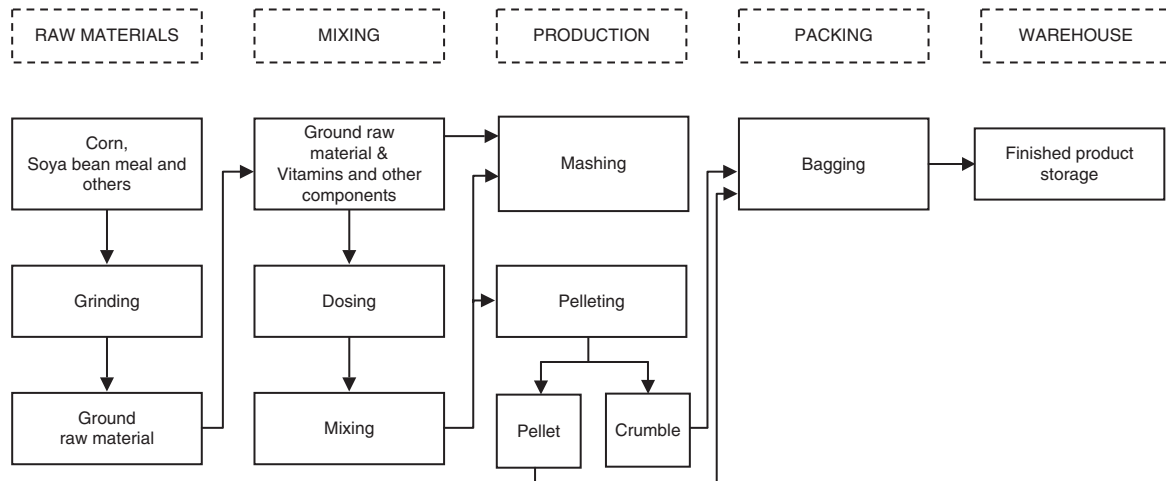


Primary processing involves the slaughterhouse operations, where the meat output is either sold as raw meat products (carcasses) or sent to a processing plant (secondary processing) to produce value added branded consumer foods.

Feedmill

We are one of the largest poultry feed manufacturers in Indonesia, with nearly 21% market share in 2020, according to Frost & Sullivan. For the years ended December 31, 2018, 2019 and 2020, our total production capacity was approximately 4.4 million tons, 4.6 million tons and 4.8 million tons, respectively, of poultry feed per annum. As of December 31, 2020, we operated 16 poultry feedmills throughout Indonesia. We believe that our scale of operations allows us to maintain cost efficiencies and offers us access to domestically procured raw materials, which are a large component of our business. For the years ended December 31, 2018, 2019 and 2020, net sales from our poultry feed production business segment were Rp12,104.3 billion, Rp13,002.0 billion and Rp10,361.0 billion (US\$734.6 million), respectively.

The following chart sets forth the typical manufacturing process for our poultry feed:



We market our poultry feed under two premium poultry feed brands, “Comfeed” and “Benefeed”. We also produce poultry feed in concentrated forms. We offer a range of poultry feed targeted at each stage of a bird’s maturity cycle with size of pellet and nutritional content adjusted to maximize development of the bird at each stage of maturity. We believe that our success in feed production is primarily attributable to our feed formulation expertise. Our qualified nutritionists utilize a range of raw materials to create feed formulas that are tailored to the particular breeds and climatic conditions in Indonesia. We offer poultry feed that is customized to the needs of different poultry types, namely feed that caters to the age of the broilers, feed for the breeder DOCs and feed for the layer DOCs.

We believe that our ability to customize our feed offers an important benefit to our customers as specifically-formulated poultry feed has been proven to enhance growth rates, while also being cost efficient. Our poultry feed products are continually redesigned to take into account research developments, particularly relating to nutrition and health of the poultry and with the goal of reducing the consumption of each bird required to grow it to maturity and the amount of time such maturity process typically requires.

Raw materials account for 94% of our poultry feed production costs. We procure raw materials for our feed production segment from both domestic and international suppliers. We believe that we are competitively placed to secure a stable supply of raw materials at competitive prices from both domestic and international suppliers, with many of whom we have established relationships.

When making raw materials purchases, we seek to take advantage of economies of scale to lower costs and improve our profit margins. We purchase the majority of our corn and soybean meal on the spot market, in line with market practice in Indonesia, but, depending on market conditions, may also enter into forward purchase contracts.

Typically 50% of our poultry feed mix is made up of corn, which provides a carbohydrate component, with other principal ingredients including soybean meal, which provides a protein component. Other components may also include rice bran, wheat bran, meat-bone meal, fish-bone meal, tapioca and vitamins. Depending on market prices, we may also utilize corn substitutes including wheat, broken

rice, sorghum and tapioca. For the year ended December 31, 2020, all of the corn we purchased was sourced domestically, primarily from East Java, Lampung and other parts of Indonesia. We strategically locate our corn dryers in corn belts to ensure better access to fresh local corn supplies and to leverage on seasonal supply fluctuations. We are able to buy and store corn at our storage facilities when market prices are low, such as during the harvest season. Corn that has been dried can typically be stored for approximately six months. Our inventory levels may vary depending on whether it is a harvest season, with average inventory levels typically at two to two and one half months' supply. These capabilities to source corn domestically enable us to lower our costs.

There has been a ban on the import of corn in place from 2016. Depending on the price of corn, feed wheat is a possible substitute component. Another key raw material component of our feed is soybean meal, all of which is imported. Our soybean meal is imported primarily from Argentina, India, Brazil and the United States. Wheat bran, rice bran and tapioca are sourced locally while vitamins are sourced from our subsidiary AJS. Although the precise formula of our feed varies and is determined, at least in part, by the availability and prevailing market prices of raw materials and corn in particular, we seek to produce poultry feed of consistent quality.

We maintain strict quality control practices, with shipments of raw materials tested for quality compliance on delivery.

We operate an advanced feed technology system which includes a stringent quality assurance program. In addition we conduct regular bench-marking activities, including laboratory tests. Currently, 12 of our 16 feedmills have ISO 9001:2015 certification and the remaining feedmills are currently in the process to receiving this certification.

Typically, approximately half of our poultry feed production is sold directly to domestic farmers and independent distributors located throughout Indonesia by our in-house sales team, with the remaining being utilized in our DOC breeding and commercial farming business.

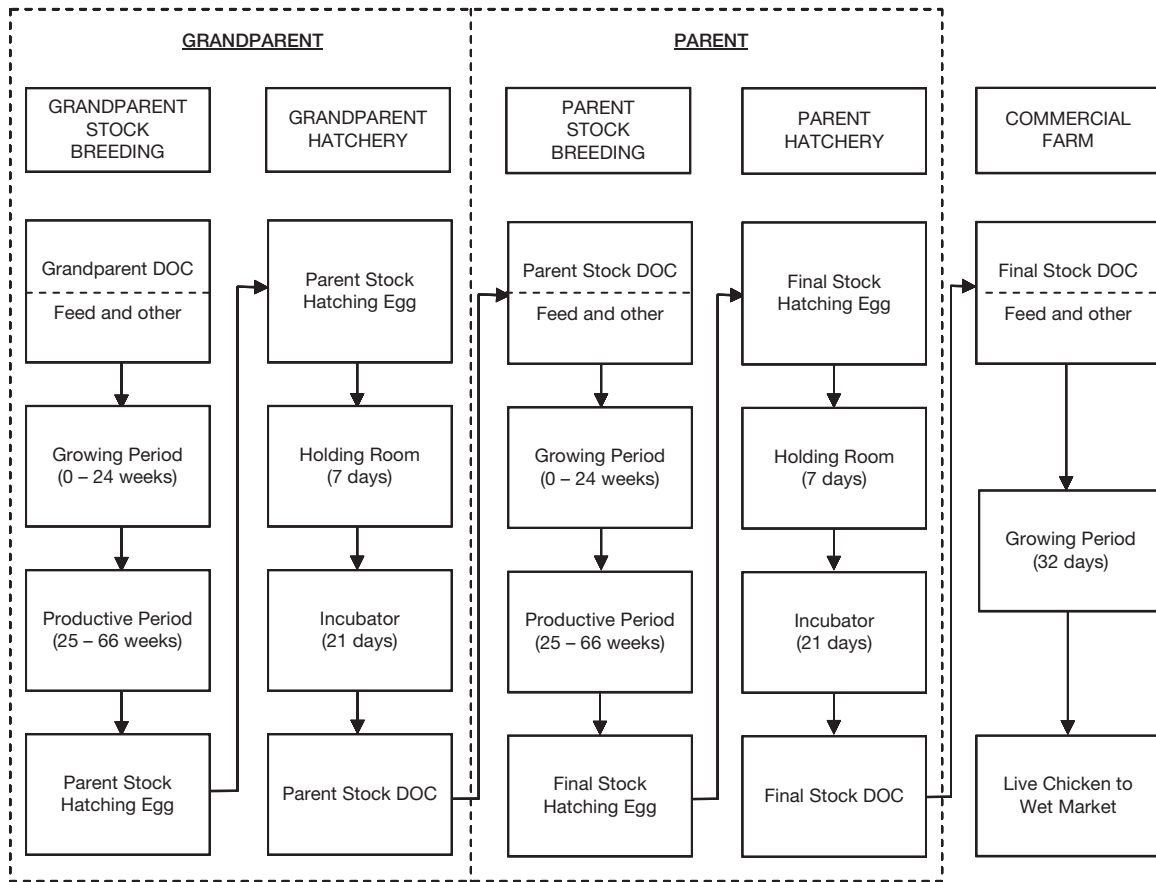
In addition, our feed production operations include certain supporting businesses. Our factory in Wonoayu, East Java, for example, produces approximately 8 million kilograms of feed bags a year, which are used to pack our poultry and aqua-feed products. We also have small operations in trading excess corn, selling copra pellets and edible oils, vaccines and animal health equipment. For the years ended December 31, 2018, 2019 and 2020, our supporting businesses generated 2.5%, 2.1% and 4.0%, respectively, of our net sales.

Breeding

For the years ended December 31, 2018, 2019 and 2020, net sales from our breeding business segment were Rp3,214.8 billion, Rp3,181.0 billion and Rp2,329.5 billion (US\$165.2 million), respectively.

Our Indian River grandparent broiler stock DOC are sourced from Aviagen. All grandparent stock DOCs are imported and sent to our grandparent stock breeding farms where they remain for a period of approximately 24 weeks (known as the "growing period"), after which the grandparent stock reach reproductive maturity (from weeks 25 to 67). During this period, fertilization occurs and hatching eggs are produced, which are then sent to our grandparent stock central hatchery. Fertilized hatching eggs are placed in a holding room for a period of seven days, after which they are placed in an industrial incubator for 21 days to produce our parent stock. The parent stock undergoes the same process at our parent stock breeding farms to produce final stock DOC. We have a production capacity of approximately 1.0 billion DOCs annually, of which approximately half were sold to our commercial farms and contract farmers for each of the years ended December 31, 2018, 2019 and 2020. The remaining stock DOC were sold to third party customers.

The following chart sets forth the steps in our breeding process:



We import high grade Indian River grandparent broiler stock DOC from Aviagen. Long-term cooperation between us and Aviagen has resulted in the refinement of the breed to suit Indonesia’s tropical climate, leading to improved production performance. This is also linked to the development of optimal-performance feed formulations which are produced in our feedmills. Our contracts with Aviagen and its subsidiaries provide us with the exclusive rights to buy, sell and distribute Indian River broiler DOC in Indonesia and provide for the purchase of grandparent stock DOC at preset contract prices, which we believe acts as a significant barrier to entry for potential new competitors and provides us with a key advantage over our competitors. Our contracts with Aviagen with respect to the Indian River breed broiler grandparent stock expire on October 30, 2023 and are renewed automatically for repeated terms of five years each (subject to termination rights).

To increase operational efficiency within our breeding business, we have implemented a biosecurity system that focuses on sanitation and disinfection (including full immersion sanitation), ensuring optimal flock health. As a result, we believe our farms enjoy higher productivity of grandparent and parent stock, lower mortality rates, reduced losses from mishandling and greater consistency in DOC size and weight. We also improve our breeding operations by continually monitoring quality levels. In 2008, we acquired PT Vaksindo Satwa Nusantara (“Vaksindo”), one of only three Indonesian companies with research capabilities on the H5N1 (avian flu) virus. This acquisition has enabled our breeding operations to develop vaccines internally.

As of December 31, 2020, we operated 76 breeding farms and 30 hatcheries located in locations throughout Indonesia. These facilities are enclosed and climate-controlled and are typically located in isolated areas which offer improved levels of biosecurity. See “– Production Facilities and Capabilities”.

Commercial farming

Most of our commercial farming operations are through contract farmers, who grow the DOCs on our behalf until harvest, in accordance with standard operating procedures established by us. At harvest time, the sales to customers are facilitated by us. We then either slaughter and process the birds in our poultry processing plants or sell them as live birds. To ensure quality control and achieve optimal

performance, we provide our technical expertise to farmers, including guidance related to the use of feed and vaccination programs. Our contract farmers are, primarily, independent local commercial farmers. The rationale for this farming model is that it gives us increased flexibility in adjusting to fluctuations in regional demand, access to markets which are not covered by our own commercial farms and minimize our capital expenditure requirements relating to our commercial farming operations. In addition, through our profit sharing arrangement we have in place with our contract farmers, contract farmers are incentivized to achieve optimal performance.

The remainder of our commercial farming operations are at over 100 farms directly owned and operated by us. The broilers produced by our own farms are mainly for used in our poultry processing business segment and for sale as live birds. Commercial farming in our own farms provides us with the ability to control the costs and quality of the supply of poultry to our poultry processing plants.

As of December 31, 2020, we owned or had entered into contracts with approximately 10,000 farms in locations throughout Indonesia under our commercial farming operations.

For the years ended December 31, 2018, 2019 and 2020, net sales from commercial farming were Rp10,698.8 billion, Rp11,548.4 billion and Rp13,363.7 billion (US\$947.4 million).

Primary processing

In Indonesia, approximately 80% – 85% of poultry is sold as live birds or as fresh meat at traditional wet markets, some of which also act as slaughter yards. As of December 31, 2020, we operated 15 slaughterhouses in Bogor, Bali, Makassar, Salatiga, Purwakarta, Medan, Krian, Lampung and Tanah Laut with a combined annual production capacity of 160,000 tons, annually. We acquired PT So Good Food, thereby expanding our business into processed products. Our finished products include freshly chilled or frozen whole chicken, chicken parts and chicken meat. For the years ended December 31, 2018, 2019 and 2020, the utilization rate of our poultry processing facilities was approximately 49%, 57% and 49%, respectively.

Throughout our modern processing plants, we are able to meet stringent customer demand for consistency, freshness and hygiene. Our products have been certified as having met the highest quality standards within the industry, and we have HACCP and halal certifications.

We have also implemented comprehensive occupational health protection and hygiene measures at our processing plants including protective clothing and comprehensive cleansing and disinfection procedures for all processing staff and temperature controlled environments.

Aquaculture

Our aquaculture business segment is comprised of production lines for fish feed, shrimp feed, eel feed, shrimp hatcheries, freshwater fish hatcheries, shrimp ponds, eel ponds and freshwater fish ponds in addition to fish processing and cold storage facilities. Our aquaculture business segment is managed by our wholly-owned subsidiary, PT Suri Tani Pemuka, which is one of the leading producers of aqua-feed. Net sales for the years ended December 31, 2018, 2019 and 2020 from our aquaculture business were Rp2,498.3 billion, Rp3,167.2 billion and Rp3,319.9 billion (US\$235.4 million), respectively.

Aqua-Feed Production

For the year ended December 31, 2020, the majority of our sales from our aquaculture business were derived from our aqua-feed business. Our aqua-feed has many of the same basic components as our poultry feed, although there are differences in the production process. We believe we offer customers a complete solution to the growth requirements of aqua-life. All our floating feed is specific-pathogenic free which makes it less susceptible to bacterial contamination. We offer one premium aqua-feed brand, "Comfeed." Most of the fish and shrimp feed that we currently produce is sold directly to local farmers and independent distributors located throughout Indonesia. As of December 31, 2020, we had five aqua-feedmills located in Gresik, Banyuwangi, Purwakarta, Lampung, and Medan. For the years ended December 31, 2018, 2019 and 2020, the production capacity of our aqua-feedmills was approximately 374,000 tons, 382,000 tons and 450,000 tons, respectively. For the year ended December 31, 2020, approximately 83% of our total production was fish feed and the other 17% was shrimp feed.

Supporting Facilities for Aquaculture

To support our sales in the aqua-feed business, we operate fish and shrimp hatchery ponds to breed commercial grade fingerlings or seedlings for aqua-feed customers who have insufficient means or know-how to acquire suitable starter-species for commercial farming under specific localized environmental conditions. We believe such value-added auxiliary facilities are important to our success in aqua-feed distribution.

In the aquaculture business segment, we have 10 shrimp hatchery facilities and continue to increase our production capacity and improve the quality of the shrimp fry. In addition, we have developed an integrated freshwater fish business from feed to breeding and growing. As part of this business segment, we also have three processing plants located in Simalungun, Cirebon and Banyuwangi which produce various processed fish, shrimp and eel-based products including, but not limited to, tilapia filets and breaded shrimp. As of December 31, 2020 we have also received the following international certifications in food safety, sustainability and social responsibility: BRC, Best Aquaculture Practices (BAP), ASC, Smeta 4-pillars, Good Manufacturing Practices (GMP), HACCP and Halal.

Beef Cattle

In our beef cattle business, we import cattle from Australia, which we fatten to maturity at 90 days before selling them to third parties. As of December 31, 2020, we had beef cattle feedlots and an abattoir located throughout Indonesia. For the years ended December 31, 2018, 2019 and 2020, the production capacity of our beef cattle feedlots was 45,000 head of cattle per cycle. The majority of our beef cattle are sold live to distributors for distribution through wet markets. We utilize our abattoir for our wagyu operations in addition to further processing. Net sales from our beef cattle segment were Rp1,645.0 billion, Rp1,611.8 billion and Rp1,126.6 billion (US\$79.9 million), respectively, for the years ended December 31, 2018, 2019 and 2020. Our beef cattle business segment focuses on fattening our beef cattle from approximately 300 kilograms to approximately 500 kilograms.

Our breeder cattle undergo natural or artificial insemination at our breeding farms (which are required by regulations for integrated businesses such as ours) after which they are pregnant for approximately nine months. The calves then grow for a period of approximately 12 months before they are sent to our feedlots as feeder cattle. After a period of approximately three months during which the feeder cattle undergo the fattening process at the feedlots, the cattle will be sent to the wet markets for sale to distributors, or to our abattoir for processing into beef products for consumption. Breeding is a relatively small component of our beef cattle business and the majority of our beef cattle business comes from the fattening stage.

Biosecurity Measures

We believe that we have one of the most stringent biosecurity systems in the poultry industry in Indonesia, with a focus on advanced technology. Our biosecurity measures include isolation and traffic control, sanitation and disinfection, modern farming practices, vaccination and medication, ongoing monitoring and auditing and education of our staff, suppliers and customers. Our biosecurity procedures are implemented with the objectives of disease prevention and reducing the number and spread of infectious disease agents in the animal protein production chain. Our DOC breeding farms, in particular, are located in separate, isolated locations, in order to minimize the risk of the spread of infection. We also adopt sanitation, disinfection and traffic control measures. In response to rapidly mutating or newly emerging, diseases (primarily caused by zoonotic viruses), such as Newcastle Disease and Avian Influenza (both Food and Agriculture Organization (“FAO”) List A poultry diseases), we focus on the development of tailored vaccines to elicit protective immune responses in our poultry flocks.

We did not suffer any significant losses during the outbreak of Avian Influenza in late 2003 / early 2004 and late 2005, and we believe that this was, at least in part, due to our biosecurity measures and stringent quality control policies. In addition, we are not aware of any cases of infections having occurred at any of the facilities operated by our contract farmers. Thus far, none of our processing or production facilities have required quarantine. In addition, our acquisition of Vaksindo has enabled our breeding operations to develop vaccines that are antigenically matched to circulating local H5N1 strains. Vaksindo possesses BSL-3 (Biosafety Level 3) category facilities for R&D, vaccine

manufacturing and clinical trials. Our in-house vaccine R&D and manufacturing capacity improves vaccine efficacy and shortens response time to emerging disease challenges. To reduce the impact of Avian Influenza viruses, Vaksindo collaborates with scientists from Erasmus Medical Center at the Erasmus University in Rotterdam. As of the date of this Offering Circular, Vaksindo is one of the few veterinary vaccine manufacturing companies in Indonesia that is able to update its seed strains using antigenic cartography. In addition, Vaksindo is one of the few vaccine manufacturing companies in Indonesia that has developed a live and killed fully genotype-matched Newcastle Disease vaccine using reverse-genetics technology. Apart from Avian Influenza and Newcastle Disease vaccines, Vaksindo produces a variety of animal vaccines, including poultry, large animal and fish vaccines. To ensure that farms are able to manage stable production levels, drops in efficiency due to disease are monitored and characterized at the three of our diagnostic laboratories located in East and West Java, which are led by an experienced team of veterinarians, who collects clinical organ and blood specimens for subsequent virus isolation and virus characterization at Vaksindo, in order to match vaccines with circulating field strains.

Our approach in disease management was recommended by the FAO and OFFLU joint collaboration group in 2010, as the most effective means to reduce antigenic drift and rapid disease evolution of Avian Influenza, as was seen by many other farmers with the H5N1 outbreaks in the past. In 2011, the government banned import of AI vaccines, in stride with the above recommendation – placing our own vaccine production at a further strategic benefit. There have not been any outbreaks of H7N9 in Indonesia.

We believe that our biosecurity measures and stringent quality control policies provide us with a degree of protection against infection. Although we have not experienced any material adverse financial impact as a result of the outbreaks of Avian influenza, there can be no assurance that the policies and procedures that we have implemented to date, and which we keep under regular review, will provide us with adequate protection in the future. See “Risk Factors – Risks Relating to our Operations and the Industry – Outbreaks of livestock diseases could have a material adverse effect on our business.”

We conduct ongoing staff training on biosecurity measures, which we believe is important to ensure safe and hygienic operation of our business. We have implemented Quality Management System (QMS) ISO 9001:2015 in 12 of our 16 poultry feedmills with the remaining feedmills currently in the process of becoming certified. To maintain Health and Safety Environment (HSE) Standards, including OSH (Occupational Safety Health), we have introduced an HSE system implemented by an HSE committee in nearly all of our operational locations.

Trade and Other Services

As an integrated farm enterprise, we are developing business units to support the Company’s main business units in order to improve production quality and overall competitive level. This division includes woven bags, copra pellets, retail meat shops, vaccines, animal health and poultry equipment. These units provide products and services at competitive levels in their respective markets and profit from selling to the external market. We deliver vaccines, drugs and equipment to our farms in a timely and reliable manner via our widespread distribution network. Our main focus is our retail meat shops and their distribution to our customers.

INVENTORY CONTROL

Inventory levels are centrally monitored by our purchasing department in Jakarta. We utilize a “first in, first out” (FIFO) policy to maintain freshness. We maintain inventory insurance for losses from certain damage and seek to minimize shortage, shrinkage and demurrage by implementing tight performance standards for employee management of inventory.

We generally seek to maintain approximately 1.5 to 2 months’ inventory stock of raw materials, with 2 to 2.5 months’ inventory stock for seasonal raw materials, such as locally-sourced corn. Our raw materials inventory stock is dependent upon the timing of harvests, festive seasons, actual and expected weather conditions, prevailing world market prices and our cashflow position. We engage in stringent quality control testing of incoming raw material deliveries utilizing sophisticated lab equipment and reject deliveries that fail to meet our specifications. Corn and certain other raw materials must be

kept dry and we therefore monitor moisture content in our silos and operate corn dryers at strategic locations. As of December 31, 2020, we operated 15 stand-alone corn dryers located near our main corn suppliers (one corn dryer in Central Java, five in Sulawesi, three in West Nusa Tenggara and six in the Lampung corn belt).

Timely delivery and management of inventory is also essential in our DOC breeding business as we deliver approximately 2.5 to 3.0 million DOC per day and deliveries must be made within 24 hours.

SALES AND MARKETING STRATEGIES

We market all our feed products under two main brands: “Comfeed” and “Benefeed”. The development of these brands into reputable and recognized brands, with the requisite degree of “brand equity”, has taken many years to achieve, through consistent product quality and high service standards. We believe our brands are well-known throughout the industry and to our customers and offer an excellent value proposition to customers who are looking for quality, consistency and reliability. We market our poultry feed to distributors and farmers and our beef cattle to distributors.

Distribution

All our feed production, breeding and/or commercial farms and distribution facilities are located within close proximity of our key customers. Across the Indonesian archipelago, we have our operational presence in key regional hubs, thereby reducing logistics costs, decreasing time to market, allowing us better access to local raw material sources, and placing us closer to our customers. This proximity to customers also allows us to develop close working relationships with them.

Management of our distribution and logistical activities is dealt with in-house at various regional hubs as part of our overall supply chain management efforts. Physical delivery services are generally outsourced for feed and other products, whereas chick-vans for DOC delivery are maintained and managed in-house. The decision whether to outsource or manage our activities in-house is largely determined by the sensitivity of the products and the ability of existing vendors to deliver to the standards required by us and our customers.

Below is a table of our distribution centers for our key product categories:

Feed

<u>Location</u>	<u>Type of Distribution Center</u>	<u>Distribution Coverage</u>
Medan	Two Feedmills	Aceh and North Sumatra
Padang	Feedmill	West Sumatra
Lampung	Feedmill	South Sumatra and Lampung
Tangerang	Feedmill	West Java and Banten
Cirebon	Two Feedmills	West Java
Cikande Serang	Feedmill	West Java, Banten and Jakarta
Purwakarta	Feedmill	West Java and Central Java
Sragen	Feedmill	Central Java
Gedangan	Feedmill	East Java
Buduran	Feedmill	East Java, Kalimantan and Bali
Grobogan	Feedmill	Central Java
Margomulyo	Feedmill	East Java
Banjarmasin	Feedmill	South and Central Kalimantan
Makassar	Feedmill	Sulawesi

DOC (Hatchery Locations)

Location of Distribution Center	Distribution Coverage
Palembang	Palembang, Padang, Jambi, Pekanbaru, Lampung and Bengkulu
Aceh	Aceh
Lampung	Lampung, Bengkulu and Palembang
West Java	West Java, West Kalimantan, Bangka–Belitung and Central Java
Central Java	Central Java, East and West Java
East Java	East and Central Java, Bali, Lombok and Makassar
Sulawesi and Kalimantan	Sulawesi, Southern & Eastern Kalimantan, and Papua
Bali	Bali, Lombok and East Java
Lombok	Lombok
Padang	Medan, Pekanbaru and Jambi
Medan	Medan, Pekanbaru, Padang, Aceh, and Kepulauan Riau
Pekanbaru	Pekanbaru, Padang, Medan and Aceh
Jambi	Jambi, Bengkulu and Lubuklinggau

Beef cattle

Location of Distribution Center	Distribution Coverage
Probolinggo	East, West and Central Java and Jakarta
Situbondo	East and Central Java
Bekri	Jakarta, Banten, West Java, Lampung, South and West Sumatra, Riau and Kepulauan Riau
Jabung	Jakarta Banten and Lampung
Serang	Jabodetabek, West, Central and East Java, Lampung, North Sumatra, Batam, Balikpapan, Kalimantan, South Sulawesi, Bali and Lombok

For the domestic market, we coordinate most of our logistics infrastructure in-house, particularly for areas where we have an established presence. For poultry feed, we distribute most of our feed directly to our key customers and the remainder through agents or poultry shops with whom we have long-term, established relationships. We manage these agents through strict credit limits, terms of payment and uniform product pricing, as well as requiring agents to pledge assets including land. DOCs are usually distributed directly to our final customers, who typically place an order on cash before delivery terms. Live broilers produced on our commercial and contract farms are sold directly to regional wholesalers on COD basis while chilled or frozen chicken are sold to wholesalers on prevailing seasonally-adjusted credit terms. Our branded beef products are distributed to major supermarket chains with limited exposure to credit risks.

Technical and After Sales Services

We seek to provide after-sales servicing, technical support and comprehensive solutions directly to our customers. We provide on-site guidance to our customers to assist them to use our feed products effectively and advise our customers on any technical issues that they may encounter in the poultry breeding process. We offer products tailored to key customers' individual specifications and work with them to maximize their overall operational success, which in turn can lead to greater demand for our products.

SUSTAINABILITY

We align our efforts to contribute to the UN SDG, with an emphasis on UN SDG 2, which seeks to end hunger, to achieve food security and improved nutrition and to promote sustainable agriculture. In

order to achieve our sustainability goals, we have set up our Sustainability Pillars to guide the implementation of best practices in sustainability across our group. These pillars focus on establishing an efficient production system, developing our people and improving nutrition. Listed below are some of the initiatives we engage in to further the UN SDG.

Our Sustainability Pillars

Description

Contribution to UN SDG

Efficient Production System

We contribute to hunger reduction and provide nutrition for our society through healthy animals, efficient use of resources and waste and emission minimization. For example, in our aquaculture operations, water quality is of critical importance. We monitor the physical and chemical condition of our aquatic ecosystem’s water to maintain the optimum range of our aquaculture needs. Our efforts are recognized by the certifications from the Best Aquaculture Practice (BAP) and Aquaculture Stewardship Council, which are testimonies that fish has been farmed in a responsible manner.

Similarly, we practice strict biosecurity and hygienic procedures to prevent the entry and spread of pathogens into our operations. We adopt international best practices such as the Principle of Good Agricultural Practices and Hazard Analysis Critical Control Point (HACCP) system as part of our biosecurity control policies.

Our measures include frequent sampling to prevent salmonella infection and routine monitoring of animals’ health.

We endeavor to produce our products responsibly while providing affordable and nutritious food for people in emerging economies.



Our Sustainability Pillars

People Development

Description

Through our large-scale operations, we seek to create jobs to reduce poverty and support infrastructure development around our operating units, as well as knowledge management for our employees, farmers and community by providing trainings, technical assistance and skills improvement for farmers and education programs.

We collaborate with external contract farmers in over 10,000 commercial farms throughout Indonesia to produce live chickens for sale to wet markets, providing affordable, accessible fresh animal protein to local communities.

We have also set up a poultry partnership scheme to impart technical skills such as farm selection, premium input selection, sanitation maintenance and vaccine administration. In addition to technical knowledge, we also have mentoring and training programs targeted at the other aspects of operations such as accounting and marketing.

Contribution to UN SDG



Improving Nutrition

Our vertically integrated operations and local sourcing facilitates access to affordable nutritious protein for people through transparent and traceable supply chains that ensure food safety. We also seek to educate the community around our facilities to adopt healthy lifestyle by promoting healthy balanced diets through our Japfa for Kids program.



CUSTOMER CREDIT

We extend credit to a limited number of customers in connection with sales of our poultry, poultry feed and aqua-feed. Our credit terms for poultry third party sales typically provide for payment within one month or less. We take a number of factors into consideration when agreeing to credit terms with our customers, including volumes purchased, customer relationship and historical track record for timely payment. For the years ended December 31, 2018, 2019 and 2020, we wrote off bad debts totaling Rp53.3 billion, Rp95.7 billion and Rp131.1 billion, which represented 2.7%, 4.2% and 6.5%, respectively, of total trade receivables at period end.

LOGISTICS

We maintain our own fleet of more than 250 vehicles for our DOC business so as to maintain our high biosecurity standards and to ensure the timely delivery of DOCs. All grandparent stock DOCs must be shipped to farms within 24 hours of their arrival into Indonesia. We outsource our other transportation requirements (including in respect of our feed and aquaculture segments) to several Indonesian trucking companies.

COMPETITION

We believe that having a local presence and relationships are key drivers of success in the Indonesian poultry industry and can lead to better control and management over costs and quality (including freshness) and the cultivation of long-term relationships with customers. As in other developing countries, the poultry industry in Indonesia is typically a “live bird” industry with localized competition. As Indonesia is a predominantly Muslim country, it is important that poultry be slaughtered and maintained in a “halal” manner in accordance with Muslim religious requirements. Due to this and other factors, including import restrictions, imports of poultry products into Indonesia have historically been relatively low.

Integrated operations including ours are able to offer feed and DOC sales in order to obtain better access to farming customers and to provide fully-integrated solutions (including technical services and buy-back of stock) to our customers. We are also able to work closely with vaccine suppliers and other equipment suppliers to offer a full range of products and services to farmers. We also seek to provide technical and marketing input to our customers to enhance their competitiveness. We believe integration affords us a significant competitive advantage over non-integrated operators.

We believe our primary competitor in the markets in which we operate is PT Charoen Pokphand Indonesia Tbk, which also seeks to offer fully-integrated solutions to customers. See “Industry Overview”.

The Indonesian poultry industry, while ahead of other types of animal protein, is still evolving technologically, particularly in relation to biotechnology improvements in breed selection. We believe that the right breed, adjusted to local conditions, can lead to higher profits for farmers due to lower mortality, better growth rates and better feed-to-weight conversion ratios. The Indian River breeds in particular, which we use exclusively, have been specially bred for tropical climate conditions in respect of humidity, heat and disease resistance.

INSURANCE

We have in place the following insurance policies:

- property all-risks insurance for our fixed assets (including machinery) and inventory in relation to any damage caused by (1) accidents, (2) fire, (3) civil disorder, namely riots, strikes and civil disturbances, and/or (4) natural disasters including typhoons, storms, floods, landslides and others;
- machinery breakdown insurance to protect against any loss or damage due to internal electric and mechanical failures and breakdowns of our machinery;
- marine cargo insurance for our assets and inventory (raw materials, half and fully finished goods, including livestock and machinery) during domestic land transit and/or inter-island shipment and/or overseas shipment;
- earthquake insurance in relation to any damage caused by earthquakes, volcanic eruptions or tsunamis;
- fire, lightening, explosion, falling of aircraft and smoke, natural disaster, strike, malicious damage, civil commotion and accidental damage insurance in respect of physical loss or damage to

(1) grandparent, parent and final stock DOC at our poultry breeding farms and hatcheries and (2) fattening chicken at our commercial farms, excluding losses arising from Avian Influenza, as such insurance is not customary and is unavailable in Indonesia on commercially reasonable terms;

- fire, lightning, explosion, falling of aircraft and smoke, natural disaster, strike, malicious damage, civil commotion and accidental damage insurance in respect of physical loss or damage to our other livestock, namely, cattle, eel, shrimp and tilapia;
- social security insurance for our employees (Employee Social Security or “BPJS”), as required by Indonesian law, including pension insurance, work injury insurance, death insurance and medical insurance; and
- motor vehicle insurance for our motor vehicles in relation to any accidental damage caused by, but not limited to, riots, strikes, civil disturbances and natural disasters.

Our directors believe that the above insurance policies that we currently hold are adequate for our business and operations, and we will review our insurance coverage annually. See “Risk Factors – Risks Relating to Our Operations and the Industry – Our insurance coverage may be inadequate”.

INTELLECTUAL PROPERTY RIGHTS

We have the exclusive right to distribute and market the “Indian River” brand from Aviagen and a priority right to distribute and market the “Kona Bay” brand from Kona Bay pursuant to supply agreements. Our distribution and use rights of these trademarks are for all areas in Indonesia. We also have trademarks in respect of among others, the “Japfa” name and our key brands including “Multibreeder”, “Comfeed” and “Benefeed”.

REGULATIONS AND LICENSES

Government and Environmental Regulations

Our operations and facilities are subject to various regional, state and local environmental laws and regulations governing, among other things, grading, quality control, labeling, sanitary control and waste disposal. Under these laws and regulations, we are also required to obtain permits from governmental authorities, including, but not limited to, wastewater discharge permits.

Our feedmills are subject to governmental regulation and inspections. In addition, we maintain our own inspection program to assure compliance with our own standards and customer specifications.

We have made, and will continue to make, capital and other expenditures as necessary in order to ensure compliance with existing environmental, health and safety laws and regulations and permits.

As at the date of this document, we do not know of any major capital expenditures necessary to comply with such laws and regulations. However, as environmental, health and safety laws and regulations are becoming increasingly more stringent, including those relating to animal wastes and wastewater discharges, there can be no assurance that we will not be required to incur significant costs for compliance with such laws and regulations in the future.

We have a focus on health safety and environmental matters and have, to date, not experienced any adverse environmental events or major accidents of any of our facilities. We maintain waste treatment facilities at our facilities in accordance with applicable regulatory requirements. A portion of solid waste produced at our facilities is sold as fertilizer to third parties. For more information on regulations, see “Regulation”.

Licenses

We hold a number of licenses and permits which are essential for the conduct of our business.

Poultry Feed Production

In relation to our industrial activities, our principal operating licenses are an Industrial Business License and an Industrial Expansion Business License, which were issued by the Online Single Submission system ("OSS System"), and are valid for the duration of our operational activities. Companies that are engaged in the animal feed production industry are also required to prepare an Environmental Monitoring Efforts Report/Environmental Management Efforts Report which must be approved by the relevant authorities. These reports have been prepared in respect of each of our applicable factories.

We have also been issued with Animal Feed Quality Certificates by the Animal Feed Quality Examination Centre under the Ministry of Agriculture and Animal Feed Registration Numbers by the Director General of Farm Production under the Ministry of Agriculture. The Animal Feed Registration Numbers have been issued for each of our farming locations and are valid for a period of five years and may be extended once for a further period of five years, following which it will be necessary for us to re-register in order to obtain a new Animal Feed Registration Number.

Poultry Farming and Breeding and Beef Cattle

For our poultry farming activities, we have been granted a Farm Business License by the regional Livestock Agencies/Regional One Stop Service Agencies in Pangandaran, Lombok Timur, Tanah Laut, Banjarbaru, Simalungun, Minahasa, Lampung, Pontianak and Garut, which is valid for the duration of our operational activities and a Farm Expansion Business License issued by the OSS System which is also valid for the duration of our operational activities.

As is required in relation to our poultry feed production activities, we are also required to prepare Environmental Monitoring Efforts Reports/Environmental Management Efforts Report. These reports must be approved by the relevant authorities under the State Ministry of the Environment. These reports have been prepared in respect of each of our applicable factories.

In relation to imports of our grandparent stock, we are required to obtain an Animal Entry Permit which is applied for, and issued, in relation to each import entry. For such import operations, we are required to obtain principally, a Certificate of Animal Health from authorized institutions of the country of origin of the grandparent stock, a certificate of origin from the breeder in the country of origin and a Temporary Animal Quarantine Permit which is valid for a period of one year, prior to the issuance of a Release Certificate by the quarantine veterinarian under the Quarantine Body, Directorate General of Livestock, Ministry of Agriculture which releases our grandparent stock from quarantine. We are also required, on an occasional basis and subject to local governmental regulations, particularly during an outbreak, or if the area is considered to be at risk for avian flu, to obtain an Avian Influenza Free Certificate from the Regent/Mayor of the Agency of Livestock.

Aquaculture

In relation to our shrimp farming activities, we have obtained a Fisheries Business License from the relevant ministry or respective authority which remains valid for the duration of our operational activities.

We are required to prepare Environmental Monitoring Effort Reports/Environmental Management Effort Reports in relation to our aquaculture activities, which reports have been prepared in respect of each of our ponds and have been approved by the relevant authorities under the State Ministry of the Environment.

An Environmental Impact Assessment is carried out by authorized institutions in relation to fisheries which exceed 50 hectares in size. The latest Environmental Impact Assessment was carried out on December 22, 1997 which was further approved by the Ministry of Agriculture on January 12, 1998 for ponds in South Kalimantan. Under the new electronic integrated licensing system implemented by the OSS System, our aquaculture business has obtained environmental licenses issued by the OSS on behalf of the relevant Government institution.

Slaughter House, Cold Storage and Processing Facilities

We have obtained a Food Business Unit Veterinary Control Certificate for Food from Animals issued by the regional government institution and a Trade and Business License which was issued by the OSS

System. Both the Food Business Unit Veterinary Control Certificate for Food from Animals and Trade Business License are valid for as long as we operate. We have also obtained a Large Trade Business License which was issued on January 17, 2017 and remains valid until January 17, 2022.

As with our poultry feed, farming and breeding operations, we are required to prepare an Environmental Efforts Report/Environmental Management Efforts Report, which have been prepared for each of our slaughterhouse and cold storage facilities.

WTO Proceedings

On May 8, 2014, New Zealand and the United States initiated World Trade Organization proceedings (the "WTO Proceedings") against Indonesia under the General Agreement on Tariffs and Trade 1994 ("GATT 1994"), concerning measures imposed by Indonesia restricting the importation of certain horticultural products and animals into Indonesia. New Zealand and the United States initiated the WTO Proceedings in order to remove Indonesian regulations that, among other things, restrict foreign importation of beef and chicken.

On December 8, 2016 the World Trade Organization found that Indonesia was not in compliance with its trade obligations under GATT 1994, and requested that Indonesia bring its measures into conformity with the same. On February 17, 2017, Indonesia announced its decision to appeal certain issues of law and legal interpretation. On April 13, 2017 the Appellate Body of the World Trade Organization issued a notice stating that its report on the appeal would be delayed due to the complexities involved in this and other cases before it.

EMPLOYEES

As at December 31, 2020, we directly employed 30,739 people, with 22,216 employed in our poultry business, 2,968 in our aquaculture business and 5,555 in our supporting businesses. We currently have approximately 173 senior management staff, 1,255 middle management staff, 7,610 junior management staff and 21,701 employees working in other supporting functions.

We believe we have a good relationship with our employees. Many of our employees have been with us since our inception, which we believe gives us a competitive edge as our employees have developed a longstanding familiarity with our customers and their needs, enabling us to respond swiftly and efficiently to changes in our customer requirements. We believe we are an employer of choice, which is reflected by our low staff turnover rate of approximately 2.21% during 2020 at the supervisory level and above.

Instead of having any formal labor unions initiated by the employees, we hold regular bipartite communication forums where employees and management are encouraged to discuss issues openly. We also have established a system of employee cooperatives which work closely with management to protect employee welfare. We have not experienced any serious labor unrest.

We employ a range of qualified technical staff who have industry-recognized qualifications comprising graduate, master's and doctorate academic and professional qualifications, as well as significant previous experience in the industry. On commencing employment with us, staff are required to undertake induction and basic skills training. Our technical staff are required to undertake our in-house Total Productive Maintenance training program which includes specific training in relation to machinery and our management staff receive communication and leadership skills training. We also send our employees to participate in seminars and training sessions held by external institutions.

We consider strong leadership skills to be a key factor to the success of our business, and we reinforce this message through our management training program called the tiered training class. In 2020, 65 of our middle to top-level managers attended the program, which was conducted by a third party and coordinated by our People Development Department.

LITIGATION

Except for the cases listed below, we are not currently a party to any proceedings that, if adversely determined, might have a material adverse effect on our business, financial condition, results of

operations or prospects. In addition to the cases listed below, the Company is currently undergoing administrative procedures relating to a previously paid withholding tax that may result in a future assessment.

Lake Toba Case

On March 16, 2017, our wholly-owned subsidiary, STP received a summons with respect to a civil lawsuit lodged by YPDT with respect to STP's tilapia farming business at Lake Toba in Sumatra. The lawsuit also named as a defendant one other company that is engaged in similar business activities at Lake Toba, as well as four governmental authorities. The lawsuit alleged that the aquaculture operations conducted at Lake Toba violated existing environmental law. The lawsuit sought to recover damages of Rp114.2 trillion (US\$8.6 billion) from STP and Rp260.0 trillion (US\$19.5 billion) from the other corporate party. The first court hearing took place on April 3, 2017. On May 29, 2017, YPDT filed an application to revoke the lawsuit because the list of defendants in the lawsuit was not complete. The case was closed and replaced with the following proceedings.

On September 7, 2017, STP received a summons with respect to a new civil lawsuit lodged by YPDT with respect to STP's tilapia farming business at Lake Toba in Sumatra. The lawsuit also named another company as defendant that is engaged in similar business activities at Lake Toba, as well as five local governmental authorities. The lawsuit alleged that the aquaculture operations conducted at Lake Toba violate existing environmental law. The lawsuit sought to recover damages of Rp905.67 trillion jointly from STP and other corporate party. On August 7, 2018, the Judges at Central Jakarta District Court issued an interlocutory decision on the lawsuit, where the Judges ruled that the district court has no jurisdiction to examine the case, because the case shall be adjudicated by administrative court. Therefore, the court dismissed the case by declaring that lawsuit of the YPDT was inadmissible. No appeals have been filed before the High Court of Jakarta.

Tax Objections and Litigation

PT Japfa Comfeed Indonesia Tbk

In 2016, 2017 and 2018, the company received Tax Assessment Letters confirming the underpayment of income tax pursuant to Article 26 for fiscal years 2013 to 2017 totaling Rp214.3 billion. The company objected to the assessment and in accordance with the prevailing regulation, prepaid the amount while filing objection letters with the Directorate General of Tax. The amount prepaid was presented on the consolidated statement of financial position under "Claims for Tax Refund" as of December 31, 2020. On July 30, 2019, the Tax Court ruled in favor of the Company for the cases relating to the 2013 to 2015 fiscal years with exposure amount of Rp134.5 billion. The Company received the refund from such court decision on 14 April 2020 and the Directorate General of Taxes subsequently submitted Judicial Review to the Supreme Court on 11 November 2019. In November 2020, the Supreme Court decided in favour of the Directorate General of Taxes in the amount of Rp56.7 billion for years 2013 to 2015. The Company is in the process of taking legal advice regarding further possible legal actions.

The remaining cases for the 2016 and 2017 fiscal years amounting of Rp79.9 billion remain before the Tax Court.

In November 2019, the Company received a tax objection decision letter for 2017 amounting to Rp1.2 billion. The Company filed an appeal with the Tax Court on February 19, 2020.

PT Santosa Agrindo ("SA")

In 2018, SA received various tax assessment letters for fiscal year 2013 amounting to Rp60.9 billion alleging underpayment. SA filed an objection on June 4, 2018 amounting to Rp58.6 billion and in September 2019, the Directorate General of Tax decided in favor of SA for most parts of the objection and accordingly reduced the underpayment amount to Rp10.5 billion. As of December 31, 2020, SA has made claim to the Court of Appeal in relation to the remaining exposure.

In 2018, SA received various tax assessment letters alleging underpayment for fiscal year 2016 amounting to Rp462.3 billion. SA filed an objection on October 22, 2018 amounting to Rp461.9 billion. In September 2019, the Directorate General of Tax decided in favor of SA for most parts of the

objection and accordingly reduced the underpayment amounting to Rp7.8 billion. As of December 31, 2020, SA has made claim to the appeal at the Tax Court in relation to the remaining exposure.

In 2019, SA received various tax assessment letters alleging underpayment for fiscal year 2017 amounting to Rp38.4 billion. SA filed an objection on July 24, 2019 amounting to Rp38.2 billion and on June 17, 2020 SA received a decision from DGT which reduced the amount of underpayment to Rp31.8 billion. from an initial amount of Rp38.2 billion. As of December 31, 2020, SA has made claim to the appeal at the Tax Court in relation to the remaining exposure.

PT Austasia Stockfeed (“AS”)

In 2019, AS received various tax assessment letters alleging underpayment for fiscal year 2017 amounting to Rp3.1 billion. AS filed an objection on July 24, 2019 amounting to Rp3.1 billion and on September 25, 2020 the Directorate General of Tax’s decision stated that most of the objection was accepted and that AS was still eligible to receive a tax refund. As of December 31, 2020, AS has made claim to appeal at the Tax Court in relation to outstanding overpayment.

PT So Good Food (“SGF”)

In 2019, SGF received various tax assessment letters from the Directorate General of Taxes which had rejected the deductibility of certain expenses in SGF’s corporate income tax return for 2017 in the amount of Rp37.5 billion. SGF filed an objection with the Directorate General of Taxes in 2019 and in September 2020 SGF’s objection was declined. As of December 31, 2020, SGF has appealed the claim to the Tax Court.

PT So Good Food Manufacturing (“SGFM”)

In 2015, SGFM received various tax assessment letters from the Directorate General of Taxes which had rejected the deductibility of certain expenses in SGFM’s corporate income tax return for 2013 in the amount of Rp17.2 billion. SGFM filed an objection with the Directorate General of Taxes in 2015. In 2016 SGFM filed an appeal with the Tax Court and in September 2019 SGFM’s objection was upheld. The Directorate General of Taxes then filed a judicial review to the Supreme Court in December 2019. As of December 31, 2020, the judicial review is on going.

RELATED PARTY TRANSACTIONS

Overview

Under the regulations of OJK, any conflict of interest transaction by an equity issuer or a public company must be approved by a majority of the shareholders who have no conflict of interest with such transaction and/or are not affiliates of the director, commissioner or principal shareholder who has a conflict of interest (the "Independent Shareholders"). A "conflict of interest" is defined under OJK regulations to mean a conflict between the economic interests of the company, on the one hand, and the personal economic interests of any member of the board of commissioners, board of directors or principal shareholders (a holder of 20% of the issued shares, directly or indirectly, of a public company) in a transaction which can be detrimental to an equity issuer or a public company due to the unfair price determination. OJK has the power to enforce this rule.

We believe that there are currently no conflicts of interest between us and our board of commissioners, our directors or our principal shareholders or any of their affiliates.

However, we have entered into the following transactions with related parties all of which we believe were entered into on an arm's length basis:

Sales to Related Parties

Sales to related parties represented 0.4%, 0.5% and 0.4% of our total net sales for the years ended December 31, 2018, 2019 and 2020, respectively.

Sales to PT Cahaya Gunung Foods. We sell goods to our related party, PT Cahaya Gunung Foods. For the years ended December 31, 2018, 2019, and 2020 total sales to PT Cahaya Gunung Foods amounted to Rp65.9 billion, Rp93.6 billion and Rp69.1 billion, respectively.

Sales to PT Greenfields Indonesia. We sell goods to our related party, PT Greenfields Indonesia. For the years ended December 31, 2018, 2019, and 2020 total sales to PT Greenfields Indonesia amounted to Rp50.2 billion, Rp51.6 billion and Rp42.8 billion, respectively.

Sales to Japfa Comfeed Myanmar Pte Ltd. We sell goods to our related party, Japfa Comfeed Myanmar Pte Ltd. For the years ended December 31, 2018, 2019, and 2020 total sales to Japfa Comfeed Myanmar Pte Ltd amounted to Rp19.2 billion, Rp39.7 billion and Rp34.0 billion, respectively.

Sales to PT Intan Kenkomayo Indonesia. We sell goods to our related party, PT Intan Kenkomayo Indonesia. For the years ended December 31, 2019 and 2020 total sales to PT Intan Kenkomayo Indonesia amounted to Rp0.8 billion and Rp1.6 billion, respectively.

Sales to Japfa Comfeed India Pte Ltd. We sell goods to our related party, Japfa Comfeed India Pte Ltd. For the years ended December 31, 2019 and 2020 total sales to Japfa Comfeed India Pte Ltd amounted to Rp0.0 billion and Rp0.9 billion, respectively.

Sales to Japfa Comfeed Vietnam. We sell goods to our related party, Japfa Comfeed Vietnam. For the years ended December 31, 2018, 2019, and 2020 total sales to Japfa Comfeed Vietnam amounted to Rp0.2 billion, Rp0.6 billion and Rp0.7 billion, respectively.

Purchases from Related Parties

Purchasers from related parties represented 16.5%, 12.0% and 12.8% of our total net sales for the years ended December 31, 2018, 2019, and 2020, respectively.

Purchases from Annona Pte Ltd. On October 20, 2010, we entered into a Supply Agreement with our related party Annona Pte Ltd (Annona). Annona is a global trading company which provides credit facilities for purchases of raw materials by the Company. Annona's sales margin maximum is capped at 5% per annum to the Company. The agreement is renewable every five years. For the years ended December 31, 2018, 2019, and 2020 total purchases from Annona amounted to Rp5,931.0 billion, Rp4,643.3 billion and Rp4,715.2 billion, respectively.

Purchases from PT Cahaya Gunung Foods. We purchase goods from PT Cahaya Gunung Foods. For the years ended December 31, 2018, 2019, and 2020 total purchases from PT Cahaya Gunung Foods amounted to Rp33.6 billion, Rp35.8 billion, and Rp6.5 billion.

Purchases from PT Intan Kenkomayo Indonesia. We purchase goods from PT Intan Kenkomayo Indonesia. For the years ended December 31, 2018, 2019, and 2020 total purchases from PT Intan Kenkomayo Indonesia amounted to Rp0.8 billion, Rp2.0 billion, and Rp0.3 billion.

Purchases from PT Greenfields Indonesia. We purchase goods from PT Greenfields Indonesia. For the years ended December 31, 2018, 2019, and 2020 total purchases from PT Greenfields Indonesia amounted to Rp0.7 billion, Rp0.1 billion and Rp0.0 billion, respectively.

Purchases from PT Greenfields Dairy Indonesia. We purchase goods from PT Greenfields Dairy Indonesia. For the years ended December 31, 2019 and 2020 total purchases from PT Greenfields Dairy Indonesia amounted to Rp0.0 billion and Rp4.4 billion, respectively.

Agreements with Related Parties

Lease agreement with PT Omega Propertindo. On April 1, 2014, we entered into a lease agreement with PT Omega Propertindo for the lease of a building measuring 7,920.49 square meters located in Wisma Millenia, JL. MT. Haryono Kav. 16, South Jakarta. This agreement is valid until March 31, 2023.

Insurance agreement with PT Pan Pacific Indonesia. We entered into various insurance agreements with PT Pan Pacific Indonesia. This policy is valid until June 30, 2022.

Sale and purchase agreement with Jupiter Foods Pte Ltd. We entered into a sale and purchase agreement dated August 28, 2020 in respect of our purchase of 100% of the shares of PT So Good Food from Jupiter Foods Pte Ltd (a related party) and Annona Pte Ltd. The purchase price was Rp1,214.1 billion. We paid 30.0% of the purchase price Rp364.2 billion in November 30, 2020 and we issued an unsecured US\$ promissory note in November 30, 2020 in the amount of Rp849.9 billion for the remaining 70% of the purchase price.

Due from a related party represents a receivable from Jupiter Food Pte Ltd, in relation to the issuance of an unsecured US\$ promissory note to PT So Good Food, a subsidiary in 2011. Interest was payable semi-annually and the Interest rate was 5% per annum in 2020, 2019 and 2018. Interest income for the years ended December 31, 2018, 2019 and 2020 amounted to Rp16.7 billion, Rp8.3 billion and Rp5.3 billion, respectively, presented as part of "Finance Income" account in the consolidated statements of profit or loss and other comprehensive income. The balances as of December 31, 2018 and 2019 amounted to US\$15.2 million (equivalent to Rp220.3 billion) (including interest receivable of US\$0.2 million (equivalent to Rp3.1 billion) and US\$8.1 million (equivalent to Rp112.8 billion) (including interest receivable of US\$0.1 million (equivalent to Rp1.5 billion), respectively. The balance was fully paid on November 2020.

On June 27, 2019, we entered into a Services Agreement with Annona Technical Services Pte Ltd (ATS), a related party, which is a subsidiary of Annona Pte Ltd, pursuant to which, ATS agreed to provide financial, legal, and human resource solution services for the Company. This agreement is valid until June 30, 2024. At end of period, if neither parties elects not to extend the agreement, the agreement is extended automatically for five years.

On December 11, 2020, PT Suri Tani Pemuka (STP), a subsidiary of Company, entered into a Supply Agreement with PT Kona Bay Indonesia (KBI), a related party. Pursuant to the agreement, KBI agreed to supply specific-pathogen-free Pacific White Shrimp to STP. This agreement is valid until December 11, 2023 and will be automatically renewed for successive periods of three years each unless otherwise terminated by either party.

In addition to the transactions listed above, we make use of certain of the assets of our shareholders as part of our ordinary course of business, including the use of apartments and a boat owned by certain of our shareholders, for which we pay the shareholders compensation in line with the fair market value of such services. Expenses of these transactions in 2018, 2019, and 2020 totaled Rp7.1 billion, Rp5.3 billion and Rp9.0 billion, respectively.

MANAGEMENT

In accordance with Indonesian law, we have both a board of commissioners and a board of directors. The two boards are separate and no individual may serve as a member on both boards.

The rights and obligations of each member of the board of commissioners and board of directors are regulated by our articles of association (the “Articles”) and by the decisions of our shareholders at a general meeting of shareholders. Under the Articles, the board of directors must consist of at least two members, including a president director and a vice president director. The president director can legally bind us. The board of commissioners must have at least two members, including a president commissioner and a vice president commissioner.

BOARD OF COMMISSIONERS

The principle function of the board of commissioners is to give advice and recommendations to, and to supervise, the board of directors.

Members of the board of commissioners are appointed and removed by shareholder vote at a general meeting of shareholders. The board of commissioners is currently comprised of five members, including the president commissioner, vice president commissioner and three independent commissioners, as set out in Deed No. 94 dated June 18, 2020.

The current members of the board of commissioners are as follows:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Position Held Since</u>
H. Syamsir Siregar	President Commissioner	79	2010
Hendrick Kolonas	Vice President Commissioner	64	2012
Retno Astuti Wibisono	Independent Commissioner	76	2013
Ignatius Herry Wibowo	Independent Commissioner	71	2015
Ito Sumardi Djuni Sanyoto . . .	Independent Commissioner	67	2019

H. Syamsir Siregar has served as our President Commissioner from 1998 to 2005 and was re-appointed as our President Commissioner in 2010. Before joining our company, he served in the army of the Republic of Indonesia for over 30 years. He graduated from the National Military Academy and the School of Army Commanding Staff.

Hendrick Kolonas has served as our Vice President Commissioner since 2012. He has extensive experience in financial and banking industry. He graduated from Schiller International University, United Kingdom, with a master’s degree in Business Administration and The University of Hull, United Kingdom, with a master’s degree in banking administration.

Retno Astuti Wibisono has served as an Independent Commissioner since June 2013. She graduated from the Faculty of Law of Airlangga University in 1983. She previously served as Corporate Secretary for PT Ometraco Corporation Tbk, one of our affiliated companies. From 2000 until her retirement in 2012, she served as Head of Legal & License and Corporate Secretary of the Company and PT Multibreeder Adirama Indonesia Tbk.

Ignatius Herry Wibowo has served as an Independent Commissioner since April 2015. He joined our company as a director in 1998. He started his career in 1977 in the banking profession. Prior to joining our company, he held the position of President Director at PT Bank Tiara Asia Tbk. He graduated from Diponegoro University, Semarang, Indonesia in 1977 with a degree in economics. In 2014 he retired from the Company.

Ito Sumardi Djuni Sanyoto has served as an Independent Commissioner since his appointment in 2019. He graduated from the Police Department of Indonesia Armed Forces Academy in 1977. He previously served in the Indonesian police force in a number of posts, including senior positions in Karawang, Surabaya, Bali, Aceh and Riau and finished his career in the police as Head of the Detective Agency. He also served as Indonesian ambassador to Myanmar from 2014 to 2018.

BOARD OF DIRECTORS

Members of the board of directors are appointed and removed by shareholder vote at a general meeting of shareholders. The board of directors is comprised of four directors, including the president director and the vice president director. The board of directors is responsible for the management of our business.

The current members of the board of directors are as follows:

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>Position Held Since</u>
Handojo Santosa	President Director	56	1997
Bambang Budi Hendarto	Vice-President Director	75	1997
Leo Handoko Laksono	Director	61	2019
Tan Yong Nang	Director	59	2008
Rachmat Indrajaya	Director	58	2013

Handojo Santosa joined our company in 1986 as manager in the edible oil division at Nilam in Surabaya. He has served as our President Director since 1997, prior to which he served as Deputy President Director. He has extensive experience in the industry through working in various positions in our business, including poultry feed, breeding and processing, and the aquaculture division.

Bambang Budi Hendarto joined our company in 1978 and he has served as our Vice-President Director since 1997, prior to which he served as a Director. He graduated from Brawijaya University, Malang, Indonesia, in 1972 with a qualification in Animal Husbandry, and he has since completed further education in Holland, Taiwan and the United States in relation to animal nutrition.

Leo Handoko Laksono has served as a Director since 2019. He earned a bachelor's degree in economics and management from Surabaya University in 1986 and a master's degree in business administration from LPPM Jakarta in 1992. He previously held a number of positions in the Company, including Head of the Audit Department from 1990 to 1998 and Group Financial Controller from 1998 to 2005.

Tan Yong Nang has served as a director since 2008. He is a Chartered Financial Analyst and prior to joining our company, he held the posts of managing director, chief executive officer and project director at several companies in Indonesia, Singapore and Hong Kong. He graduated from Cambridge University with a master's degree in economics.

Rachmat Indrajaya has served as a Director since 2019. Prior to this, he was a Non-Affiliated (Independent) Director from 2013 to 2019. He earned his bachelor's degree in Civil Engineering from the Faculty of Engineering of the University of Trisakti in 1988. Previously he was Director and Deputy Director in various industries. From 2005 to June 2012, he served as Independent Commissioner in PT Multibreeder Adirama Indonesia Tbk.

SENIOR MANAGEMENT TEAM

The following table sets forth our senior management team:

Name	Office/Division	Age	Joined our Company
Antonius Harwanto	Deputy COO Poultry Indonesia	67	1979
Budiarto Soebijanto	Head of Feed Division	65	2001
Ardi Budiono	Head of Aquaculture Division	53	1993
Erwin Djohan	Financial Controller Japfa Indonesia	42	2018
Putut Djagiri	Head of Corporate Finance	56	1998
Eddy Widadi	Head of Corporate Human Resources	60	1988

Antonius Harwanto has served as Commissioner of PT Multibreeder Adirama Indonesia Tbk (which has now merged with the Company), as a Head of our Feed Division from 2005 to 2017 and since 2017 as Deputy COO Poultry Indonesia. He graduated from Tujuh Belas Agustus University, Surabaya in 1986. Prior to joining us, he worked for EMKL NV Pasir Mas. His professional expertise is in marketing.

Budiarto Soebijanto has served as Head of Poultry Feed since January 2017 and as Head of Feed Division since July 2017. Prior to holding that position, he was the Head of Marketing and Sales in the Feed Division. Prior to joining us, he worked in Cargill Asia Pacific Ltd.

Ardi Budiono has served as Head of Aquafeed and Business Support since January 2017 and as Head of the Aquaculture Division since September 2019. Prior to holding that position, he was under assignment in India for almost 10 years as Head of Poultry Feed. He graduated from the Royal Melbourne Institute of Technology in 1991 with bachelor's degree in management.

Erwin Djohan currently serves as our Financial Controller Japfa Indonesia. Prior to holding this position, in his 17 years of experience, he has worked in several public accounting firms and companies in FMCG and Agriculture, serving in finance, accounting, tax and related roles. He is a Chartered Accountant and Certified Public Accountant holder. He received an MBA from the National University of Singapore (NUS) Business School, Singapore, in 2016.

Putut Djagiri currently serves as our Head of Corporate Finance. Previously, he served as a director of PT Multibreeder Adirama Indonesia Tbk (which merged with the Company). He received an MBA from IBMI in 1994.

Eddy Widadi currently serves as our Head of Corporate Human Resources. He graduated from Diponegoro University, Semarang, Faculty of Law in 1984. Prior to joining us, he worked in a Japanese company operating as a general contractor. His professional experience has been focused on human resources and law.

COMPENSATION

Payment of compensation to the commissioners and directors is determined by the board of commissioners after receiving advice from the committee of Remuneration and Nomination and approval at the annual general meeting of shareholders. For the year ended December 31, 2020, the aggregate compensation (including bonuses) paid to the commissioners and directors and other key management was Rp110.0 billion (US\$7.5 million).

PRINCIPAL SHAREHOLDERS

Our issued capital is divided into 11,726,575,201 shares as follows: 8,814,985,201 Series A shares with a par value of Rp200 per share; and 2,911,590,000 Series B shares with a par value of Rp40 per share.

As of December 31, 2020, our shareholding composition was as follows:

Shareholder	Number of Shares	%
Japfa Ltd ⁽¹⁾ Shares	6,387,169,116	54.47
Public Shares	5,270,521,485	44.94
Total Outstanding Shares	11,657,690,601	99.41
Treasury Shares	68,884,600	0.59
Total Issued	11,726,575,201	100.0%

(1) Japfa Ltd is a public company listed on Singapore Exchange Securities Trading Limited (SGX-ST). As of December 31, 2020, 77.06% of the shares of Japfa Ltd were owned by the Santosa family and 22.94% of the shares of Japfa Ltd owned by the public. The Santosa family refers to the descendants of the late Mr. Ferry Teguh Santosa and of the late Mrs. Carla Widjaja Santosa.

REGULATION

Animal Feed Production Industry

Regulation of the Indonesian animal feed production industry falls within the jurisdiction of the Directorate General of the Livestock and Animal Health (*Direktorat Jenderal Peternakan dan Kesehatan Hewan*). All industrial activities are regulated by the Industrial Law No. 3 of 2014 ("Law No. 3/2014"). All industrial businesses, including the animal feed production industry, must obtain an Industrial Business License (*Izin Usaha Industri*- "IUI") which can be obtained and/or extended through the Online Single Submission ("OSS") system ("OSS System") under the Indonesian Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* "BKPM"), and the license shall remain valid for as long as the company carries on its industrial activities. Industrial licenses are regulated pursuant to the Government Regulation No. 107 of 2015 on Industrial Business License ("Government Regulation No. 107/2015"). There are three types of IUI which are issued in accordance with the size of the business, namely IUI for small-scale industry, medium-scale industry, and large-scale industry. Scales of industrial business are determined based on the number of employees or investment value. Pursuant to No. 27/M-IND/PER/7/2017 on Growth and Development of Small and Medium Industry through Machine and/or Equipment Restructuring Program which lastly amended with MOIR No. 33 of 2020 ("MOIR No. 33/2020"), the investment-value thresholds and the number of employees for small or medium-scale industry are as follows:

- (a) Small-scale industry: Investment value of Rp1 billion (maximum), excluding land and properties, and employs up to 19 employees; and
- (b) Medium-scale industry: Investment value of Rp1 billion (maximum) and employment of up to 19 employees or Rp15 billion (maximum) and employment of 20 and up to 99 employees.

Further, under the MOIR No. 15 of 2019 on the Issuance of Industrial License and Expansion License in the Framework of Electronic Integrated Business Licensing as amended by MOIR Regulation No. 30 of 2019 ("MOIR 15/2019"), companies who already had an IUI before the enactment of Government Regulation No. 24 of 2018 on OSS can obtain an IUI issued by OSS System, as long as there has been no change in their industrial business activities.

Moreover, please be informed that recently, the Government of the Republic of Indonesia has issued Law No. 11 of 2020 on Job Creation ("Omnibus Law") and its implementing regulation on Business Licensing namely Government Regulation Number 5 of 2021 on The Implementation of Risk-Based Business Licensing ("GR No. 5/2021") which stipulate that every business licensing or sectoral license that has been obtained prior to the enactment of Omnibus Law remains valid until the expiry of such license(s). In this case, should the related industrial company has already obtained its IUI before the enactment of this Omnibus Law and such IUI is still applicable, then such IUI will remain valid.

In addition, companies that are engaged in the production of animal feed must comply with provisions set out in Law No. 18 of 2009 on Farming and Animals Welfare as amended by Law No. 41 of 2014 on amendment of Law No. 18 of 2009 which was further amended by the Omnibus Law ("Law No. 18/2009 as Amended"), Presidential Regulation No. 48 of 2013 on Cultivation on Domestic Animals ("Perpres 48/2013"), Ministry of Agriculture Decree Number 240/Kpts.OT.210/4/2003 on Guidance on Animal Feed Production ("Decree of 240/2003"), as well as Minister of Agriculture Regulation No. 65/Permentan/OT.140/9/2007 on Guidance on the Supervision of Animal Feed Quality ("Regulation No. 65/2007"), and Minister of Agriculture Regulation Number 22/PERMENTAN/PK.110/6/2017 on-Stock Feed Registration and Distribution ("Regulation No. 22/2017"). Under Regulation No. 22/2017, animal feed which is manufactured for the purpose of sale and distribution must comply with certain quality standards and minimum technical requirements to obtain a Stock-feed Registration Number (*Nomor Pendaftaran Pakan* or NPP). Companies may apply to deliver a sample of stock-feed to a District/City Department Head with copy to the Province Department Head. After obtaining the sample, the relevant company may request to participate in Feed Quality and Safety Testing (*Pengujian Mutu dan Keamanan Pakan*) held by the Feed Quality and Safety Testing Institution (*Lembaga Pengujian Mutu dan Keamanan Pakan*). If the result of the test meets with the required standards, the relevant company will receive an Animal Feed Certificate (*Sertifikat Mutu dan Keamanan Pangan*) which is one of the requirements to apply for NPP. The relevant company can obtain the NPP, once the request have been approved by the Director General of Livestock and Animal Health (*Direktorat Jenderal Peternakan dan Kesehatan Hewan*).

Furthermore, under the Regulation of Republic of Indonesia Ministry of Trade Number 21 of 2018 regarding Regulations on Corn Import (“MOT Regulation No. 21/2018”), only the Indonesian Bureau of Logistics (*Badan Urusan Logistik* “BULOG”) based on the assignment by the Ministry of State-Owned Enterprises is permitted to sell imported corn in Indonesia. As corn is the main raw-material for poultry-feed, Perum BULOG plays an important role in the procurement of corn feed in Indonesia and to our cost of goods sold. Under the Regulation of Republic of Indonesia Ministry of Trade Number 58 of 2018 on the Determination of Reference Purchase Price from Farmers and Reference Sale Purchase Price to Consumers (“MOT Regulation No. 58/2018”), corn must be purchased at a reference purchase price ranging from Rp2,500 to Rp3,150 per kilogram depending on its water content percentage and sold at a reference sale price of Rp4,000 per kilogram. MOT Regulation No. 58/2018 also provides reference prices for soy, sugar, cooking oil, onion, beef meat, chicken meat, and chicken eggs.

Poultry and Cow Breeding and Farming

The poultry and cow breeding and farming industry is regulated by specific laws and regulations relating to the importation of animals and, in particular, importation of certain breeds, as well as separate laws and regulations in relation to poultry and cow farming and breeding.

In general, the main laws and regulations that govern farming activities in Indonesia are Law 18/2009 as Amended, as well as all the implementing regulations such as Government Regulation No. 6 of 2013 on Empowerment of Farmers (“Government Regulation No. 6/2013”) and Minister of Agriculture Regulation Number 14 of 2020 on Farm Businesses Registration and License (“Regulation No. 14/2020”), as well as Minister of Agriculture Regulation No. 32/Permentan/PK.230/9/2017 on Supply, Distribution, and Supervision on Breeding Poultry and Consumption Egg (“Minister Regulation No. 32/2017”). This Minister Regulation aims to protect the owners of layer and broiler chickens from unfair business competition. Under Minister Regulation No. 32/2017, all entities that distribute breeding poultry must have an eggs or seeds certificate from the Product Certification Body appointed by Ministry of Agriculture and must submit a production report to the Directorate General of Livestock and Animal Health copying the relevant Governor or Regent.

Under Law No. 18 of 2009, depending on the type and number of livestock, a company must obtain a Farm Business License (*Izin Usaha Peternakan*) or Farm Registration Certificate (*Tanda Daftar Peternakan*) from the local regent or mayor to conduct farming activities. Law No. 18/2009 falls within the scope of amendment by the Omnibus Law, and therefore may subject to new types of Business Licensing under Omnibus Law. However, since Omnibus Law and its implementing regulations namely GR No. 5/2021 and Government Regulation Number 26 of 2021 on The Implementation of Agricultural Sector do not regulate that any farming companies to replace or adjust their existing Farm Business License (*Izin Usaha Peternakan*) or Farm Registration Certificate (*Tanda Daftar Peternakan*) with the Business Licensing concept under Omnibus Law, therefore the licensing provisions under Regulation No. 14/2020 are still applicable and any farming licenses that have been obtained prior to the enactment of Omnibus Law will remain valid.

Under the Ministry Regulation 14/2020, the livestock business consists of (i) cultivation business; and (ii) animal breeding business and can be categorized into (i) micro-scale; (ii) small-scale; (iii) medium-scale; and (iv) large-scale. The licenses for each cultivation and animal breeding businesses are divided into as follows:

Cultivation Business:

1. Micro-scale cultivation business should obtain Proof of Data Collection (*Tanda Bukti Pendataan* or TBP) which is a registration certificate for micro local farmers from local authorities. The TBP may be obtained after the relevant local authorities collect the data of any local farmers conducting micro-scale cultivation businesses within the relevant area;
2. Small-scale cultivation business should obtain Registration Certificate (*Surat Tanda Daftar* or STD) which is a written statement issued by the OSS System to a farmer engaged in small-scale cultivation on behalf of the relevant regent or mayor. The STD may be obtained by farmers engaged in small-scale cultivation by submitting an application to the OSS System;
3. Medium-scale and large-scale cultivation business should obtain a Farm Business License by submitting an application to the OSS System.

Animal Breeding Business:

Micro-scale, small-scale, medium-scale, and large-scale livestock animal breeding business are required to apply for Farm Business License through the OSS System.

Business Expansion License

Government Regulation 107/2015 enables any IUI holder to expand its production capacity without first having to secure an expansion license. Under MOIR 15/2019, an expansion of IUI can be applied for through the OSS System and after issuance by the OSS System, such expansion is not yet effective until the relevant companies comply with all commitments as stated in the expansion. However, if the expansion includes the utilization of natural resources, an environmental impact analysis document and an expansion license becomes mandatory. Local regulations also have an important role in regulating farm businesses, particularly in relation to poultry husbandry businesses. Some local governments may require farm businesses to obtain an Avian Influenza-Free Certificate, particularly in local areas which are at a risk of an Avian Influenza outbreak. Typically, local services (including the Livestock Agency at Regency or City level) will conduct Avian Influenza examinations of local husbandry sites. For more information, see “– Regulations relating to the prevention and control of Avian Influenza”.

Animal Health

Health concerns are important in relation to poultry importation activities. Poultry which is imported to Indonesia must be guaranteed as being free from any kind of disease that may harm humans and other animals in Indonesia, or which may be harmful to the environment generally. To avoid the spread of any animal disease in Indonesia, all animals which are imported are subjected to quarantine procedures before being granted an entry permit to Indonesia. The purpose of these quarantine procedures is to ensure the health of all animals being imported, given the potential significance of a spread of disease. Such quarantine procedures may include examination of individual animals, isolation, observation, treatment, confiscation, rejection, destruction or release, depending upon the outcome of a veterinary examination.

Indonesia has a number of laws and regulations governing quarantine requirements and procedures which include, among others, Law No. 21 of 2019 on Animal, Fish and Plant Quarantine, Government Regulation No. 82 of 2000 on Animal Quarantine, and the Minister of Agriculture Decree No. 422/Kpts/LB.720/6/1988, as amended by the Decree of Minister of Agriculture No. 212/Kpts/LB.720/4/2001 on Animal Quarantine Regulation.

In order to guarantee the health of all animals, a health certificate is required to be granted by the country of origin and any transit country, and such health certificate must be submitted for verification at designated entry locations. Imported animals that are quarantined will be examined by quarantine veterinarians, and animals that are confirmed as being free from disease may be released from quarantine and are permitted to enter Indonesia.

Aquaculture

The key Indonesian aquaculture laws and regulations include, among others, Law No. 45 of 2009 on Fisheries, as amended by the Omnibus Law in the Fisheries Section, Decree of Minister of Marine and Fisheries No. KEP.02/MEN/2007 on Good Aquaculture Practices (“Decree No. 02/2007”), Government Regulation No. 57 of 2017 on System Quality and Safety of Fisheries Products on Production, Decree of the Minister of Marine and Fisheries Number 52A/KEPMEN-KP/2013 on Requirements on System Quality and Safety of Fisheries Products on Production, Processing and Distribution Process (“Decree No. 52A/2013”), Decree of the Minister of Marine and Fisheries Number 75/PERMEN-KP/2016 on General Guidance for Farming of Tiger Shrimp and Vaname Shrimp (“Decree No. 75/2016”), Regulation of the Minister of Marine and Fisheries Number PER.19/MEN/2010 on System Quality and Safety of Fisheries Products Control (“Minister Regulation No. 19/2010”), Regulation of the Minister of Marine and Fisheries Number 8/PERMEN-KP/2020 on Delegation of Authority for Issuance of Licensing for Marine and Fisheries sector to Head of Capital Investment Coordinating Board (“Minister Regulation No 8/2020”), Regulation of the Minister and Fisheries No. 6/PERMEN-KP/2020 on the Implementation of Fish Welfare in Fish Cultivation. Law No. 45 of 2009 on Fisheries falls within the

scope of the amendment by the Omnibus Law, and therefore is subject to new types of Business Licensing. However, the Omnibus Law stipulates that further provisions on Business Licensing will be governed under the implementing regulations.

A company engaging in fisheries business activities, including shrimp ponds and farms, must obtain a Fisheries Business License in order to carry out its business. In addition, a fisheries company with capital investment facilities must obtain a Capital Investment Recommendation of Fish Farm prior to obtaining capital investment approval or a business license. Under the current regime, Business Licensing for the fisheries sector can be obtained upon the issuance of such license from the Head of Capital Investment Coordinating Board based on the approval of Minister of Marine and Fisheries. Such approval may take place manually or electronically. Business Licensing for the fisheries sector includes, among others, Waters Location License, Business License (on fish cultivation, on fish processing, and other relevant licenses), and Commercial or Operation License (on fish feed registration certificate, on fish medicine registration certificate, and other relevant licenses). Each of these are issued through the OSS system.

It is worth noting that Law No. 45 of 2009 which governs Fisheries business sector falls within the scope of the amendment by the Omnibus Law, and therefore is subject to new types of Business Licensing under Omnibus Law. However, since Omnibus Law and its implementing regulations namely GR No. 5/2021 and Government Regulation Number 27 of 2021 on The Implementation of Marine and Fisheries Sectors (“GR No. 27/2021”) do not oblige any fisheries companies to replace or adjust their existing Fisheries Business License with the Business Licensing concept under Omnibus Law, then Fisheries Business License that have been obtained prior to the enactment of Omnibus Law will remain valid.

In addition, businesses which operate shrimp ponds must also apply Good Aquaculture Practices, which is a form of guidance targeted at ensuring that shrimp ponds apply healthy and safe farming practices in carrying out their activities. Good Aquaculture Practices must be applied in order to obtain a Certificate of Good Aquaculture Practices. Shrimp ponds that do not obtain such certification are prohibited from distribution of their products as exported raw materials but may still distribute their products domestically.

Businesses which operate shrimp ponds must take into account the environmental impact which might occur as a result of such activities by obtaining an Environmental Impact Analysis (Analisa Mengenai Dampak Lingkungan or “AMDAL”) approval.

Under the Omnibus Law and its implementing regulation namely GR No. 27/2021, companies engaged in fisheries businesses are required to meet the Fishery Product Quality Standards (*Standar Mutu Hasil Perikanan*) based on Indonesian National Standards (*Standar Nasional Indonesia*), international standards, or other standards required in domestic or international trade in accordance with the applicable regulations, which consist of, as follows:

- a. raw material standards;
- b. hygiene standards, handling techniques, processing techniques, packaging and labeling techniques, storage techniques, and distribution and marketing techniques;
- c. product standards;
- d. infrastructure, means, and facilities;
- e. testing method standards; and
- f. packaging and label standards.

The activities of fisheries businesses are required to comply with certain provisions pursuant to the Decree No. 75/2016 and Decree No. 02/2007. Under Minister Regulation No. 19/2010, fisheries products must be certified to ensure their quality and safety for distribution to, and consumed by,

humans. Business units that fulfill these quality and safety requirements in respect of their fisheries products may be granted certificates, namely:

- a. Certificate of Good Aquaculture Practices, granted by the General Director of Fisheries Farming;
- b. Certificate of Good Fish Handling Practices, granted for fish freights and/or fishing vessels by the Chief of Fishing Port or the Head of Provincial Fisheries Agency;
- c. Certificate of Good Fish Handling Practices, granted for fish collection, suppliers or distribution unit by the Head of the Technical Implementation Unit of the Fish Quarantine and Inspection Agency;
- d. Certificate of Hazard Analysis Critical Control Point, granted by the Head of the Fish Quarantine and Inspection Agency; and
- e. Certificate of Health, granted by the Head of the Technical Implementation Unit of the Fish Quarantine and Inspection Agency, Head of Laboratory or other competent authority.

Breeding and farming activities of fisheries businesses are monitored by the competent authority, which is a segment of the Ministry of Marine Affairs and Fisheries in the Republic of Indonesia. Such monitoring activities are conducted in order to ensure the quality and safety of fisheries products for human consumption.

Post-harvest Industries (such as slaughterhouses and cold storages)

Minister of Agriculture No. 13/PERMENTAN/OT.140/1/2010 on Requirements of Slaughterhouse for Ruminansia Animal and Meat Cutting Plant ("Minister Regulation No. 13/2010"). Persons or business entities who establish a slaughterhouse must obtain a license to build the slaughterhouse and another license to conduct any slaughter activities, which can be obtained from the relevant regent or mayor. In order to ensure and guarantee the quality and health of meat produced, slaughterhouses and cold storage operations must obtain a Veterinary Control Number (*Nomor Kontrol Veteriner*, "NKV"). The granting of the NKV is dependent on fulfillment of certain hygiene and sanitation technical requirements for buildings, facilities and infrastructure.

Under Minister Regulation No. 11/2020, prior to obtaining an NKV, slaughterhouses and cold storage operations must fulfill certain administrative and technical requirements. The administrative requirements shall include identity card (*kartu tanda penduduk*) of business owner, a domicile statement letter, taxpayer registration and a recommendation letter from local regency. The technical requirements include employing technical workers with hygiene and sanitation competence, biosecurity and animal welfare requirements, have a non-civil apparatus veterinarian and have technical workers with appropriate competencies, to ensure that the company's activities promote good quality assurance. The NKV must be stamped on the packaging of meat, eggs, and milk. The meat must also be certified by a Statement Letter of Meat Hygiene by the Veterinary Minister Regulation No. 13/2010 regulates the building or building area of a slaughterhouse. The slaughterhouse must comply with the technical provisions of the Indonesian National Standard of Slaughterhouses for Animal (SNI 01-6159-1999) and the Indonesian National Standard of Slaughterhouses for Poultry (SNI 01-6160-1999). In addition, cold storage facilities at slaughterhouses that store chilled or frozen fresh meat must be a specific size based on the number of frozen products stored there and must be maintained at a required temperature.

A company that conducts animal slaughtering or meat cutting businesses must obtain an Animal Slaughtering and/or Meat Cutting Business License, together with a Slaughtering House Construction License from the Regent/Mayor of the administrative jurisdiction in which the slaughterhouse is located. The Animal Slaughtering and/or Meat Cutting Business License can be revoked if the company conducts slaughtering and/or meat cutting activities in a location for which it has not obtained a Slaughtering House Construction License. Companies are also required to have a veterinary doctor who is certified in the veterinary social hygiene sector supervise their slaughterhouses.

General Trade

In general, trade business activity is regulated under Law No. 7 of 2014 on General Trade as amended by Omnibus Law ("Law No.7/2014 as Amended"). Meanwhile, licensing provisions on trade business

activity is governed under Minister of Trade (“MOT”) Regulation No. 8 of 2020 on Electronic Integrated Business Licensing Services in Trade Sector, as amended by MOT Regulation No. 64 of 2020 (“MOT Regulation No. 8/2020 as Amended”), which stipulate that companies conducting general trade activities must obtain a business license namely Trade Business License (*Surat Izin Usaha Perdagangan*, or “SIUP”) or commercial license issued by BKPM through the OSS System. Furthermore, MOT Regulation No. 70 of 2019 on Direct Distribution of Goods (“MOT Regulation No. 70/2019”) also stipulates that any companies which conduct general trade activities including retailer must obtain SIUP issued by BKPM through the OSS System. Companies who have obtained a business license or commercial license prior to the issuance of MOT Regulation No. 8/2020 as Amended which requires a new business license or commercial license for the purpose of business development are required to submit application for business development through the OSS System and register their existing Business License or Commercial License to the OSS System.

Additionally, as Law No.7/2014 as Amended has included as one of the amended regulations in Omnibus Law, it is now subject to the provisions on Business Licensing concept under Omnibus Law. However, since Omnibus Law and its implementing regulations namely GR No. 5/2021 and Government Regulation Number 29 of 2021 on The Implementation of Trade Business Sector stipulate that any business license issued prior to the enactment of Omnibus Law is still valid, then any trading companies owning SIUP before Omnibus Law is implemented may still use their existing SIUP.

Regulations relating to the prevention and control of Avian Influenza

To prevent, control, and eradicate the Avian Influenza virus, the Directorate General of Husbandry on Department of Agricultural has issued Decree No. 05018/Kpts/PD.610/F/12/2008 on the amendment of Decree of the Directorate General of Husbandry No. 45/KPTS/PD.610/F/06.06 on the Standard Operational Procedure (SOP) of Avian Influenza Epidemic Control in Indonesia (“Decree No. 05018/2008”). The SOP has been a model for every state and regional government in taking action to prevent, control, and eradicate Avian Influenza throughout Indonesia. The Head of Husbandry Services or related government offices that have responsibility for Husbandry and Animal Health Affairs in every province or regency in Indonesia, together with the relevant society, will supervise the performance of controls of Avian Influenza in their region.

The SOP provides directions and guidance in relation to the action which must be taken by Poultry Business Industries in order to prevent the spread of Avian Influenza in Indonesia. The SOP applies to all sectors of the poultry industry which consist of Large Scale Poultry and Breeding Farms (Sector 1 and Sector 2), Middle Scale Poultry Farms (Sector 3), Small Scale Poultry Farms (Sector 4) and Poultry Markets, Poultry Shelters, Poultry Slaughter Yards and other locations of poultry nurseries in, among other locations, Zoos, Bird Parks, Animal Parks and Poultry Breeding and Conservation Centers. The contents and chapters of the SOP are:

- (a) Internal policy on biosecurity, which stipulates the procedures for the first diseases eradication defense which is conducted in order to prevent all possible contact/spread of disease from an infected farm. Our internal policy on biosecurity procedures applies to every poultry farm, shelter and slaughter yard and all veterinary equipment.
- (b) Depopulation, disposal, and compensation, which stipulates the (i) effective eradication of infected or health poultry in one cage or in a restricted area (depopulation); (ii) disposal of remaining eradicated stock, carcasses, infected eggs, feathers, equipment, husk waste/cage bases or anything that is already infected that cannot be disinfected (disposal); and (iii) compensation for poultry business whose poultry are depopulated with a stipulated amount of compensation (compensation).
- (c) Vaccination, which stipulates the procedures and techniques for vaccinations, with the Government is responsible for the vaccination for Sector 4 of the poultry industry (Small Scale Poultry Farm).
- (d) Supervision and limitation of poultry traffic, products, equipment, and poultry waste, which stipulates rules which are targeted at managing traffic, products, equipment, and waste in relation to, among other things, DOC, broilers, layers, eggs, and stock feed.

- (e) Early detection and pre-diagnostic judgment, which stipulates the initial action which must be taken, and the procedure of reporting any cases of suspected Avian Influenza. This chapter also stipulates directions in relation to rapid testing to detect Avian Influenza and the making of a pre-diagnostic judgment on the basis of clinical, pathological, anatomical, and epidemical indicators.
- (f) Poultry restocking, which stipulates terms and conditions for re-stocking poultry back into the cage after all disposal, disinfection and cage emptying actions are completed in accordance with the stipulated procedures.
- (g) Public Awareness Guidance on Avian Influenza which stipulates guidance to promote public awareness on the dangers, effects and prevention steps for certain infectious animal disease.

Decree No. 05018/2008 governs the SOP which is to be applied in every region throughout Indonesia, although it does not stipulate any sanctions for poultry businesses who fail to comply with the SOP. However, regional government authorities may enact Regional Regulations, Governor Regulations or Regent Regulations in relation to the prevention, control, and eradication of Avian Influenza pursuant to Decree No. 05018/2008, which may stipulate sanctions for non-compliance. Each individual region may therefore govern different terms and conditions for the treatment of Avian Influenza problems according to local considerations.

The following are prevailing regulations on the prevention of Avian Influenza applicable in several regions:

- (a) Governor of Banten Regulation No. 1/2007 on Restriction of Poultry Care in Living Environment and Eradication on Avian Influenza (A1)/Bird Flu which Affects Human in Banten Province.

This regulation has the same general content to the SOP and is governed by Decree No. 05018/2008. However, there are several articles in this regulation which are conducted by all poultry caretakers (including poultry business operators), such as the obligation to obtain a statement of health for poultry (*Surat Keterangan Sehat Unggas*) from the relevant local authority as stated in article 10 paragraph (1), which applies to anyone who takes care of poultry, as well as article 8 which applies to all birds, and which requires a statement of health for poultry from the relevant local authority.

This regulation also requires the relevant local authority to perform supervisory duties at three month intervals, unless an Avian Influenza case occurs, in which case the authorized officer must take visible measures involving all relevant authorities to address and overcome the situation.

Article 14 provides that:

- (1) the Husbandry office or related government office which has responsibility for Husbandry Affairs shall, together with participation from the relevant society, perform certain supervisory duties; and
- (2) such supervisory duties shall be performed at three month intervals unless a case of Avian Influenza occurs, in which case, as noted above, the authorized officer must take visible measures involving all relevant authorities to address and overcome the situation.

- (b) Governor of West Java Regulation No. 19/2007 on Intensification for Control of Bird Flu Virus ("Avian Influenza") in West Java.

The terms, conditions, and requirements stipulated in this regulation are similar to the SOP which is stipulated in Decree No. 05018/2008.

- (c) Governor of Lampung Instruction No. 2 /2007 on Prevention, Control, and Eradication of Avian Influenza Disease/Bird Flu in Lampung Province.

This regulation stipulates certain instructions and directions to the Regent or Mayor of Lampung, the Head of Health Office of the Lampung Province, the Head of Husbandry and Animal Health Office of the Lampung Province, and all Lampung societies to follow certain specified procedures for prevention, control, and eradication of Avian Influenza.

Environmental Regulation

Environmental protection in Indonesia is governed by various laws, regulations and decrees. On October 3, 2009, the Law No. 32 of 2009 on Protection and Management of Environment was issued and has been amended by the Omnibus Law (“Law No. 32/2009 as Amended”). However, the implementing regulations in respect of the Omnibus Law have not yet been issued to date. Therefore, the existing regulations, including Law No. 32/2009, Government Regulation No. 27 of 2012 on Environmental Licenses (“Government Regulation No. 27/2012”), and the Minister of Environmental and Forestry No. P.38/MENLHK/SETJEN/KUM.1/7/2019 of 2019 on Types of Businesses/Activities that Require Environmental Impact Analysis (“Minister Decree No. 38/2019”) are still applicable to the extent they do not conflict with the Omnibus Law.

One important amendment under the Omnibus Law regarding environmental regulation is the removal of provision for the requirement to obtain an environmental license (*Izin Lingkungan*) as this will be integrated into the Business Licensing process. However, companies are still required to obtain an Environmental Impact Analysis (*Analisa Mengenai Dampak Lingkungan* or “AMDAL”) approval or to provide a statement letter undertaking to comply with the UKL-UPL standards before they can obtain a business license. These changes have been confirmed by the issuance of Government Regulation Number 22 of 2021 on The Implementation of Environmental Protection and Management (“GR No. 22/2021”). Under GR 22/2021, rather than using “Environmental Permit (*Izin Lingkungan*)” term, GR No. 22/2021 introduces new term which is “Environmental Approval (*Persetujuan Lingkungan*)” that must be obtained by all business and/or activities that have material or non-material effect to the environment together with the Business Licensing application through OSS System. Such Environmental Approval (*Persetujuan Lingkungan*) is conducted by: (i) forming an AMDAL and AMDAL feasibility study; or (ii) forming an UKL-UPL Form and examination of UKL-UPL Form. As of the issuance of GR 22/2021, there are no clear provisions that revoke the obligation to obtain Environmental Permit (*Izin Lingkungan*) separately from the Environmental Approval (*Persetujuan Lingkungan*) and thus such obligation remains valid. Nonetheless, it is stipulated under GR 22/2021 that Environmental Permit (*Izin Lingkungan*) that has been approved by the relevant authority prior to the enactment of this Government Regulation remains valid.

Law No. 32/2009 as Amended and GR No. 22/2021, require all companies that have business licenses but do not have an AMDAL or UKL/UPL must complete an environmental audit, if they require an AMDAL, or prepare an Environment Management Document (DPLH), if they require a UKL/UPL. Decree of the State Minister of Environmental Affairs No. 14 of 2010 (“Minister Decree No. 14/2010”) states that companies that must complete an environmental audit shall prepare the Environment Evaluation Document (DELH), and the companies that have business licenses but do not have an UKL/UPL shall prepare the Environment Management Document (DPLH).

The following business activities are required to obtain and maintain an AMDAL under the Minister Decree No. 38/2019, among others:

- (a) Fisheries, including fisheries with the following characteristics:
 - Shrimp ponds/fisheries with advanced technology with area > 100 hectares;
 - Floating fisheries cultivation: (i) in freshwater, with area \geq 5 hectares or \geq 1,000 units; (ii) in sea water, with an area \geq 10 hectares or \geq 2,000 units; and
- (b) Industrial Estates, including integrated industrial estates, of any size.

Under Indonesian environmental regulations as amended by the Omnibus Law, remedial and preventative measures and sanctions (such as the obligation to rehabilitate tailings areas, the imposition of substantial criminal penalties and fines and the cancelation of approvals) may be imposed to remedy or prevent pollution caused by operations. The sanctions range from one to three years of imprisonment applicable to the management of the relevant company and/or fines ranging from Rp1.0 billion to Rp3.0 billion. A monetary penalty may be imposed in lieu of performance of an obligation to rehabilitate damaged areas. In regards to waste disposal, the Omnibus Law allows individuals or business entities to dispose of hazardous and toxic waste management materials (B3) in rivers, seas, and enter the land with permission from the government.

Wastewater disposal is further regulated by Government Regulation No. 82 of 2001 on Water Quality Management and Water Pollution Control (“Government Regulation No. 82/2001”). Government Regulation No. 82/2001 requires responsible parties to submit reports regarding their disposal of wastewater detailing their compliance with the relevant regulations. Such reports are to be submitted to the relevant mayor or regent, with a copy provided to the Minister of Environmental Affairs, on a quarterly basis are still applicable to the extent they do not conflict with the Omnibus Law.

DESCRIPTION OF INDEBTEDNESS

As at December 31, 2020, we had total outstanding indebtedness consisting of short-term bank loans, long-term bank loans and bonds payable (excluding bond issuance costs, bonds discount and unamortized transaction costs) of Rp7,952.4 billion, of which Rp7,499.5 billion was unsecured. As at December 31, 2020, we had other indebtedness consisting of lease liabilities of Rp63.7 billion and loans to finance acquisition of fixed assets of Rp4.6 billion. The following table sets out our indebtedness.

Description of Indebtedness	Borrower	Lender	Original Principal Amount	Maturity	Amount Outstanding (As at December 31, 2020)	
			(Rp billion or US\$ million)		(Rp billion)	(US\$ million)
Term Loan Facility	PT Japfa Comfeed Indonesia Tbk	PT Bank Mandiri (Persero) Tbk	Tranche I – Rp288.0 Tranche II – Rp672.0	December 14, 2025	Rp288.0	US\$20.4
Short Term Loan Facility and Non-Cash Loan with Trust Receipt (NCL with TR sublimit)	PT Japfa Comfeed Indonesia Tbk	PT Bank Mandiri (Persero) Tbk	Short Term Loan - Rp750.0 NCL with TR - US\$40.0	September 20, 2021	–	–
Working Capital Loan	PT Japfa Comfeed Indonesia Tbk, PT Santosa Utama Lestari, PT Suri Tani Pemuka, PT Multi Makanan Permai, PT Austasia Stockfeed and PT Santosa Agrindo	PT Bank Central Asia Tbk	Rp300.0	April 20, 2021	Rp16.8	US\$1.2
Time Loan Revolving Facility	PT Japfa Comfeed Indonesia Tbk, PT Santosa Utama Lestari, PT Suri Tani Pemuka, PT Multi Makanan Permai, PT Austasia Stockfeed and PT Santosa Agrindo	PT Bank Central Asia Tbk	Rp300.0	April 20, 2021	–	–
Revolving Credit Facility, Overdraft and Payables Financing	PT Japfa Comfeed Indonesia Tbk	JPMorgan Chase Bank, N.A.	Rp300.0	May 6, 2021	Rp0.7	US\$0.0
Multi-Option Trade Facility	PT Japfa Comfeed Indonesia Tbk, PT Santosa Utama Lestari	PT Bank UOB Indonesia	Rp250.0	April 27, 2021	–	–
Working Capital Loan	PT Japfa Comfeed Indonesia Tbk	PT Bank HSBC Indonesia	Working Capital Facility Rp300.0	October 21, 2021	–	–
Recurring Promissory Loan Facility	PT Japfa Comfeed Indonesia Tbk, PT Santosa Agrindo, PT Austasia Stockfeed, PT Vaksindo Satwa Nusantara, and PT Multi Makanan Permai	PT Bank Maybank Indonesia Tbk	Recurring Promissory Loan - US\$40.0	October 24, 2021	–	–
Investment Credit Facility I	PT Indojaya Agrinusa	PT Bank Mandiri (Persero) Tbk	Rp200.0	November 28, 2022	Rp95.8	US\$6.8
Investment Credit Facility II	PT Indojaya Agrinusa	PT Bank Mandiri (Persero) Tbk	Rp116.0	December 20, 2023	Rp87.0	US\$6.2
Working Capital	PT Indojaya Agrinusa	PT Bank Mandiri (Persero) Tbk	Rp330.0	September 20, 2021	–	–

Description of Indebtedness	Borrower	Lender	Original Principal Amount	Maturity	Amount Outstanding (As at December 31, 2020)	
			(Rp billion or US\$ million)		(Rp billion)	(US\$ million)
Working Capital Facility (with Supply Chain Financing Accounts Payable Sublimit)	PT Indojaya Agrinusa	PT Bank Rakyat Indonesia (Persero) Tbk	Rp300.0	March 27, 2021	Rp0.0	US\$0.0
Investment Credit	PT Indojaya Agrinusa	PT Bank Rakyat Indonesia (Persero) Tbk	Rp300.0	March 27, 2025	Rp270.0	US\$19.1
Investment Credit I	PT So Good Food and PT So Good Food Manufacturing	PT Bank Central Asia Tbk,	Rp541.0	October 28, 2021	Rp135.1	US\$9.6
Investment Credit II	PT So Good Food and PT So Good Food Manufacturing	PT Bank Central Asia Tbk,	Rp59.0	October 28, 2022	Rp23.6	US\$1.7
Investment Credit III	PT So Good Food and PT So Good Food Manufacturing	PT Bank Central Asia Tbk,	Rp34,2.0	September 19, 2023	Rp19.2	US\$1.4
Working Capital Loan Facility	PT So Good Food and PT So Good Food Manufacturing	PT Bank Central Asia Tbk,	Rp300.0	October 28, 2021	Rp15.8	US\$1.1
Time Loan Revolving Facility	PT So Good Food and PT So Good Food Manufacturing	PT Bank Central Asia Tbk,	Rp50.0	October 28, 2021	-	-
Term Loan under the Club Deal Facilities	PT Japfa Comfeed Indonesia Tbk, PT Santosa Agrindo, PT Suri Tani Pemuka, PT Ciomas Adisatwa, PT Austasia Stockfeed, and PT Vaksindo Satwa Nusantara	PT Bank Central Asia Tbk, PT Bank Maybank Indonesia Tbk and PT Bank Mandiri (Persero) Tbk	Rp 850.0 and Rp1150.0	August 28, 2024	Rp1,934.1	US\$137.1
Revolving Credit Facilities under the Club Deal Facilities	PT Japfa Comfeed Indonesia Tbk, PT Santosa Agrindo, PT Suri Tani Pemuka, PT Ciomas Adisatwa, PT Austasia Stockfeed, and PT Vaksindo Satwa Nusantara	PT Bank Central Asia Tbk, PT Bank Maybank Indonesia Tbk, and PT Bank Mandiri (Persero) Tbk	Rp3,000.0	August 28, 2024	Rp390.0	US\$27.7
Bonds Payable:						
Japfa II Sustainable Bond – Seri B Tranche 1	PT Japfa Comfeed Indonesia Tbk		Rp150.0	December 1, 2021	Rp150.0	US\$10.6
Japfa II Sustainable Bond Tranche II	PT Japfa Comfeed Indonesia Tbk		Rp1,000.0	April 21, 2022	Rp1,000.0	US\$70.9
2022 Senior Notes	PT Japfa Comfeed Indonesia Tbk and certain of its subsidiaries		US\$250.0	March 31, 2022	Rp3,526.3	US\$250.0
Total Indebtedness					Rp7,952.4	US\$563.8

The following table sets out agreements and off balance sheet items comprised of facilities that are predominantly foreign exchange lines for hedging instruments. These items are off balance sheet facilities that are not included in our indebtedness.

Description of Agreements	Parties	Parties	Availability Amount	Expiration	Amount Utilized (As at December 31, 2020)	
					(Rp billion)	(US\$ million)
Treasury Line	PT Indojaya Agrinusa	PT Bank Central Asia Tbk	US\$20.0	April 20, 2021	132.3	9.4
Treasury Line	PT Japfa Comfeed Indonesia Tbk	PT Bank Pan Indonesia Tbk	US\$50.0	November 20, 2021	–	–
Treasury line (TL) facility	PT Japfa Comfeed Indonesia Tbk	PT Bank Mandiri (Persero) Tbk	TL - US\$25.0	September 20, 2021	–	–
Multi-Credit Facility and Forex Line Facility	PT Japfa Comfeed Indonesia Tbk, PT Santosa Utama Lestari, PT Suri Tani Pemuka, PT Multi Makanan Permai, PT Austasia Stockfeed and PT Santosa Agrindo	PT Bank Central Asia Tbk	Multi Credit Facility - US\$20.0 Forex Line US\$100.0	April 20, 2021	359.8	29.0
Treasury Line Facility	PT Japfa Comfeed Indonesia Tbk	PT Bank HSBC Indonesia	Treasury Line Facility – MRF US\$5.0	October 21, 2021	–	–
Forex Line Facility	PT Japfa Comfeed Indonesia Tbk, PT Santosa Agrindo, PT Austasia Stockfeed, PT Vaksindo Satwa Nusantara, and PT Multi Makanan Permai	PT Bank Maybank Indonesia Tbk	Forex Line Facility US\$70.0	October 24, 2021	–	–
Forex Line Facility	PT Japfa Comfeed Indonesia Tbk, PT Santosa Utama Lestari and PT Multi Makanan Permai	PT Bank UOB Indonesia	US\$50.0	April 27, 2021	Rp5.6	US\$0.4
Non-Cash Loan and Treasury Line	PT Indojaya Agrinusa	PT Bank Mandiri (Persero) Tbk	Non-Cash Loan - US\$1.0 Treasury Line - US\$20.0	September 20, 2021	–	–
Forex Line Facility	PT Indojaya Agrinusa	PT Bank Rakyat Indonesia (Persero) Tbk	US\$10.0	March 27, 2021	–	–
Forex Line Facility	PT So Good Food and PT So Good Food Manufacturing	PT Bank Central Asia Tbk	US\$5.0	October 28, 2021	–	–

BANK LOANS

Club Deal Loan Facilities

On August 28, 2019, the Company, together with PT Suri Tani Pemuka, PT Ciomas Adisatwa, PT Santosa Agrindo, PT Austasia Stockfeed, and PT Vaksindo Satwa Nusantara (jointly referred to as the “Debtors”), obtained three facilities from PT Bank Central Asia Tbk, PT Bank Mandiri (Persero) Tbk, and PT Bank Maybank Indonesia Tbk:

- (i) A revolving credit facility of up to Rp3.0 trillion, which was used to fully repay a previous club deal loan facility of Rp3.0 trillion obtained in 2017 and for other working capital requirements. This facility may be used by the all Debtors and bears an interest rate of 2.25% per annum plus JIBOR.
- (ii) A term loan facility of up to Rp850.0 billion, to fully repay series A of 2016 Shelf Registration Bonds. This facility is only for use by the Company and bears an interest rate of 2.5% per annum plus JIBOR.
- (iii) A term loan facility of up to Rp1,150 billion, for the purpose of capital expenditure. This facility is only for use by the Company, PT Suri Tani Pemuka, PT Ciomas Adisatwa and PT Vaksindo Satwa Nusantara and bears an interest rate of 2.5% per annum plus JIBOR.

The following financial covenants must be complied with (i) Leverage Ratio maximum 4:1, (ii) Debt Service Coverage Ratio minimum 1.25:1 (iii) Current Ratio minimum 1:1, (iv) Net Debt to Equity Ratio maximum 2.75:1, (v) Gross Sales ratio of the Debtors and Gross Sales ratio of the Group minimum 70:100, and (vi) Equity of the Debtors must be positive. The financial covenants shall be tested on an annual basis, except for Current Ratio and Net Debt per Equity Ratio shall be tested on a quarterly basis.

Group means the Company and its controlled subsidiary.

All of these facilities unsecured and will mature on August 28, 2024.

PT Bank Central Asia Tbk

The Company, together with PT Santosa Utama Lestari, PT Suri Tani Pemuka, PT Santosa Agrindo, PT Austasia Stockfeed, and PT Multi Makanan Permai (jointly referred to as the “Debtors”), obtained several facilities from PT Bank Central Asia Tbk.

A. The Company and PT Santosa Utama Lestari

The Company and PT Santosa Utama Lestari obtained two facilities:

- (i) on September 20, 2017, the Company obtained a working capital facility for an initial maximum facility amount of up to Rp250.0 billion which was subsequently amended on September 17, 2019 to increase the final maximum facility amount to Rp 300.0 billion which may be used by PT Santosa Utama Lestari, and
- (ii) a time loan revolving facility obtained on September 17, 2019 for a maximum facility amount of Rp300.0 billion.

These facilities may be utilized by the Company in the full amount. The maximum amount that may be utilized by PT Santosa Utama Lestari is Rp150.0 billion in aggregate.

These facilities are unsecured and have an interest rate of 9.00% per annum. Each will mature on April 20, 2021.

B. The Company, PT Suri Tani Pemuka, PT Santosa Agrindo, PT Austasia Stockfeed and PT Multi Makanan Permai

The Company obtained a multi-credit facility and a forex line facility:

- (i) On October 20, 2010, the Company obtained a letter of credit facility with a maximum facility amount of US\$20.0 million for the purpose of purchasing raw materials from Perusahaan Gas Negara. This letter of credit facility was subsequently amended on May 16, 2018 to a multi-credit facility which can be utilized by both the Company and PT Suri Tani Pemuka.
- (ii) On October 20, 2010, the Company obtained a forex line facility with a maximum facility amount of US\$3.0 million for the purpose of currency hedging. This forex line facility was subsequently amended on September 22, 2015, February 15, 2016, May 16, 2018, January 11, 2019 and April 15, 2020, and the cumulative impact of these amendments are that the maximum facility amount of this forex line facility is now US\$100.0. The facility can be utilized by the Company, PT Suri Tani Pemuka, PT Santosa Agrindo, PT Austasia Stockfeed and PT Multi Makanan Permai (together, the "Debtors"). The maximum amount that may be utilized by PT Suri Tani Pemuka is US\$10.0 million.

The following financial covenants must be complied with (i) Net Debt to EBITDA Ratio maximum 4:1, (ii) Debt Service Coverage Ratio minimum 1.25:1 (iii) Current Ratio minimum 1:1, (iv) Net Debt to Equity Ratio maximum 2.75:1.

These facilities are unsecured and will mature on April 20, 2021.

C. PT So Good Food and PT So Good Food Manufacturing

PT So Good Food and PT So Good Food Manufacturing obtained a working capital loan and a time loan revolving facility:

- (i) On October 28, 2015, PT So Good Food and PT So Good Food Manufacturing obtained a working capital loan facility with a maximum facility amount of Rp275 billion. On November 27, 2017, this working capital loan facility was amended to increase the maximum facility amount to Rp300 billion. PT So Good Food can utilize the maximum amount of the working capital loan facility, however PT So Good Food Manufacturing can only utilize up to Rp100 billion. This working capital loan facility bears an interest rate of 8.75% per annum.
- (ii) On May 3, 2016, PT So Good Food obtained a forex line facility with a maximum facility amount of US\$5.0 million. This facility may also be used by PT So Good Food Manufacturing.
- (iii) On April 18, 2017, PT So Good Food obtained a time loan revolving facility with a maximum facility amount of Rp 75.0 billion. On November 27, 2017, the time loan revolving facility was amended so that the maximum facility amount was reduced to Rp50.0 billion. This time loan revolving facility bears interest at rate of 8.75% per annum.

All facilities are unsecured and will mature on October 28, 2021.

In addition, PT So Good Food also obtained:

- (i) On October 28, 2015, Investment Credit Facility I, of up to Rp541.0 billion for the prepayment of certain of PT So Good Food's financing. Investment Credit Facility I bears an interest rate of 9.00% per annum, and such interest rate is subject to the bank's review on the interest payment date and will mature on October 28, 2021.
- (ii) On October 28, 2015, Investment Credit Facility II, of up to Rp59.0 billion to fully fund the investment of PT So Good Food in a dairy processing plant in Boyolali, Indonesia. Investment Credit Facility II bears an interest rate of 9.00% per annum, and such interest rate is subject to the bank's review on the interest payment date and will mature on October 28, 2021.

- (iii) On September 19, 2016, Investment Credit Facility III of up to Rp34.16 billion for the purpose of funding the investment of meat and/or dairy processing plant and its supporting facilities. Investment Credit Facility III bears an interest rate of 9.00% per annum, and such interest rate is subject to review from PT Bank Central Asia Tbk on the interest payment date, and will mature on September 19, 2023.

The facility are unsecured.

Under the facilities, the following financial covenants must be complied with (i) Net Debt to EBITDA Ratio maximum 4:1, (ii) Debt Service Coverage Ratio minimum 1.25:1 (iii) Current Ratio minimum 1:1, (iv) Net Debt to Equity Ratio maximum 2.75:1.

D. PT Indojaya Agrinusa

On March 6, 2019, PT Indojaya Agrinusa obtained a Forex Line facility with maximum amount of US\$20.0 million. This facility will be used for foreign exchange transaction and hedging purpose. This facility is unsecured and will mature on April 20, 2021.

PT Bank Mandiri (Persero) Tbk

A. The Company

The Company has obtained the following facilities:

- (i) On April 19, 2011, a Non-Cash Loan facility with Trust Receipt (NCL with TR) sublimit for working capital purposes with a maximum facility amount of US\$2.0 million which was amended on November 13, 2015, April 22, 2016, May 22, 2017 and December 19, 2018, the cumulative effect of which was to increase the maximum facility amount to US\$40.0 million. The NCL with TR sublimit can also be used by PT Santosa Agrindo and PT Austasia Stockfeed.
- (ii) On April 19, 2011, a Treasury Line (TL) facility for the purpose of hedging with maximum facility amount of US\$5.0 million which was amended on April 8, 2015 and April 22, 2016, the cumulative effect of which was to increase the maximum facility amount to US\$25.0 million. The TL facility can also be used by PT Santosa Agrindo and PT Austasia Stockfeed.
- (iii) On December 19, 2018, the Short Term Loan (SL) facility with maximum facility amount of Rp250.0 billion which was amended on September 17, 2019 to increase the maximum facility amount to Rp750.0 billion.

These facilities are unsecured and will mature on September 20, 2021.

On December 15, 2020, the Company obtained a Term Loan Facility with maximum facility amount of Rp960.0 billion, in two tranches:

- (i) Tranche I for a maximum facility amount of Rp288.0 billion, and
- (ii) Tranche II for a maximum facility amount of Rp672.0 billion,

both of which were used for corporate finance purposes.

This Term Loan Facility is unsecured, bears an interest rate of JIBOR + 2.5% per annum and will be mature on December 14, 2025.

The NCL with TR, the TL facility, the SL facility and the Term Loan Facility permit the Company to incur additional financial indebtedness as long as the following financial covenants must be complied with by the Company (i) Net Debt to EBITDA Ratio maximum 4:1, (ii) Debt Service Coverage Ratio minimum 1.25:1 (iii) Current Ratio minimum 1:1, (iv) Net Debt to Equity Ratio maximum 2.75:1.

B. PT Indojaya Agrinusa

On November 29, 2017, PT Indojaya Agrinusa obtained the following facilities:

- (i) Working capital revolving facility for a maximum facility amount of Rp100.0 billion which was subsequently amended on December 21, 2018 to increase the maximum facility amount of the working capital facility to Rp 330.0 billion, bearing an interest rate of 8.80% per annum, and maturing on September 20, 2021.
- (ii) Investment credit facility I for a maximum facility amount of Rp200.0 billion, bearing an interest rate of 9.00% per annum. This investment non-revolving credit facility was used to refinance the feedmill and aquafeed factories located at Tanjung Morawa, North Sumatera and will mature on November 28, 2022.

On December 21, 2018, PT Indojaya Agrinusa obtained a further investment credit facility II in a maximum facility amount of Rp116.0 billion bearing an interest rate of 9.00% per annum for the purpose of refinancing the Tiga Panah and Gunung Rintih Breeding Farms and Tanjung Morawa Hatchery which will mature on December 20, 2023.

On December 21, 2018, PT Indojaya Agrinusa also obtained the following two additional facilities, maturing on September 20, 2021:

- (i) Non-Cash Loan Facility to purchase the imported raw material for a maximum facility amount of US\$1.0 million.
- (ii) Treasury Line Facility (TL) to purchase the hedging of the foreign currency exposure for a maximum facility amount of US\$20.0 million.

Under the facilities, PT Indojaya Agrinusa must maintain and ensure the following financial covenants: (a) Net Debt/EBITDA maximum 4.00x, (b) DSCR minimum 1,25% x; (c) Current Ratio minimum 1x; (d) Net Debt/Equity maximum 2,75x.

These facilities are secured with trade receivables, inventory, machinery and equipment, land, and buildings.

PT Bank Rakyat Indonesia (Persero) Tbk

On March 27, 2020, PT Indojaya Agrinusa obtained several loan facilities from PT Bank Rakyat Indonesia (Persero) Tbk:

- (i) A working capital facility of up to Rp300.0 billion bearing an interest rate of 9.00% per annum. This facility matures on March 27, 2021 and was to be used for additional working capital for feedmills and aquafeeds businesses.
- (ii) A supply chain financing account payable facility (a sublimit of the working capital facility) of up to Rp85.0 billion bearing an interest rate of 9.00% per annum. This facility matures on March 27, 2021 and was to be used for the acquisition of the collection rights of feedmills and aquafeeds raw materials suppliers that had been accepted by PT Indojaya Agrinusa.
- (iii) An investment credit facility of up to Rp300.0 billion bearing an interest rate of 9.25% per annum and maturing on March 27, 2025 to be used for the refinancing of investment credit for the feedmills and aquafeeds factory.
- (iv) An uncommitted forex line facility up to US\$ 10.0 million, and maturing on March 27, 2021, to be used for hedging purposes.

These facilities are secured with trade receivables, inventory, machinery and equipment, land, and buildings.

PT Bank Maybank Indonesia Tbk (Maybank)

On November 18, 2014, the Company obtained the following facilities:

- (i) a Recurring Promissory Loan Facility (PPB) which was amended several times the cumulative effect of which was to increase the maximum facility amount to US\$40.0 million with sublimits for:
 - a. Letter of Credit and/or Letter of Credit Domestic Documentation of up to US\$40.0 million,
 - b. Trust Receipt of up to US\$40.0 million,
 - c. Invoice Financing of up to US\$40.0 million, and
 - d. Counter-Guarantee and/or Demand Guarantee and/or Bank Guarantee and/or Standby L/C of up to US\$40.0 million

This Recurring Promissory Loan Facility can be utilized by the Company, PT Santosa Agrindo, PT Austasia Stockfeed, and PT Vaksindo Satwa Nusantara.

- (ii) a Forex Line Facility which was amended several times, the cumulative effect of which was to increase the maximum facility amount to US\$70.0 million. This Forex Line Facility can be used by the Company, PT Santosa Agrindo, PT Austasia Stockfeed, PT Vaksindo Satwa Nusantara, and PT Multi Makanan Permai (the “Debtors”)

The facilities contain: the following financial covenants (i) Net Debt to EBITDA Ratio maximum 4:1, (ii) Debt Service Coverage Ratio minimum 1.25:1 (iii) Current Ratio minimum 1:1, (iv) Net Debt to Equity Ratio maximum 2.75:1, and (v) Equity of the Debtors must be positive.

These facilities are unsecured and will mature on October 24, 2021.

PT Bank UOB Indonesia (UOB)

On September 2, 2019, the Company and PT Santosa Utama Lestari obtained an uncommitted Multi-Option Trade Facility of up to Rp250.0 billion bearing interest at a rate of 2.00% per annum plus JIBOR if the facility is drawn up in IDR, and 2.00% per annum plus LIBOR if the facility is drawn up in USD, consisting of a Letter of Credit and *Surat Berdokumen Dalam Negeri* (SKBDN), with the following details:

- (i) Trust Receipt Facility of up to Rp 250.0 billion,
- (ii) Reimbursement Clean Trust Receipt Facility of up to Rp100.0 billion, and
- (iii) Revolving Credit Facility of up to Rp250.0 billion.

On September 2, 2019, the Company and PT Santosa Utama Lestari obtained an uncommitted Forex Line (FX Line) facility with a maximum facility amount of US\$15.0 million. On April 27, 2020, the FX Line was amended so that the maximum facility amount was increased to US\$50.0 million and can be utilized by the Company, PT Santosa Utama Lestari and PT Multi Makanan Permai (the “Debtor”).

All of these facilities are unsecured and will mature on April 27, 2021.

PT Bank HSBC Indonesia (HSBC)

On October 21, 2019, pursuant to a facility agreement with PT Bank HSBC Indonesia (the HSBC Agreement), the Company obtained a revolving loan facility of up to Rp300.0 billion for working capital purposes, in particular for the purchase of raw material to the supplier (except for the purchase of raw material from Annonna Pte Ltd). This revolving loan facility bears an interest rate of 6.5% per annum below PT Bank HSBC Indonesia’s term lending rate and subject to fluctuation at PT Bank HSBC Indonesia’s discretion.

On October 21, 2019, the Company obtained a treasury facility with maximum exposure risk limit (weighted) amounting US\$5.0 million to facilitate hedging transactions.

These facilities are unsecured and will mature on October 21, 2021.

Under the HSBC Agreement, the Company must maintain and comply with following financial covenants (i) consolidated current ratio at a minimum 1 x, and (ii) Net Debt per Equity Ratio maximum 2.75 x.

JPMorgan Chase Bank N.A., Jakarta Branch (JPM)

On May 6, 2019, the Company obtained the following unsecured facilities from JPMorgan Chase Bank N.A. bearing an interest rate mutually agreed at the time of drawdown, which consist of:

- (i) A revolving credit facility with a sub-limit amount of up to Rp300.0 billion, for the purpose of general corporate purposes and working capital of the Company,
- (ii) Overdraft facility with a sub-limit amount of up to Rp300.0 billion for the purpose of general corporate purposes and working capital of the Company, and
- (iii) Payables financing (collection/open account) facility with a sub-limit of up to Rp300.0 billion, for trade financing purposes of the Company.

On April 15, 2020 the availability period of these facilities was extended to May 6, 2021.

Under the facilities, the following financial covenants must be complied with (i) Current Ratio minimum 1:1, and (ii) Net Debt per Equity Ratio maximum 2.75:1. Based on the confirmation from the Company, the issuance of the Notes by the Company will not breach the financial covenant under these facilities.

PT Bank Pan Indonesia Tbk

On October 13, 2015, the Company obtained a Forex Line facility as amended lastly on, March 24, 2020, with maximum facility amount of US\$50.0 million and maturity on November 20, 2021. This facility will be used for foreign exchange transaction and hedging purposes. This facility is unsecured.

BONDS PAYABLES

Senior Notes Due 2022 (the 2022 Senior Notes)

On May 31, 2017, the Company, certain of the Company's subsidiaries, as the subsidiary guarantors and The Bank of New York Mellon, London Branch, as the trustee, entered into an indenture for the issuance by the Company of 5.5% Senior Notes due March 31, 2022 (the "Notes") with aggregate principal amount of US\$150.0 million, and interest payable every six months up to March 31, 2022. The notes are listed on the Singapore Exchange Securities Trading Limited (SGX-ST). On June 19, 2017, the Company issued a further US\$100.0 million of the 2022 Notes.

Rupiah Denominated Japfa II Sustainable Bonds 2016 (Japfa II Sustainable Bonds)

On December 1, 2016, the Company issued Japfa II Sustainable Bonds Tranche I of Rp1,000.0 billion, which consists of Series A, in an amount of Rp850.0 billion, with a term of three years and a fixed interest rate of 9.25% per annum and Series B, in an amount of Rp150.0 billion, with a term of five years and a fixed interest rate of 9.75% per annum, both payable quarterly. The bonds were sold at par and listed at the Indonesia Stock Exchange with PT Bank Mega Tbk as trustee. The proceeds were used partially to refinance the Rupiah Denominated Japfa I Sustainable Bonds, to reduce bank loan balances, for working capital purposes and to buy raw materials. These bonds are due on December 1, 2019 and December 1, 2021 respectively. The Series A bonds have been repaid in full.

On April 21, 2017, the Company issued Japfa II Sustainable Bonds Tranche II of Rp1,000.0 billion, with a term of five years and a fixed interest rate of 9.6% per annum, payable quarterly. The bonds were sold at par and listed at the Indonesia Stock Exchange with PT Bank Mega Tbk as trustee. The proceeds were used partially to refinance the 2018 Notes, for working capital purposes and to buy raw materials. Under the Japfa II Sustainable Bonds program, the Company may issue additional bonds up to an additional Rp1,000.0 billion. These bonds mature on April 21, 2022.

DESCRIPTION OF THE NOTES

For purposes of this Description of the Notes, the term “**Company**” refers only to PT Japfa Comfeed Indonesia Tbk, a company incorporated with limited liability under the laws of Indonesia, and any successor obligor of the Notes. Each Subsidiary of the Company that guarantees the Notes is referred to as a “**Subsidiary Guarantor**”, and each such guarantee is referred to as a “**Subsidiary Guarantee**”.

The Company will issue US\$350,000,000 aggregate principal amount of 5.375% Senior Notes due 2026 (the “Notes”) under an indenture (together with any supplemental indenture, the “**Indenture**”), dated as of the Original Issue Date, among the Company, the Subsidiary Guarantors as guarantors and The Bank of New York Mellon, London Branch as trustee (the “**Trustee**”). The registered Holder will be treated as the owner of it for all purposes. Only registered Holders will have rights under the Indenture.

The following is a summary of certain provisions of the Indenture, the Notes and the Subsidiary Guarantees. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes and the Subsidiary Guarantees. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available on or after the Original Issue Date during normal office hours at the corporate trust office of the Trustee at One Canada Square, London E14 5AL, United Kingdom.

The Notes are sold outside the United States in accordance with Regulation S under the Securities Act. See “*Transfer Restrictions*”.

Brief Description of the Notes

The Notes will:

- be general obligations of the Company;
- be senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the Notes;
- rank at least *pari passu* in right of payment with all unsubordinated Indebtedness of the Company (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- be guaranteed by the Subsidiary Guarantors on an unsubordinated basis, subject to the limitations described below under the caption “– *The Subsidiary Guarantees*” and in “*Risk Factors – Risks Relating to the Notes and the Subsidiary Guarantees*”; and
- be effectively subordinated to all existing and future obligations of any Non-Guarantor Restricted Subsidiary (as defined below).

The Company will initially issue US\$350,000,000 in aggregate principal amount of the Notes, which will mature on March 23, 2026 unless earlier redeemed pursuant to the terms thereof and the Indenture. Subject to the covenants described below under “– *Certain Covenants*” and applicable law, the Company may issue additional Notes (“*Additional Notes*”) under the Indenture. The Notes offered hereby and any Additional Notes would be treated as a single class for all purposes under the Indenture.

Interest and Step-Up Margins

The Notes will bear interest at 5.375% per annum (the “**Rate of Interest**”) from the Original Issue Date or, if interest has already been paid, from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on March 23 and September 23 of each year (each a “**Notes Interest Payment Date**”) commencing on September 23, 2021, *provided that* for any interest period commencing on or after the Notes Interest Payment Date immediately following the Step-Up Event, if any, the Rate of Interest shall be increased by 25 bps to 5.625% per annum, in case the Step-Up Event has occurred. An increase in the Rate of Interest may occur no more than once in respect of the Relevant Notes.

The Company shall, on or prior to the Step-Up Event Notification Deadline, deliver a certificate (in substantially the form set forth in the Indenture), signed by a director of the Company to the Trustee stating whether the satisfaction of the Sustainability Performance Target as of the Target Observation Date has been confirmed by the External Verifier (the “**Satisfaction Certificate**”). Interest on the Notes will be paid to Holders of record at the close of business on the March 8 or September 8 immediately preceding each Notes Interest Payment Date (each a “**Notes Record Date**”), notwithstanding any transfer, exchange or cancellation thereof after a Notes Record Date and prior to the immediately following Notes Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360-day year comprised of twelve 30-day months.

Any increase in the Rate of Interest shall be notified by the Company to the Trustee and the Principal Paying Agent (for onward transmission to Holders) in writing by no later than the Step-up Notification Deadline.

Notwithstanding the foregoing, so long as the Notes are held in global form, each payment in respect of the Global Note will be made to the person shown as the Holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payments, where “**Clearing System Business Day**” means a weekday (Monday to Friday, inclusive) except December 25 and January 1.

Payment of Notes

Except as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity.

In any case in which the date of the payment of principal of, premium, if any, or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment, then payment of principal, premium, if any, or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US\$200,000 of principal amount and integral multiples of US\$1,000 in excess thereof. See “– *Book-Entry; Delivery and Form*”. No service charge will be made for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made by wire transfer in U.S. dollars in immediately available funds by the Company at the office or agency of the Company maintained for that purpose (which initially will be the specified corporate trust administration office of the Principal Paying Agent, currently located at One Canada Square, London E14 5AL, United Kingdom), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided that*, if the Notes are in definitive form and the Company acts as its own paying agent, payment of interest may be made by check or by wire transfer.

Interest payable on the Notes held through Euroclear or Clearstream will be available to Euroclear or Clearstream participants on the Business Day following payment thereof.

Restricted Subsidiaries

Each of the Company’s Subsidiaries will be a Restricted Subsidiary, except PT Japfafood Nusantara, PT Bumiasri Lestari, PT Iroha Sidat Indonesia, PT Indojoya Agrinusa, PT Indonesia Pelleting, PT Intan Kenkomayo Indonesia, Vaksindo Animal Health Pvt Ltd and Vaksindo Vietnam Animal Health Co. Ltd., which will be Unrestricted Subsidiaries as of the Original Issue Date. Unless otherwise designated as Unrestricted Subsidiaries in accordance with the Indenture, all of the Company’s future Subsidiaries will be Restricted Subsidiaries under the Indenture.

After the Original Issue Date, the Board of Directors may designate certain Restricted Subsidiaries as Unrestricted Subsidiaries and may designate Unrestricted Subsidiaries as Restricted Subsidiaries, as

provided under the caption “– *Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries*”. Unrestricted Subsidiaries will not be subject to the restrictive covenants in the Indenture and will not guarantee the Notes.

The Subsidiary Guarantees

The initial Subsidiary Guarantors that will execute the Indenture on the Original Issue Date will consist of the Restricted Subsidiaries, other than Comfeed Finance B.V. and Comfeed Trading B.V..

Each Restricted Subsidiary that does not provide a Subsidiary Guarantee in accordance with the Indenture is referred to as a “**Non-Guarantor Restricted Subsidiary**”.

The Company will cause each of its future Restricted Subsidiaries (other than the initial Non-Guarantor Restricted Subsidiaries), immediately upon becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes.

Each Restricted Subsidiary that guarantees the Notes after the Original Issue Date is referred to as a “**Future Subsidiary Guarantor**” and, upon execution of the applicable supplemental indenture to the Indenture, will be a “**Subsidiary Guarantor**”.

The existing Non-Guarantor Restricted Subsidiaries will not be required to provide a Subsidiary Guarantee at any time in the future and may not provide such a Subsidiary Guarantee. Although the Indenture contains limitations on the amount of additional Indebtedness that Non-Guarantor Restricted Subsidiaries may incur, the amount of such additional Indebtedness could be substantial. In the event of a bankruptcy, liquidation or reorganization of any Non-Guarantor Restricted Subsidiary, such Non-Guarantor Restricted Subsidiary will pay the holders of its debt and its trade creditors before it will be able to distribute any of its assets to the Company.

As of December 31, 2020,

- the Company and its consolidated subsidiaries (including the Non-Guarantor Restricted Subsidiaries and the Unrestricted Subsidiaries) had total consolidated indebtedness of Rp7,952.4 billion (US\$563.8 million), of which Rp452.8 billion (US\$32.1 million) was secured; and
- the Non-Guarantor Restricted Subsidiaries had total indebtedness of Rp452.8 billion (US\$32.1 million).

The Subsidiary Guarantee of each Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be effectively subordinated to secured obligations of such Subsidiary Guarantor, to the extent of the value of the assets serving as security therefor;
- be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; and
- rank at least *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law).

Under the Indenture, as applicable, each of the Subsidiary Guarantors will jointly and severally guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. Each Subsidiary Guarantor will (1) agree that its obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Company prior to exercising its rights under the Subsidiary Guarantees.

Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be restored, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Concurrently with the execution of a Subsidiary Guarantee, each Subsidiary Guarantor incorporated in Indonesia will enter into a deed of guarantee governed by the laws of Indonesia which will provide for such Subsidiary Guarantor's guarantee of the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes and the Indentures under the laws of Indonesia (each, a "**Deed of Guarantee**"). A guarantee by a Subsidiary Guarantor under a Deed of Guarantee may be released if its Subsidiary Guarantee is released in compliance with the terms of the Indenture.

Under the Indenture and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited in an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance or fraudulent transfer or similar laws affecting the rights of creditors generally. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

The obligations of each Subsidiary Guarantor under its respective Subsidiary Guarantee may be limited, or possibly invalid, under applicable laws. See "*Risk Factors – Risks Relating to the Notes and the Subsidiary Guarantees – The Subsidiary Guarantees may be challenged under applicable financial assistance, insolvency or fraudulent transfer laws, which could impair the enforceability of the Subsidiary Guarantees*".

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released (at the cost of the Company) in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance as described under "*– Defeasance – Defeasance and Discharge*";
- upon the designation by the Company of such Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale of such Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants under the captions "*– Certain Covenants – Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*", "*– Certain Covenants – Limitation on Asset Sales*" and "*– Consolidation, Merger and Sale of Assets*") resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary, so long as (1) such Subsidiary Guarantor is simultaneously released from its obligations in respect of any of the Company's other Indebtedness or any other Indebtedness of any other Restricted Subsidiary and (2) the proceeds from such sale or disposition are used for the purposes permitted or required by the Indenture.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Company has delivered to the Trustee an Officers' Certificate stating that all requirements for such release have been complied with and such release is authorized and permitted by the terms of the Indenture.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Subsidiary Guarantees) in all respects (or in all respects except for the issue date, issue price and the date and/or amount of the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "**Further Issue**") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes.

In addition, the issuance of any Additional Notes by the Company will be subject to the following conditions:

- (1) all obligations with respect to the Additional Notes shall be guaranteed under the Indenture, the Subsidiary Guarantees and any other Note Documents to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued;
- (2) the Company is permitted to Incur the Indebtedness represented by such additional borrowings under the “– *Certain Covenants – Limitation on Indebtedness and Preferred Stock*” covenant; and
- (3) the Company has delivered to the Trustee an Officers’ Certificate, in form and substance satisfactory to the Trustee, confirming that the issuance of the Additional Notes complies with the Indenture.

Optional Redemption

At any time and from time to time on or after March 23, 2024, the Company may redeem the Notes, in whole or in part:

- (A) if the Step-Up Event has not occurred, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date and Additional Amounts, if any, if redeemed during the 12-month period commencing on March 31 of the years indicated below:

Redemption Period	Price
2024	102.6875%
2025 and thereafter	101.34375%

or

- (B) if the Step-Up Event has occurred, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, to (but not including) the redemption date and Additional Amounts, if any, if redeemed during the 12-month period commencing on March 31 of the years indicated below:

Redemption Period	Price
2024	102.6875%
2025 and thereafter	101.40625%

The Company may at its option redeem the Notes, in whole but not in part, at any time prior to March 23, 2024, at a redemption price equal to 100% of the principal amount of the Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date. Neither the Trustee nor any of the Agents will be responsible for calculating or verifying the Applicable Premium.

At any time and from time to time prior to March 23, 2024, the Company may redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in Equity Offerings at a redemption price of 105.375% of the principal amount of the Notes redeemed, plus accrued and unpaid interest, if any, and Additional Amounts thereon, if any, to (but not including) the redemption date; *provided that* at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering.

Selection and Notice

The Company will give not less than 30 days’ nor more than 60 days’ notice of any redemption. If less than all of the Notes are to be redeemed at any time, the Notes will be selected for redemption on a

pro rata basis and, if represented by a Global Note, in accordance with the procedures of Euroclear and Clearstream.

A Note of US\$200,000 in principal amount or less will not be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued (at the Company's expense) upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Company will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, and Additional Amounts, if any, to (but not including) the Offer to Purchase Payment Date.

The Company will agree in the Indenture that it will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. If the Company is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it will be prohibited from purchasing the Notes. In that case, the failure of the Company to purchase tendered Notes will constitute an Event of Default under the Indenture.

The Company will not be required to make a Change of Control Offer following a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer to be made by the Company and such third party purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Future debt of the Company may (i) prohibit the Company from purchasing Notes in the event of a Change of Control, (ii) provide that a Change of Control is a default or (iii) require the repurchase of such debt upon a Change of Control. Moreover, the exercise by Holders of their right to require the Company to purchase the Notes could cause a default under other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Company. The ability of the Company to pay cash to Holders following the occurrence of a Change of Control may be limited by the Company's then-existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "*Risk Factors – Risks Relating to the Notes and the Subsidiary Guarantees – The Company may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control as required by the Indenture*".

The Company will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations in connection with the repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its or their obligations under the covenant described hereunder by virtue of such compliance.

The Change of Control Offer feature is a result of negotiations between the Company and the Initial Purchaser. Management has no present intention to engage in a transaction involving a Change of Control, although it is possible that the Company will decide to do so in the future. See "*Risk Factors – Risks Relating to the Notes and the Note Guarantees – We may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a Change of Control as required by the Indenture governing the Notes*". Subject to certain covenants described below, the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Indenture, but that could increase the amount of debt outstanding at such time or otherwise affect the capital structure or credit ratings of the Company.

The phrase “all or substantially all”, as used with respect to the assets of the Company in the definition of “Change of Control”, will likely be interpreted under applicable law of the relevant jurisdictions and its meaning would depend on particular facts and circumstances. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer of “all or substantially all” the assets of the Company has occurred. Accordingly, if the Company disposes of less than all its assets by any of the means described above, the ability of a Holder to require the Company to repurchase its Notes may be uncertain. In such a case, Holders may not be able to resolve this uncertainty without resorting to legal action.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Company purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Neither the Trustee nor the Agents shall have any responsibility to monitor whether a Change of Control Offer, or any event which could lead to the occurrence of a Change of Control Offer, has occurred or may occur.

Sinking Fund

There will be no sinking fund payments for the Notes.

Additional Amounts

All payments of principal of, and premium, if any, and interest on the Notes and all payments under the Subsidiary Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Company, any applicable Subsidiary Guarantor or Surviving Person (as defined under the caption “– *Consolidation, Merger and Sale of Assets*”) is organized or resident for tax purposes (or any political subdivision or taxing authority thereof or therein) (each, as applicable, a “**Relevant Taxing Jurisdiction**”) or any jurisdiction through which payment is made or any political subdivision or taxing authority thereof or therein (together with the Relevant Taxing Jurisdictions, the “**Relevant Jurisdictions**”), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Company, the applicable Subsidiary Guarantor or Surviving Person, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts (“**Additional Amounts**”) as will result in receipt by the Holder of each Note or the Subsidiary Guarantees, as the case may be, of such amounts as would have been received by such Holder had no such withholding or deduction been required, *provided that* no Additional Amounts will be payable:

- (a) for or on account of:
 - (i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:
 - (A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Subsidiary Guarantee, as the case may be, and the Relevant Jurisdiction including, without limitation, such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein, other than merely holding such Note, the receipt of payments thereunder or under the Subsidiary Guarantee or enforcing payment under the Note or the Subsidiary Guarantee;
 - (B) the presentation of such Note (where presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

- (C) the failure of the Holder or beneficial owner to comply with a timely request of the Company, any Subsidiary Guarantor or Surviving Person addressed to the Holder or beneficial owner, as the case may be, to provide information to the Company, such Subsidiary Guarantor or Surviving Person concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder; or
 - (D) the presentation of such Note (where presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;
- (ii) any estate, inheritance, gift, sale, transfer, excise or personal property or similar tax, assessment or other governmental charge;
 - (iii) any tax, duty, assessment or other governmental charge which is payable other than (a) by deduction or withholding from payments of principal of or interest on the Note or payments under the Subsidiary Guarantees, or (b) by direct payment by the Company or applicable Subsidiary Guarantor in respect of claims made against the Company or the applicable Subsidiary Guarantor; or
 - (iv) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii) and (iii); or
- (b) with respect to any payment of the principal of, or premium, if any, or interest on, such Note or any payment under any Subsidiary Guarantee to such Holder, if the Holder is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included in the income under the laws of a Relevant Jurisdiction, for tax purposes, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of the Notes.

Each of the Company and the Subsidiary Guarantors, as applicable, will (i) make such withholding or deduction and (ii) remit the full amount deducted or withheld to the relevant authority in accordance with applicable law. Each of the Company and the Subsidiary Guarantors, as applicable, will make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. Upon request, the Company will furnish to the Holders, within 60 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Company or a Subsidiary Guarantor will be obligated to pay Additional Amounts with respect to such payment, the Company will deliver to the Trustee an Officers' Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Principal Paying Agent to pay such Additional Amounts to the Holders on such payment date.

In addition, each of the Company and the Subsidiary Guarantors, as applicable, will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes, or any documentation with respect thereto.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note or under any Subsidiary Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Company or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, and any Additional Amounts to (but not including) the date fixed by the Company or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

- (1) any change in, or amendment to, the laws or any regulations or rulings promulgated thereunder of a Relevant Taxing Jurisdiction, excluding any applicable treaty with the Relevant Taxing Jurisdiction, affecting taxation; or
- (2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment becomes effective on or after the Original Issue Date (or, in the case of a Surviving Person or future Subsidiary Guarantor, the date such Person became a Surviving Person or Subsidiary Guarantor, as the case may be) with respect to any payment due or to become due under the Notes, the Indenture, or a Subsidiary Guarantee, the Company, a Subsidiary Guarantor or the Surviving Person, as the case may be, is, or on the next Notes Interest Payment Date would be, required to pay Additional Amounts, and such requirement cannot be avoided by taking reasonable measures by the Company, a Subsidiary Guarantor or the Surviving Person, as the case may be; *provided that* changing the jurisdiction of the Company, a Subsidiary Guarantor or the Surviving Person is not a reasonable measure for the purposes of this section; *provided further* that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Company, a Subsidiary Guarantor or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due; *provided further* that where any such requirement to pay Additional Amounts is due to taxes of the Republic of Indonesia (or any political subdivision or taxing authority thereof or therein), the Company or the Surviving Person shall be permitted to redeem the Notes in accordance with the provisions above only if the rate of withholding or deduction in respect of which Additional Amounts are required is in excess of 10.0%.

The Company shall, at least 15 calendar days prior to the date the notice of redemption is to be sent to the Holders, notify the Trustee of such proposed Redemption Date and of the principal amount of the Notes to be redeemed. Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company or a Subsidiary Guarantor, as the case may be, and at their expense will deliver to the Trustee:

- (1) an Officers' Certificate stating that such change or amendment referred to in the prior paragraph has occurred, and describing the facts related thereto and stating that such requirement cannot be avoided by the Company or such Subsidiary Guarantor, as the case may be, taking reasonable measures available to it; and
- (2) an Opinion of Counsel of recognized standing with respect to tax matters of the Relevant Taxing Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee shall be entitled (but shall not be obliged) to accept and rely upon such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, and it will be conclusive and binding on the Holders. The Trustee has no duty to investigate or verify such certificate and opinion.

Any Notes that are redeemed will be cancelled.

Offers to Purchase; Open Market Purchases

Under certain circumstances, the Company may be required to offer to purchase Notes as described under the captions "*– Repurchase of the Notes upon a Change of Control*" and "*– Certain Covenants – Limitation on Asset Sales*". The Company may at any time and from time to time purchase Notes in the open market or otherwise.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness and Preferred Stock

- (a) The Company will not, and will not permit any Restricted Subsidiary to, Incur any Indebtedness (including Acquired Indebtedness) or Preferred Stock (other than Disqualified Stock of Restricted Subsidiaries held by the Company, so long as it is so held); *provided that* the Company or any Subsidiary Guarantor may Incur Indebtedness (including Acquired Indebtedness) if, after giving effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.25 to 1.
- (b) Notwithstanding the foregoing, the Company and, to the extent provided below, any Subsidiary Guarantor or any other Restricted Subsidiary, may Incur each and all of the following (“**Permitted Indebtedness**”):
- (1) Indebtedness of the Company under the Notes (excluding any Additional Notes) and of each Subsidiary Guarantor under the respective Subsidiary Guarantee;
 - (2) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date, excluding Indebtedness permitted under clause (b)(3) below;
 - (3) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any Restricted Subsidiary; *provided that* (x) any event which results in any such Restricted Subsidiary to which such Indebtedness is owed ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Company or any Restricted Subsidiary) will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (b)(3), (y) if the Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes and (z) if a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Subsidiary Guarantor is the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;
 - (4) Indebtedness of the Company or any Restricted Subsidiary (“**Permitted Refinancing Indebtedness**”) issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, “**refinance**” and “**refinances**” and “**refinanced**” shall have a correlative meaning), then-outstanding Indebtedness (or Indebtedness repaid substantially concurrently with but in any case before the Incurrence of such Permitted Refinancing Indebtedness) Incurred under clause (a) or clause (b)(1), (b)(2), (b)(10) or (b)(11) of this covenant and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *provided that*, to the extent that the Indebtedness to be refinanced consists of Rupiah-denominated bonds issued by the Company or any Restricted Subsidiary, the Company or the relevant Restricted Subsidiary may take up to 90 days after the Incurrence of the Permitted Refinancing Indebtedness to fully and irrevocably repay such Indebtedness to be refinanced; and *provided further that* (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Subsidiary Guarantee will only be permitted under this clause (b)(4) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is made *pari passu* with, or expressly made subordinate in right of payment to, the remaining Notes or such Subsidiary Guarantee, as the case may be, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Subsidiary Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or

such Subsidiary Guarantee, as the case may be, at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Subsidiary Guarantee, as the case may be, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (C) in no event may Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary that is not a Subsidiary Guarantor and (D) in no event may unsecured Indebtedness of the Company or any Subsidiary Guarantor be refinanced pursuant to this clause with secured Indebtedness;

- (5) Indebtedness Incurred by the Company or any Restricted Subsidiaries pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Company or any of the Restricted Subsidiaries from fluctuations in interest rates, commodity prices or currencies and not for speculation;
- (6) Indebtedness arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Company or any Restricted Subsidiary pursuant to such agreements, in any case, incurred in connection with the disposition of any business, assets or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Restricted Subsidiary for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Company or any Restricted Subsidiary in connection with such disposition;
- (7) Indebtedness Incurred by the Company or any Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided*, however, that such Indebtedness is repaid in full or otherwise extinguished within five Business Days of Incurrence;
- (8) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or self-insurance obligations or bid, performance or surety bonds (in each case in the ordinary course of business and other than for an obligation for borrowed money);
- (9) Indebtedness Incurred by the Company or any Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, bankers acceptances and short form trade guarantees issued in the ordinary course of business to the extent that such letters of credit, bankers acceptances and short form trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than 30 days following receipt by the Company or such Restricted Subsidiary of a demand for reimbursement;
- (10) Indebtedness of the Company or any Subsidiary Guarantor with a maturity of one year or less used for working capital purposes in an aggregate principal amount at any time outstanding (together with refinancings thereof and including any Indebtedness of the Company or any Subsidiary Guarantor of a maturity of one year or less Incurred pursuant to clause (b)(2) above, together with any refinancings thereof) not to exceed (i) the sum of 65.0% of Qualified Inventories and 65.0% of Qualified Receivables, less (ii) the aggregate amount of all Net Cash Proceeds applied by the Company or any Subsidiary Guarantor to permanently repay any such Indebtedness pursuant to the covenant described under the caption "*– Limitation on Asset Sales*";
- (11) Indebtedness Incurred by the Company or any Subsidiary Guarantor under Credit Facilities in an aggregate amount at any time outstanding not to exceed 10% of Total Assets;
- (12) guarantees by any Subsidiary Guarantor of Indebtedness of any other Subsidiary Guarantor that was permitted to be Incurred by another provision of this covenant; and

(13) Indebtedness of the Company or any Restricted Subsidiary in an aggregate principal amount outstanding (together with refinancing thereof) which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this paragraph (b)(13) and then outstanding, will not exceed US\$50.0 million (or the Dollar Equivalent thereof).

- (c) For purposes of determining compliance with this “– *Limitation on Indebtedness and Preferred Stock*” covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first paragraph of this covenant, the Company, in its sole discretion, will classify, and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types.
- (d) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded with respect to any outstanding Indebtedness solely as a result of fluctuations in exchange rates or currency values.

Limitation on Restricted Payments

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as “**Restricted Payments**”):

- (1) declare or pay any dividend or make any distribution on or with respect to the Company’s or any Restricted Subsidiary’s Capital Stock (other than dividends or distributions payable solely in shares of the Company’s or any Restricted Subsidiary’s Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Company or any Wholly-Owned Restricted Subsidiary;
- (2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock of the Company, any Restricted Subsidiary or any direct or indirect parent of the Company (including options, warrants or other rights to acquire such shares of Capital Stock) held by any Persons other than the Company or any Wholly-Owned Restricted Subsidiary;
- (3) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Subordinated Indebtedness (excluding any intercompany Indebtedness between or among the Company and any Subsidiary Guarantor); or
- (4) make any Investment, other than a Permitted Investment,

if, at the time of, and after giving effect to, the proposed Restricted Payment:

- (A) a Default has occurred and is continuing or would occur as a result of such Restricted Payment;
- (B) the Company could not Incur at least US\$1.00 of Indebtedness under the proviso in clause (a) of the covenant under the caption “– *Limitation on Indebtedness and Preferred Stock*”; or
- (C) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Company and its Restricted Subsidiaries after the Measurement Date, would exceed the sum of:
 - (1) 50% of the aggregate amount of the Consolidated Net Income of the Company (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on the first day of the fiscal quarter in which the Measurement Date occurred and ending on the last day of the Company’s most recently ended fiscal quarter for which consolidated financial statements of the Company (which the Company will use its reasonable efforts to compile in a timely manner) are available and have been provided to the Trustee at the time of such Restricted Payment; *plus*

- (2) 100% of the aggregate Net Cash Proceeds received by the Company after the Measurement Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Company, including any such Net Cash Proceeds received upon (x) the conversion by a Person who is not a Subsidiary of the Company of any Indebtedness (other than Subordinated Indebtedness) of the Company into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Company; *plus*
- (3) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Measurement Date in any Person resulting from (a) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Company or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) after the Measurement Date, (b) the unconditional release of a guarantee provided by or a contingent obligation incurred by the Company or any Restricted Subsidiary after the Original Issue Date of an obligation of another Person, (c) to the extent that an Investment made after the Measurement Date is sold or otherwise liquidated or repaid for cash, the lesser of (x) cash return of capital with respect to such Investment (less the cost of disposition, if any) and (y) the initial amount of such Investment, or (d) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments (other than Permitted Investments) previously made by the Company or a Restricted Subsidiary after the Measurement Date in any such Person.

The foregoing provision will not be violated by reason of:

- (1) the payment of any dividend or redemption of any Capital Stock within 60 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;
- (2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Company or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;
- (3) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness or Capital Stock of the Company (or options, warrants or other rights to acquire such Capital Stock) in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution or sale (other than a capital contribution by or sale to a Subsidiary of the Company) of, shares of the Capital Stock (other than Disqualified Stock) of the Company (or options, warrants or other rights to acquire such Capital Stock); *provided that* the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(2) of the preceding paragraph;
- (4) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary payable, on a pro rata basis or on a basis more favorable to the Company, to all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Company; or
- (5) any Restricted Payment in an aggregate amount, taken together with all other Restricted Payments made in reliance on this clause (5), not to exceed US\$15.0 million (or the Dollar Equivalent thereof);

provided that in the case of clause (2), (3) or (5) above, no Default will have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein and no failure by the Company to make a required payment of interest on the Notes will have occurred and remain uncured.

Each Restricted Payment permitted pursuant to the preceding paragraph (other than pursuant to clauses (2), (3) and (4)) will be included in calculating whether the conditions of clause (C) of the first paragraph of this “– *Limitation on Restricted Payments*” covenant have been met with respect to any subsequent Restricted Payments, and the Net Cash Proceeds from any capital contribution or sale of Capital Stock referred to in clause (3) of the preceding paragraph shall not be included in such calculation.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Company or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors’ determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized international standing if the Fair Market Value exceeds US\$15.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in an amount in excess of US\$15.0 million (or the Dollar Equivalent thereof), the Company will deliver to the Trustee an Officers’ Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this “– *Limitation on Restricted Payments*” covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

- (a) Except as provided below, the Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any encumbrance or restriction of any kind on the ability of any Restricted Subsidiary to:
 - (1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Company or any other Restricted Subsidiary;
 - (2) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;
 - (3) make loans or advances to the Company or any other Restricted Subsidiary; or
 - (4) sell, lease or transfer any of its property or assets to the Company or any other Restricted Subsidiary.
- (b) The provisions of paragraph (a) do not apply to any encumbrances or restrictions:
 - (1) existing in agreements as in effect on the Original Issue Date, or in the Notes, the Subsidiary Guarantees, the Indenture and any extensions, refinancings, renewals or replacements of any of the foregoing agreements; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;
 - (2) existing under or by reason of applicable law, rule, regulation, license, concession, approval, decree or order of any Governmental Instrumentality with jurisdiction over the relevant Restricted Subsidiary;
 - (3) existing with respect to any Person or the property or assets of such Person acquired by the Company or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals or replacements thereof; *provided that* the encumbrances and restrictions in any such extension, refinancing, renewal or replacement, taken as a whole, are no more restrictive in any material respect to the Holders than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed or replaced;

- (4) that otherwise would be prohibited by the provision described in clause (a)(4) of this covenant if they arise, or are agreed to, in the ordinary course of business and that (i) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license, (ii) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture or (iii) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;
- (5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the “– *Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries*”, “– *Limitation on Indebtedness and Preferred Stock*” and “– *Limitation on Asset Sales*” covenants; or
- (6) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted under clauses (b)(4) or (b)(11) of the “– *Limitation on Indebtedness and Preferred Stock*” covenant if, as determined by the Board of Directors, the encumbrances or restrictions are (i) customary for such type of agreement and (ii) would not, at the time agreed to, be expected to materially and adversely affect the ability of the Company to make required payment on the Notes.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Company will not sell, and will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (including in each case options, warrants or other rights to purchase shares of such Capital Stock) except:

- (1) to the Company or a Wholly Owned Restricted Subsidiary;
- (2) to the extent such Capital Stock represents director’s qualifying shares or is required by applicable law to be held by a Person other than the Company or a Wholly Owned Restricted Subsidiary;
- (3) the issuance or sale of Capital Stock of a Restricted Subsidiary which remains a Restricted Subsidiary after any such issuance or sale; *provided that* the Company or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the “– *Limitation on Asset Sales*” covenant; and
- (4) the issuance or sale of Capital Stock of a Restricted Subsidiary if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the “*Limitation on Restricted Payments*” covenant if made on the date of such issuance or sale and *provided that* the Company complies with the “– *Limitation on Asset Sales*” covenant.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Company will not permit any Restricted Subsidiary that is not a Subsidiary Guarantor, directly or indirectly, to guarantee any Indebtedness (“**Guaranteed Indebtedness**”) of the Company, the Company or any Subsidiary Guarantor, unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (1) ranks *pari passu* in right of payment with the Notes or any Subsidiary Guarantee, then the guarantee of such Guaranteed Indebtedness will rank *pari passu* in right of payment with, or be subordinated to, the Subsidiary Guarantees or (2) is subordinated in right

of payment to the Notes or any Subsidiary Guarantees, then the guarantee of such Guaranteed Indebtedness will be subordinated in right of payment to the Subsidiary Guarantees at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Subsidiary Guarantees.

Limitation on Transactions with Shareholders and Affiliates

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including, without limitation, the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (x) any holder (or any Affiliate of such holder) of 5% or more of any class of Capital Stock of the Company or (y) any Affiliate of the Company (each an “Affiliate Transaction”), unless:

- (1) the Affiliate Transaction is on fair and reasonable terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that would have been obtained, at the time of such transaction, in a comparable arm’s-length transaction by the Company or such Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company or such Restricted Subsidiary; and
- (2) the Company delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officers’ Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and
 - (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US\$15.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(a) above, an opinion as to the fairness to the Company or such Restricted Subsidiary, as the case may be, of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing.

The foregoing limitation does not limit, and will not apply to:

- (1) the payment of reasonable and customary regular fees to directors and commissioners of the Company or any Restricted Subsidiary who are not employees of the Company or any Restricted Subsidiary;
- (2) transactions otherwise permitted under the Indenture between or among the Company and any Wholly-Owned Restricted Subsidiary or between or among Wholly-Owned Restricted Subsidiaries;
- (3) any Restricted Payment of the type described in clause (1) or (2) of the first paragraph of the covenant described under the caption “– *Limitation on Restricted Payments*” if not prohibited by that covenant;
- (4) the issuance or sale of any Capital Stock (other than Disqualified Stock) of the Company; and
- (5) the payment of compensation to officers of the Company or any Restricted Subsidiary pursuant to an employee stock or share option or other incentive scheme, so long as such scheme is in compliance with the listing rules of the Indonesia Stock Exchange.

In addition, the requirements of clause (2) of the first paragraph of this covenant will not apply to (a) Investments (other than Permitted Investments) not prohibited by the “– *Limitation on Restricted Payments*” covenant, or (b) any transaction between or among the Company and any Restricted Subsidiary that is not a Wholly-Owned Restricted Subsidiary; provided that (i) such transaction is entered into in the ordinary course of business and (ii) none of the minority shareholders or minority partners of or in any such Restricted Subsidiary is a Person described in clauses (x) or (y) of the first paragraph of this covenant.

Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation to be secured by such Lien is subordinated in right of payment to the Notes or any Subsidiary Guarantee, prior to) the obligations so secured for so long as such obligations are so secured.

Limitation on Sale and Leaseback Transactions

The Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided that* the Company may enter into a Sale and Leaseback Transaction if:

- (1) the Company could have (a) incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under “– *Limitation on Indebtedness and Preferred Stock*” and (b) incurred a Lien to secure such Indebtedness pursuant to the covenant described under the caption “– *Limitation on Liens*”, in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;
- (2) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and
- (3) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Company applies the proceeds of such transaction in compliance with, the covenant described under the caption “– *Limitation on Asset Sales*”.

Limitation on Asset Sales

The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale, unless:

- (1) no Default will have occurred and be continuing or would occur as a result of such Asset Sale;
- (2) the consideration received by the Company or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of; and
- (3) at least 75% of the consideration received consists of cash, Temporary Cash Investment or the Replacement Assets; *provided that* in the case of an Asset Sale in which the Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US\$10.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion of fairness to the Company or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized international standing. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Company’s most recent consolidated balance sheet, of the Company or any Restricted Subsidiary (other than liabilities that are contingent or by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that irrevocably and unconditionally releases the Company or such Restricted Subsidiary, as the case may be, from further liability;
 - (b) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company or such Restricted Subsidiary, as the case may be, into cash, to the extent of the cash received in that conversion; and
 - (c) any Capital Stock or assets referred to in clauses (2) and (3) of the next paragraph.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Company (or the applicable Restricted Subsidiary, as the case may be) will apply an amount equal to such Net Cash Proceeds to:

- (1) permanently repay any unsubordinated Indebtedness of the Company or a Subsidiary Guarantor (and, if such Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) in each case owing to a Person other than Company or a Restricted Subsidiary;
- (2) acquire properties or assets other than current assets that will be used in the Permitted Businesses (“Replacement Assets”) (*provided that* this clause (2) shall be satisfied if the Company (or the applicable Restricted Subsidiary, as the case may be) (x) enters into a definitive agreement committing to invest the relevant amount in Replacement Assets within 360 days of the receipt of such Net Cash Proceeds and (y) actually invests such amount in Replacement Assets with 180 days after entering into such definitive agreement); or
- (3) acquire all or substantially all of the assets of, or any Capital Stock of, any entity involved in the Permitted Business, if, after giving effect to any such acquisition of Capital Stock, such entity involved in the Permitted Business is or becomes a Restricted Subsidiary.

Any Net Cash Proceeds from Asset Sales that are not applied or invested as provided in the immediately preceding paragraph will constitute “**Excess Proceeds**”. Excess Proceeds of less than US\$15.0 million (or the Dollar Equivalent thereof) will be carried forward and accumulated. When accumulated Excess Proceeds exceed US\$15.0 million (or the Dollar Equivalent thereof), within 10 days thereof, the Company must make an Offer to Purchase Notes having a principal amount equal to:

- (1) accumulated Excess Proceeds, multiplied by
- (2) a fraction (x) the numerator of which is equal to the outstanding principal amount of the Notes and (y) the denominator of which is equal to the outstanding principal amount of the Notes and all *pari passu* Indebtedness similarly required to be repaid, redeemed or tendered for in connection with the Asset Sale, rounded down to the nearest US\$1,000.

The offer price in any Offer to Purchase will be equal to 100% of the principal amount plus accrued and unpaid interest to (but not including) the date of purchase, and will be payable in cash.

If any Excess Proceeds remain after consummation of an Offer to Purchase, such remaining Excess Proceeds may be used for any general corporate purpose not prohibited by the Indenture. If the aggregate principal amount of Notes (and any other *pari passu* Indebtedness) tendered in such Offer to Purchase exceeds the amount of Excess Proceeds, the Trustee may (but shall not be obliged to) in its sole and absolute discretion select the Notes (and such other *pari passu* Indebtedness) to be purchased on a pro rata basis. The Trustee shall not be liable for such selection and such selection will be conclusive and binding on the Holders and the Company. Upon completion of each Offer to Purchase, the amount of Excess Proceeds will be reset at zero.

Pending application of any Net Cash Proceeds from any Asset Sale in the manner described in this covenant “*Limitation on Asset Sales*”, the Company (or the applicable Restricted Subsidiary, as the case may be) may invest the portion of such Net Cash Proceeds not yet so applied in Temporary Cash Investments with a maturity of 30 days or less; *provided that* such investment of the Net Cash Proceeds in Temporary Cash Investments shall not extend the time periods for application of the Net Cash Proceeds prescribed by this covenant.

Limitation on the Company’s Business Activities

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than Permitted Businesses; provided, however, that the Company or any Restricted Subsidiary may own Capital Stock of an Unrestricted Subsidiary or joint venture or other entity that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant under the caption “– *Limitation on Restricted Payments*”.

Maintenance of Insurance

The Company will, and will cause each Restricted Subsidiary, to maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similarly situated businesses in the jurisdictions in which the Company or such Restricted Subsidiary conducts its businesses, including, without limitation, property and casualty insurance.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided that* (i) no Default shall have occurred and be continuing at the time of or giving effect to such designation; (ii) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company or any Restricted Subsidiary, (iii) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Company or any other Restricted Subsidiary; (iv) neither the Company nor any Restricted Subsidiary guarantees or provides credit support for the Indebtedness or other liabilities of such Restricted Subsidiary; (v) such Restricted Subsidiary does not own any Capital Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated to be Unrestricted Subsidiaries in accordance with this paragraph; (vi) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under “– *Limitation on Restricted Payments*”; and (vii) such Unrestricted Subsidiary does not own or operate or possess any material license, franchise or right used in connection with the ownership or operation of any part of the Company’s or its Restricted Subsidiaries’ business, the loss of which by such Subsidiary will not, after giving pro forma effect thereto, materially adversely affect the business, results of operations or prospects of the Company and its Restricted Subsidiaries.

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided that* (i) no Default shall have occurred and be continuing at the time of or giving effect to such designation; (ii) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption “– *Limitation on Indebtedness and Preferred Stock*”; (iii) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be incurred by the covenant described under the caption “– *Limitation on Liens*”; (iv) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (v) such Restricted Subsidiary will upon such designation execute and deliver (at the Company’s expense) to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary will become a Subsidiary Guarantor.

Use of Proceeds

The Company will use the net proceeds received from the Notes as set forth in this offering circular. Pending application of all such net proceeds in such manner, the Company may invest the portion of such net proceeds not yet so applied to Temporary Cash Investments.

Government Approvals and Licenses; Compliance with Law

The Company will, and will cause each Restricted Subsidiary to, (1) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Businesses; (2) preserve and maintain good and valid title to its properties and assets (including land-use rights) free and clear of any Liens other than Permitted Liens; and (3) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (a) the business, results of operations or prospects of the Company and its Restricted Subsidiaries taken as a whole or (b) the ability of the Company or any Subsidiary Guarantor to perform its obligations under the Notes, the relevant Subsidiary Guarantee or the Indenture.

Anti-Layering

The Company will not and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Subsidiary Guarantee, on substantially the same terms. This does not apply to distinctions between categories of Indebtedness that exist by reason of any Liens or guarantees securing or in favor of some but not all of such Indebtedness.

Provision of Financial Statements and Assurance Reports

- (a) So long as any of the Notes remain outstanding, the Company will file with the Trustee and, upon request, furnish to the Holders, as soon as they are available but in any event not more than 10 calendar days after they are filed with Indonesia Stock Exchange or any other recognized exchange on which the Company's common shares are at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange; *provided that* if at any time the Common Stock of the Company ceases to be listed for trading on a recognized stock exchange, the Company will file with the Trustee and furnish to the Holders:
- (1) as soon as they are available, but in any event within 120 calendar days after the end of the fiscal year of the Company, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including a statement of income, balance sheet and cash flow statement) prepared in accordance with Indonesian GAAP and audited by a member firm of an internationally recognized firm of independent accountants; and
 - (2) as soon as they are available, but in any event within 45 calendar days after the end of each of the first, second and third fiscal quarters of the Company, copies of its unaudited financial statements (on a consolidated basis and in the English language) including a statement of income, balance sheet and cash flow statement, prepared on a basis consistent with the audited financial statements of the Company together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements are true in all material respects and present fairly the financial position of the Company as at the end of, and the results of its operations for, the relevant quarterly period.
- (b) In addition, so long as any of the Notes remain outstanding, the Company will provide to the Trustee (1) within 120 days after the end of each fiscal year and within 14 days of request made by the Trustee, an Officers' Certificate stating the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation and (2) as soon as possible and in any event within 21 days after the Company becomes aware or should reasonably become aware of the occurrence of a Default (and also within 14 days after any request made by the Trustee), an Officers' Certificate setting forth the details of the Default, and the action which the Company proposes to take with respect thereto.
- (c) For the fiscal years ended December 31, 2021, 2022 and 2023, the Company shall disclose in its Annual Sustainability Report for the relevant fiscal year the progress of its Sustainability Performance Target together with a limited assurance report in respect of such progress issued by the External Verifier (a "**Limited Assurance Report**").

On or prior to the Step-Up Event Notification Deadline, the Company shall publish on its website a verification assurance certificate in relation to the Notes by the External Verifier (such report, the "**SPT Verification Assurance Certificate**"), which shall confirm whether the Company has satisfied the Sustainability Performance Target as of the Target Observation Date.

Neither the Trustee nor the Agents shall have any responsibility or duty to monitor or ensure the filing or completion of the Limited Assurance Report or the SPT Verification Assurance Certificate on or

before the deadlines referred to above, or to verify the accuracy, validity and/or completeness of such report, certificate or any other document in connection thereto, and shall not be liable to Holders or any other persons for not doing so.

Events of Default

The following events will be defined as “**Events of Default**” in the Indenture with respect to the Notes:

- (a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;
- (b) default in the payment of interest or Additional Amounts on any Note when the same becomes due and payable, and such default continues for a period of 30 days;
- (c) default in the performance or breaches of the provisions of the covenants described under “– Consolidation, Merger and Sale of Assets”; “– Certain Covenants – Limitation on Indebtedness and Preferred Stock”; “– Certain Covenants – Limitation on Restricted Payments”; or “– Certain Covenants – Limitation on Liens”; or fails to make or consummate an Offer to Purchase in the manner described under the captions “– Repurchase of Notes Upon a Change of Control” or “– Certain Covenants – Limitation on Asset Sales”;
- (d) the Company or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes;
- (e) there occurs with respect to any Indebtedness of the Company or any Restricted Subsidiary having an outstanding principal amount of US\$15.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created, (A) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity or (B) the failure to make a principal payment of or interest or premium (subject to the applicable grace period in the relevant documents on, or any other amounts in respect of, such Indebtedness when the same becomes due and payable;
- (f) one or more final judgments or orders for the payment of money are rendered against the Company or any of its Restricted Subsidiaries and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US\$15.0 million (or the Dollar Equivalent thereof) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;
- (g) an involuntary case or other proceeding is commenced against the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or for any substantial part of the property and assets of the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;
- (h) the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary

(A) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (B) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or for all or substantially all of the property and assets of the Company or any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary or (C) effects any general assignment for the benefit of creditors;

- (i) any Subsidiary Guarantor denies or disaffirms its obligations under its Subsidiary Guarantee or, except as permitted by the Indenture, any Subsidiary Guarantee is determined in any judicial proceeding to be unenforceable or invalid or will for any reason cease to be in full force and effect; or
- (j) revocation, termination, suspension or other cessation of effectiveness of any license, consent, approval, permit or other authorization, which results in the cessation or suspension of the Company's operations for a period of more than 30 consecutive days.

If an Event of Default (other than an Event of Default specified in clause (g), (h) or (i) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Company (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will, (subject to being indemnified and/or secured and/or pre-funded to its absolute satisfaction) declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g), (h) or (i) above occurs with respect to the Company or any Restricted Subsidiary, the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee, may on behalf of all of the Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences with respect to the Notes if:

- (x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived, and
- (y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee with respect to the Notes or exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability or cause it to expend or risk its own funds or otherwise incur any financial liability in following such direction, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

A Holder may not pursue or institute any proceeding, judicial or otherwise, with respect to the Indenture, the Deed of Guarantee or the Notes, or for the appointment of a receiver or trustee, or for any other remedy under the Indenture or the Notes, unless:

- (1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

- (2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;
- (3) such Holder or Holders offer the Trustee security and/or indemnity and/or pre-funding satisfactory to the Trustee against any loss, fee, costs, liability or expense to be incurred in compliance with such written request;
- (4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of indemnity and/or security and/or pre-funding satisfactory to the Trustee; and
- (5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or any payment under any Subsidiary Guarantee or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which right will not be impaired or affected without the consent of the Holder.

Officers of the Company must certify to the Trustee, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and the Notes and that each of the Company and each Restricted Subsidiary have fulfilled all of their respective obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Company will also be obligated to notify the Trustee of any default or defaults in the performance of any covenants or agreements under the Indenture. See "*– Provision of Financial Statements and Reports*".

Consolidation, Merger and Sale of Assets

The Company will not consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

- (1) the Company will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "**Surviving Person**") will be a corporation organized and validly existing under the laws of Indonesia and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Company under the Indenture and the Notes, as the case may be, and the Indenture and the Notes, as the case may be, will remain in full force and effect;
- (2) immediately after giving effect to such transaction, no Default will have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Surviving Person, as the case may be, could Incur at least US\$1.00 of Indebtedness under the proviso in clause (a) of the covenant under the caption "*– Certain Covenants – Limitation on Indebtedness and Preferred Stock*";
- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and that the relevant supplemental indenture is enforceable. The Trustee shall be entitled to conclusively rely on such certificate and shall have no responsibility to verify the arithmetic computations;

- (6) each Subsidiary Guarantor shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Company or the Surviving Person, as the case may be, in accordance with the Notes and the Indenture; and
- (7) no Rating Decline will have occurred.

No Subsidiary Guarantor will consolidate with, merge with or into another Person, permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Company or another Subsidiary Guarantor), unless:

- (1) such Subsidiary Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets will be the Company or another Subsidiary Guarantor or will become a Subsidiary Guarantor concurrently with the transaction;
- (2) immediately after giving effect to such transaction, no Default will have occurred and be continuing;
- (3) immediately after giving effect to such transaction on a *pro forma* basis, the Company shall have a Consolidated Net Worth equal to or greater than the Consolidated Net Worth of the Company immediately prior to such transaction;
- (4) immediately after giving effect to such transaction on a *pro forma* basis, the Company could incur at least US\$1.00 of Indebtedness under the proviso in clause (a) of the covenant under the caption "*– Certain Covenants – Limitation on Indebtedness and Preferred Stock*";
- (5) the Company delivers to the Trustee (x) an Officers' Certificate (attaching the arithmetic computations to demonstrate compliance with clauses (3) and (4) of this paragraph) and (y) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with and that the relevant supplemental indenture is enforceable;
- (6) each Subsidiary Guarantor shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Company or the Surviving Person, as the case may be, in accordance with the Notes and the Indenture; and
- (7) no Rating Decline will have occurred;

provided that this paragraph will not apply to (a) any sale or other disposition that complies with the "*– Certain Covenants – Limitation on Asset Sales*" covenant or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions described under "*– The Subsidiary Guarantees – Release of the Subsidiary Guarantees*" and (2) a consolidation or merger of any Subsidiary Guarantor with and into the Company or any other Subsidiary Guarantor, so long as the Company or such Subsidiary Guarantor survives such consolidation or merger.

Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Company that may adversely affect Holders.

No Payments for Consents

The Company will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an

inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture, the Notes or any Subsidiary Guarantee, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, the Company shall be permitted, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture, to exclude Holders in any jurisdiction where (A) the solicitation of such consent, waiver or amendment in the manner deemed appropriate by the Company and the payment of consideration therefor would require the Company to (i) file a registration statement, prospectus or similar document or subject the Company to ongoing periodic reporting or similar requirements under any securities laws (including, but not limited to, the United States federal securities laws and the laws of the European Union or its member states), (ii) qualify as a foreign corporation or other entity or as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject the Company to taxation in any such jurisdiction if it is not otherwise so subject; or (B) such solicitation would otherwise not be permitted under applicable law in such jurisdiction.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Company will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below and payments of all amounts due to the Trustee, and the provisions of the Indenture will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

- (A) the Company has (1) deposited with the Trustee, in trust, cash in U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (2) delivered to the Trustee a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Company is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in such trust;
- (B) the Company has delivered to the Trustee an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;
- (C) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others; and
- (D) immediately after giving effect to such deposit on a pro forma basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Company or any of its Restricted Subsidiaries is a party or by which the Company or any of its Restricted Subsidiaries is bound.

In the case of either discharge or defeasance of the Notes, the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture further will provide that the provisions of the Indenture applicable to the Notes will no longer be in effect with respect to clauses (3) and (4) under the second paragraph and third paragraph under “– Consolidation, Merger and Sale of Assets” and all the covenants described herein under “– Certain Covenants” other than as described “– Certain Covenants – Anti-Layering”, clause (c) under “– Events of Default” with respect to such clauses (3) and (4) under the second paragraph and third paragraph under “– Consolidation, Merger and Sale of Assets” and with respect to the other events set forth in such clause, clause (d) under “– Events of Default” with respect to such other covenants and clauses (e), (f), (i) and (j) under “– Events of Default” will be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of U.S. dollars, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, Additional Amounts, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (B) (2) and (C) of the preceding paragraph and the delivery by the Company to the Trustee of an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same time as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

If in the event (i) the Company exercises its option to omit compliance with certain covenants and provisions of the Indenture as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable and (ii) the amount of U.S. dollars and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default, the obligations of the Company under the Indenture will be revived and no such defeasance will be deemed to have occurred.

Amendments and Waivers

Amendments Without Consent of Holders

The Indenture may be amended, without the consent of any Holder of Notes, to:

- (1) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Deed of Guarantee, the Subsidiary Guarantees or the Notes;
- (2) comply with the provisions described under “– Consolidation, Merger and Sale of Assets”;
- (3) evidence and provide for the acceptance of appointment by a successor Trustee or collateral agent;
- (4) release any Subsidiary Guarantor from any Subsidiary Guarantee as provided or permitted by the terms of the Indenture or add any Subsidiary Guarantor or any Subsidiary Guarantee;
- (5) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;
- (6) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;
- (7) effect any changes to the Indenture in a manner necessary to comply with the procedures of Euroclear or Clearstream or any applicable securities depository or clearing system;

- (8) conform the text of the Indenture, the Deed of Guarantee, the Notes or the Subsidiary Guarantees to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes or the Subsidiary Guarantees; or
- (9) make any other change that does not materially and adversely affect the rights of any Holder of Notes.

Amendments with Consent of Holders

Except as provided below, amendments of the Indenture, the Subsidiary Guarantees or the Notes may be made by the Company, the Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Company or the Subsidiary Guarantors with any provision of the Indenture, the Notes or the Subsidiary Guarantees; *provided, however, that* no such modification, amendment or waiver may, without the consent of each Holder:

- (1) change the Stated Maturity of the principal of, or any installment of interest on, any Note;
- (2) reduce the principal amount of, or premium, if any, or interest on, any Note;
- (3) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any Note;
- (4) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Subsidiary Guarantee;
- (5) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;
- (6) waive a default in the payment of principal of, premium, if any, or interest on the Notes;
- (7) release any Subsidiary Guarantor from its Subsidiary Guarantee, except as provided in the Indenture;
- (8) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture or for waiver of certain defaults;
- (9) amend, change or modify any Subsidiary Guarantee in a manner that adversely affects the Holders;
- (10) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or, change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds or other proceeds from any Asset Sale;
- (11) change the redemption date or the redemption price of the Notes from that stated under the captions “– Optional Redemption” or “– Redemption for Taxation Reasons”;
- (12) amend, change or modify the obligation of the Company or any Subsidiary Guarantor to pay Additional Amounts; or
- (13) amend, change or modify any provision of the Indenture or the related definition affecting the ranking of the Notes or any Subsidiary Guarantee in a manner which adversely affects the Holders.

The consent of the Holders is not necessary to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment. After an amendment becomes effective, the Company is required to mail to each Holder at such Holder's address appearing in the Register a notice briefly describing such amendment. However, the failure to give such notice to all Holders, or any defect therein, will not impair or affect the validity of the amendment.

Unclaimed Money

Claims against the Company for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required in the Indenture within a period of six years.

No Personal Liability of Incorporators, Shareholders, Officers, Directors or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Company or any of the Subsidiary Guarantors in the Indenture, or in any of the Notes or the Subsidiary Guarantees or because of the creation of any Indebtedness represented thereby, will be had against any incorporator, shareholder, officer, commissioner, director, employee or controlling person of the Company or any of the Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Subsidiary Guarantees. Such waiver may not be effective to waive liabilities under the applicable securities laws.

Concerning the Trustee, the Principal Paying Agent, the Registrar and the Transfer Agent

The Bank of New York Mellon, London Branch is to be appointed as Trustee under the Indenture, and also principal paying agent (the "**Principal Paying Agent**") with regard to the Notes. The Bank of New York Mellon SA/NV, Luxembourg Branch is to be appointed registrar (the "**Registrar**") and transfer agent (the "**Transfer Agent**") with regard to the Notes. Except during the continuance of a Default, the Trustee will not be liable for any other duties, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Company or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Company and its Affiliates; provided, however, that if it acquires any conflicting interest, it must eliminate such conflict or resign.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense. In the exercise of its duties, the Trustee shall not be responsible for the verification of the accuracy or completeness of any certification, opinion or other documents submitted to it by the Company and is entitled to rely conclusively on the information contained therein. Notwithstanding anything described herein, the Trustee has no duty to monitor the performance or compliance of the Company or any Restricted Subsidiary in the fulfillment of their respective obligations under the Indenture and the Notes.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, if definitive Notes are issued in exchange for Global Notes. The Company will announce through the SGX-ST any issue of definitive Notes in exchange for Global Notes, including in the announcement all material information on the delivery of the definitive Notes and details of the paying agent in Singapore.

The Registrar will maintain a register reflecting ownership of the Notes outstanding from time to time and will make payments on and facilitate transfer of the Notes on behalf of the Company.

The Company may change the Principal Paying Agent, the Registrar or the Transfer Agent without prior notice to the Holders, but only if the Company pays Additional Amounts, as defined below, with respect to taxes that may result from such change.

Book-Entry; Delivery and Form

The Notes will be represented by a global note in registered form without interest coupons attached (the “**Global Note**”). On the Original Issue Date, the Global Note will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream.

Global Note

Ownership of beneficial interests in the Global Note (the “**book-entry interests**”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “– *Individual Definitive Notes*,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and “**holders**” of book-entry interests will not be considered the owners or “**Holders**” of the Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Holders under the Indenture.

None of the Company, the Trustee or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

Payments on the Global Note

Payments of any amounts owing in respect of the Global Note (including principal, premium, interest and Additional Amounts) will be made to the Principal Paying Agent in U.S. dollars. The Principal Paying Agent will, in turn, make such payments to the common depository for Euroclear and Clearstream, which will distribute such payments to participants in accordance with their procedures. Each of the Company and the Subsidiary Guarantors will make payments of all such amounts without deduction or withholding for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature, except as may be required by law and as described under “– *Additional Amounts*.”

Under the terms of the Indenture, the Company, any Subsidiary Guarantor and the Trustee will treat the registered holder of the Global Note (i.e., the common depository or its nominee) as the owner thereof for the purpose of receiving payments and for all other purposes. Consequently, none of the Company, the Subsidiary Guarantors, the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspect of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest, for any such payments made

by Euroclear, Clearstream or any participant or indirect participants, or for maintaining, supervising or reviewing any of the records of Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a book-entry interest; or

- Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of book-entry interests held through participants are the responsibility of such participants.

Redemption of the Global Note

In the event any Global Note, or any portion thereof, is redeemed, the common depository will distribute the U.S. dollar amount received by it in respect of the Global Note so redeemed to Euroclear and/or Clearstream, as applicable, who will distribute such amount to the holders of the book-entry interests in such Global Note. The redemption price payable in connection with the redemption of such book-entry interests will be equal to the U.S. dollar amount received by the common depository, Euroclear or Clearstream, as applicable in connection with the redemption of such Global Note (or any portion thereof). The Company understands that under existing practices of Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; *provided, however, that* no book-entry interests of US\$200,000 principal amount, or less, as the case may be, will be redeemed in part.

Action by Owners of Book-Entry Interests

Euroclear and Clearstream have advised that they will take any action permitted to be taken by a Holder of Notes only at the direction of one or more participants to whose account the book-entry interests in a Global Note are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Note. If there is an Event of Default under the Notes, however, each of Euroclear and Clearstream reserves the right to exchange the Global Note for individual definitive notes in certificated form, and to distribute such individual definitive notes to their participants.

Transfers

Transfers between participants in Euroclear and Clearstream will be effected in accordance with Euroclear and Clearstream's rules and will be settled in immediately available funds. If a Holder requires physical delivery of individual definitive notes for any reason, including to sell the Notes to persons in jurisdictions which require physical delivery of such securities or to pledge such securities, such Holder must transfer its interest in the Global Note in accordance with the normal procedures of Euroclear and Clearstream and in accordance with the provisions of the Indenture.

Book-entry interests in the Global Note will be subject to the restrictions on transfer discussed under "*Transfer Restrictions.*"

Any book-entry interest in a Global Note that is transferred to a person who takes delivery in the form of a book-entry interest in another Global Note (if applicable) will, upon transfer, cease to be a book-entry interest in the first-mentioned Global Note and become a book-entry interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to book-entry interests in such other Global Note for as long as it retains such a book-entry interest.

Global Clearance and Settlement under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Subsidiary Guarantors, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depository or any successor to the common depository is at any time unwilling or unable to continue as a depository for the reasons described in the Indenture and a successor depository is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with "*Events of Default*" and the Company has received a written request from a Holder, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depository or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depository for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the Registrar in sufficient quantities and authenticated by or on behalf of the Registrar for delivery to the Holders. Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the Registrar, through the relevant clearing system, with written instruction and other information required by the Company and the Registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interest therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing (in English) and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the mails of the relevant jurisdiction (if intended for the Company or any Subsidiary Guarantor) addressed to the Company or

such Subsidiary Guarantor, as the case may be, at the registered office of the Company; (if intended for the Trustee) addressed to the Trustee at the specified corporate trust administration office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of Euroclear or Clearstream, as the case may be. Any such notice shall be deemed to have been delivered on the day such notice is delivered to Euroclear or Clearstream, as the case may be, or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Company and each of the Subsidiary Guarantors will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, any Note, any Subsidiary Guarantee or the Indenture or any transaction contemplated thereby and (ii) designate and appoint Law Debenture at 801 2nd Avenue, Suite 403 New York, NY 10017 for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, each of the Subsidiary Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York without giving effect to applicable principles of conflicts of law to the extent that the application of the law of another jurisdiction would be required thereby.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this Description of the Notes for which no definition is provided.

"Acquired Indebtedness" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary and not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary or such Asset Acquisition.

"Additional Amounts" has the meaning assigned to such term under the caption "*– Additional Amounts*".

"Adjusted Treasury Rate" means, with respect to any redemption date, (i) the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated "H.15(519)" or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption "Treasury Constant Maturities", for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three (3) months before or after March 23, 2024, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue shall be determined and the Adjusted Treasury Rate shall be interpolated or extrapolated from such yields on a straight line basis, rounding to the nearest month) or (ii) if such release (or any successor release) is not published during the week preceding the calculation date or does not contain such yields, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date, in each case calculated on the third Business Day immediately preceding the redemption date.

"Affiliate" means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; (ii) who is a director,

commissioner or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition; or (iii) who is a spouse, child, parent, brother, sister, parent-in-law, grandchild or grandparent of a Person described in clause (i) or (ii) of this definition. For purposes of this definition, “control” (including, with correlative meanings, the terms “controlling”, “controlled by” and “under common control with”), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

“**Annual Sustainability Report**” means the report pertaining to the Company’s activities in carrying out its sustainability business published annually by the Company pursuant to OJK Rule No. POJK 51/POJK.03/2017 (consisting of the economic, financial, social and environmental performance of the Company).

“**Applicable Premium**” means, with respect to a Note at any redemption date, the greater of (1) 1.00% of the principal amount of such Note and (2) the excess of (A) the present value at such redemption date of the redemption price of such Note on March 23, 2024 (such redemption price being described in the first paragraph in the “– Optional Redemption” section exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through March 23, 2024 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

“**Asset Acquisition**” means (1) an investment by the Company or any of its Restricted Subsidiaries in any other Person pursuant to which such Person will become a Restricted Subsidiary or will be merged into or consolidated with the Company or any of its Restricted Subsidiaries, or (2) an acquisition by the Company or any of its Restricted Subsidiaries of the property and assets of any Person other than the Company or any of its Restricted Subsidiaries that constitute substantially all of a division or line of business of such Person.

“**Asset Disposition**” means the sale or other disposition by the Company or any of its Restricted Subsidiaries (other than to the Company or another Restricted Subsidiary) of (1) all or substantially all of the Capital Stock of any Restricted Subsidiary or (2) all or substantially all of the assets that constitute a division or line of business of the Company and its Restricted Subsidiaries, taken as a whole.

“**Asset Sale**” means any sale, transfer or other disposition (including by way of merger, consolidation or Sale and Leaseback Transaction) of any of its property or assets (including any sale of Capital Stock of a Subsidiary or issuance of Capital Stock by a Restricted Subsidiary) in one transaction or a series of related transactions by the Company or any Restricted Subsidiary to any Person other than the Company or any Restricted Subsidiary; *provided that* “Asset Sale” will not include:

- (a) sales or other dispositions of inventory, receivables and other current assets in the ordinary course of business;
- (b) sales, transfers or other dispositions of assets constituting a Permitted Investment or Restricted Payment permitted to be made under the “– *Certain Covenants – Limitation on Restricted Payments*” covenant;
- (c) sales, transfers or other dispositions of assets with a Fair Market Value not in excess of US\$5.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;
- (d) any sale, transfer, assignment or other disposition of any property or equipment that has become damaged, worn out, obsolete, unused, unuseful or otherwise unsuitable for use in connection with the business of the Company or its Restricted Subsidiaries;
- (e) any, transfer, assignment or other disposition deemed to occur in connection with creating or granting any Permitted Lien;
- (f) a transaction covered by the covenant under the caption “– *Consolidation, Merger and Sale of Assets*”; and

(g) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to a Subsidiary Guarantor.

“Attributable Indebtedness” means, in respect of a Sale and Leaseback Transaction, the present value at the time of determination, discounted at the interest rate implicit in the Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in the Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of lessor, be extended, determined in accordance with Indonesian GAAP; provided, however, that if such Sale and Leaseback Transaction results in Capitalized Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of “Capitalized Lease Obligation”.

“Average Life” means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

“Board of Directors” means the board of directors of the Company elected or appointed by the stockholders of the Company to manage the business of the Company or any committee of such board duly authorized to take the action purported to be taken by such committee.

“Board Resolution” means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by a majority of the Board of Directors.

“Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, London, Singapore or Indonesia (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close; *provided that*, solely for purposes of determining the date of any payment to be made on any Note, “Business Day” means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in the City of New York, London or Singapore (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

“Capital Stock” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

“Capitalized Lease” means, with respect to any Person, any lease of any property (whether real, personal or mixed) of which the discounted present value of rental obligations of such Person as lessee, in conformity with Indonesian GAAP, is required to be capitalized on the balance sheet of such Person.

“Capitalized Lease Obligations” means the discounted present value of the rental obligations under a Capitalized Lease.

“Change of Control” means the occurrence of one or more of the following events:

- (1) the merger, amalgamation, or consolidation of the Company with or into another Person or the merger or amalgamation of another Person with or into the Company, or the sale of all or substantially all the assets of the Company to another Person, other than a Permitted Holder;
- (2) any “person” or “group” (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) is or becomes the “beneficial owner” (as such term is used in Rule 13d-3 of the Exchange Act), directly or indirectly, of the total voting power of the Voting Stock of the Company greater than such total voting power held beneficially by the Permitted Holders;
- (3) individuals who on the Original Issue Date constituted the Board of Directors, together with any new directors whose election to the Board of Directors was approved by a vote of at least a

majority of the directors then still in office who were either directors on the Original Issue Date or whose election was previously so approved, cease for any reason to constitute a majority of the Board of Directors then in office; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Company.

“**Clearstream**” means Clearstream Banking S.A., or any successor thereof.

“**Commodity Agreement**” means any forward contract, commodity swap agreement, commodity option agreement or other similar agreement or arrangement designed to protect against fluctuations in commodity prices and not for speculation.

“**Common Stock**” means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person’s common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and includes, without limitation, all series and classes of such common stock or ordinary shares.

“**Comparable Treasury Issue**” means the U.S. Treasury security having a maturity comparable to March 23, 2024 that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to March 23, 2024.

“**Comparable Treasury Price**” means, with respect to any redemption date, if clause (ii) of the Adjusted Treasury Rate is applicable, the average of three, or such lesser number as is received, Reference Treasury Dealer Quotations for such redemption date.

“**Consolidated EBITDA**” means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

- (1) Consolidated Interest Expense;
- (2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets);
- (3) depreciation expense;
- (4) amortization expense; and
- (5) all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income,

all as determined on a consolidated basis for the Company and its Restricted Subsidiaries in conformity with Indonesian GAAP; *provided that* if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, Consolidated EBITDA will be reduced (to the extent not otherwise reduced in accordance with Indonesian GAAP) by an amount equal to (A) the amount of the Consolidated Net Income attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Company or any Restricted Subsidiary.

“**Consolidated Fixed Charges**” means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Disqualified Stock or Preferred Stock of the Company or any Restricted Subsidiary held by Persons other than the Company or any Wholly Owned Restricted Subsidiary, except for dividends payable in the Company’s Capital Stock (other than Disqualified Stock).

“**Consolidated Interest Expense**” means, for any period, the amount that would be included in gross interest expense on a consolidated income statement prepared in accordance with Indonesian GAAP for such period of the Company and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Company and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to

Capitalized Lease Obligations, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest accruing on Indebtedness of any other Person that is guaranteed by the Company or any Restricted Subsidiary or secured by a Lien on assets of the Company or any Restricted Subsidiary, (vii) any capitalized interest and (viii) all other non-cash interest expense; *provided* that (i) interest expense attributable to interest on any Indebtedness bearing a floating interest rate will be computed on a pro forma basis as if the rate in effect on the date of determination had been the applicable rate for the entire relevant period.

“Consolidated Net Income” means, with respect to any specified Person for any period, the aggregate of the net income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with Indonesian GAAP; *provided that* the following items will be excluded in computing Consolidated Net Income (without duplication):

- (1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting except that:
 - (a) subject to the exclusion contained in clause (5) below, the Company’s equity in the net income of any such Person for such period shall be included in such Consolidated Net Income up to the aggregate amount of cash actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend or other distribution paid to a Restricted Subsidiary, to the limitations contained in clause (3) below); and
 - (b) the Company’s equity in a net loss of any such Person for such period shall be included in determining such Consolidated Net Income to the extent funded with cash or other assets of the Company or Restricted Subsidiaries;
- (2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company or any Restricted Subsidiary;
- (3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other constitutive document or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;
- (4) the cumulative effect of a change in accounting principles;
- (5) any net after tax gains realized on the sale or other disposition of (A) any property or assets of the Company or any Restricted Subsidiary which is not sold in the ordinary course of its business or (B) any Capital Stock of any Person (including any gains by the Company realized on sales of Capital Stock of the Company or Restricted Subsidiaries);
- (6) any translation gains or losses due solely to fluctuations in currency values and related tax effects; and
- (7) any net after-tax extraordinary or non-recurring gains.

“Credit Facilities” means, one or more debt facilities, indentures or commercial paper facilities, in each case, with banks or other institutional lenders, accredited investors or institutional investors providing for revolving credit loans, term loans, term debt, debt securities, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended,

restated, modified, renewed, extended, increased, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

“Currency Agreement” means any foreign exchange forward contract, currency swap agreement or other similar agreement or arrangement designed to protect against fluctuations in foreign exchange rates and for speculation.

“Default” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“Disqualified Stock” means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed on or prior to the date that is 366 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock at any on or prior to the date that is 366 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity on or prior to the date that is 366 days after the Stated Maturity of the Notes; *provided that* any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an “asset sale” or “change of control” occurring prior to the date that is 366 days after the Stated Maturity of the Notes will not constitute Disqualified Stock if the “asset sale” or “change of control” provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in “– *Certain Covenants – Limitation on Asset Sales*” and “– *Repurchase of Notes Upon a Change of Control*” covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Company’s repurchase of such Notes as are required to be repurchased pursuant to the “– *Certain Covenants – Limitation on Asset Sales*” and “– *Repurchase of Notes Upon a Change of Control*” covenants.

“Dollar Equivalent” means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by the Federal Reserve Bank of New York (*provided that* the noon U.S. dollar purchase exchange rate for cable transfers at a major commercial bank in the principal financial center of the relevant currency will be used for such computation with respect to any currency that is not so quoted by the Federal Reserve Bank of New York) on the date of determination.

“Equity Offering” means (i) any bona fide public or private offering of Capital Stock (other than Disqualified Stock) of the Company other than to Affiliates of the Company after the Original Issue Date or (ii) any bona fide underwritten secondary public offering or secondary private placement of Capital Stock (other than Disqualified Stock) of the Company beneficially owned by the Permitted Holders, after the Original Issue Date, to the extent that the Permitted Holders or a company controlled by such Person concurrently with such public offering or private placement purchases in cash an equal amount of Capital Stock (other than Disqualified Stock) from the Company at the same price as the public offering or private placing price; *provided that* (i) the aggregate gross cash proceeds received by the Company as a result of such offering described in clause (i) or (ii) or a combination thereof (excluding gross cash proceeds received from the Company or any of its Subsidiaries) shall be no less than US\$25.0 million (or the Dollar Equivalent thereof) and (ii) any such offering shall result in such Capital Stock being listed and eligible for dealing on the Indonesia Stock Exchange or on another internationally recognized stock exchange.

“Euroclear” means Euroclear Bank S.A./N.V. or any successor thereof.

“Exchange Act” means the U.S. Securities Exchange Act of 1934.

“External Verifier” means any independent accounting or appraisal firm or other independent expert of internationally recognized standing appointed by the Company, in each case with the expertise necessary to perform the functions required to be performed by the External Verifier under this Description of Notes, as determined in good faith by the Company.

“Fair Market Value” means the price that would be paid in an arm’s-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination will be conclusive if evidenced by a Board Resolution.

“Fitch” means, Fitch Ratings Ltd and its affiliates.

“Fixed Charge Coverage Ratio” means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

- (A) pro forma effect will be given to any Indebtedness or Preferred Stock Incurred, repaid or redeemed during the Reference Period relating to such Four Quarter Period in each case as if such Indebtedness or Preferred Stock had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided that*, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Company or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;
- (B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;
- (C) pro forma effect will be given to the creation, designation or redesignation of Restricted Subsidiaries and Unrestricted Subsidiaries as if such creation, designation or redesignation had occurred on the first day of such Reference Period;
- (D) pro forma effect will be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and
- (E) pro forma effect will be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Company or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period;

provided that to the extent that clause (D) or (E) of this sentence requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation will be based upon the four full fiscal quarters immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

“Four Quarter Period” means, as of any Transaction Date, the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Company (which the Company will use its reasonable best efforts to compile in a timely manner) are available and have been provided to the Trustee.

“Governmental Instrumentality” means any national, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, court, tribunal, commission, bureau or entity or any arbitrator with authority to bind a party at law.

“guarantee” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the

generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided that* the term “guarantee” will not include endorsements for collection or deposit in the ordinary course of business. The term “guarantee” used as a verb has a corresponding meaning.

“**Hedging Agreement**” means any Currency Agreement, Commodity Agreement or Interest Rate Agreement.

“**Hedging Obligation**” of any Person means the obligations of such Person pursuant to any Hedging Agreement.

“**Holder**” means the Person in whose name a Note is registered in the Note register.

“**Incur**” means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided that* (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount will not be considered an Incurrence of Indebtedness. The terms “Incurrence”, “Incurred” and “Incurring” have meanings correlative with the foregoing.

“**Indebtedness**” means, with respect to any Person at any date of determination (without duplication):

- (1) all indebtedness of such Person for borrowed money;
- (2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;
- (3) all obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (or reimbursement obligations with respect thereto);
- (4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except trade payables due within 120 days arising in the ordinary course of business;
- (5) all Capitalized Lease Obligations and Attributable Indebtedness;
- (6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided that* the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;
- (7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;
- (8) to the extent not otherwise included in this definition, Hedging Obligations;
- (9) all Disqualified Stock issued by such Person with the amount of Indebtedness represented by such Disqualified Stock being equal to the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase price; and
- (10) all obligations of such Person under conditional sale or other title retention agreements relating to assets purchased by such Person, except trade payables due within 120 days arising in the ordinary course of business.

Notwithstanding the foregoing, customer deposits and advance payments received from customers in the ordinary course of business shall not be deemed to be Indebtedness for any purpose.

The amount of Indebtedness of any Person at any date will be the outstanding balance at such date of all unconditional obligations as described above (as determined in conformity with Indonesian GAAP to the extent applicable) and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligations; *provided*:

- (A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with Indonesian GAAP,
- (B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness will not be deemed to be "Indebtedness" so long as such money is held to secure the payment of such interest, and
- (C) that the amount of Indebtedness with respect to any Hedging Agreement will be equal to the net amount payable if such Hedging Agreement terminated at that time due to default by such Person.

"Indonesian GAAP" means generally accepted accounting principles in Indonesia as in effect from time to time.

"Interest Rate Agreement" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement designed to protect against fluctuations in interest rates and not for speculation.

"International Bank" means a bank or trust company which is organized under the laws of the United States of America, any state thereof, the European Union, Singapore, the United Kingdom or Japan.

"Investment" means:

- (i) any direct or indirect advance, loan or other extension of credit to another Person;
- (ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);
- (iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person;
- (iv) any guarantee of any obligation of another Person; or
- (v) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on a balance sheet of such Person prepared in accordance with Indonesian GAAP.

For the purposes of the provisions of the "*Certain Covenants – Designation of Restricted and Unrestricted Subsidiaries*" and "*Certain Covenants – Limitation on Restricted Payments*" covenants, except as described in the last sentence of this paragraph: (i) the Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the assets (net of liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not guaranteed by the Company or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, and (ii) any property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors.

"Investment Grade" means a rating of "AAA," "AA," "A" or "BBB," as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest Rating Categories, by S&P, Fitch, or any of

its successors or assigns or the equivalent ratings of any internationally recognized rating agency or agencies, as the case may be, which will have been designated by the Company as having been substituted for S&P or Fitch or both, as the case may be.

“**Lien**” means any mortgage, pledge, fiduciary security, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

“**Measurement Date**” means May 2, 2013.

“**Moody’s**” means Moody’s Investors Service, Inc. and its affiliates.

“**Net Cash Proceeds**” means:

- (a) with respect to any Asset Sale (other than the issuance or sale of Capital Stock), the proceeds of such Asset Sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of:
 - (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;
 - (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Company and its Restricted Subsidiaries, taken as a whole;
 - (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale;
 - (4) appropriate amounts to be provided by the Company or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including, without limitation, pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with Indonesian GAAP and reflected in an Officers’ Certificate delivered to the Trustee; and
- (b) with respect to any Asset Sale consisting of the issuance or sale of Capital Stock, the proceeds of such issuance or sale in the form of cash or cash equivalents, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or cash equivalents and proceeds from the conversion of other property received when converted to cash or cash equivalents, net of attorneys’ fees, accountants’ fees, underwriters’ or placement agents’ fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

“**Note Documents**” means the Indenture, the Notes and the Subsidiary Guarantees.

“**Offer to Purchase**” means an offer to purchase Notes by the Company from the Holders commenced by the Company mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

- (1) the provision of the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a *pro rata* basis;
- (2) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the “**Offer to Purchase Payment Date**”);
- (3) that any Note not tendered will continue to accrue interest pursuant to its terms;

- (4) that, unless the Company defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date;
- (5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled “Option of the Holder to Elect Purchase” on the reverse side of the Note completed, to the Principal Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;
- (6) that Holders will be entitled to withdraw their election if the Principal Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and
- (7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided that* each Note purchased and each new Note issued will be in a principal amount of US\$200,000 or any amount in excess thereof which is an integral multiples of US\$1,000.

One Business Day prior to the Offer to Purchase Payment Date, the Company will deposit with the Principal Paying Agent immediately available funds sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company will (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officers’ Certificate specifying the Notes or portions thereof accepted for payment by the Company. The Principal Paying Agent will as soon as reasonably practicable mail to the Holders so accepted payment in an amount equal to the purchase price, and the Trustee will as soon as reasonably practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided that* each Note purchased and each new Note issued will be in a principal amount of US\$200,000 or any amount in excess thereof which is an integral multiples of US\$1,000. The Company will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date. The Company will comply with Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable, in the event that the Company is required to repurchase Notes pursuant to an Offer to Purchase.

The offer is required to contain or incorporate by reference information concerning the business of the Company and its Subsidiaries which the Company in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Company to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the requirements of the relevant Offer to Purchase, the Company will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes, the Indenture and the Subsidiary Guarantees by virtue of their compliance with such securities laws or regulations.

“**Officer**” means one of the executive officers or directors of the Company or, in the case of a Subsidiary Guarantor, one of the directors or officers of such Subsidiary Guarantor.

“**Officers’ Certificate**” means a certificate signed by two Officers.

“**Opinion of Counsel**” means a written opinion from external legal counsel selected by the Company, *provided that* such counsel shall be acceptable to the Trustee in its sole discretion.

“**Original Issue Date**” means the date on which the Notes are originally issued under the Indenture.

“Permitted Business” means any business which is the same as or ancillary or complementary to any of the businesses of the Company and the Restricted Subsidiaries on the Original Issue Date.

“Permitted Holders” means any or all of the following:

- (1) Handojo Santosa;
- (2) any Affiliate (other than an Affiliate as defined in clause (ii) of the definition of Affiliate) of the Person specified in clause (1) and any trust the main beneficiary/-ies of which is/are, directly or indirectly, one or more of the Person specified in clause (1) or Affiliates (other than Affiliates as defined in clause (ii) of the definition of Affiliate) of the Person specified in clause (1), *provided that*, as applied to Japfa Ltd. for purposes of this clause (2), Japfa Ltd. and any of its subsidiaries shall be deemed to be an “Affiliate” of the Person specified in clause (1) to the extent that (x) the Person specified in clause (1) is, (y) any of his Affiliates specified in this clause (2) would be considered to be, or (z), (x) and (y) are, either alone or together, considered to be, a “Controlling Shareholder” of Japfa Ltd., as such term is defined and interpreted under the Listing Manual of the SGX-ST; and
- (3) any Person both the Capital Stock and the Voting Stock of which are owned 80.0% or more by (or in the case of a trust, that created for the benefit of) one or more of the Persons specified in clauses (1) and (2).

“Permitted Investment” means:

- (1) Investments by the Company or any Restricted Subsidiary in (a) any Subsidiary Guarantor that is primarily engaged in the Permitted Business or (b) a Person which will, upon the making of such Investment, become a Subsidiary Guarantor that is primarily engaged in the Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to, the Company or a Subsidiary Guarantor that is primarily engaged in a Permitted Business;
- (2) cash and Temporary Cash Investments;
- (3) payroll, travel and other loans or advances to officers and employees, not in excess of US\$500,000 outstanding at any time to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with Indonesian GAAP;
- (4) stock, obligations or securities received in compromise or settlement of debts created in the ordinary course of business, or by reason of a composition or readjustment of debts or reorganization of another Person, or in satisfaction of claims or judgments;
- (5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;
- (6) any Investment pursuant to a Hedging Obligation designed solely to protect the Company or any Restricted Subsidiary against fluctuations in commodity prices, interest rates or foreign currency exchange rates and otherwise permitted under the Indenture;
- (7) receivables or trade credits owing to the Company or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in accordance with customary trade terms;
- (8) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Sale under clause 4(b) or 4(c) of, and made in compliance with the covenant described under “– *Certain Covenants – Limitation on Asset Sales*”;
- (9) repurchases of the Notes;
- (10) pledges, deposits or advances (x) provided to third parties with respect to leases or utilities in the ordinary course of business, (y) provided to third parties with respect to purchases, construction,

development, advisory, consultancy, installation, improvement or replacement of machinery, equipment (including spare parts), land or other assets, including raw materials, used in the Permitted Business and dischargeable in accordance with customary trade terms within 120 days or (z) otherwise described in the definition of “Permitted Liens”;

- (11) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers’ compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of business;
- (12) deposits made with tax authorities before the final taxation amount is decided and applied, provided that the deposit is recorded as assets of the Company’s balance sheet;
- (13) any guarantee by or contingent obligation of the Company or any Restricted Subsidiary of its proportionate economic interest in the Indebtedness of any Person engaged in a Permitted Business in an aggregate amount which, when taken together with the amount of all other guarantees Incurred pursuant to this paragraph (13) and then outstanding, will not exceed US\$15.0 million (or the Dollar Equivalent thereof); and
- (14) Investments in Persons engaged in a Permitted Business in an aggregate amount which, when taken together with the amounts of all other Investments pursuant to this paragraph (14), will not exceed US\$15.0 million (or the Dollar Equivalent thereof).

“**Permitted Liens**” means:

- (1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as will be required in conformity with Indonesian GAAP will have been made;
- (2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers or repairmen, or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as required in conformity with Indonesian GAAP will have been made;
- (3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers’ acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);
- (4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Company or its Restricted Subsidiaries, taken as a whole;
- (5) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; *provided that* such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets of such Person; *provided further that* such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;
- (6) Liens in favor of the Company or any Subsidiary Guarantor;
- (7) Liens arising from attachment or the rendering of a final judgment or order against the Company or any Restricted Subsidiary that does not give rise to an Event of Default;
- (8) Liens securing reimbursement obligations with respect to letters of credit, performance and surety bonds and completion guarantees that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;
- (9) Liens existing on the Original Issue Date;

- (10) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (b)(4) of the covenant described under the caption entitled “– *Certain Covenants – Limitation on Indebtedness and Preferred Stock*”; provided that such Liens do not extend to or cover any property or assets of the Company or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;
- (11) easements, rights-of-way, municipal and zoning ordinances or other restrictions as to the use of properties or minor survey exceptions or encumbrances in favor of governmental agencies or utility, telephone or similar companies that do not materially adversely affect the value of such properties or materially impair the use for the purposes of which such properties are held by the Company or any Restricted Subsidiary;
- (12) Liens on current assets securing Indebtedness which is permitted to be Incurred under clause (b)(10) of the covenant described under the caption entitled “– *Certain Covenants – Limitation on Indebtedness and Preferred Stock*”;
- (13) Liens encumbering customary initial deposits and margin deposits, and other Liens that are within the general parameters customary in the industry and incurred in the ordinary course of business, in each case, securing Indebtedness under Hedging Obligations permitted by clause (b)(5) of the covenant under the caption “– *Certain Covenants – Limitation on Indebtedness and Preferred Stock*”;
- (14) any interest or title of a licensor, lessor or sublessor of any of its property, including intellectual property, subject to any licenses, leases or subleases in the ordinary course of business;
- (15) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers’ compensation claims and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Company or any Restricted Subsidiary; and
- (16) other Liens on assets securing Indebtedness in an aggregate amount which, when taken together with the amount of all other Indebtedness secured by Liens pursuant to this paragraph (16) and then outstanding will not exceed an amount equal to 12.5% of Total Assets (or the Dollar Equivalent thereof) as of the date of Incurrence of such Liens.

“**Person**” means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

“**Preferred Stock**” as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its term is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“**Qualified Inventories**” means, as of the date of Incurrence of any Permitted Indebtedness described in clause (b)(10) of the covenant described under the caption entitled “– *Certain Covenants – Limitation on Indebtedness and Preferred Stock*” by the Company or a Restricted Subsidiary, the consolidated inventories (net of allowances for decline in value and net of any otherwise unusable or obsolete items) of the Company and its Restricted Subsidiaries measured in accordance with Indonesian GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available and have been provided to the Trustee.

“**Qualified Receivables**” means, as of the date of Incurrence of any Permitted Indebtedness described in clause (b)(10) of the covenant described under the caption entitled “– *Certain Covenants – Limitation on Indebtedness and Preferred Stock*” by the Company or a Restricted Subsidiary, the consolidated trade accounts receivable from third parties and other account receivables (net of allowance for doubtful accounts) of the Company and its Restricted Subsidiaries, in each case not more than 90 days past the original due date, measured in accordance with Indonesian GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available and have been provided to the Trustee.

“Rating Agencies” means (i) S&P and (ii) Fitch and (iii) if S&P or Fitch or both will not make a rating of the Notes publicly available, one or more “nationally recognized statistical rating organizations”, as the case may be, within the meaning of Rule 15c3-1(c) (2) (iv) (F) under the Exchange Act, selected by the Company, which will be substituted for S&P or Fitch or both, as the case may be.

“Rating Category” means (i) with respect to S&P and Fitch, any of the following categories: “BB,” “B,” “CCC,” “CC,” “C” and “D” (or equivalent successor categories); and (ii) the equivalent of any such category of S&P and Fitch used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories (“+” and “-” for S&P and Fitch, or the equivalent gradations for another Rating Agency) will be taken into account (e.g., with respect to S&P and Fitch, a decline in a rating from “BB+” to “BB,” as well as from “BB-” to “B+,” will constitute a decrease of one gradation).

“Rating Date” means in connection with actions contemplated under the caption “– *Consolidation, Merger and Sale of Assets*”, that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

“Rating Decline” means in connection with actions contemplated under the caption “– *Consolidation, Merger and Sale of Assets*”, the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

- (a) in the event the Notes are rated by both Fitch and S&P on the Rating Date as Investment Grade, the rating of the Notes by either Rating Agency will be below Investment Grade;
- (b) in the event the Notes are rated by either, but not both, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency will be below Investment Grade; or
- (c) in the event the Notes are rated below Investment Grade by both Rating Agencies on the Rating Date, the rating of the Notes by either Rating Agency will be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories).

“Reference Period” means, as of any Transaction Date, the period commencing on and including the first day of the Four Quarter Period with respect to such Transaction Date and ending on and including the Transaction Date.

“Reference Treasury Dealer” means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected and appointed by the Company in good faith and notified in writing to the Trustee and the Principal Paying Agent.

“Reference Treasury Dealer Quotations” means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by the Company, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Company by such Reference Treasury Dealer at 5:00 p.m. (New York City Time) on the third Business Day preceding such redemption date.

“Restricted Subsidiary” means any Subsidiary of the Company other than an Unrestricted Subsidiary.

“S&P” means Standard & Poor’s Ratings Services and its affiliates.

“Sale and Leaseback Transaction” means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

“Securities Act” means the U.S. Securities Act of 1933, as amended.

“Significant Subsidiary” means any Restricted Subsidiary that would be a “significant subsidiary” as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date.

“Stated Maturity” means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

“Step-Up Event” means (1) a failure by the Company to satisfy the Sustainability Performance Target on the Target Observation Date as determined by the External Verifier and confirmed in the SPT Verification Assurance Certificate or (2) the failure or inability of the Company to deliver the Satisfaction Certificate, as required under the caption “– *Interest and Step-Up Margins*”.

“Step-Up Event Notification Deadline” means the date falling ten Business Days prior to March 23, 2025.

“Subordinated Indebtedness” means any Indebtedness of the Company or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

“Subsidiary” means, with respect to any Person, any corporation, association or other business entity (i) of which at least 50.0% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (ii) of which 50.0% of the outstanding Voting Stock is owned, directly or indirectly, by such Person and which is “controlled” and consolidated by such Person in accordance with GAAP; *provided*, however, that with respect to clause (ii) the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be “controlled” by such Person under GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of “– Designation of Restricted and Unrestricted Subsidiaries” covenant.

“Subsidiary Guarantee” means any guarantee of the obligations of the Company under the Indenture and the Notes by any Subsidiary Guarantor.

“Subsidiary Guarantor” means the initial Subsidiary Guarantors named herein and any future Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided that* Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

“Sustainability Performance Target” means the construction of eight water recycling facilities at any of the Company’s or the Restricted Subsidiaries’ slaughterhouses and one water recycling facility at any of the Company’s or the Restricted Subsidiaries’ hatcheries within the poultry breeding unit by the Company, in each case with certification of completion or handover from the facility contractor or facility engineer.

“Target Observation Date” means December 23, 2024.

“Temporary Cash Investment” means any of the following:

- (1) direct obligations of the United States of America, Japan, the United Kingdom, Singapore or any agency thereof or obligations fully and unconditionally guaranteed by the United States of America, Japan, the United Kingdom, Singapore, Hong Kong or any agency thereof, in each case maturing within one year;
- (2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America, any state thereof, Japan, the United Kingdom, Hong Kong or Singapore, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US\$500.0 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated “A” (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Rule 436 under the Securities Act);

- (3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;
- (4) commercial paper, maturing not more than 180 days after the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Company) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;
- (5) securities with maturities of six months or less from the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by Japan or the United Kingdom, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or Moody's;
- (6) any money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above;
- (7) demand or time deposit accounts, certificates of deposit and money market deposits issued by any Indonesia branch of an International Bank, *provided that* such International Bank has capital, surplus and undivided profits aggregating in excess of US\$100.0 million (or the Dollar Equivalent thereof) and has outstanding long-term debt which is rated at least "A" by S&P, Moody's or Fitch; and
- (8) time deposit accounts, certificates of deposit and money market deposits by any of the following Indonesian banks: PT Bank Mandiri (Persero) Tbk, PT Bank Rakyat Indonesia (Persero) Tbk, PT Bank Central Asia Tbk, PT Bank Negara Indonesia (Persero) Tbk, PT Bank CIMB-Niaga (Persero) Tbk, PT Pan Indonesia Bank Tbk, PT Bank Permata Tbk, PT Bank Danamon Indonesia Tbk, PT Bank DBS Indonesia, PT Bank Rabobank International Indonesia and PT Bank ICBC Indonesia.

"Total Assets" means, as of the date of Incurrence of any Indebtedness by the Company or a Restricted Subsidiary, the total consolidated assets (excluding goodwill and other intangible asset) of the Company and its Restricted Subsidiaries measured in accordance with Indonesian GAAP as of the last day of the most recent fiscal quarter period for which consolidated financial statements of the Company (which the Company shall use its reasonable best efforts to compile on a timely manner) are available and have been provided to the Trustee; *provided that* Total Assets shall be calculated after giving pro forma effect to include the cumulative value of all of the real or personal property or equipment the acquisition, development, construction or improvement of which requires or required the Incurrence of Indebtedness and calculation of Total Assets thereunder, as measured by the purchase price or cost therefor or budgeted cost provided to the bank or other similar financial institutional lender providing such Indebtedness (but only to the extent that such cumulative value is not reflected in such total consolidated assets as of the last day of such fiscal quarter period).

"Transaction Date" means, with (i) respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred, and (ii) with respect to any Restricted Payment, the date such Restricted Payment is to be made.

"Unrestricted Subsidiary" means (1) PT Japfafood Nusantara, (2) PT Bumiasri Lestari, (3) PT Iroha Sidat Indonesia, (4) PT Indojoya Agrinusa, (5) PT Indonesia Pelleting, (6) PT Intan Kenkomayo Indonesia, (7) Vaksindo Animal Health Pvt Ltd, (8) Vaksindo Vietnam Animal Health Co. Ltd., (9) any Subsidiary of the Company that at the time of determination will be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (10) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Government Obligations" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the issuer thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation

or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided that* (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

“Voting Stock” means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

“Wholly Owned” means, with respect to any Subsidiary of any Person, the ownership of all of the outstanding Capital Stock of such Subsidiary (other than any director’s qualifying shares or Investments by foreign nationals mandated by applicable law or a nominal number of shares owned by an Affiliate of such Person solely for purposes of qualifying as a second shareholder as required under Indonesian corporate law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

TAXATION

The following summary is based on tax laws of Indonesia as in effect on the date of this Offering Circular, and is subject to changes in Indonesian law, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any countries other than Indonesia. Prospective purchasers in all jurisdictions are advised to consult their own tax advisors as to Indonesian or other tax consequence of the acquisition, ownership and disposition of the Notes.

INDONESIAN TAXATION

The following is a summary with respect to taxes imposed by the Government of Indonesia. The summary does not address any laws other than the tax laws of Indonesia in force and as they are applied in practice as of the date of this Offering Circular.

General

Resident taxpayers, individual or corporate, are subject to income tax in Indonesia. Subject to the provisions of any applicable agreement for the avoidance of double taxation (a “tax treaty”), a “non-resident individual” is a foreign national who does not reside in Indonesia and is not physically present in Indonesia for more than 183 days during any 12 month period, or Indonesian citizens who are outside Indonesia for more than 183 days within any 12 month period and meet the following requirements: (i) residence; (ii) main activity center; (iii) habitual abode; (iv) tax subject status; and/or (v) other certain requirements (which requirements are regulated under the Indonesian Minister of Finance), during which period, such nonresident individual receives income in respect of the ownership or disposition of the Notes (unless an individual is deemed as a tax resident if he intends to reside in Indonesia, indicated by obtaining a working visa or limited stay permit card (KITAS) or having a contract of employment, business, or activities that are performed in Indonesia for more than 183 days) and a “non-resident entity” is a corporation or non-corporate body that is established under the laws of a jurisdiction other than Indonesia, is not domiciled in Indonesia and does not have a fixed place of business or permanent establishment in Indonesia during an Indonesian tax year in which such non-Indonesian entity receives income in respect of the ownership or disposition of the Notes. If the income is effectively connected with a permanent establishment of a non-resident corporation in Indonesia, the income is subject to corporate income tax up to a maximum rate of 22.0% for fiscal year 2021 and 20% for fiscal year 2022 henceforward and deemed distribution withholding tax of 20.0% of the after-tax profits, subject to applicable tax treaties. For individuals, the income is subject to progressive tax rates with a maximum rate of 30.0%.

Withholding Tax

Initial Issuance

There are no stamp, documentary, registration, transfer or other issuance or transaction taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Initial Purchasers to the Republic of Indonesia or to any political subdivision or taxing authority thereof or therein in connection with the offer, sale, transfer and delivery of the Notes to the Initial Purchasers pursuant to the Purchase Agreement.

Withholding tax on interest income

Interest payments (or accruals) and any other payments (or accruals) in the nature of interest made by the Company or Indonesian Subsidiary Guarantors to any Noteholder that is an Indonesian tax resident or a permanent establishment in the Republic of Indonesia will be subject to final withholding tax as follows:

- a. at the rate of 15%, except for payments to banks incorporated in Indonesia and Indonesian branches of foreign banks, and qualified pension funds where WHT is exempted;
- b. at the rate of 5% for payments made between 2014 – 2020 or 10% for payments made after the calendar year ended 2020 to mutual fund taxpayers which is registered at the Financial Services Authority (“OJK”);

pursuant to Government Regulation No. 55/2019 which supersede Government Regulation No. 16/2009 (except for payments to banks incorporated in Indonesia and Indonesian branches of foreign banks, and qualified pension funds).

Interest payments (or accruals) and any other payments (or accruals) in the nature of interest made by the Company or any Indonesian Subsidiary Guarantor to the Noteholders that is neither an Indonesian tax resident, nor a permanent establishment will be subject to withholding tax at the rate of 20.0% pursuant to Government Regulation No. 55/2019 and 10.0% pursuant to the new Government Regulation No. 9/2021 which issued on February 2, 2021.

The rate of 10.0% as stipulated in the Government Regulation No. 9/2021 will effectively start 6 months after the issuance of the regulation, and prior to the effective date, the rate of 20% as stipulated in the Government Regulation No. 55/2019 is still applied.

However, if the interest income recipient (Noteholder) is a tax resident of a country that has signed a tax treaty with the Republic of Indonesia, then the reduced tax treaty rate will apply if the company can fulfill the requirements set out below, including the requirement that the recipient be the beneficial owner of the income. Failure to comply with such requirements means that the 20.0% or 10.0% Indonesian withholding tax will apply.

All amounts paid under the Notes will be paid free of any withholding tax. See “Description of the Notes – Additional Amounts”.

Withholding tax on sale or disposition of Notes

There are no stamp, documentary, registration, transfer or other issuance or transaction taxes or duties and no capital gains, income, withholding or other taxes are payable by or on behalf of the Initial Purchasers to the Republic of Indonesia or to any political subdivision or taxing authority thereof or therein in connection with the offer, sale, transfer or delivery of the Notes outside of the Republic of Indonesia by the Initial Purchasers to the subsequent purchasers of the Notes. If the subsequent purchasers are Indonesian tax residents and the Initial Purchasers (assuming they does not have a permanent establishment in Indonesia) enjoy any gains from such sale or transfer of the Notes, where the sale transaction is conducted through a securities company, dealer or banks in Indonesia (either as intermediary or buyer), the gain is deemed to be interest and subject to final withholding tax at the rate of 20.0% pursuant to Government Regulation No. 55/2019 or 10.0% pursuant to Government Regulation No. 9/2021. If the Initial Purchasers are tax residents of countries which have signed tax treaties with Indonesia, then provided the tax treaties contain their own definition of interest, the imposition of such final withholding tax may be eliminated.

Gains from the disposal of the Notes by an Indonesian tax resident are taxable in Indonesia and subject to income tax up to a maximum rate of 30.0% for individuals or 22.0% for fiscal year 2021 and 20% for fiscal year 2022 henceforward for companies and permanent establishments. There is an additional deemed distribution tax for permanent establishments of 20.0% of after-tax profits (subject to applicable tax treaties and fulfilling the requirements to claim Tax Treaty benefits).

Anti-Avoidance Rule on the Tax Treaty and Certificate of Domicile (“CoD”) Requirements

Indonesia has concluded tax treaties with a number of countries including Australia, Belgium, Canada, France, Germany, Japan, the Netherlands, Singapore, Sweden, Switzerland, the United Kingdom and the United States. The relevant Tax Treaty may affect the definition of non-resident taxpayers and the level of withholding tax applied to payments on the Notes.

Where a Tax Treaty exists and the eligibility requirements of that treaty are satisfied, a reduced rate of withholding tax may be applicable in the case of interest (or payments in the nature of interest, such as premium or discount). This is also subject to there being no misuse of the Tax Treaties, the non-resident taxpayers meeting the administrative requirements under the Indonesian tax regulations and the non-resident taxpayers being the beneficial owners of the income received from Indonesia. Some Tax Treaties also provide an exemption from Indonesian tax on any capital gains for non-resident taxpayers arising from alienation of certain properties in Indonesia.

On November 21, 2018, the Directorate General of Tax (“DGT”) issued new DGT Regulation No. PER-25/PJ/2018 which supersedes DGT Regulation No. PER-61/PJ./2009 regarding the administrative procedures to apply a Tax Treaty, including the templates for Form-DGT 1 and Form DGT-2 and PER-62/PJ./2009 regarding the avoidance of Tax Treaty misuse. The new DGT Regulation No. PER-25/PJ/2018 set out stringent anti-tax treaty misuse tests (listed below) and administrative requirements to be satisfied. Failure to comply with the conditions means that the Indonesian withholding tax of 20.0% pursuant to Government Regulation No. 55/2019 or 10.0% pursuant to Government Regulation No. 9/2021 will apply.

Under DGT Regulation No. PER-25/PJ/2018, in order for non-resident taxpayers or recipients of the payment from Indonesia to be eligible for Tax Treaty benefit, they must:

- (a) not be Indonesian tax resident;
- (b) shall be an individual or entity constituting resident tax subject of treaty partner country;
- (c) not commit any Tax Treaty misuse; and
- (d) shall be a beneficial owner.

The administrative requirements to be fulfilled by the non-resident taxpayer in order to apply the Tax Treaty benefit are in the new CoD form, which must be:

- (a) in the form prescribed by the DGT (i.e. Form DGT, where applicable);
- (b) filled in completely by the non-resident;
- (c) signed by the non-resident taxpayers;
- (d) certified by the competent tax authority of the treaty country of the non-resident taxpayers;
- (e) there is a statement of the non-resident taxpayers that there is no abuse of Tax Treaty;
- (f) there is a statement of the non-resident taxpayers which is a beneficial owner; and
- (g) used for the period specified stated in the Form DGT / COR.

The CoD is to confirm that the foreign income recipient (including the Company, if applicable) is a tax resident of the foreign country. The page one and two of Form DGT must still be completed in other respects. The second page does not require any sign-off by a competent tax authority. The second page of Form DGT requires the foreign income recipient (including the Company, if applicable) to confirm that it satisfies the relevant test(s), as well as to provide details on the amounts and types of income. The sign-off of foreign residency by the foreign tax authority can be substituted with a standard CoD issued by the foreign tax authority, subject to it meeting certain conditions (such as the U.S. Internal Revenue Service (“IRS”) Form 6166 in the case of the United States).

The original and valid Form DGT shall be obtained and submitted through DGT website before the tax withholding is due and the receipt of Form DGT submission shall be made available to the tax withholder before the monthly withholding tax return filing deadline, i.e. the 20th day of the following month, to be submitted along with the monthly withholding tax returns. If there is any late filing or the signature of the competent authority in the respective jurisdiction is received after the date when withholding tax is due, the withholding tax of 20.0% or 10.0%, is due. The Form DGT is valid for 12 months since the date of validation or period stated in the form DGT and must be renewed thereafter.

Further, PER-25/PJ/2018 stipulates that misuse of a Tax Treaty may occur in the case that:

- (a) there is no economic substance in the establishment of the entity or in the transaction arrangement using a structure or scheme that is arranged solely to enjoy the benefit of the Tax Treaty;

- (b) a transaction has a structure or scheme whose legal form differs from its economic substance solely with the intention to enjoy the benefit of the Tax Treaty;
- (c) the business operation is not managed by its own management and the management has no appropriate authority to carry out a transaction;
- (d) the entity's assets, other than the assets to generate income from Indonesia, are not sufficient and adequate to carry out a business operation in the Tax Treaty partner country;
- (e) the entity has no sufficient qualified employees to conduct its business operation; and
- (f) the entity has no active business other than receiving income from dividends, interest and/or royalties originating from Indonesia.

The beneficial owner criteria shall be applied only to income for which the article in the relevant Tax Treaty contains the beneficial owner requirement. Usually this is relevant for dividend, interest and royalty income (passive income).

PER-25/PJ/2018 defines the "beneficial owner" of the income as a non-resident income recipient that is not acting as an agent, a nominee, or a conduit company. "Agent" is defined as a person or an entity that acts as an intermediary and conducts action for or on behalf of another party. A "nominee" is defined as a person or an entity that legally owns an asset or income (i.e. a legal owner) for the interests of or based on instruction or mandate from a separate party who is the actual owner of the asset or the party who actually enjoys the benefit of the income. A "conduit company" is defined as a company which enjoys the Tax Treaty benefits in relation to income sourced from another country, while the economic benefits of said income is owned by persons in another country who would not be able to enjoy Tax Treaty benefits if such income were directly received by them. However, in practice the Tax Office does not apply a look through to the ultimate owner of the economic benefit of the income and therefore immediately denies the application of any Tax Treaty provision if the Indonesian sourced income is paid to a conduit company.

PER-25/PJ/2018 further defines the "beneficial owner" of the income as.

- (a) an individual who is not acting as an agent or a nominee;
- (b) a company which fulfills these conditions:
 - (1) not acting as an agent or a nominee or a conduit;
 - (2) has effective power to use or enjoy any funds, assets, or right to earn income from Indonesia
 - (3) does not use more than 50% of its total income (non-consolidated) to fulfill obligations to other parties in the form of interest, royalties, or other fees (excluding reasonable remuneration to employees, other expenses normally incurred by the company in running the business, or dividend distribution to shareholders);
 - (4) bears any risk derived from entity assets, capital or liabilities; and
 - (5) does not have any contractual or legal obligation to pass on part of or the entire payment.

When a company receives income for which the provision in the relevant Tax Treaty does not stipulate a beneficial owner requirement, the company will not be deemed to commit misuse of the Tax Treaty if the establishment of the company or the arrangement of the transaction structure/scheme is not aimed solely at utilizing the relevant Tax Treaty benefits.

In addition, in the event that it is found that the legal form of a structure of a particular transaction is different from its economic substance, the Indonesian Tax Authority will apply the "substance over form" principle in imposing taxes in accordance with the economic substance of the transaction.

Taxation on Capital Gains

Subject to any applicable Tax Treaty, income derived by non-resident individuals and companies without a permanent establishment in Indonesia from disposal of Indonesian assets is subject to Indonesian income tax.

Gains from disposal of the Notes by an Indonesian tax resident is taxable in Indonesia and subject to income tax up to a maximum rate of 30.0% for individuals, 22.0% for fiscal year 2021 and 20% for fiscal year 2022 henceforward for companies and permanent establishments, and an additional deemed distribution tax for permanent establishments of 20.0% of after-tax profits, subject to any applicable Tax Treaty and fulfilling the requirements to claim tax treaty benefits.

Stamp Duty

In Indonesia, nominal stamp duty applies on a per document basis, and is not related to the value of the transaction. Stamp duty applies on certain documents made, executed or brought into Indonesia or intended to be used as evidence for civil proceedings. Documents subject to stamp duty include notarial deeds, documents evidencing or recording the receipt of money, and securities instruments. The nominal amount of the Indonesian stamp duty for any kind of securities transaction having a value greater than Rp 5,000,000 is Rp 10,000. Generally, the stamp duty is due at the time the document is executed. Stamp duty is payable by the party who benefits from the executed document unless the parties decide otherwise.

Other Indonesian Taxes

There are no Indonesian estate, inheritance, succession or gift taxes generally applicable to the acquisition, ownership or disposition of the Notes. There are no Indonesian stamp, issue, registration or similar taxes or duties payable by Noteholders as a result of their holding of the Notes.

The above summary is not intended to constitute a complete analysis of all tax consequences relating to the ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisors concerning the tax consequences of their particular situations.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("IRAS"), the MAS and other relevant authorities in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, administrative guidelines or circulars occurring after such date, which changes could be made on a retroactive basis. These laws, administrative guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any Noteholder or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders and holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Joint Bookrunners and any other persons involved in the issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

Interest and Other Payments

As the issue of the Notes is jointly lead-managed by Credit Suisse (Singapore) Limited and DBS Bank Ltd., both of which are Financial Sector Incentive (Bond Market) Companies, Financial Sector Incentive (Capital Market) Companies and/or Financial Sector Incentive (Standard Tier) Companies (each as defined in the ITA) at such time and the Notes are issued as debt securities prior to December 31, 2023, the Notes would be “qualifying debt securities” (“QDS”) for the purposes of the ITA, to which the following treatments shall apply:

Subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the relevant authorities may direct, of a return on debt securities for the Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “Qualifying Income”) from the Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of ten per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates).

Notwithstanding the foregoing:

- (a) if during the primary launch of the Notes, the Notes are issued to fewer than four persons and 50 per cent. or more of the issue of the Notes are beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Notes would not qualify as QDS; and
- (b) even though the Notes are QDS, if 50 per cent. or more of the issue of the Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Notes held by:
 - (i) any related party(ies) of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly, from any related party(ies) of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “prepayment fee”, “redemption premium” and “break cost” are defined in the ITA as follows:

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

All foreign-sourced income received in Singapore on or after January 1, 2004 by Singapore tax-resident individuals will be exempt from income tax, provided such foreign-sourced income is not received through a partnership in Singapore.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Noteholders who apply or are required to apply Singapore Financial Reporting Standard (“FRS”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“SFRS(I) 9”) (as the case may be) may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below entitled “Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes”.

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments”.

Noteholders who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

GLOBAL CLEARANCE AND SETTLEMENT

The Notes will be represented by one or more global notes in registered form without interest coupons attached (the “Global Note”). On the original issue date of the Notes, the Global Note will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream.

Ownership of beneficial interests in the Global Note (the “book-entry interests”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “– Individual Definitive Notes,” the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Notes are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the Global Note for all purposes under the Indenture and “holders” of book-entry interests will not be considered the owners or “Noteholders” of Notes for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Notes or to exercise any rights of Noteholders under the Indenture.

None of the Company, the Guarantors, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Notes are not issuable in bearer form.

The Notes will be subject to certain transfer restrictions and restrictive legends as described under “Transfer Restrictions”.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream Noteholders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream, and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser’s and seller’s accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Company understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Notes among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Company, the Guarantors, the Trustee or any of their respective agents will have responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Notes

If (1) the common depository or any successor to the common depository is at any time unwilling or unable to continue as a depository for the reasons described in the Indenture and a successor depository is not appointed by the Company within 90 days, (2) either Euroclear or Clearstream, or a successor clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, or (3) any of the Notes has become immediately due and payable in accordance with “Description of the Notes – Events of Default” and the Company has received a written request from a Noteholder, the Company will issue individual definitive notes in registered form in exchange for the Global Note. Upon receipt of such notice from the common depository or the Trustee, as the case may be, the Company will use its best efforts to make arrangements with the common depository for the exchange of interests in the Global Note for individual definitive notes and cause the requested individual definitive notes to be executed and delivered to the registrar in sufficient quantities and authenticated by or on behalf of the registrar for delivery to Noteholders.

Persons exchanging interests in a Global Note for individual definitive notes will be required to provide the registrar, through the relevant clearing system, with written instruction and other information required by the Company and the registrar to complete, execute and deliver such individual definitive notes. In all cases, individual definitive notes delivered in exchange for any Global Note or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual definitive notes will not be eligible for clearing and settlement through Euroclear or Clearstream.

PLAN OF DISTRIBUTION

Under the terms and subject to the conditions contained in a purchase agreement dated March 16, 2021 (the "Purchase Agreement") between us and the Initial Purchasers, the Initial Purchasers have agreed to purchase from us, and we have agreed to sell to the Initial Purchasers, US\$350,000,000 aggregate principal amount of the Notes.

The Purchase Agreement provides that the obligation of the Initial Purchasers to purchase for the Notes is subject to the approval of certain legal matters by its counsel and certain other conditions. The Initial Purchasers have agreed to purchase all of the Notes if any are taken. After the initial offering, the offering price and other selling terms may be varied from time to time by the Initial Purchasers.

We and the Subsidiary Guarantors have agreed not to for a period of 90 days after the date of this Offering Circular, without the prior written consent of the Initial Purchasers, directly or indirectly, issue, sell, offer or agree to sell, grant any option for the sale of, or otherwise dispose of, any other debt securities (as defined in the Securities Act) of the Company or the Subsidiary Guarantors or securities of the Company or the Subsidiary Guarantors that are convertible into, or exchangeable for, the offered Securities or such other debt securities. We have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, and to contribute to payments which the Initial Purchasers may be required to make in respect thereof.

The Notes are a new issue of securities with no established trading market. We have received approval in-principle for the listing and quotation of the Notes on the SGX ST. We have been advised that the Initial Purchasers intend to make a market in the Notes, as permitted by applicable laws and regulations. The Initial Purchasers are not obligated, however, to make a market in the Notes, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Initial Purchasers. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Notes. We have been advised by the Initial Purchasers that, in connection with the offering of the Notes, the Initial Purchasers may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Initial Purchasers may overallocate the offering, creating a syndicate short position. In addition, the Initial Purchasers may bid for, and purchase, the Notes in the open market to cover syndicate shorts or to stabilize the price of the Notes. Any of these activities may stabilize or maintain the market price of the Notes above independent market levels. The Initial Purchasers are not required to engage in these activities, and may end any of these activities at any time. No assurance can be given as to the liquidity of, or the trading market for, the Notes.

The Initial Purchasers or certain of their affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution.

We expect that delivery of the Notes will be made against payment therefor on or about the closing date specified on the cover page of this Offering Circular, which will be on or about the fifth business day following the pricing date of the Notes (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the date of pricing or the next succeeding business day will be required, by virtue of the fact that the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to trade the Notes on the date of pricing date or the next succeeding business day should consult their own legal advisor.

Selling restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered, sold or delivered except outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

The Initial Purchasers have represented and agreed that, except as permitted by the Purchase Agreement, they have not offered, sold or delivered and will not offer, sell or deliver any Notes as part of its distribution in the United States.

Prohibition of Sales to EEA Retail Investors

In relation to each Member State of the EEA which has implemented the Prospectus Directive (a “Relevant Member State”), the Initial Purchasers have represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, “MiFID II”); or
 - (ii) a customer within the meaning of Directive 2016/97/EU (the “Insurance Distribution Directive”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Indonesia

The offering of the Notes does not constitute a public offering or private placement in Indonesia under the Indonesian Capital Markets Law and OJK Rule No. 30. This Offering Memorandum may not be distributed in Indonesia and the Notes and the Guarantees may not be offered or sold in Indonesia or to Indonesian citizens wherever they are domiciled or to residents of Indonesia, in a manner which constitutes a public offering or private placement of the Notes and the Guarantees under the laws and regulations of Indonesia, including OJK Rule No.30.

The Initial Purchasers have represented and agreed that they (i) have not offered or sold and will not offer or sell any Notes in Indonesia or to Indonesian nationals, corporations or residents, including by way of invitation, offering or advertisement, and (ii) have not distributed, and will not distribute, this Offering Circular or any other offering materials relating to the Notes in Indonesia or to Indonesian nationals, corporations or residents in a manner which constitutes a public offering of the Notes under the Indonesian capital market laws and its implementing regulations.

Prohibition of Sales to UK Retail Investors

The Initial Purchasers have represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom Securities Laws

Other UK regulatory restrictions

Each Initial Purchaser has further represented, warranted and undertaken that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom

Singapore

Each Initial Purchaser has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Initial Purchaser has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore as modified or amended from time to time (the "SFA")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time including by such of its subsidiary legislation as may be applicable at the relevant time.

Hong Kong

The Initial Purchasers have represented and agreed that (1) they have not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the "C(WUMP)O") of Hong Kong or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and (2) they have not issued or had in its possession for the purposes of issue and will not issue or have in its possession for the purposes of issue any advertisement, invitation or document relating to the Notes, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the

securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) and any rules made thereunder.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in or from Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Company or the Notes constitutes an offering prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations, and neither this Offering Circular nor any other offering or marketing material relating to the Company or the Notes may be publicly distributed or otherwise made publicly available in Switzerland. The Notes will be offered in Switzerland and this Offering Circular and any other offering or marketing material relating to the Notes will be distributed or otherwise made available in Switzerland on a private placement basis only. No application has been or will be made to list the Notes on the SIX Swiss Exchange Ltd., and, consequently, neither this Offering Circular nor any other offering or marketing material relating to the Company or the Notes constitutes a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange Ltd. Investors are advised to contact their legal, financial or tax advisers to obtain an independent assessment of the financial and tax consequences of an investment in the Notes.

Other relationships

The Initial Purchasers and their affiliates engage, have in the past engaged and may in the future engage in transactions with us and our affiliates, and perform, have performed and may in the future perform services, including lending, cash management, financial advisory and investment banking services, for us and our affiliates, in their ordinary course of business. We may enter into hedging or other derivative transactions as part of our risk management strategy with the Initial Purchasers, which may include transactions relating to our obligations under the Notes. Our obligations under these transactions may be secured by cash or other collateral.

TRANSFER RESTRICTIONS

The Notes and the Note Guarantees have not and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in compliance with Regulation S under the Securities Act.

By its purchase of the Notes, each purchaser of the Notes will be deemed to:

- (1) represent that it is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and is purchasing the Notes in an offshore transaction in accordance with Regulation S;
- (2) acknowledge that the Notes and the Note Guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States;
- (3) agree that it will inform each person to whom it transfers Notes of any restriction on transfer of such notes; and
- (4) acknowledge that the Company, the Initial Purchasers, the Transfer Agent and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements, and agree that if any of the acknowledgements, representations or agreements deemed to have been made by its purchase of the Notes are no longer accurate, it shall promptly notify the Company and the Initial Purchasers. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

RATINGS

The Notes have been rated “BB-” by Fitch and “BB-” by S&P and the Company has been rated “BB-” by Fitch and “BB-” by S&P. The credit ratings accorded the Notes or the Company are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See “Risk Factors – Risks Relating to the Notes and the Note Guarantees – The ratings assigned to the Notes and the Company may be suspended, lowered or withdrawn at any time which may adversely affect the market price of the Notes”.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Milbank LLP as to matters of United States federal and New York law.

Certain legal matters will be passed upon for the Initial Purchasers by Clifford Chance Pte. Ltd. as to matters of United States federal and New York law and Assegaf Hamzah & Partners as to matters of Indonesian law.

Certain Indonesian taxation matters with respect to the Notes will be passed upon by PB Taxand.

INDEPENDENT AUDITORS

Our consolidated financial statements as at December 31, 2018, 2019 and 2020 and for the years then ended, prepared in accordance with Indonesian FAS and included in this Offering Circular, have been audited by KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountant, as stated in their report appearing herein.

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN FAS AND IFRS

Our financial statements included in this Offering Circular have been prepared in conformity with Indonesian FAS, which differs in certain significant respects from IFRS. Significant differences exist between IFAS and International Financial Reporting Standards (“IFRS”), which might be material to the financial statements included in this Offering Circular. The matters described below should not be expected to reveal all differences between IFAS and IFRS that are relevant to us.

Management has made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation, or classification differences that would affect the manner in which transactions or events are presented in the financial statements. Had any such quantification or identification been undertaken by management, other potential significant accounting and disclosure differences may have come to management’s attention which are not summarized below. Accordingly, it should not be construed that the following summary of certain significant differences between IFAS and IFRS is complete.

Regulatory bodies that promulgate IFAS and IFRS have significant ongoing projects that could affect the differences between IFAS and IFRS described below and the impact that these differences would have on our financial statements in the future. Finally, no attempt has been made to identify all future differences between IFAS and IFRS that may affect the financial statements as a result of transactions or events that may occur in the future.

The Issuer believes that the application of IFRS to the financial statements could have a material and significant impact upon the financial statements reported under IFAS. In making an investment decision, investors must rely upon their own examination of the Issuer, terms of the offering, and the financial statements included in this Offering Circular. Potential investors should consult their own professional advisors for an understanding of the differences between IFAS and IFRS, and how those differences might affect the financial statements included in this Offering Circular.

Financial Instruments

Effective from January 1, 2020, *Statement of Financial Accounting Standards (“SFAS”) 71 — Financial Instruments* has become effective. SFAS 71 is adopted from *IFRS 9 Financial Instruments*, therefore there is no significant difference between IFAS and IFRS in this respect, except for the effective date and transition. IFRS 9 was effective from January 1, 2018.

Under IFAS, prior to January 1, 2020, there are four classes of financial assets: (i) fair value through profit or loss; (ii) held to maturity; (iii) loans and receivables; and (iv) available for sale. Financial liabilities are classified either as financial liabilities measured at fair or at amortized cost. Under IFRS, instruments will be classified either at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on both the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Under IFAS, prior to January 1, 2020, there were different impairment models for financial assets measured at amortized cost and available-for-sale financial assets. Under IFRS, there is a single impairment model for all debt instruments measured at amortized cost and at fair value through other comprehensive income. Furthermore, loan commitments and financial guarantee contracts that were previously in the scope of *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* are now in the scope of the IFRS 9 impairment requirements.

Under IFAS, prior to January 1, 2020, loss allowances were only recorded for impaired exposures (“incurred loss model”). Under IFRS, the impairment requirements are based on expected credit loss (“ECL”) model. The ECL model is more forward-looking than the IAS 39 impairment model. This is because holders of financial assets are not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that financial assets are impaired in relation to incurred losses, but they are now required to consider reasonable and supportable information that includes forecasts of future economic conditions including, where relevant, multiple scenarios, when calculating ECLs, on an individual and collective basis.

Leases

Effective from January 1, 2020, *SFAS 73 — Leases* has become effective. SFAS 73 is adopted from *IFRS 16 Leases*, therefore there is no significant difference between IFAS and IFRS in this respect, except for the effective date and transition. IFRS 16 was effective from January 1, 2019.

Under IFAS, prior to January 1, 2020, lessees apply a dual recognition and measurement approach for all leases. Lessees classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. Otherwise a lease is classified as an operating lease.

Under IFRS, effective from January 1, 2019, lessees apply a single recognition and measurement approach for all leases, with options not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets.

Under IFAS, prior to 1 January 1, 2020, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each as determined at the inception of the lease. Minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with, for a lessee, any amounts guaranteed by the lessee or by a party related to the lessee.

Under IFRS, effective from January 1, 2019, at the commencement date, lessees (except short-term leases and leases of low-value assets) measure the lease liability at the present value of the lease payments to be made over the lease term. After the commencement date, lessees are required to remeasure the lease liability when there is a lease modification (i.e., a change in the scope of a lease, or the consideration for a lease that was not part of the original terms and conditions of the lease) that is not accounted for as a separate contract.

Land rights

In Indonesia, except for ownership rights granted to individuals, title to land rests with the Government of the Republic of Indonesia. Land-use rights are provided whereby the holder of the rights enjoys the full use of the land for a stated period of time, subject to extensions. Land-use rights are generally freely tradable and may be encumbered as security under borrowing agreements. Under IFAS, the costs of acquired land rights are capitalized as land, which is not depreciated unless: (i) the condition of the land is no longer suitable for the main operation of the enterprise, (ii) the nature of the entity's main operation will result in the abandonment of land and buildings subsequent to completion of the project, or (iii) management's view that an extension or renewal of the land rights will not be obtained. When depreciated, land should be depreciated in accordance with the estimated length of the entity's main operation or project.

Under IFRS, an "agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time" is considered a lease. In determining whether the land use right is an operating or a finance lease, an important consideration is whether the lessee has an absolute right on such property. If the lessee does not and will not substantially own the land because the Government has a right to reject the renewal of the land-use right, such right is accounted for as a lease and the cost is amortized over the period the holder is expected to retain the land rights, as discussed above with respect to IFRS 16.

Tax amnesty

Under IFAS, when recorded for commercial accounting purposes, tax amnesty assets and liabilities recognized in connection with the Tax Amnesty Law of 2016 are accounted for: (i) using the existing relevant accounting standards (the "**General**" approach), or (ii) at the amounts reported in the Tax Amnesty Notification Letter (*Surat Keterangan Pengampunan Pajak* ("SKPP")) (the "Deemed Cost" approach). Any recognized tax amnesty liability shall be measured at the amount of cash or cash equivalents that is required to settle the contractual obligation related to the acquisition of such tax amnesty asset. The difference between the amounts initially recognized for the tax amnesty assets and the related tax amnesty liabilities shall be recorded as "additional paid-in capital" ("APIC") in the

statement of financial position. The APIC shall not be recycled to earnings or recycled to retained earnings subsequently. The amount of tax paid in connection with the entity's participation in the tax amnesty program shall be charged directly to earnings in the period when the SKPP is received. When the General approach is selected, the Indonesian *SFAS 25, "Accounting Policies, Change in Estimates, and Errors"* shall be applied where restatement of prior periods' financial statements may be required. When the Deemed Cost approach is selected, tax amnesty assets and liabilities shall be recognized prospectively.

Under IFRS, there is no specific accounting standard that governs the recognition and measurement of tax amnesty assets and liabilities.

GENERAL INFORMATION

- (1) We are registered with the Company Registrar in Indonesia. Our registration number is 09.03.1.10.77812. According to Article 3 of our Articles of Association, the scope of our business is (i) to engage in farming, poultry and fishery business, (ii) to engage in industrial business; (iii) to engage in general trading.
- (2) Copies of our Articles of Association and copies of the Indenture will be available for inspection by any Noteholder during usual business hours on any weekday (except Saturdays and public holidays) at our registered office.
- (3) The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream. Certain trading information with respect to the Notes is set forth below:

<u>ISIN</u>	<u>Common Code</u>
XS2313088739	2313088739

Only Notes evidenced by a Global Note have been accepted for clearance through Euroclear and Clearstream.

- (4) KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Limited), independent public accountants, have agreed to the inclusion of their reports with respect to our audited consolidated financial statements as of December 31, 2018, 2019 and 2020 and for the year then ended in this Offering Circular. Our consolidated financial statements consolidate the financial statements of our subsidiaries in accordance with the Indonesian FAS.
- (5) Submission by us to the jurisdiction of the courts of the State of New York, and the appointment of an agent for service of process, are valid and binding under Indonesian law. The choice of New York law as the governing law is a valid choice of law under the laws of the Republic of Indonesia and should be honored by the courts of the Republic of Indonesia, subject to proof thereof and considerations of public policy. A judgment of a foreign (non-Indonesian) court will not be enforceable in the courts of Indonesia, although such a judgment could be admissible as evidence in a proceeding on the underlying claim in an Indonesian court and would be given such evidentiary weight as the court may deem appropriate.
- (6) So long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Company shall appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for Definitive Certificates. In addition, an announcement of such exchange shall be made by or on behalf of the Company through the SGX-ST and such announcement will include all material information with respect to the delivery of the Definitive Notes, including details of the paying agent in Singapore.



PT Japfa Comfeed Indonesia Tbk
Sustainability-Linked Financing Framework

March 2021

PT Japfa Comfeed Indonesia Tbk

Sustainability-Linked Financing Framework

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1. Introduction

1.1. About PT Japfa Comfeed Indonesia Tbk

PT Japfa Comfeed Indonesia Tbk (“PT Japfa Tbk” or the “Company”) is a leading integrated agri-food company based in Indonesia. We are a public company listed on the Indonesia Stock Exchange and are majority owned by Japfa Ltd (“Japfa” or the “Group”) listed on the Singapore Stock Exchange. Our business is vertically integrated from animal feed production and breeding to commercial farming and food processing. This creates opportunities for us to capture value at different points along the agri-food chain while providing our customers with greater food security and traceability.



We operate the second largest vertically integrated industrialised poultry company in the country, with 16 poultry feed mills, 76 poultry breeding farms and over 100 company-owned commercial farms. In addition, we also operate poultry slaughterhouses and further processing plants.

Approximately 85% of chickens from our commercial farms are sold as live chickens to wholesalers who distribute them to wet markets. The rest of the chickens produced (approximately 15%) are sent to our slaughterhouses for further processing to produce raw meat products and branded consumer foods.

The poultry operations contribute approximately 85% of the Company’s annual revenue. Aside from poultry operations, PT Japfa Tbk also has aquaculture and beef operations.

1.2. Our Values

Central to the success of PT Japfa Tbk is the nurturing of sustainable, growth-oriented relationships based on trust and integrity. “*Growing Towards Mutual Prosperity*” is the vision which we practise and uphold with our various stakeholder groups.

<p>with Shareholders Our goal is to achieve consistently superior investment returns</p> 	<p>with Business Partners We work to reinforce each other's core competencies</p> 	<p>with Customers We focus on delivering quality products and services at competitive prices</p> 
<p>with Suppliers We adopt fair and ethical business practices</p> 	<p>with Employees We identify and develop programmes that bring out the best in everyone</p> 	<p>with Local Communities We actively strive to be a good neighbour by engaging in social programmes that address specific needs</p> 

1.3. Our Mission

To be the **leading dependable** provider of **affordable protein foods** in Indonesia, building on the foundation of **our excellent teamwork and proven experience** for the benefit of **all stakeholders**.

LEADING

- Top of mind
- Reference point by Industry
- A continuing process
- Ahead of competition

AFFORDABLE

- Cater mainly to the masses
- Not the cheapest, but good value
- Role in alleviation of food shortages
- Efficient protein converter, leading to reasonable long-term profit for business sustainability

DEPENDABLE

- Dependable to all partners, farmers, consumers & staff
- Consistent, traceable, good quality, safe, disease free products
- Responsible to the community & environment

PROTEIN FOODS

- Emphasis on poultry, livestock & marine proteins
- Including key upstream operations of feed, livestock breeding & raising, vaccines etc.
- Food grade, for human consumption

EXCELLENT TEAMWORK

- Co-operate & support each other even without being asked
- Seamless coordination
- Operate as one unit
- Differences in opinions encouraged but move as a team

PROVEN EXPERIENCE

- Experienced in farming and emerging economies

STAKEHOLDERS Include:

- Staff
- Customers
- Suppliers
- Contract Farmers
- Shareholders
- Community

1.4. Sustainability

1.4.1 Sustainability Strategy

Sustainability has been ingrained in our operations since the founding of our Company 50 years ago. Sustainability is deeply rooted in the Company's vision and in what we do every day, which is nourishing millions of people with affordable staple protein foods. Over time, more and more people across our Company have embraced sustainability in their daily activities. We believe that we can only grow if we grow together towards mutual prosperity. Together with our employees, business partners, farmers and suppliers, we support local communities, the nation and the world to achieve sustainable development goals.

We align our strategies with the United Nations Sustainable Development Goals (UN SDGs), especially UN SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture. We have set up the Japfa Sustainability Pillars to guide the implementation of best practices in sustainability across the Group and the Company. The pillars focus on establishing an Efficient Production System, Developing Our People and Improving Nutrition.



Sustainability Pillars

Affordable Nutritious Protein



Efficient Production System

Large Scale Operations & Advanced Technology

Healthy Animals

Biosecurity
Vaccines
Animal Welfare
Balanced Feed

Efficient Use of Resources

Energy
Water
Reusable Packaging
Local Sourcing

Minimise Waste & Emission

Manure to Fertiliser
Air Pollution Control
Wasterwater Treatment



People Development

Knowledge Management

Employees

Training & Development
Sports for Life Balance

Farmers

Technical Assistance
Skills Improvement

Community

Education Programmes
Focus on Agriculture



Improving Nutrition

Feed More People

Facilitating Access to Affordable Protein

Geographical Reach
Industrialised Approach

JAPFA for Kids



















Education Programmes about Balanced Diets for Children & Teachers

Food Safety & Traceability

Food Safety & Hygiene Standards
Halal Slaughterhouses
Traceability back to the Farm

1.4.2 Sustainability Development Goals (SDGs) Compass

We align our efforts to contribute to the UN SDGs, with an emphasis on UN SDG 2: End hunger, to achieve food security and improved nutrition and promote sustainable agriculture.

Sustainability Pillars	Description	Contribution to UN SDGs
Efficient Production System	We contribute to hunger reduction and provide nutrition for our society through healthy animals, efficient use of resources and waste and emission minimisation. These efforts ensure that we produce responsibly while providing affordable and nutritious food for people in emerging economies.	     
People Development	Through our large-scale operations, we create jobs to reduce poverty and support infrastructure development around our operating units, as well as knowledge management for our employees, farmers and community by providing trainings, technical assistance and skills improvement for farmers and education programmes.	     
Improving Nutrition	Our industrialised vertically integrated operations and local sourcing facilitates access to affordable nutritious protein for people through transparent and traceable supply chain that ensure food safety. We also approach community to adopt healthy lifestyle by promoting healthy balanced diet through our Japfa for Kids programme.	     

Providing Affordable and Nutritious Protein

UN SDG 2 is the cornerstone of our sustainability strategy as it underscores our mission to provide affordable protein foods in Indonesia. Starting from a single poultry feed mill in Indonesia in the early seventies, we have progressively expanded our business to include breeding, commercial farming and food processing. Today, we have become one of the major industrialised agri-food companies in Indonesia, and we help improve the nutrition of millions of people by producing essential proteins that are nutritious, safe and affordable through an Efficient Production System. This is how we live up to our value of “*Growing Towards Mutual Prosperity*” and contribute towards the goal of UN SDG 2, which is to end hunger, achieve food security and improved nutrition and promote sustainable agriculture.

As reflected in our Sustainability Pillars, an Efficient Production System can be achieved by ensuring the health and welfare of our chickens, the efficient use of resources and by minimising waste.

Efficient Production System

Healthy Animals

Animal Welfare

We treat our animals in accordance with the Five Freedoms of Animal Welfare. We conduct appropriate veterinary care, provide housing facilities that are safe and designed to promote animal well-being. Our chickens are raised in a condition where they can eat, drink, rest and roam freely in closed or open-house farm systems.

In our aquaculture operations, water quality is of critical importance. We monitor the physical and chemical condition of our aquatic ecosystem’s water to maintain the optimum range of our aquaculture needs. Our efforts are recognised by the certifications from the Best Aquaculture Practice (BAP) and Aquaculture Stewardship Council, which are testimonies that fish has been farmed in a responsible manner.

Biosecurity

We practise strict biosecurity and hygienic procedures to prevent the entry and spread of pathogens into our operations. We adopt international best practices such as the Principle of Good Agricultural Practices and Hazard Analysis Critical Control Point (HACCP) system as part of our biosecurity control policies.

Our measures include frequent sampling to prevent salmonella infection and routine monitoring of animals’ health. We also adopt a three-zone biosecurity system that requires visitors and personnel to take a shower and change into clean clothes and footwear provided before entering our farms. Likewise, vehicles are cleaned and disinfected before coming into the farms.

Balanced Feed

We create quality, specially formulated, animal feed through innovative research and development. Our formula considers the requirements for balanced nutrition suitable for various phases of chicken development, especially in the tropical climate where we operate. Working alongside our expert nutritionists, we use advanced technology such as the Near Infrared Reflectance (“NIR”) to develop balanced feed formulation and improve production efficiency.

Efficient Use of Resources

It is critical for us to transform our production and resource consumption. An initiative adopted in tackling this issue is a Life Cycle Assessment that we have piloted for some of our business units. The assessment will provide a scientific analysis on the environmental impacts resulted from our production processes and identify areas where improvements can be made.

Water availability presents a material risk in the animal protein sector, yet an indispensable part of our production. Water is used across our operations, from producing steam in the boilers, serving as drinking water for our animals, as well as for our aquaculture business. Rainwater harvesting systems and biopores are important parts of water resources management to reduce intakes from groundwater and overcome water scarcity. These systems are important particularly in areas where water is scarce. As part of our efforts to conserve water, we are looking at wastewater treatment and water recycling facilities in relevant operations.

We continue to explore means that will lead to resource efficiency. A new initiative that is being studied is a poultry manure digester for biogas production to test the possibility and effectiveness of treating the source of the impact (water pollution) by transforming chicken manure into biogas (renewable energy). If successful, the biogas produced could be utilised to reduce the consumption of fossil fuel from our operations.

Minimise Waste & Emission

We aim to minimise waste generated and maximise recycling through thorough waste sorting. Our operations generate mainly non-hazardous waste, of which half is recycled, reused or composted into fertilizers. The balance of non-hazardous waste is distributed to third parties, sent to landfills or incinerated. Waste from used woven plastic bags are either donated to local farmers to be used in their farms or recycled to make new packaging. Hazardous waste is collected and handled by licensed third-party contractors.

People Development

Community

Supporting Our Farmers

In Indonesia, many farmers still live in poverty despite a growth in the demand of poultry and aquaculture products driven by the country's strong economic performance. The problem has found to be linked with a lack of education, skill and access to funding. Guided by our value of "*Growing Towards Mutual Prosperity*", we constantly support our farmers in addressing these challenges to enhance their productivity, which in turn improves their livelihoods. This once again demonstrates our strong commitment to be aligned with SDG 2: End hunger, achieve food security and improved nutrition and promote sustainable agriculture, where one of its targets is to double the agricultural productivity and income of small-scale farmers by 2030.

We collaborate with external contract farmers in over 10,000 commercial farms throughout Indonesia to produce live chickens for sale to wet markets, providing affordable, accessible fresh animal protein to local communities.

We set up a poultry partnership scheme to impart technical skills such as farm selection, premium input selection, sanitation maintenance and vaccine administration. In addition to technical knowledge, we also have mentoring and training programmes targeted at the other aspects of their operations such as accounting and marketing. Through these knowledge developments, we hope to contribute to the improvement of their livelihood.

Improving Nutrition

Japfa for Kids

According to the United Nations International Children's Emergency Fund (UNICEF), more than two million children in Indonesia suffer from wasting and more than seven million children under-5 are stunted¹. Experts believe that this problem is not merely due to poverty, but also due to the lack of a nutritionally balanced diet². As a leading protein provider, we play a role in the battle to combat malnutrition.

Japfa for Kids is our social flagship programme dedicated to the wellbeing of children with the objective to support the Indonesian Government's efforts to tackle stunting. The programme focuses on educating primary school students and teachers on the importance of nutrition and hygiene, where we provide mentorship and training to foster the awareness of balanced diet, safety and hygiene awareness to improve the general wellbeing and health especially those in rural areas. In addition, we also conduct free health, dental and optical screenings for the children.

Food Safety and Traceability

Consumers today are more concerned about how their food is produced and sourced. Our vertically integrated operations, from animal feed manufacturing to breeding of poultry and aquaculture for further processing, allow us to trace products within our vertically integrated production system.

¹ UNICEF (30 June 2020) **Indonesia: Number of Malnourished Children Could Increase Sharply Due to COVID-19 Unless Swift Action Is Taken.** www.unicef.org/indonesia/press-releases/number-of-malnourished-children-in-indonesia-could-increase-sharply-due-to-covid-19

² World Health Organization (2018) Reducing stunting in children: equity considerations for achieving the Global Nutrition Targets 2025. p.7-8 Geneva. Licence: CC BY-NC-SA 3.0 IGO. Access via <https://www.who.int/publications/i/item/9789241513647>

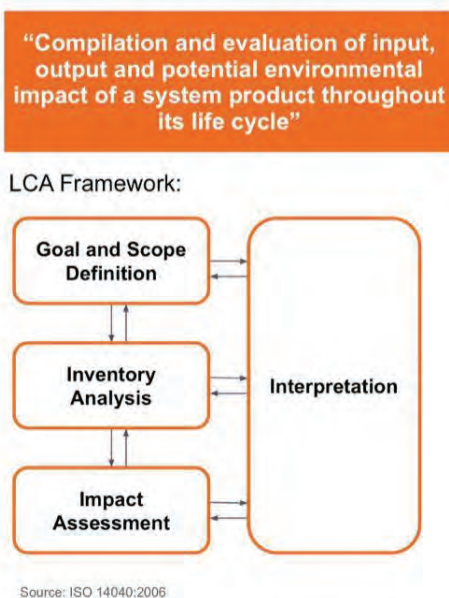
1.4.3 Life Cycle Assessment (LCA)

By having an Efficient Production System, we are able to efficiently manage our resources and minimise toxic release into the environment, which allows us to align with UN SDG 12: Responsible Consumption and Production.

In 2019, we commenced a formal Life Cycle Assessment (LCA) with the aim to better understand impacts associated with our products and identify opportunities to improve the environmental performance of our products at various points in their life cycle. LCA is a science-based methodology where the procedures and standards have been developed and outlined within the ISO 14040/14044:2006.

What is Life Cycle Assessment (LCA)?

According to ISO 14040/44:2006:



We are the first vertically integrated poultry producer in Indonesia to carry out an LCA to measure the environmental impacts of our poultry products throughout the supply chain. The LCA covers 27 poultry units in Indonesia representing approximately 12% of our poultry operations, from the production of the feed to the end product, throughout the vertical integrated chain. The quantitative analysis considers the required inventory within the cradle-to-gate boundary, from raw materials, energy, transportation, packaging, waste to emissions, which are later calculated as environmental impact values of our production system.

In addition to the environmental LCA, we have participated as the road tester in the Social LCA Project initiated by the United Nations Environment Life Cycle Initiative and Social LC Alliance. Similar to the environmental LCA, Social LCA is a technique to assess the social impacts of products and organizations from raw material extraction to final disposal. We are the only company that represented the food and agricultural sector and the Southeast Asian region.

These LCAs provide insights into our environmental hotspots and form the backbone of our on-going efforts on water and wastewater management, energy efficiency, waste minimisation and process improvements. The most material topics identified include wastewater management, animal welfare, and farmer livelihood.

1.4.4 Sustainability Committee

Over the years, we have continuously enhanced our sustainability processes. In 2017, we started by monitoring, and reporting our sustainability practices.

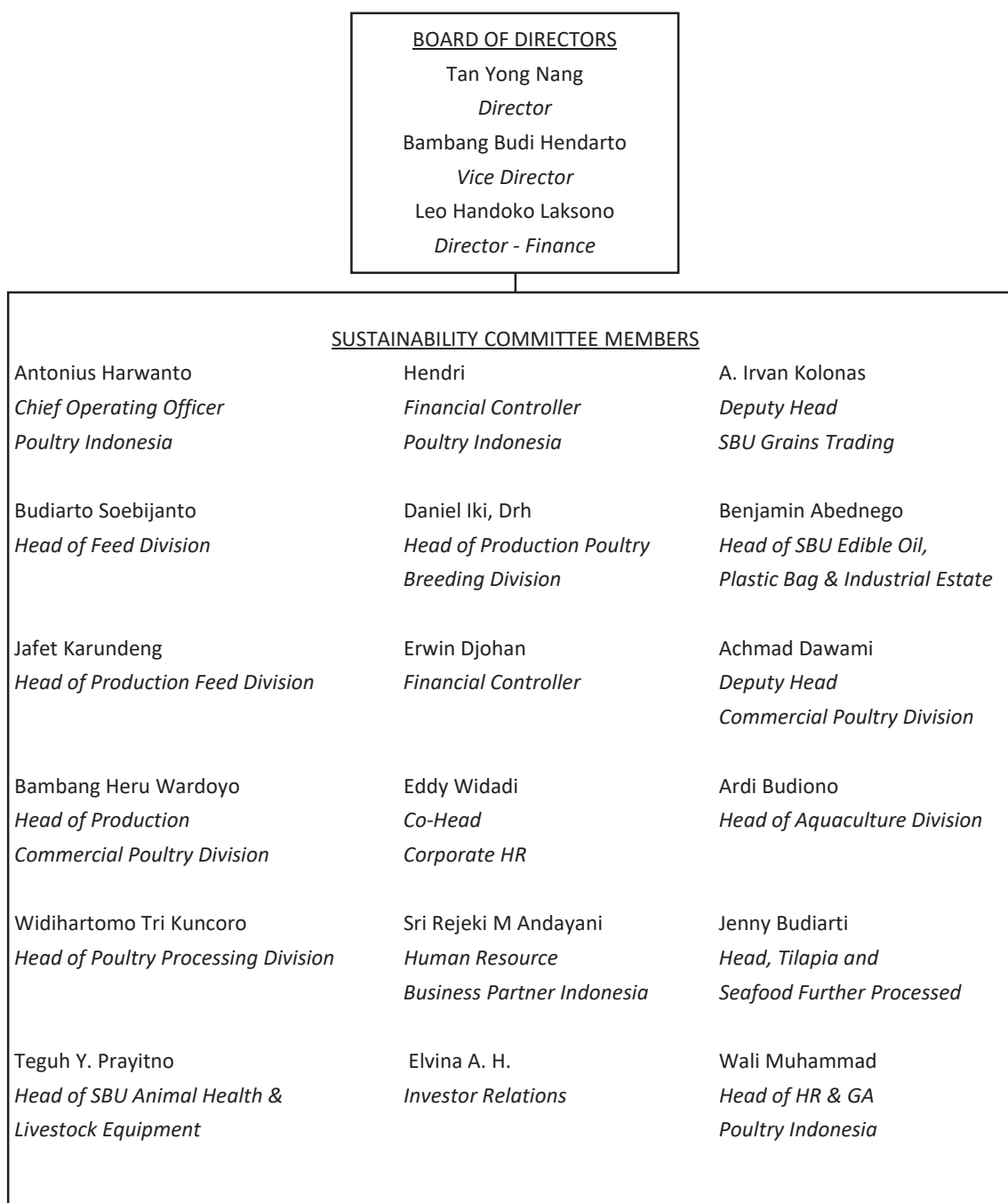
Backed by the commitment of the top management, PT Japfa Tbk has embraced sustainability more fully across the organisation. In 2019, PT Japfa Tbk set up a Sustainability Committee to strengthen our commitment in sustainability along with Japfa Sustainability Pillars to align the practices across the Company and guide the implementation of best practices in sustainability.

The Sustainability Committee is composed of the Board of Directors and Sustainability Committee members. The Sustainability Committee provides advice and assists the Board of Directors in strategic sustainability decision-making and long-term planning, as well as facilitates sustainability initiatives.

The Sustainability Committee has the following roles and responsibilities:

- Establish and propose sustainable development policy and direction to the Board of Directors for its approval
- Develop sustainability strategies with timeframes
- Consider and assess the results of the implementation of sustainability strategies, give advice for the development, and report to the Board of Directors at least once a year
- Approve Sustainability Report annually
- Appoint Sustainability Sub-committees, as considered appropriate, for implementation of sustainability strategies in operational divisions
- Review and approve KPIs and SPTs of sustainability-linked transactions

Organisation Chart of PT Japfa Tbk's Sustainability Committee



2. Overview of PT Japfa Tbk's Sustainability-Linked Finance Framework

PT Japfa Tbk recognises the importance of incorporating sustainability in our day to day operation for our long-term success. We believe that sustainable finance not only represents an opportunity for PT Japfa Tbk but it will be a strong motivator in driving the change toward a sustainable future. These financing activities will also allow our investors and stakeholders to partner with PT Japfa Tbk in achieving long term sustainability goals. This Sustainability-Linked Finance Framework (hereinafter referred to as the "Framework") has been established in alignment with Japfa's Sustainability Pillars to provide guidance on debt issuances covering the following types of sustainability-linked instruments:

- Sustainability-Linked Bonds
- Sustainability-Linked Loans

This Framework is applicable to PT Japfa Tbk and all our subsidiaries. For the avoidance of doubt, the Sustainability-Linked Instruments can be in any currency, tenor or with other terms or conditions.

3. Sustainability-linked Bonds

The *Sustainability-linked Bond Principles* (SLBP) released, and administered, by ICMA in June 2020 provide guidelines on the approach for issuance of sustainability-linked bonds. This Framework is in alignment with the five key components of the SLBP:

- Selection of Key Performance Indicators (KPIs)
- Calibration of Sustainability Performance Targets (SPTs)
- Bond characteristics
- Reporting
- Verification

3.1. Selection of Key Performance Indicators (KPIs)

Our sustainability strategy described in *Section 1.4.1, 1.4.2 and 1.4.3* has been formulated around material topics that are relevant to PT Japfa Tbk as well as our stakeholders. The efforts that we put in implementing programmes addressing these material topics will not only minimise the environmental, social and governance (ESG) risks PT Japfa Tbk faces but also contribute positively to the UN SDGs. We are committed to selecting sustainability KPIs that are relevant, core, and material to our business and sustainability strategy. Moreover, the selection of KPIs has been informed by the LCAs discussed in *Section 1.4.3*, which are a science-based study aims at identifying areas of improvement of our operations.

Our bond issuance will prioritise Environmental KPIs. An example of the KPI includes but is not limited to the following:

KPI: Water Recycling Facilities for Sustainable Water and Wastewater Management at Poultry Operations

Objective

Minimise impacts related to water pollution from untreated wastewater by reducing eutrophication potential through the management, treatment and/or recycling, and utilisation of wastewater.

Treated wastewater will improve the environmental condition of the farm and the surrounding community.

Background

- Livestock production has high potential to impact water availability and/or water quality. Based on our LCA, wastewater management has been identified as a key area where we can manage our impact on the environment.
- Wastewater from livestock production is commonly utilised as organic fertiliser, that is beneficial for the surrounding communities, and/or discharged to the environment.
- Wastewater needs to be treated before it is discharged to the waterbody. Untreated wastewater may affect the quality of the receiving waterbody and its ecosystem. From the social perspective, it can also cause distress to the surrounding community from the odour, which may affect communities' safe and healthy living conditions.

- By Indonesian government regulations, companies are required to meet certain standards of wastewater discharge quality, namely:
 - UU 32 Tahun 2009
 - PP 82 Tahun 2001
 - PerMenLH No. 5 Tahun 2014 (Appendix XLVII)
- The national regulation only governs the wastewater discharge quality, where having a wastewater treatment facility is only a recommendation and not a requirement. The implementation of the regulation depends on local government policy and local governments have introduced varied policies on wastewater management in different locations throughout Indonesia.
- A Wastewater treatment plant (WWTP) is usually recommended to treat wastewater and achieve discharge quality that is safe for the environment. An increase in the total volume of water discharge does not necessarily correspond to greater negative impacts, since these impacts depend on the quality of the water discharge and the sensitivity of the receiving waterbody. An organisation with a high volume of water discharge, but also a high level of treatment and strict quality standards, can have positive impacts on the receiving waterbody³.
- We acknowledge the issue of water scarcity in certain geographical locations and in specific operations that require large amounts of water. To conserve the natural water resources, minimise water withdrawal and improve water circularity, we are introducing these initiatives to manage our water and wastewater.
- In our poultry slaughterhouses, we plan to embark on installing water recycling facilities in 8 out of our 15 poultry slaughterhouses. At this time, none of our slaughterhouses have water recycling facility.
- We are also going to build a pilot water recycling facility at one of our hatcheries. This will be a pilot project as none of our hatcheries currently have any water recycling facilities.
- In view of our commitment to sustainability, Japfa aims to go beyond basic compliance to bring environmental and social benefits through the water and wastewater management.

Action Plan

Over the next 3 years 9 months, we will carry out the following initiatives related to sustainable water and wastewater management.

Initiatives	Rationale
Water recycling facilities in slaughterhouses	Presently, all the slaughterhouses are equipped with a wastewater treatment facility. Under this KPI, a water recycling facility will be added to allow the treated water to be reused, which will in turn avoid it to be discharged and improve water circularity.
Water recycling facility in a hatchery	Same as the practice at the slaughterhouses, we will install a water recycling facility at a hatchery to improve water circularity.

³ Global Reporting Initiative, GRI Standards 303: Water and Effluents 2018.

Track Record

Annual wastewater discharge at the poultry operations (in m³) is presented in the following table.

Operating Units	2019		2020	
	Wastewater Discharge (m ³)	% wastewater compared to total wastewater discharge	Wastewater Discharge (m ³)	% wastewater compared to total wastewater discharge
Poultry Breeding	460,290	30%	369,038	25%
Poultry Feed	12,038	1%	14,184	1%
Poultry Slaughterhouses	867,811	57%	926,749	64%
SGF Secondary Processing	177,945	12%	135,215	9%
SBU AHLE (vaccine)	941	0%	3,985	0%
SBU EPI (woven bag)	5,426	0%	2,537	0%
Total	1,524,452	100%	1,451,708	100%

Based on the above, wastewater discharged from the slaughterhouse operations represents 64% of total wastewater discharged from our poultry operations in 2020. Wastewater from the poultry breeding unit is observed to account for 25% which is the second highest in 2020. Therefore, wastewater discharged from these operating units is considered material and presents an area of improvement.

The following table presents details of the water recycling facilities that will be installed at the poultry breeding and slaughterhouse units:

Operating Units	Wastewater discharge in 2020 (m ³)	No. of Water Recycling Facilities	Estimated Wastewater to be Recycled* (m ³)	Estimated % Wastewater recycled
Poultry Breeding	369,038	1	12,000	3%
Slaughterhouses	926,749	8	566,557	61%

**Footnote: The volume of wastewater volume that will be recycled has been estimated based on the volume of water discharged in 2020.*

The proposed construction completion schedule for the water recycling facilities is as follows:

- Year 1: 1 at a slaughterhouse and 1 at a hatchery
- Year 2: 3 at slaughterhouses
- Year 3: 3 at slaughterhouses
- Year 3 and 9 months: 1 at a slaughterhouse

Sustainability Standards Contribution

- UN SDGs
 - Goal 6: Clean water and sanitation
 - Goal 12: Responsible consumption and production
 - Goal 14: Life below water

- Life Cycle Assessment
 - Eutrophication potential
 - Water footprint
- Global Reporting Initiative (GRI) Standards
 - GRI 303: Water and effluents
 - GRI 307: Environmental compliance
 - GRI 413: Local communities
- Regulation of Financial Services Authority No. 51/POJK.03/2017
 - 2.B.3: Waste and effluents reduction
 - 6.E.2: Activities that result positive & negative impacts towards ecosystem
 - 6.E.5.B: Mechanism for waste and effluents treatment
- Green Bonds Principles
 - Sustainable water and wastewater management category is a primary contribution to pollution prevention and control

3.2. Calibration of Sustainability Performance Targets (SPTs)

In the spirit of sustainability-linked bonds to promote sustainability performance of the issuer, PT Japfa Tbk will ensure that SPTs are ambitious and represent realistic improvements beyond a “Business as Usual” trajectory. The SPTs will be clearly defined, in the form of numerical value, with a pre-defined timeline.

An example on how a SPT will be set, using the sample KPI under *Section 3.1*, is as follows:

SPT Water Recycling Facilities for Sustainable Water and Wastewater Management at Poultry Operations

Within 3 years 9 months, PT Japfa Tbk will construct the following new facilities with respect to this KPI:

- 8 water recycling facilities out of 15 slaughterhouses under Japfa operations
- 1 water recycling facility at a hatchery within the poultry breeding unit.

The target is defined as the number of new facilities constructed with certification of completion from the building contractor. This target will serve to inform future roll out at relevant operations owned by the company and where water scarcity is identified as a material risk.

Our annual Sustainability Report will update the progress of the construction of the water recycling facilities, including the number of facilities completed. We will also report the annual amount of wastewater treated in the water recycling facilities and/or water saved in m³ as a result of the water recycling facilities in our poultry operations.

3.3. Bond Characteristics

We will tie our performance of the selected KPI to the financial structure of the sustainability-linked bond.

Our sustainability-linked bonds will have a tiered structure where the coupon adjustment will result in a coupon adjustment if our performance does not achieve the stated SPT. In essence, there will be a 25-bps coupon step-up if the SPT *Water Recycling Facilities for Sustainable Water and Wastewater Management at Poultry Operations* is not met. If the SPT is achieved, there will be no coupon adjustment.

Details pertaining to the point of review and coupon adjustment mechanism will be provided as part of the pre-issuance documentation to the investor or announced publicly.

3.4. Reporting

PT Japfa Tbk will disclose the progress on the KPI and SPT at least once a year, in our Annual Sustainability Report or as a separate document whichever is more suitable considering the timeline and administrative arrangement. Either way, the document will be made publicly available. We will communicate via the report, our progress and indicate if we are on track to achieve the SPT. If our progress is not as planned, we will describe the reasons. The report will also discuss the methodologies or supporting documents used to derive the numbers against the SPT.

The document will compare PT Japfa Tbk's performance of the selected KPI against the SPT set for the target observation date. Where appropriate, Japfa will also include positive impacts made through the achievement of the SPT as part of the reporting.

3.5. Verification

PT Japfa Tbk will seek external verification on the performance against each KPI by a qualified external reviewer with relevant expertise at least once a year. The external reviewer could be an auditor or environmental consultant, depending on the nature of the KPI and SPT selected.

PT Japfa Tbk will publish the verification report in its Annual Sustainability Report mentioned in *Section 3.4*.

4. Sustainability-linked Loans

Sustainability-linked loans share similar traits as sustainability-linked bonds where the loan characteristics, e.g. the interest margin, are tied to the borrower's ESG performance.

This part of the Framework has been prepared in accordance to the *Sustainability-linked Loan Principles* published by the Loan Market Association (LMA) and Asia Pacific Loan Market Association (APLMA) in May 2020, which consist of the following four key components:

- i. Relationship to Borrower's Overall Sustainability Strategy
- ii. Target Setting – Measuring the Sustainability of the Borrower
- iii. Reporting
- iv. Review

4.1. Relationship to Borrower's Overall Sustainability Strategy

PT Japfa Tbk's sustainability strategy is described within *Section 1.4* of this Framework.

4.2. Target Setting

PT Japfa Tbk will adopt the same method described in *Section 3.1* when selecting KPIs for a sustainability-linked loan. In summary, we will consider the following principles when formulating KPIs:

- high strategic significance to the company's current and/ or future operations
- measurable or quantifiable on a consistent methodological basis
- externally verifiable
- able to be benchmarked against peers or an industry standard

In addition to the KPIs, PT Japfa Tbk will agree with the lender on the SPTs, as discussed in *Section 3.2*, and commercial terms including interest rate adjustment to be made once the SPTs are achieved.

4.3. Reporting

Our annual sustainability report discusses issues that are material to our operations and actions taken to address them. It will be used as evidence to verify the attainments if the selected KPI and SPT are already part of the content. Otherwise, we will provide additional information to facilitate the lender's verification of our performance.

4.4. Review

We will ensure that any evidence provided to the lender will be externally assured.

5 External Review

PT Japfa Tbk has obtained a second party opinion (SPO) of the Sustainability-linked Finance Framework from V.E that it is aligned with all the principles mentioned within the respective sections.

PT Japfa Tbk will seek another SPO for any material changes to this Framework.

The SPO is available at <https://www.japfacomfeed.co.id/id/investors/sustainability-report>.

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PT Japfa Comfeed Indonesia Tbk
dan entitas anaknya/and its subsidiaries

Laporan keuangan konsolidasian
tanggal 31 Desember 2020, 2019 dan 2018 dan
untuk tahun yang berakhir pada tanggal-tanggal tersebut
beserta laporan auditor independen/
Consolidated financial statements
as of December 31, 2020, 2019 and 2018 and
for the years then ended
with independent auditors' report



JAPFA

PT JAPFA COMFEED INDONESIA Tbk

Wisma Millenia 7th Floor, Jl. MT. Haryono Kav. 16, Jakarta 12810, Indonesia
Tel : (62-21) 285 45 680 Fax : (62-21) 831 0309 Website : www.japfacomfeed.co.id

SURAT PERNYATAAN DIREKSI TENTANG TANGGUNG JAWAB ATAS LAPORAN KEUANGAN KONSOLIDASIAN TANGGAL 31 DESEMBER 2020, 2019 DAN 2018 DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL-TANGGAL TERSEBUT PT JAPFA COMFEED INDONESIA TBK DAN ENTITAS ANAKNYA

BOARD OF DIRECTORS' STATEMENT REGARDING THE RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020, 2019 AND 2018 AND FOR THE YEARS THEN ENDED PT JAPFA COMFEED INDONESIA TBK AND ITS SUBSIDIARIES

Kami yang bertanda tangan di bawah ini:

1. Nama / Name
Alamat kantor / Office address
Alamat domisili sesuai KTP atau
kartu identitas lain/Residential
address in accordance with ID card
Nomor telepon / Telephone number
Jabatan / Title
2. Nama / Name
Alamat kantor / Office address
Alamat domisili sesuai KTP atau
kartu identitas lain/Residential
address in accordance with ID Card
Nomor telepon / Telephone number
Jabatan / Title

We, the undersigned:

- : Handojo Santosa
: Wisma Millenia Lt. 7, Jl. MT. Haryono Kav. 16, Jakarta 12810
- : Cuscaden Walk, Singapore
: (021) 285 45680
: Direktur Utama / President Director
- : Leo Handoko Laksono
: Wisma Millenia Lt. 7, Jl. MT. Haryono Kav. 16, Jakarta 12810
- : Bojong Rawalumbu, Rawalumbu, Bekasi.
: (021) 285 45680
: Direktur Keuangan / Finance Director

Menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Japfa Comfeed Indonesia Tbk dan Entitas Anaknya.
2. Laporan keuangan konsolidasian PT Japfa Comfeed Indonesia Tbk dan Entitas Anaknya telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia.
3. a. Semua informasi dalam laporan keuangan konsolidasian PT Japfa Comfeed Indonesia Tbk dan Entitas Anaknya telah dimuat secara lengkap dan benar.
b. Laporan keuangan konsolidasian PT Japfa Comfeed Indonesia Tbk dan Entitas Anaknya tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material.
4. Kami bertanggung jawab atas sistem pengendalian internal PT Japfa Comfeed Indonesia Tbk dan Entitas Anaknya.

Declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of PT Japfa Comfeed Indonesia Tbk and its Subsidiaries.
2. The consolidated financial statements of PT Japfa Comfeed Indonesia Tbk and its Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards.
3. a. All information in the consolidated financial statements of PT Japfa Comfeed Indonesia Tbk and its Subsidiaries has been disclosed in a complete and truthful manner.
b. The consolidated financial statements of PT Japfa Comfeed Indonesia Tbk and its Subsidiaries do not contain any incorrect information or material facts, nor do they omit any material information and facts.
4. We are responsible for the internal control system of PT Japfa Comfeed Indonesia Tbk and its Subsidiaries.

Demikian pernyataan ini dibuat dengan sebenarnya.

This statement has been made truthfully.

Jakarta, 28 Februari 2021

Jakarta, February 28, 2021



JAPFA
PT JAPFA COMFEED INDONESIA

Handojo Santosa
Direktur Utama/President Director

Leo Handoko Laksono
Direktur Keuangan/Finance Director

The original consolidated financial statements included herein
are in Indonesian language.

**PT JAPFA COMFEED INDONESIA TBK
DAN ENTITAS ANAKNYA
LAPORAN KEUANGAN KONSOLIDASIAN
TANGGAL 31 DESEMBER 2020, 2019 dan 2018
DAN UNTUK TAHUN YANG BERAKHIR PADA
TANGGAL-TANGGAL TERSEBUT
BESERTA LAPORAN AUDITOR INDEPENDEN**

**PT JAPFA COMFEED INDONESIA TBK
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020, 2019 and 2018
AND FOR THE YEARS THEN ENDED
WITH INDEPENDENT AUDITORS' REPORT**

Daftar Isi

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Laporan Laba Rugi dan Penghasilan Komprehensif Lain Konsolidasian.....	4-5	<i>Consolidated Statements of Profit or Loss and Other Comprehensive Income</i>
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The original report included herein is in Indonesian language.

Laporan Auditor Independen

Laporan No. 00118/2.1032/AU.1/01/1174-2/1/II/2021

**Pemegang Saham, Dewan Komisaris dan Direksi
PT Japfa Comfeed Indonesia Tbk**

Kami telah mengaudit laporan keuangan konsolidasian PT Japfa Comfeed Indonesia Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2020, 2019 dan 2018, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal-tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. 00118/2.1032/AU.1/01/1174-2/1/II/2021

**The Shareholders and the Boards of
Commissioners and Directors
PT Japfa Comfeed Indonesia Tbk**

We have audited the accompanying consolidated financial statements of PT Japfa Comfeed Indonesia Tbk (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2020, 2019 and 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years 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 and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Laporan Auditor Independen (lanjutan)

Laporan No. 00118/2.1032/AU.1/01/1174-2/1/II/2021 (lanjutan)

Tanggung jawab auditor (lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Japfa Comfeed Indonesia Tbk dan entitas anaknya tanggal 31 Desember 2020, 2019 dan 2018, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal-tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Independent Auditors' Report (continued)

Report No. 00118/2.1032/AU.1/01/1174-2/1/II/2021 (continued)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Japfa Comfeed Indonesia Tbk and its subsidiaries as of December 31, 2020, 2019 and 2018, and their consolidated financial performance and cash flows for the years then ended, in accordance with Indonesian Financial Accounting Standards.

Laporan Auditor Independen (lanjutan)

Laporan No. 00118/2.1032/AU.1/01/1174-2/1/II/2021 (lanjutan)

Hal lain

Laporan ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran efek utang Perusahaan diluar Amerika Serikat berdasarkan Regulation S dari *United States Securities Act of 1933*, serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

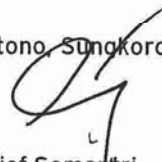
Independent Auditors' Report (continued)

Report No. 00118/2.1032/AU.1/01/1174-2/1/II/2021 (continued)

Other matter

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company outside of the United States of America in reliance on Regulation S under the United States Securities Act of 1933, and is not intended to be, and should not be used, for any other purposes.

KAP Purwantono, Sunckoro & Surja



Arief Somatri

Registrasi Akuntan Publik No. AP.1174/Public Accountant Registration No. AP.1174

28 Februari 2021/February 28, 2021

The original consolidated financial statements included herein are in Indonesian language.

**PT JAPFA COMFEED INDONESIA Tbk
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT JAPFA COMFEED INDONESIA Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION
As of December 31, 2020, 2019 and 2018
(Expressed in millions of Rupiah,
unless otherwise stated)**

	Catatan/ Notes	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali- Catatan 4/ As restated- Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali- Catatan 4/ As restated- Note 4)	
ASET					ASSETS
ASET LANCAR					CURRENT ASSETS
Kas dan setara kas	2,5	1.335.911	1.004.280	1.160.393	Cash and cash equivalents
Piutang usaha					Trade receivables
Pihak berelasi	2,6,36a	12.674	29.692	16.390	Related parties
Pihak ketiga, neto	2,6	1.867.342	2.158.897	1.940.815	Third parties, net
Piutang lain-lain	2,6,36b	102.315	71.377	130.743	Other receivables
Piutang dari pihak berelasi	2,36c	-	112.762	220.274	Due from a related party
Persediaan biologis	2,7	1.190.124	1.708.532	1.531.491	Biological inventories
Persediaan, neto	2,8	5.670.376	6.210.147	6.577.487	Inventories, net
Aset biologis	2,9	1.127.633	1.179.943	1.058.969	Biological assets
Biaya dibayar di muka	2,10	107.609	51.022	71.213	Prepaid expenses
Uang muka	2,11	310.099	316.854	618.135	Advances
Pajak dibayar di muka	2,20a	19.487	28.480	7.682	Prepaid taxes
Aset keuangan lancar lainnya	2	1.568	1.162	1.212	Other current financial assets
TOTAL ASET LANCAR		11.745.138	12.873.148	13.334.804	TOTAL CURRENT ASSETS
ASET TIDAK LANCAR					NON-CURRENT ASSETS
Tagihan restitusi pajak	2,20b	291.400	522.146	428.159	Claims for tax refund
Aset pajak tangguhan, neto	2,20g	415.157	336.676	302.990	Deferred tax assets, net
Investasi saham, neto	1c,2	46.000	56.000	76.520	Investment in shares, net
Investasi dalam ventura bersama, neto	2,12	81.202	70.433	60.225	Investment in joint ventures, net
Goodwill	2,16	155.417	155.417	93.479	Goodwill
Tanaman produktif					Bearer plants
Tanaman produktif menghasilkan, neto	2	978	1.094	1.184	Mature bearer plants, net
Tanaman produktif belum menghasilkan	2	1.378	1.263	1.176	Immature bearer plants
Aset biologis	2,9	108.236	156.268	222.532	Biological assets
Uang muka pembelian aset tetap	2,11	448.727	485.371	422.853	Advances for purchase of fixed assets
Aset tetap, neto	2,13	11.143.803	10.707.724	8.647.396	Fixed assets, net
Aset hak guna, neto	2,14	184.593	-	-	Right of use assets, net
Properti investasi, neto	2,15	85.787	76.871	83.067	Investment properties, net
Aset takberwujud, neto	2	27.679	45.555	46.927	Intangible assets, net
Aset derivatif	2,40	224.015	182.792	224.215	Derivative assets
Tanah yang belum dikembangkan	2,13	971.937	842.477	788.606	Land for development
Aset keuangan tidak lancar lainnya	2	20.313	137.660	93.222	Other non-current financial assets
TOTAL ASET TIDAK LANCAR		14.206.622	13.777.747	11.492.551	TOTAL NON-CURRENT ASSETS
TOTAL ASET		25.951.760	26.650.895	24.827.355	TOTAL ASSETS

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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

The original consolidated financial statements included herein are in Indonesian language.

**PT JAPFA COMFEED INDONESIA Tbk
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN (lanjutan)
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT JAPFA COMFEED INDONESIA Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION (continued)
As of December 31, 2020, 2019 and 2018
(Expressed in millions of Rupiah,
unless otherwise stated)**

	Catatan/ Notes	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali- Catatan 4/ As restated- Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali- Catatan 4/ As restated- Note 4)	
LIABILITAS DAN EKUITAS					LIABILITIES AND EQUITY
LIABILITAS					LIABILITIES
LIABILITAS JANGKA PENDEK					CURRENT LIABILITIES
Utang bank jangka pendek	2,17	423.271	3.277.953	1.451.403	Short-term bank loans
Utang usaha					Trade payables
Pihak berelasi	2,18,36d	1.608.063	1.637.430	1.881.432	Related parties
Pihak ketiga	2,18	895.753	1.128.538	1.751.970	Third parties
Utang lain-lain					Other payables
Pihak berelasi	1c,2,36e	849.892	-	-	Related party
Pihak ketiga	2,19	639.893	620.273	495.247	Third parties
Liabilitas derivatif	2,40	17.274	16.820	50.576	Derivative liabilities
Utang pajak	2,20c	299.507	147.304	456.836	Taxes payable
Beban akrual	2,21	429.018	331.136	299.340	Accrued expenses
Liabilitas imbalan kerja jangka pendek	2,24	128.639	240.967	253.590	Short-term employee benefits liabilities
Uang muka dari pelanggan		39.282	96.504	52.606	Advances from customers
Utang jangka panjang yang jatuh tempo dalam satu tahun:					Current maturities of long-term debts:
Utang bank jangka panjang	2,22	494.631	241.668	146.995	Long-term bank loans
Utang pembiayaan atas perolehan aset tetap		3.258	3.365	1.061	Loans to finance acquisition of fixed assets
Liabilitas sewa	2,14	29.777	-	1.723	Lease liabilities
Utang obligasi	2,23	149.421	-	846.742	Bonds payable
TOTAL LIABILITAS JANGKA PENDEK		6.007.679	7.741.958	7.689.521	TOTAL CURRENT LIABILITIES
LIABILITAS JANGKA PANJANG					NON-CURRENT LIABILITIES
Liabilitas pajak tangguhan, neto	2,20g	13.094	15.110	14.325	Deferred tax liabilities, net
Liabilitas imbalan kerja jangka panjang	2,24	1.696.046	1.318.463	1.188.346	Long-term employee benefits liabilities
Pendapatan diterima di muka		83	889	-	Unearned revenue
Liabilitas jangka panjang lainnya		3.488	3.388	3.388	Other non-current liabilities
Utang jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu tahun:					Long-term debts, net of current maturities:
Utang bank jangka panjang	2,22	2.292.412	1.107.169	478.406	Long-term bank loans
Utang pembiayaan atas perolehan aset tetap		1.388	3.285	310	Loans to finance acquisition of fixed assets
Liabilitas sewa	2,14	33.883	-	3.136	Lease liabilities
Utang obligasi	2,23	4.491.717	4.563.819	4.684.246	Bonds payable
TOTAL LIABILITAS JANGKA PANJANG		8.532.111	7.012.123	6.372.157	TOTAL NON-CURRENT LIABILITIES
TOTAL LIABILITAS		14.539.790	14.754.081	14.061.678	TOTAL LIABILITIES

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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

The original consolidated financial statements included herein are in Indonesian language.

**PT JAPFA COMFEED INDONESIA Tbk
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN (lanjutan)
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT JAPFA COMFEED INDONESIA Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION (continued)
As of December 31, 2020, 2019 and 2018
(Expressed in millions of Rupiah,
unless otherwise stated)**

	Catatan/ Notes	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali- Catatan 4/ As restated- Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali- Catatan 4/ As restated- Note 4)	
EKUITAS					EQUITY
EKUITAS YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK					EQUITY ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT COMPANY
Modal saham					Share capital
Modal dasar -					
15.000.000.000 saham Seri A dengan nilai nominal Rp200 (dalam Rupiah penuh) per saham dan 85.000.000.000 saham Seri B dengan nilai nominal Rp40 (dalam Rupiah penuh) per saham					Authorized - 15,000,000,000 Series A shares at par value of Rp200 (in full Rupiah) and 85,000,000,000 Series B shares at par value of Rp40 (in full Rupiah)
Modal ditempatkan dan disetor -					
8.814.985.201 saham Seri A dengan nilai nominal Rp200 (dalam Rupiah penuh) per saham dan 2.911.590.000 saham Seri B dengan nilai nominal Rp40 (dalam Rupiah penuh) per saham	2,25	1.879.461	1.879.461	1.879.461	Issued and fully paid - 8,814,985,201 Series A shares at par value of Rp200 (in full Rupiah) and 2,911,590,000 Series B shares at par value of Rp40 (in full Rupiah)
Tambahan modal disetor, neto	2,26	1.148.067	1.694.351	1.691.782	Additional paid-in capital, net
Ekuitas dari entitas yang bergabung	4	-	448.320	550.684	Merging entity's equity
Saham treasuri -					Treasury stock
68.884.600 saham per 31 Desember 2020 dan 7.361.200 saham per 31 Desember 2019 dan 9.398.000 saham per 31 Desember 2018	2,25	(79.950)	(7.207)	(9.205)	68,884,600 shares as of December 31, 2020 and 7,361,200 shares as of December 31, 2019 and 9,398,000 shares as of December 31, 2018
Cadangan saham bonus		32.210	14.165	4.600	Performance share plan reserve
Selisih nilai transaksi dengan kepentingan nonpengendali	25	(100.736)	(100.736)	(98.292)	Differences arising from non-controlling interests
Lindung nilai arus kas	2	1.241	-	-	Cash flow hedges
Selisih kurs atas penjabaran laporan keuangan		27.180	25.531	30.203	Exchange differences arising from financial statements translation
Saldo laba					Retained earnings
Telah ditentukan penggunaannya		311.000	291.000	248.000	Appropriated
Belum ditentukan penggunaannya		7.459.437	6.975.985	5.861.050	Unappropriated
Subtotal		10.677.910	11.220.870	10.158.283	Sub-total
Kepentingan nonpengendali	37a	734.060	675.944	607.394	Non-controlling interests
TOTAL EKUITAS		11.411.970	11.896.814	10.765.677	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS		25.951.760	26.650.895	24.827.355	TOTAL LIABILITIES AND EQUITY

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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

The original consolidated financial statements included herein are in Indonesian language.

**PT JAPFA COMFEED INDONESIA Tbk
DAN ENTITAS ANAKNYA
LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN
Untuk Tahun yang Berakhir pada Tanggal-tanggal
31 Desember 2020, 2019 dan 2018
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT JAPFA COMFEED INDONESIA Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME
For the Years Ended
December 31, 2020, 2019 and 2018
(Expressed in millions of Rupiah,
unless otherwise stated)**

		Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
		2020	2019 (Disajikan kembali- Catatan 4/ As restated-Note 4)	2018 (Disajikan kembali Catatan 4/ As restated-Note 4)	
PENJUALAN NETO	2,27	36.964.948	38.872.084	36.228.261	NET SALES
BEBAN POKOK PENJUALAN	2,28	(29.535.739)	(31.000.234)	(28.342.636)	COST OF GOODS SOLD
LABA BRUTO		7.429.209	7.871.850	7.885.625	GROSS PROFIT
Beban penjualan dan pemasaran	2,29	(1.549.972)	(1.557.777)	(1.387.567)	Selling and marketing expenses
Beban umum dan administrasi	2,30	(3.244.208)	(3.178.331)	(2.927.767)	General and administrative expenses
Kerugian yang timbul dari perubahan nilai wajar aset biologis		(23.606)	(2.072)	(34.184)	Loss arising from change in fair value of biological assets
Pendapatan lainnya	31	109.465	158.431	335.470	Other income
Beban lainnya	32	(236.681)	(167.779)	(168.289)	Other expenses
LABA USAHA		2.484.207	3.124.322	3.703.288	PROFIT FROM OPERATIONS
Pendapatan keuangan	33	56.292	177.153	82.869	Finance income
Biaya keuangan	34	(862.222)	(817.247)	(869.531)	Finance costs
Bagian laba neto pada ventura bersama	12	814	10.249	1.488	Equity in net income in joint venture
LABA SEBELUM PAJAK PENGHASILAN		1.679.091	2.494.477	2.918.114	PROFIT BEFORE INCOME TAX
Beban pajak penghasilan, neto	20d,20f	(457.187)	(700.563)	(829.926)	Income tax expense, net
LABA TAHUN BERJALAN SETELAH EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG		1.221.904	1.793.914	2.088.188	PROFIT FOR THE YEAR AFTER EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT
Penghasilan komprehensif lain:					Other comprehensive income:
Pos yang tidak akan direklasifikasi ke laba rugi:					Items that will not be reclassified to profit or loss:
Pengukuran kembali liabilitas imbalan kerja karyawan	24	(226.933)	(44.284)	255.805	Remeasurements on employee benefits liabilities
Bagian pada pengukuran kembali atas program imbalan pasti pada ventura bersama setelah pajak	12	155	(41)	64	Equity in remeasurement of defined of benefit plans in joint ventures - net of tax
Pos yang akan direklasifikasi ke laba rugi:					Items that may be reclassified to profit or loss:
Lindung nilai arus kas	2	1.533	-	-	Cash flow hedges
Selisih kurs atas penjabaran laporan keuangan		2.100	(6.229)	12.644	Exchange differences from translation of financial statements
Penghasilan komprehensif lain tahun berjalan		(223.145)	(50.554)	268.513	Other comprehensive income for the year
Pajak penghasilan terkait		43.602	9.246	(67.836)	Income tax effect
Penghasilan komprehensif lain tahun berjalan setelah pajak		(179.543)	(41.308)	200.677	Other comprehensive income for the year, net of tax

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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

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**PT JAPFA COMFEED INDONESIA Tbk
DAN ENTITAS ANAKNYA
LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN
Untuk Tahun yang Berakhir pada Tanggal-tanggal
31 Desember 2020, 2019 dan 2018 (lanjutan)
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT JAPFA COMFEED INDONESIA Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR
LOSS AND OTHER COMPREHENSIVE INCOME
For the Years Ended
December 31, 2020, 2019 and 2018 (continued)
(Expressed in millions of Rupiah,
unless otherwise stated)**

		Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
		2020	2019 (Disajikan kembali- Catatan 4/ As restated-Note 4)	2018 (Disajikan kembali- Catatan 4/ As restated-Note4)	
Catatan/ Notes					
	TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN	1.042.361	1.752.606	2.288.865	TOTAL COMPREHENSIVE INCOME FOR THE YEAR
	Penyesuaian (laba) rugi entitas yang bergabung	(219.528)	102.364	144.326	Adjustment of merging entity's (income) loss
	TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN SEBELUM EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG	822.833	1.854.970	2.433.191	TOTAL COMPREHENSIVE INCOME FOR THE YEAR BEFORE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT
	LABA TAHUN BERJALAN SETELAH EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG	1.221.904	1.793.914	2.088.188	PROFIT FOR THE YEAR AFTER EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT
	Penyesuaian (laba) rugi entitas yang bergabung	(219.528)	89.943	165.013	Adjustment of merging entity's (income) loss
	LABA TAHUN BERJALAN SEBELUM EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG	1.002.376	1.883.857	2.253.201	PROFIT FOR THE YEAR BEFORE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT
	LABA TAHUN BERJALAN SEBELUM EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG YANG DAPAT DIATRIBUSIKAN KEPADA:				PROFIT FOR THE YEAR BEFORE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT ATTRIBUTABLE TO:
	Pemilik entitas induk	916.711	1.765.178	2.167.961	Owners of the parent
	Kepentingan nonpengendali	85.665	118.679	85.240	Non-controlling interests
	TOTAL	1.002.376	1.883.857	2.253.201	TOTAL
	TOTAL PENGHASILAN KOMPREHENSIF TAHUN BERJALAN SEBELUM EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG YANG DAPAT DIATRIBUSIKAN KEPADA:				TOTAL COMPREHENSIVE INCOME FOR THE YEAR BEFORE EFFECT OF MERGING ENTITY'S INCOME ADJUSTMENT ATTRIBUTABLE TO:
	Pemilik entitas induk	739.496	1.736.543	2.342.952	Owners of the parent
	Kepentingan nonpengendali	83.337	118.427	90.239	Non-controlling interests
	TOTAL	822.833	1.854.970	2.433.191	TOTAL
	LABA PER SAHAM DASAR YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK (dalam Rupiah penuh)	79	151	187	BASIC EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE PARENT (in full Rupiah)
	2,38				

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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

PT JAPFA COMFEED INDONESIA Tbk
DAN ENTITAS ANAKNYA
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended December 31, 2020, 2019 and 2018
(Expressed in millions of Rupiah, unless otherwise stated)

PT JAPFA COMFEED INDONESIA Tbk
DAN ENTITAS ANAKNYA
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
Untuk Tahun yang Berakhir pada Tanggal-tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam jutaan Rupiah, kecuali dinyatakan lain)

		Basis yang Dapat Diatribusikan Kepada Pemilik Entitas Induk/Equity Attributable to the Equity Holders of the Parent Company										
Catatan/ Notes	Modal Ditempatkan dan Diletor/ Issued and Fully Paid	Tambahan Modal Additional Paid-in Capital	Ekuitas dari entitas yang Mergin/ entity's equity	Saham yang Ditahan/ Treasury Stocks	Cadangan Performance share plan reserve	Lindung Nilai/ Cash Flow Hedges	Salah satu Laporan Keuangan/ Exchange Difference/ Financial Statements Translation	Salah satu Keuntungan/ Non-controlling Interests/ Shareholders' Equity	Penggunaan Ditempatkan untuk Apropriated for General Reserve	Salah satu Subsidi/ Subsidiaries	Balance as of January 1, 2018 as restated	
											Subtotal/ Sub-total	Total Equity
	1.816.290	1.451.977	695.008	(23.857)	-	-	20.720	(98.284)	228.000	4.701.979	8.791.793	9.357.048
24	-	-	-	-	-	-	-	-	2.167.961	2.167.961	85.240	2.253.201
	-	-	-	-	-	-	7.966	-	167.025	167.025	4.989	172.024
	-	-	-	-	-	-	7.966	-	7.966	7.966	-	7.966
	-	-	-	-	-	-	7.966	-	2.324.986	2.324.986	90.239	2.433.191
35	-	-	-	-	-	-	-	-	(1.155.915)	(1.155.915)	(50.000)	(1.205.915)
26	63.211	-	-	-	-	-	-	-	63.211	63.211	1.900	241.705
2,25	-	239.805	-	-	4.416	-	-	-	239.805	239.805	-	239.805
	-	-	-	14.652	-	-	-	-	14.652	14.652	-	14.652
	-	-	-	-	-	-	1.517	-	1.517	1.517	-	1.517
	-	-	-	-	-	-	-	(8)	(8)	(8)	-	(8)
	63.211	239.805	-	14.652	4.416	-	1.517	(8)	(1.155.915)	(832.322)	(48.100)	(880.422)
35	-	-	(144.324)	-	184	-	-	-	(20.000)	(144.140)	-	(144.140)
	-	-	-	-	-	-	-	-	-	-	-	-
	1.879.461	1.691.782	550.684	(9.205)	4.600	-	30.203	(98.282)	248.000	5.861.050	607.394	10.766.677
24	-	-	-	-	-	-	(7.352)	-	1.765.178	1.765.178	118.679	1.883.857
	-	-	-	-	-	-	(7.352)	-	(21.283)	(21.283)	(252)	(21.535)
	-	-	-	-	-	-	(7.352)	-	1.736.543	1.736.543	118.427	1.854.970
35	-	-	-	-	-	-	-	-	(585.960)	(585.960)	(52.321)	(638.281)
26	-	2.569	-	-	-	-	-	-	2.569	2.569	-	2.569
2,25	-	-	-	1.998	9.422	-	-	-	9.422	9.422	-	9.422
	-	-	-	-	-	-	2.680	-	2.680	2.680	-	2.680
	-	-	-	-	-	-	-	(2.444)	(2.444)	(2.444)	2.444	-
	-	2.569	-	1.998	9.422	-	2.680	(2.444)	(571.735)	(571.735)	(49.877)	(621.612)
	-	-	(102.364)	-	143	-	-	-	(102.221)	(102.221)	-	(102.221)
35	-	-	-	-	-	-	-	43.000	(43.000)	-	-	-
	1.879.461	1.694.351	446.320	(7.207)	14.165	-	25.531	(100.736)	291.000	6.575.385	675.944	11.896.814

Saldo pada tanggal 1 Januari 2018 disajikan kembali

Labanya tahun berjalan

Penghasilan komprehensif lain:

Penjualan aset non keuangan, neto

Inflasi kerja karyawan, neto

Selisih kurs atas penjabaran laporan keuangan

Total laba komprehensif

Transaksi dengan pemilik:

Dividen

Pembelian modal disetor

Tambahan modal disetor

Cadangan saham bonus

Saham treasury

Selisih kurs atas penjabaran laporan keuangan

Selisih nilai transaksi dengan kepentingan nonpengendali

Total transaksi dengan pemilik entitas yang bergabung

Pembentukan cadangan umum

Saldo pada tanggal 31 Desember 2018 disajikan kembali

Labanya tahun berjalan

Penghasilan komprehensif lain:

Penjualan aset non keuangan, neto

Selisih kurs atas penjabaran laporan keuangan

Total laba komprehensif

Transaksi dengan pemilik:

Dividen

Tambahan modal disetor

Cadangan saham bonus

Saham treasury

Selisih kurs atas penjabaran laporan keuangan

Selisih nilai transaksi dengan kepentingan nonpengendali

Total transaksi dengan pemilik entitas yang bergabung

Pembentukan cadangan umum

Saldo pada tanggal 31 Desember 2019 disajikan kembali

Labanya tahun berjalan

Penghasilan komprehensif lain:

Penjualan aset non keuangan, neto

Selisih kurs atas penjabaran laporan keuangan

Total laba komprehensif

Transaksi dengan pemilik:

Dividen

Pembelian modal disetor

Tambahan modal disetor

Cadangan saham bonus

Saham treasury

Selisih kurs atas penjabaran laporan keuangan

Selisih nilai transaksi dengan kepentingan nonpengendali

Total transaksi dengan pemilik entitas yang bergabung

Pembentukan cadangan umum

Saldo pada tanggal 31 Desember 2020 disajikan kembali

Labanya tahun berjalan

Penghasilan komprehensif lain:

Penjualan aset non keuangan, neto

Selisih kurs atas penjabaran laporan keuangan

Total laba komprehensif

Transaksi dengan pemilik:

Dividen

Pembelian modal disetor

Tambahan modal disetor

Cadangan saham bonus

Saham treasury

Selisih kurs atas penjabaran laporan keuangan

Selisih nilai transaksi dengan kepentingan nonpengendali

Total transaksi dengan pemilik entitas yang bergabung

Pembentukan cadangan umum

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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**PT JAPFA COMFEED INDONESIA Tbk
DAN ENTITAS ANAKNYA
LAPORAN ARUS KAS KONSOLIDASIAN
Untuk Tahun yang Berakhir pada Tanggal-tanggal
31 Desember 2020, 2019 dan 2018
(Disajikan dalam jutaan Rupiah,
kecuali dinyatakan lain)**

**PT JAPFA COMFEED INDONESIA Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended
December 31, 2020, 2019 and 2018
(Expressed in millions of Rupiah,
unless otherwise stated)**

		Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	Catatan/ Notes	2020	2019 (Disajikan kembali- As restated)	2018 (Disajikan kembali- As restated)	
ARUS KAS DARI AKTIVITAS OPERASI					CASH FLOWS FROM OPERATING ACTIVITIES
					<i>Cash received from customers</i>
		37.180.893	38.642.225	36.609.759	
		(28.245.006)	(31.110.616)	(30.160.050)	<i>Cash paid to suppliers and others</i>
		(3.851.334)	(3.674.837)	(3.198.446)	<i>Cash paid to employees</i>
		(879.804)	(824.038)	(622.062)	<i>Interest paid</i>
		(335.394)	(1.222.093)	(788.421)	<i>Corporate income tax paid</i>
		230.085	80.576	4.479	<i>Receipt of claim for tax refund</i>
		4.099.440	1.891.217	1.845.259	Net cash provided by operating activities
ARUS KAS DARI AKTIVITAS INVESTASI					CASH FLOWS FROM INVESTING ACTIVITIES
		(1.607.397)	(3.088.627)	(2.216.782)	<i>Additions of fixed assets</i>
	1c,4	(364.240)	-	-	<i>Payments for business combination of entities under common control</i>
		(129.460)	(53.853)	(53.260)	<i>Additions of land for development</i>
		113.337	98.996	202.270	<i>Proceeds from due from a related party</i>
		(73.348)	-	-	<i>Additions of right-of-use assets</i>
		57.846	22.679	58.278	<i>Interest income received</i>
	13	27.663	7.567	68.517	<i>Proceeds from sale of fixed assets</i>
	9	(7.472)	(14.120)	(30.428)	<i>Additions of biological assets</i>
		1.538	7.553	-	<i>Proceeds from sale of investment properties</i>
		1.270	(1.680)	(92)	<i>Increase (decrease) from other current financial assets</i>
		(527)	(6.480)	(37.903)	<i>Additions of intangible assets</i>
	1c	-	(83.000)	-	<i>Payments of business acquisitions</i>
	1c	-	(37.153)	(32.843)	<i>Payments for acquisition of subsidiaries</i>
	15	-	-	(4.084)	<i>Additions of investment properties</i>
		-	-	(863)	<i>Additions of security deposits</i>
		(1.980.790)	(3.148.118)	(2.047.190)	Net cash used in investing activities
ARUS KAS DARI AKTIVITAS PENDANAAN					CASH FLOWS FROM FINANCING ACTIVITIES
	35	(258.375)	(638.281)	(1.205.915)	<i>Payments of dividends</i>
		(2.877.708)	(589.002)	(424.294)	<i>Payments of short-term bank loans</i>
		1.738.000	966.000	293.470	<i>Proceeds from long-term bank loans</i>
		(297.649)	(180.245)	(142.060)	<i>Payments of long-term bank loans</i>
		(72.743)	1.998	14.652	<i>Decrease (increase) in treasury stock</i>
	14	(23.006)	-	(2.405)	<i>Payments of lease liabilities</i>
		(3.083)	(3.631)	(1.375)	<i>Payments of loan to finance acquisition of fixed assets</i>
		-	2.418.985	819.644	<i>Proceeds from short-term bank loans</i>
		-	(850.000)	-	<i>Payments related to reduction in bonds payable</i>
	26	-	2.569	239.805	<i>Increase in additional paid-in capital</i>
	26	-	-	63.211	<i>Increase in share capital</i>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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

The original consolidated financial statements included herein are in Indonesian language.

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	Catatan/ Notes	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
		2020	2019 (Disajikan kembali- As restated)	2018 (Disajikan kembali- As restated)	
Kas neto yang (digunakan untuk) diperoleh dari aktivitas pendanaan		(1.794.564)	1.128.393	(345.267)	<i>Net cash (used in) provided by financing activities</i>
KENAIKAN (PENURUNAN) NETO KAS DAN SETARA KAS		324.086	(128.508)	(547.198)	<i>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</i>
KAS DAN SETARA KAS AWAL TAHUN		1.004.280	1.160.393	1.663.520	<i>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</i>
Pengaruh perubahan kurs mata uang asing		7.545	(27.605)	44.071	<i>Effect of foreign exchange rate changes</i>
KAS DAN SETARA KAS AKHIR TAHUN	4	1.335.911	1.004.280	1.160.393	<i>CASH AND CASH EQUIVALENTS AT END OF YEAR</i>
Transaksi nonkas diungkapkan dalam Catatan 45					<i>Non-cash transactions is presented in Note 45</i>

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian.

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

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1. UMUM

a. Pendirian dan Informasi Umum

PT Japfa Comfeed Indonesia Tbk (Perusahaan) didirikan dalam rangka UU Penanaman Modal Asing No. 1 tahun 1967 berdasarkan Akta Notaris No. 59 tanggal 18 Januari 1971 dari notaris Djojo Muljadi, S.H. dan diubah dengan Akta Notaris No. 60 dari notaris yang sama tanggal 15 Februari 1972. Akta Pendirian ini beserta perubahannya telah disahkan oleh Menteri Kehakiman Republik Indonesia berdasarkan Surat Keputusan No. Y.A.5/39/8 tanggal 4 Oktober 1972 dan diumumkan dalam Berita Negara Republik Indonesia No. 86 Tambahan No. 641 tanggal 25 Oktober 1974. Status Perusahaan berubah dari Penanaman Modal Asing menjadi Penanaman Modal Dalam Negeri berdasarkan Surat Keputusan dari BKPM No.10/V/1982 tanggal 25 Juni 1982 yang dinyatakan dalam Akta Notaris No. 29 tanggal 27 Oktober 1982 dari notaris Sastra Kosasih, S.H. Anggaran dasar Perusahaan telah mengalami beberapa kali perubahan, yang terakhir dengan Akta Notaris No. 17 tanggal 2 April 2019 dari notaris Christina Dwi Utami, SH, M.Hum, MKn, dan telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusannya No. AHU-0020744.AH.01.02.TAHUN 2019, tanggal 15 April 2019, sehubungan dengan perubahan ketentuan Pasal 3 Anggaran Dasar Perseroan tentang Maksud dan Tujuan serta Kegiatan Usaha Perseroan sesuai Klasifikasi Baku Lapangan Usaha Indonesia (KBLI) 2017.

Perusahaan mulai beroperasi secara komersial pada bulan Januari 1971. Kantor pusat Perusahaan beralamat di Wisma Milenia Lt. 7 Jl. MT. Haryono Kav. 16 Jakarta 12810, dengan pabrik berlokasi di Sidoarjo, Surabaya, Sragen, Cirebon, Tangerang, Cikande, Lampung, Padang, Medan, Banjarmasin, Makassar, Grobogan dan Purwakarta.

Perusahaan dan entitas anaknya selanjutnya disebut "Grup".

1. GENERAL

a. Establishment and General Information

PT Japfa Comfeed Indonesia Tbk (the "Company") was established within the framework of the Foreign Capital Investment Law No. 1 year 1967 based on Notarial Deed No. 59 dated January 18, 1971, of Djojo Muljadi, S.H., as amended by Notarial Deed No. 60 dated February 15, 1972, of the same notary. The Deed of Establishment was approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. Y.A.5/39/8 dated October 4, 1972, and was published in the State Gazette of the Republic of Indonesia No. 86 dated October 25, 1974, Supplement No. 641. The Company's status was changed from a Foreign Capital Investment (PMA) company to a Domestic Capital Investment company based on Decision Letter No. 10/V/1982 dated June 25, 1982, of the Capital Investment Coordinating Board (BKPM) as stated in Notarial Deed No. 29 dated October 27, 1982, of Sastra Kosasih, S.H. The Company's Articles of Association have been amended several times, most recently by Notarial Deed No. 17 dated April 2, 2019 made before the Notary Christina Dwi Utami, SH, M.Hum, MKn and was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0020744.AH.01.02.Year 2019 dated April 15, 2019, in connection with amended provisions of Article 3 of the Company's Articles of Association on the Company's Purposes and Objectives along with Business Activities according to the Standard Classification of Indonesian Business Fields (KBLI) 2017.

The Company started commercial operations in January 1971. The Company is domiciled in Jakarta and its head office is located in Wisma Millenia 7th Floor Jl. MT. Haryono Kav. 16, Jakarta 12810. The Company's manufacturing plants are located in Sidoarjo, Surabaya, Sragen, Cirebon, Tangerang, Cikande, Lampung, Padang, Medan, Banjarmasin, Makassar, Grobogan and Purwakarta.

The Company and its subsidiaries are herein after referred to as "the Group".

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1. UMUM (lanjutan)

a. Pendirian dan Informasi Umum (lanjutan)

Sesuai dengan Pasal 3 Anggaran Dasar Perusahaan, ruang lingkup kegiatan Perusahaan meliputi bidang:

i. Kegiatan usaha utama:

- a. Menjalankan usaha industri, yang meliputi:
 - Industri ransum makanan hewan; dan
 - Industri penggilingan dan pembersihan jagung.
- b. Menjalankan usaha peternakan, yang meliputi:
 - Pembibitan ayam ras;
 - Budidaya ayam ras pedaging; dan
 - Budidaya ayam ras petelur.
- c. Menjalankan usaha perdagangan utamanya perdagangan atas barang-barang produk Perseroan, meliputi:
 - Perdagangan besar makanan dan minuman lainnya;
 - Perdagangan besar binatang hidup;
 - Perdagangan besar minyak dan lemak nabati;
 - Perdagangan besar karet dan plastik dalam bentuk dasar;
 - Perdagangan eceran hasil peternakan;
 - Perdagangan eceran hasil perikanan;
 - Perdagangan eceran hewan ternak; dan
 - Perdagangan eceran pakan ternak/unggas/ikan dan hewan piaraan.

ii. Kegiatan usaha penunjang:

- a. Industri barang dari plastik untuk pengemasan;
- b. Industri minyak mentah dan lemak nabati;
- c. Industri kopra;
- d. Industri minyak mentah kelapa;
- e. Pengangkutan barang dengan kendaraan bermotor dan dapat mengangkut lebih dari satu jenis barang, seperti angkutan dengan truk, pick up dan container;

1. GENERAL (continued)

a. Establishment and General Information (continued)

In accordance with Article 3 of the Company's Articles of Association, the scope of its activities comprises of the following:

i. Main business activities:

- a. *Conducting industrial business which include:*
 - *Animal feed ration industry; and*
 - *Corn milling and cleaning industry.*
- b. *Conducting livestock business which include:*
 - *Chicken breeding;*
 - *Broilers breeding; and*
 - *Layer breeding.*
- c. *Conducting trading business, mainly trading for the Company's products among others:*
 - *Wholesale in other food and beverages;*
 - *Wholesale in live animals;*
 - *Wholesale in oil and vegetable fat;*
 - *Wholesale in rubber and plastic in basic forms;*
 - *Retail trade in livestock products;*
 - *Retail trade in aquaculture products;*
 - *Retail trade in livestock; and*
 - *Retail trade of animal/poultry/fish and pets feed.*

ii. Supporting business activities:

- a. *Plastic for wrapping industry;*
- b. *Crude oil and vegetable oil industry;*
- c. *Copra industry;*
- d. *Crude coconut oil industry;*
- e. *Transportation of goods with motor vehicle and capable of transporting more than one type of goods, such as transportation by truck, pick up and container;*

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1. UMUM (lanjutan)

a. Pendirian dan Informasi Umum (lanjutan)

Sesuai dengan Pasal 3 Anggaran Dasar Perusahaan, ruang lingkup kegiatan Perusahaan meliputi bidang: (lanjutan)

ii. Kegiatan usaha penunjang: (lanjutan)

- f. Pergudangan dan penyimpanan lainnya; dan
- g. Usaha-usaha lain yang berkaitan dan mendukung bidang usaha kegiatan usaha utama Perseroan sesuai dengan peraturan perundang-undangan yang berlaku.

Hasil produksi Perusahaan dipasarkan di dalam dan luar negeri, seperti Asia, Eropa dan Amerika Serikat.

Japfa Ltd., yang berlokasi di Singapura, merupakan entitas induk dari Grup.

b. Penawaran Umum Efek

Pada tanggal 31 Agustus 1989, Perusahaan memperoleh pernyataan efektif dari Ketua Badan Pengawas Pasar Modal (Bapepam dan LK) dengan suratnya No.SI-046/SHM/MK.10/1989 untuk melakukan penawaran umum atas 4.000.000 saham Perusahaan kepada masyarakat. Pada tanggal 23 Oktober 1989 saham tersebut dicatatkan pada Bursa Efek Indonesia.

Pada tanggal 8 Februari 1990, Perusahaan memperoleh persetujuan pencatatan dari Ketua Bapepam dengan suratnya No. S-139/PM/1990 untuk melakukan pencatatan saham sebesar 24.000.000 saham yang berasal dari penawaran umum terbatas dengan perbandingan 2:3. Saham-saham tersebut dicatatkan pada Bursa Efek Indonesia pada tanggal 12 Februari 1990.

Pada tanggal 26 Juli 1991, Perusahaan memperoleh persetujuan pencatatan dari Ketua Bapepam dengan suratnya No. S-1149/PM/1991 untuk melakukan pencatatan saham bonus sejumlah 80.000.000 saham dengan perbandingan 1:2. Saham-saham tersebut dicatatkan pada Bursa Efek Indonesia pada tanggal 29 Juli 1991.

1. GENERAL (continued)

a. Establishment and General Information (continued)

In accordance with Article 3 of the Company's Articles of Association, the scope of its activities comprises of the following: (continued)

ii. Supporting business activities: (continued)

- f. Warehousing and other storage; and*
- g. Other businesses which related and support the Company's main business activities in accordance with the laws and regulations.*

The Company's products are marketed, both locally and internationally, in Asia, Europe and United States.

Japfa Ltd., which is based in Singapore, is the immediate holding company of the Group.

b. Public Offering of Shares

On August 31, 1989, the Company obtained the Notice of Effectivity of Share Registration No.SI-046/SHM/MK.10/1989 from the Chairman of the Capital Market Supervisory Agency (Bapepam-LK) for its public offering of 4,000,000 shares. On October 23, 1989, these shares were listed on the Indonesia Stock Exchange.

On February 8, 1990, the Company obtained the Notice of Effectivity of Share Registration No. S-139/PM/1990 from the Chairman of Bapepam for its limited offering of 24,000,000 shares on a 2:3 basis. These shares were listed on the Indonesia Stock Exchange on February 12, 1990.

On July 26, 1991, the Company obtained the Notice of Effectivity of Share Registration No. S-1149/PM/1991 from the Chairman of Bapepam for its limited offering of 80,000,000 shares on a 1:2 basis. These shares were listed on the Indonesia Stock Exchange on July 29, 1991.

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1. UMUM (lanjutan)

b. Penawaran Umum Efek (lanjutan)

Pada tanggal 20 Maret 1992, Perusahaan memperoleh persetujuan pencatatan tambahan saham atas penerbitan Obligasi Konversi di luar negeri dari Ketua Bapepam dengan suratnya No. S-599/PM/1992 sebanyak 28.941.466 saham.

Pada tanggal 1 November 2002, Perusahaan memperoleh persetujuan Rapat Umum Pemegang Saham Luar Biasa untuk meningkatkan modal ditempatkan dan disetor dengan mengeluarkan 1.340.473.194 saham dengan nilai nominal Rp1.000 (dalam Rupiah penuh) per saham kepada kreditur tak terafiliasi tanpa melalui Hak Memesan Efek Terlebih Dahulu sesuai dengan peraturan Bapepam No. IX.D.4, lampiran Keputusan Ketua Bapepam No. Kep-44/PM/1998 tanggal 14 Agustus 1998.

Pada tanggal 16 Mei 2007, Perusahaan menerima Surat Persetujuan Penerbitan Obligasi No. 021/JAPFA-BPM/LD-CS/V/07 dari Ketua Bapepam-LK sehubungan dengan penerbitan Obligasi Japfa I Tahun 2007 sebesar Rp500.000.

Pada tanggal 29 Desember 2011, Perusahaan menerima Surat Pemberitahuan Efektif Pernyataan Pendaftaran No. S-13948/BL/2011 dari Ketua Bapepam-LK sehubungan dengan Penawaran Umum Berkelanjutan Obligasi Berkelanjutan I Japfa Tahun 2012 sebesar Rp1.500.000.

Berdasarkan Rapat Umum Pemegang Saham Luar Biasa tanggal 20 Maret 2013, para pemegang saham menyetujui untuk melakukan pemecahan nilai nominal atas saham Perusahaan Seri A dengan nilai nominal Rp1.000 (dalam Rupiah penuh) per saham menjadi Rp200 (dalam Rupiah penuh) per saham, dan saham Seri B dengan nilai nominal Rp200 (dalam Rupiah penuh) per saham menjadi Rp40 (dalam Rupiah penuh) per saham. Perubahan ini diaktakan dengan Akta Notaris No. 258 dan 259 tanggal 20 Maret 2013 dari notaris Dr. Irawan Soerodjo, SH, Msi, dan telah mendapat persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dengan Surat Keputusannya No. AHU-AH.01.10-11682 tanggal 2 April 2013. Pemecahan nilai nominal saham ini efektif pada tanggal 19 April 2013.

1. GENERAL (continued)

b. Public Offering of Shares (continued)

On March 20, 1992, the Company obtained the Notice of Effectivity of Registration No. S-599/PM/1992 from the Chairman of Bapepam for the issuance of additional 28,941,466 shares in connection with the international offering of convertible bonds.

On November 1, 2002, the Company obtained the approval at the Extraordinary Shareholders' Meeting for the increase in issued and fully paid capital through issuance of 1,340,473,194 shares with Rp1,000 (in full Rupiah) par value per share to non-affiliated creditors without preemptive rights according to Bapepam regulation No. IX.D.4, as attachment to the decision of the Chairman of Bapepam No. Kep-44/PM/1998 on August 14, 1998.

On May 16, 2007, the Company obtained the Notice of Effectivity from Chairman of Bapepam-LK in his letter No. 021/JAPFA-BPM/LD-CS/V/07 for its public offering of Japfa I Bonds year 2007 totaling to Rp500,000.

On December 29, 2011, the Company obtained the Notice of Effectivity from Chairman of Bapepam-LK in his letter No. S-13948/BL/2011 for its Public Offering of Sustainable Bonds Sustainable I Japfa year 2012 totaling to Rp1,500,000.

Based on the Extraordinary General Shareholders Meeting held on March 20, 2013, the shareholders agreed to split the nominal value of the Company's Series A shares from par value of Rp1,000 (in full Rupiah) per share to Rp200 (in full Rupiah) per share, and Series B shares from par value of Rp200 (in full Rupiah) per share to Rp40 (in full Rupiah) per share. This change was notarized in Notarial Deed of Dr. Irawan Soerodjo, SH, Msi, No. 258 and 259 dated March 20, 2013 and was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-AH.01.10-11682 dated April 2, 2013. This stock split is effective on April 19, 2013.

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1. UMUM (lanjutan)

b. Penawaran Umum Efek (lanjutan)

Pada tanggal 18 Juli 2016, Perusahaan memperoleh persetujuan Rapat Umum Pemegang Saham Luar Biasa untuk meningkatkan modal ditempatkan dan disetor dengan mengeluarkan 750.000.000 saham dengan nilai nominal Rp200 (dalam Rupiah penuh) per saham kepada KKR Jade Investments Pte Ltd tanpa melalui Hak Memesan Efek Terlebih Dahulu sesuai dengan peraturan OJK No.38/POJK.04/2014.

Pada tanggal 22 November 2016, Perusahaan menerima Surat Pemberitahuan Efektif Pernyataan Pendaftaran No. S-681/D.04/2016 dari Dewan Komisiner OJK sehubungan dengan Penawaran Umum Berkelanjutan Obligasi Berkelanjutan II Japfa sebesar Rp3.000.000.

Pada tanggal 8 Juni 2018, Perusahaan telah meningkatkan modal ditempatkan dan disetor dengan mengeluarkan 316.052.291 saham dengan nilai nominal Rp200 (dalam Rupiah penuh) persaham kepada Japfa Ltd tanpa melalui Hak Memesan Efek Terlebih Dahulu sesuai dengan peraturan OJK No.38/POJK.04/2014, sebagai pelaksanaan Penambahan Modal Tanpa Hak Memesan Efek Terlebih Dahulu sesuai persetujuan pemegang saham dalam Rapat Umum Pemegang Saham Luar Biasa Perusahaan yang diselenggarakan tanggal 18 Juli 2016 tersebut diatas.

Pada tanggal 31 Desember 2020, 2019 dan 2018, seluruh saham Perusahaan sejumlah 11.726.575.201 saham telah dicatatkan pada Bursa Efek Indonesia.

1. GENERAL (continued)

b. Public Offering of Shares (continued)

On July 18, 2016, the Company obtained the approval at the Extraordinary Shareholders' Meeting for the increase in issued and fully paid capital through issuance of 750,000,000 shares with Rp200 (in full Rupiah) par value per share to KKR Jade Investments Pte Ltd without Preemptive Rights according to OJK regulation No.38/POJK.04/2014.

On November 22, 2016, the Company obtained the Notice of Effectivity from the Board of Commissioners of OJK in its letter No. S-681/D.04/2016 for its Public Offering of Sustainable Bonds Sustainable II Japfa totaling to Rp3,000,000.

On June 8, 2018, the Company increased the issued and fully paid capital through issuance of 316,052,291 shares with Rp200 (in full Rupiah) par value per share to Japfa Ltd without Pre-emptive Rights according to OJK regulation No.38/POJK.04/2014, as implementation of increase in capital without Pre-emptive Rights according to approval of the Company's Extraordinary Shareholders' Meeting held on July 18, 2016 as mentioned above.

As of December 31, 2020, 2019 and 2018, all of the Company's outstanding shares totaling to 11,726,575,201 shares, are listed on the Indonesia Stock Exchange, respectively.

The original consolidated financial statements included herein are in Indonesian language.

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1. UMUM (lanjutan)

**c. Entitas Anak yang Dikonsolidasikan dan
Investasi Saham**

Entitas anak yang dimiliki oleh Perusahaan baik langsung maupun tidak langsung adalah sebagai berikut:

1. GENERAL (continued)

**c. Consolidated Subsidiaries and Investment
in Shares of Stock**

The Company's subsidiaries controlled directly or indirectly, are as follows:

Entitas Anak/ Subsidiary	Domisili/ Domicile	Jenis Usaha/ Nature of Business	Tahun Operasi Komersial/ Start of Commercial Operations	Persentase Pemilikan Efektif/ Effective Percentage of Ownership			Jumlah Aset (Sebelum Eliminasi)/ Total Assets (Before Elimination)		
				(Diaudit/ Audited)	(Diaudit/ Audited)	(Diaudit/ Audited)	(Diaudit/ Audited)	(Diaudit/ Audited)	(Diaudit/ Audited)
				(Disajikan kembali - Catatan 4/ As restated - Note 4)			(Disajikan kembali - Catatan 4/ As restated - Note 4)		
Entitas Anak yang Dikonsolidasikan/ Consolidated Subsidiaries									
PT Suri Tani Pemuka (STP)	Sidoarjo	Produksi pakan udang, tambak udang, kamar pendingin dan penetasan telur udang/ Production of shrimp feed, shrimp farming, cold storage and shrimp hatchery	1987	100,00	100,00	100,00	2.273.751	2.016.016	1.785.020
- PT Kraksaan Windu (KW)	Probolinggo	Tambak udang/Shrimp farming	1991	100,00	100,00	100,00	3.729	3.782	18.800
- PT Artha Lautan Mulya (ALM)	Situbondo	Tambak udang/Shrimp farming	1992	100,00	100,00	100,00	9.319	8.703	11.654
- PT Bumiarsi Lestari (BL)	Situbondo	Tambak udang/Shrimp farming	1989	60,00	60,00	60,00	11.843	10.311	10.220
- PT Iroha Sidat Indonesia (ISI)	Banyuwangi	Tambak udang/Shrimp farming	2012	89,94	89,94	89,94	71.989	122.070	107.469
PT Ciomas Adisatwa (CA)	Jakarta	Perdagangan, peternakan ayam dan rumah potong ayam/ Trading, commercial farm and chicken slaughter house	1998	100,00	100,00	100,00	5.114.185	5.586.811	4.544.061
- PT Japfa Indoland	Jakarta	Real estat/Real estate	1992	100,00	100,00	100,00	1.074.596	979.351	892.100
- PT Tretes Indah Permai (TIP)	Tretes	Real estat/Real estate	1995	100,00	100,00	100,00	8.135	8.063	7.601
- PT Jakamitra Indonesia	Surabaya	Real estat/Real estate	2010	100,00	100,00	100,00	901.308	807.019	734.196
- PT Indonesia Pelleting (IP)	Jakarta	Industri pellet (tidak beroperasi)/ Pellets manufacturing (dormant)	1967	100,00	100,00	100,00	66	66	67
- PT Japfa Food Nusantara (JFN)	Jakarta	Tidak beroperasi/dormant	1997	100,00	100,00	100,00	24	51	51
- PT Wabin Jayatama	Serang	Perkebunan dan peternakan/ Plantations and farming	1988	100,00	100,00	100,00	19.329	19.240	19.871
- PT Vaksindo Satwa Nusantara (VSN)	Jakarta	Produksi vaksin/Production of vaccine	1981	100,00	100,00	100,00	646.121	517.902	392.161
- Vaksindo Animal Health Pvt Ltd	India/India	Produksi vaksin/Production of vaccine	2018	100,00	100,00	100,00	9.174	224	-
- Vaksindo Vietnam Co., Ltd - Apachee Pte., Ltd	Vietnam Singapura/ Singapore	Produksi vaksin/Production of vaccine	Belum beroperasi/ Not yet operated	100,00	-	-	-	-	-
- PT Bhirawa Mitra Sentosa (BMS)	Surabaya	Jasa Transportasi/Transportation service	2010	100,00	100,00	100,00	168.661	175.391	191.042
- PT Agrinusa Jaya Santosa (AJS)	Jakarta	Jasa angkutan barang/Transportation services	1999	100,00	100,00	100,00	110.992	102.551	90.409
- PT Proteindotama Cipta Pangan (PCP)	Sidoarjo	Perdagangan dan produksi vaksin/ Trading and Production of vaccine	2008	100,00	100,00	100,00	575.014	464.593	387.726
- PT Bintang Laut Timur (BLT)	Surabaya	Perdagangan daging ayam, daging ayam olahan, daging sapi, ikan, dan ikan olahan/ Trading of chicken meat, processed chicken meat, beef, fish and processed fish	2019	100,00	100,00	100,00	180.139	129.935	-
- PT Indojoya Agrinusa (IAG)	Medan	Depo container/ Marine transportation services	1974	100,00	100,00	100,00	750	989	2.876
- PT Santosa Agrindo (SA)	Jakarta	Produksi pakan ternak dan pembibitan ayam/ Animal feeds manufacturing and chicken breeding	1997	50,00	50,00	50,00	2.447.611	2.231.200	1.986.421
- PT Austasia Stockfeed (ASF)	Jakarta	Perdagangan, unit pengolahan daging dan rumah potong sapi/ Trading, beef processing unit and cattle slaughter house	1991	100,00	100,00	100,00	517.562	1.214.348	1.314.475
- Japfa Santori Australia Pty Ltd (JSA) Darwin	Darwin	Perdagangan dan pembibitan sapi/ Trading and cattle breeding	1973	100,00	100,00	100,00	290.113	407.473	476.522
Comfeed Finance B.V.	Amsterdam	Perdagangan dan pembibitan sapi (tidak beroperasi)/ Trading and cattle breeding (dormant)	2013	100,00	100,00	100,00	-	-	-
- Comfeed Trading B.V.	Amsterdam	Investasi/Investment	2013	100,00	100,00	100,00	27.255	26.898	43.574
Multi Makanan Permai (MMP)	Jakarta	Perdagangan/Trading	2013	100,00	100,00	100,00	31.922	36.557	53.120
- PT Santosa Utama Lestari (SUL)	Jakarta	Perdagangan/Trading	2015	100,00	100,00	100,00	395.013	378.031	140.433
- PT Sentra Satwatama Indonesia (SSI)	Jakarta	Pertanian, perdagangan, industri, pengeringan jagung/ Agriculture, trading, industry, corn dryer	2017	100,00	100,00	100,00	458.954	378.984	92.240
- PT Celebes Agro Semesta (CAS)	Jakarta	Pertanian, perdagangan, industri, pengeringan jagung/ Agriculture, trading, industry, corn dryer	2018	80,00	80,00	80,00	24.871	38.005	17.479
PT So Good Food (SGF)	Jakarta	Pertanian, perdagangan, industri, transportasi dan jasa/ Agriculture, trading, industry, transportation and Services	2011	100,00	100,00	100,00	29.989	46.924	-
- PT So Good Food Manufacturing (SGFM)	Jakarta	Makanan Konsumen/Consumer Foods	1996	100,00	100,00	100,00	1.504.062	1.608.944	1.456.084
Manufaktur Makanan/Foods Manufacturing	Jakarta	Manufaktur Makanan/Foods Manufacturing	1997	100,00	100,00	100,00	360.953	290.939	320.901
Investasi Saham/Investment in Shares of Stock									
PT Nusa Prima Logistik (NPL)	Jakarta	Perdagangan/Trading	2014	17,50	17,50	17,50	522.021	553.692	601.454
Investasi Saham yang Dimiliki Entitas Anak/Investment in Shares of Stock in Subsidiary									
PT Eco Partner Indonesia (EPI)	Jakarta	Perdagangan/Trading	2013	19,00	19,00	19,00	47.127	47.128	48.319
Investasi dalam ventura bersama/ Joint venture investment									
PT Intan Kenkomayo Indonesia (IKI)	Jakarta	Industri Mayonaise/Mayonaise Industries	2014	51,00	51,00	51,00	60.122	60.137	50.151
PT Cahaya Gunung Foods (CGF)	Jakarta	Industri Makanan/Foods Industry	2016	40,00	40,00	40,00	246.609	186.165	159.144
PT Kona Bay Indonesia (KBI)	Jakarta	Tambak Udang dan Perdagangan/ Shrimp Farming and Trading	Belum beroperasi/ Not yet operate	49,00	-	-	-	-	-

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1. UMUM (lanjutan)

**c. Entitas Anak yang Dikonsolidasikan dan
Investasi Saham (lanjutan)**

Pendirian Entitas Anak

Vaksindo Animal Health Pvt Ltd

Pada tanggal 28 Agustus 2018, PT Vaksindo Satwa Nusantara (VSN), entitas anak, dan Perusahaan mendirikan entitas anak, Vaksindo Animal Health Private Limited, menurut *Certificate of Incorporation* No. U74999PN2018FTC178339 yang diterbitkan oleh Kementerian Urusan Korporasi Pemerintah India, dengan kepemilikan VSN sebesar 99,99% dan kepemilikan Perusahaan sebesar 0,01%. Pada bulan Desember 2018, VSN dan Perusahaan telah melakukan penyetoran kepada Vaksindo Animal Health Pvt Ltd sebesar Rp185.

Vaksindo Vietnam Animal Health Company Limited, dengan nama singkat: Vaksindo Vietnam Co., Ltd

Pada tanggal 27 November 2020, PT Vaksindo Satwa Nusantara (VSN), entitas anak, mendirikan anak perusahaan Vaksindo Vietnam Co., Ltd, menurut *Business Registration Certificate of One Member Limited Company* No. 0901090390 yang diterbitkan oleh Kantor Pendaftaran Perencanaan Bisnis dan Investasi Propinsi Hung Yen, Republik Sosialis Vietnam, dengan kepemilikan VSN sebesar 100%.

Akuisisi Bisnis

PT Proteindotama Cipta Pangan (PCP)

Berdasarkan Akta No. 89 tanggal 25 Juli 2019, PT Ciomas Adisatwa (Ciomas) dan PT Suri Tani Pemuka (STP), entitas anak, telah mendirikan entitas anak, PT Proteindotama Cipta Pangan, dengan kepemilikan Ciomas sebesar 99,999% dan STP sebesar 0,001%.

1. GENERAL (continued)

**c. Consolidated Subsidiaries and Investment
in Shares of Stock (continued)**

Establishment of Subsidiaries

Vaksindo Animal Health Pvt Ltd

On August 28, 2018, PT Vaksindo Satwa Nusantara (VSN), a subsidiary, and the Company established a subsidiary, Vaksindo Animal Health Private Limited, in pursuant to *Certificate of Incorporation* No. U74999PN2018FTC178339 issued by the Ministry of Corporate Affairs Government of India, with VSN's ownership equivalent to 99.99% and the Company's ownership equivalent to 0.01%. In December 2018, VSN and the Company has paid the total amount of Rp185 to Vaksindo Animal Health Pvt Ltd.

Vaksindo Vietnam Animal Health Company Limited, Abbreviated name: Vaksindo Vietnam Co.,Ltd

On November 27, 2020, PT Vaksindo Satwa Nusantara (VSN), a subsidiary, and the Company established a subsidiary, Vaksindo Vietnam Co.,Ltd, in pursuant to *Business Registration Certificate of One Member Limited Company* No. 0901090390 issued by Hung Yen Province Department of Planning and Investment Business Registration Office of Socialist Republic of Vietnam, with VSN's ownership equivalent to 100%.

Business Acquisition

PT Proteindotama Cipta Pangan (PCP)

Based on Deed No. 89 dated July 25, 2019, PT Ciomas Adisatwa (Ciomas) and PT Suri Tani Pemuka (STP), subsidiaries, established a subsidiary, PT Proteindotama Cipta Pangan, with Ciomas ownership equivalent to 99.999% and STP ownership equivalent to 0.001%.

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**c. Entitas Anak yang Dikonsolidasikan dan
Investasi Saham (lanjutan)**

Akuisisi Bisnis (lanjutan)

**PT Proteindotama Cipta Pangan (PCP)
(lanjutan)**

PCP menandatangani Perjanjian Jual Beli dengan pihak ketiga untuk mengakuisisi sekumpulan aset yang merupakan bisnis toko daging eceran. Nilai wajar aset yang teridentifikasi dan harga perolehan yang dibayarkan adalah sebagai berikut:

Total aset yang dapat diidentifikasi pada nilai wajar	41.972
Goodwill	41.028
Total nilai perolehan yang dibayar	83.000

Akuisisi Entitas Anak

PT Santosa Utama Lestari (SUL)

Berdasarkan Akta Jual Beli Saham No. 48 dan 49 tanggal 30 April 2018, PT Multi Makanan Permai (MMP) dan PT Ciomas Adisatwa (Ciomas), entitas anak, telah membeli saham SUL sejumlah 34.670 saham dari PT Vasham Kosa Sejahtera dan 30 saham dari PT Mulia Membangun Mandiri dengan harga masing-masing Rp41.964 dan Rp36. Dengan demikian, kepemilikan MMP dan Ciomas di SUL masing-masing adalah 99,91% dan 0,09%.

PT Sentra Satwatama Indonesia (SSI) sesuai anggaran dasarnya merupakan suatu perusahaan yang bergerak dalam bidang usaha pertanian, pembangunan, perdagangan, industri, percetakan, transportasi, perbengkelan dan jasa. Kepemilikan saham SSI sebesar 80% dimiliki oleh SUL, sedangkan 20% selebihnya dimiliki oleh pihak-pihak ketiga.

1. GENERAL (continued)

**c. Consolidated Subsidiaries and Investment
in Shares of Stock (continued)**

Business Acquisition (continued)

**PT Proteindotama Cipta Pangan (PCP)
(continued)**

PCP signed several Sales and Purchase Agreements with third parties to acquire groups of assets that constitute retail meat store business. The fair value of the identifiable assets and the considerations paid are as follows:

Total identifiable assets at fair value	41.972
Goodwill	41.028
Total consideration paid	83.000

Acquisition of Subsidiaries

PT Santosa Utama Lestari (SUL)

Based on Deed of Sale and Purchase of Shares No. 48 and 49 dated April 30, 2018, PT Multi Makanan Permai (MMP) and PT Ciomas Adisatwa (Ciomas), subsidiaries, purchased the shares of stock of SUL totaling to 34,670 shares owned by PT Vasham Kosa Sejahtera and 30 shares owned by PT Mulia Membangun Mandiri at purchase prices of Rp41,964 and Rp36, respectively. Accordingly, the ownership interests of MMP and Ciomas in SUL are 99.91% and 0.09%, respectively.

PT Sentra Satwatama Indonesia (SSI) based on deed the Company's Articles of Association, the scope of its activities comprises of the following agriculture, building, trading, printing, transportation, workshop and services. The share ownership of SUL in SSI are 80%, while the remaining 20% is owned by third parties.

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**c. Entitas Anak yang Dikonsolidasikan dan
Investasi Saham (lanjutan)**

Akuisisi Entitas Anak (lanjutan)

PT Santosa Utama Lestari (SUL) (lanjutan)

Rincian nilai wajar dari aset dan liabilitas SUL dan Entitas Anak yang dapat diidentifikasi pada saat tanggal akuisisi adalah sebagai berikut:

Total aset neto yang dapat diidentifikasi pada nilai wajar	18.657
<i>Goodwill</i>	23.343
Total nilai perolehan yang dibayar	42.000
Saldo kas yang diterima dari akuisisi	(9.157)
Arus kas keluar neto dari akuisisi entitas anak	32.843

PT Celebes Agro Semesta (CAS)

Berdasarkan Akta Jual Beli Saham No. 105 dan 106 tanggal 27 Juni 2019, SUL dan Ciomas, entitas anak, telah membeli saham CAS sejumlah 2.997 saham dari PT Vasham Kosa Sejahtera, pihak ketiga, dan 3 saham dari Tuan Ermadi dengan harga masing-masing Rp37.962 dan Rp38. Dengan demikian, kepemilikan SUL dan Ciomas di CAS masing-masing adalah 99,99% dan 0,01%. Jual Beli Saham ini berlaku efektif tanggal 1 Juli 2019.

Rincian nilai wajar dari aset dan liabilitas CAS yang dapat diidentifikasi pada saat tanggal akuisisi adalah sebagai berikut:

Total aset neto yang dapat diidentifikasi pada nilai wajar	17.090
<i>Goodwill</i>	20.910
Total nilai perolehan yang dibayar	38.000
Saldo kas yang diterima dari akuisisi	(847)
Arus kas keluar neto dari akuisisi entitas anak	37.153

1. GENERAL (continued)

**c. Consolidated Subsidiaries and Investment
in Shares of Stock (continued)**

Acquisition of Subsidiaries (continued)

**PT Santosa Utama Lestari (SUL)
(continued)**

The fair values of the identifiable assets and liabilities of SUL and Subsidiary at the date of acquisition are as follows:

Total identifiable net assets at fair value	
<i>Goodwill</i>	
Total consideration paid	
Cash balance received from the acquisition	
Net cash out flow from acquisition of a subsidiary	

PT Celebes Agro Semesta (CAS)

Based on Deed of Sale and Purchase of Shares No. 105 and 106 dated June 27, 2019, SUL and Ciomas, subsidiaries, purchased the shares of stock of CAS totaling to 2,997 shares owned by PT Vasham Kosa Sejahtera, a third party, and 3 shares owned by Mr. Ermadi at purchase prices of Rp37,962 and Rp38, respectively. Accordingly, the ownership interests of SUL and Ciomas in CAS are 99.99% and 0.01%, respectively. The sale and purchase of shares was effective on July 1, 2019.

The fair value of the identifiable assets and liabilities of CAS at the date of acquisition are as follows:

Total identifiable net assets at fair value	
<i>Goodwill</i>	
Total consideration paid	
Cash balance received from the acquisition	
Net cash out flow from acquisition of a subsidiary	

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1. UMUM (lanjutan)

**c. Entitas Anak yang Dikonsolidasikan dan
Investasi Saham (lanjutan)**

Akuisisi Entitas Anak (lanjutan)

PT So Good Food (SGF)

Berdasarkan Perjanjian Jual Beli tanggal 28 Agustus 2020 antara Jupiter Foods Pte Ltd dan Annona Pte Ltd selaku Penjual dengan Perusahaan dan PT Ciomas Adisatwa (entitas anak), sebagai Pembeli telah menyepakati menandatangani jual beli dari 100% saham yang telah ditempatkan dan disetor dalam PT So Good Food (SGF), (termasuk pembelian 1.000 saham Seri A dalam PT So Good Food Manufacturing (SGFM) atau 0,004% saham yang telah ditempatkan dan disetor dalam SGFM), dengan harga total masing-masing Rp1.214.113, untuk saham SGF dan Rp18, untuk saham SGFM. Jual beli saham ini merupakan kombinasi bisnis entitas sepengendali dan telah berlaku efektif tanggal 30 November 2020, ditandai dengan Perusahaan dan Ciomas membayarkan senilai Rp364.222 kepada Penjual, dan Perusahaan menerbitkan Surat Sanggup ("Nota") senilai Rp849.892 untuk 70% harga pembelian saham SGF yang tersisa kepada Jupiter Foods Pte Ltd, serta Perusahaan membayarkan seluruh harga pembelian saham SGFM senilai Rp18.

Dengan menerbitkan Nota, Perusahaan berjanji membayar kepada Jupiter Foods Pte Ltd setiap saat atas penyerahan Nota, bersama dengan bunga yang harus dibayar atasnya. Bunga terhutang sebesar JIBOR (1 bulan) ditambah 2,25% per tahun mulai tanggal 16 April 2021 sampai dengan tanggal pembayaran lunas.

Penjelasan lebih lanjut mengenai Kombinasi Entitas Sepengendali yang sebagai dampak dari transaksi ini dijelaskan lebih lanjut pada Catatan 4.

1. GENERAL (continued)

**c. Consolidated Subsidiaries and Investment
in Shares of Stock (continued)**

Acquisition of Subsidiaries (continued)

PT So Good Food (SGF)

Based on Sale and Purchase Agreement dated August 28, 2020 between Jupiter Foods Pte Ltd and Annona Pte Ltd as Sellers with the Company and Ciomas (Subsidiary Entity) as the Buyers, both buyers and sellers agreed on the sale and purchase of 100% shares that had been issued and paid-up in PT So Good Food (including sale and purchase of 1,000 series A shares in PT So Good Food Manufacturing (SGFM) representing 0,004% of subscribed and paid up capital in SGFM), at the aggregate purchase prices of Rp1,214,113, for SGF shares and Rp18, for SGFM shares. The sale and purchase of shares is a business combination of entities under common control and became effective on November 30, 2020, as indicated by the following: the Company and Ciomas paid Rp364,222 to the Sellers, and the Company issued Promissory Note ("the Note") amounting to Rp849,892 for the remaining 70% of the purchase price of SGF shares to Jupiter Foods Pte Ltd, and the Company paid the price of SGFM shares amounting to Rp18.

By issuing the Note, the Company promises to pay Jupiter Foods Pte Ltd at any time for the presentation of the Note, along with the interest payable on it. Interest payable is JIBOR (1 month) plus 2.25% per annum starting April 16, 2021 until the date of full payment.

The combination of entities under common control as a result of this transaction is further described in Note 4.

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1. UMUM (lanjutan)

**c. Entitas Anak yang Dikonsolidasikan dan
Investasi Saham (lanjutan)**

Investasi Saham

PT Eco Partners Indonesia (EPI)

Berdasarkan Perjanjian Jual Beli Saham tanggal 13 April 2017 Ciomas (entitas anak yang dimiliki sepenuhnya) telah mengakuisisi saham PT Eco Partners Indonesia sejumlah 1.900 saham dari pihak ketiga, mewakili 19% kepemilikan saham dengan harga Rp20.520.

PT Nusa Prima Logistik (NPL)

Berdasarkan Akta No. 266 tanggal 30 September 2014 dari Jimmy Tanal, S.H., pengganti dari Hasbullah Abdul Rasyid, SH, MKn, notaris di Jakarta, Perusahaan membeli 875 lembar saham PT Nusa Prima Logistik (NPL) atau sebesar 17,5% dengan biaya perolehan sebesar Rp219.

Berdasarkan Akta No. 61 tanggal 12 April 2016 dari Hasbullah Abdul Rasyid, SH, MKn, notaris di Jakarta, Perusahaan melakukan peningkatan setoran modal sebesar Rp20.781 atau sebanyak 83.125 lembar saham. Peningkatan ini tidak merubah persentase kepemilikan Perusahaan di NPL.

Berdasarkan Akta No. 226 tanggal 29 Mei 2017 dari Hasbullah Abdul Rasyid, SH, MKn, notaris di Jakarta, Perusahaan melakukan peningkatan setoran modal sebesar Rp35.000 atau sebanyak 140.000 saham. Peningkatan ini tidak merubah persentase kepemilikan Perusahaan di NPL.

Investasi dalam ventura bersama

PT Kona Bay Indonesia (KBI)

Berdasarkan Akta No. 44 tanggal 10 November 2020, PT Suri Tani Pemuka (STP), entitas anak, dan Hendrix Genetics Aquaculture BV (Hendrix), telah mendirikan PT Kona Bay Indonesia, dengan kepemilikan STP sebesar 49% dan Hendrix sebesar 51%.

Penyertaan modal baru dilakukan di bulan Februari 2021 senilai Rp20.000.

1. GENERAL (continued)

**c. Consolidated Subsidiaries and Investment
in Shares of Stock (continued)**

Investment in Shares of Stock

PT Eco Partners Indonesia (EPI)

Based on Sale and Purchase Agreement of Shares dated April 13, 2017, Ciomas (wholly owned subsidiary) acquired 1,900 shares of stock of PT Eco Partners Indonesia from a third party, representing 19% ownership interest, at a purchase price of Rp20,520.

PT Nusa Prima Logistik (NPL)

Based on Deed No. 266 dated September 30, 2014 of Jimmy Tanal, S.H., replacement of Hasbullah Abdul Rasyid, SH, MKn in Jakarta, the Company purchased 875 shares of PT Nusa Prima Logistik (NPL) or equivalent to ownership interest of 17.5% for an acquisition cost of Rp219.

Based on Deed No. 61 dated April 12, 2016 of Hasbullah Abdul Rasyid, SH, MKn in Jakarta, the Company increased paid-in capital amounting to Rp20,781 or 83,125 shares. This increase did not change the ownership interest of the Company in NPL.

Based on Deed No. 226 dated May 29, 2017 of Hasbullah Abdul Rasyid, SH, MKn in Jakarta, the Company increased paid-in capital amounting to Rp35,000 or 140,000 shares. This increase did not change the ownership interest of the Company in NPL.

Investment in joint venture company

PT Kona Bay Indonesia (KBI)

Based on Deed No. 44 dated November 10, 2020, PT Suri Tani Pemuka (STP), subsidiary, and Hendrix Genetics Aquaculture BV (Hendrix), established PT Kona Bay Indonesia, with STP ownership equivalent to 49% and Hendrix ownership equivalent to 51%.

Capital injection was completed in February 2021 at the amount of Rp20,000.

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1. UMUM (lanjutan)

d. Dewan Komisaris dan Direksi serta Karyawan

Pada tanggal 31 Desember 2020 berdasarkan Akta yang didokumentasikan dalam Akta Notaris No. 94 tanggal 18 Juni 2020 dari Christina Dwi Utami, SH, M.Hum, Mkn, notaris di Jakarta, susunan manajemen Perusahaan adalah sebagai berikut:

Dewan Komisaris

Komisaris Utama	:	Syamsir Siregar	:
Wakil Komisaris Utama	:	Hendrick Kolonas	:
Komisaris Independen	:	Retno Astuti Wibisono	:
		Ignatius Herry Wibowo	
		Ito Sumardi Djuni Sanyoto	

Direksi

Direktur Utama	:	Handojo Santosa	:
Wakil Direktur Utama	:	Bambang Budi Hendarto	:
Direktur	:	Tan Yong Nang	:
		Leo Handoko Laksono	
		Rachmat Indrajaya	

Komite Audit

Ketua	:	Retno Astuti Wibisono	:
Anggota	:	Edwin Suratman	:
Anggota	:	K. Utama Atmadilaga	:

Pada tanggal 31 Desember 2019 berdasarkan Akta Notaris No. 18 tanggal 2 April 2019 dari Christina Dwi Utami, SH, M.Hum, Mkn, notaris di Jakarta, susunan manajemen Perusahaan adalah sebagai berikut:

Dewan Komisaris

Komisaris Utama	:	Syamsir Siregar	:
Wakil Komisaris Utama	:	Hendrick Kolonas	:
Komisaris Independen	:	Retno Astuti Wibisono	:
		Ignatius Herry Wibowo	
		Ito Sumardi Djuni Sanyoto	
Komisaris	:	Jaka Prasetya	:

Direksi

Direktur Utama	:	Handojo Santosa	:
Wakil Direktur Utama	:	Bambang Budi Hendarto	:
Direktur	:	Tan Yong Nang	:
		Leo Handoko Laksono	
Direktur Independen	:	Rachmat Indrajaya	:

Komite Audit

Ketua	:	Retno Astuti Wibisono	:
Anggota	:	Edwin Suratman	:
Anggota	:	K. Utama Atmadilaga	:

1. GENERAL (continued)

d. Boards of Commissioners and Directors and Employees

As of December 31, 2020 based on Notarial Deed No. 94 dated June 18, 2020 of Christina Dwi Utami, SH, M.Hum, Mkn, a public notary in Jakarta, the Company's management consists of the following:

Board of Commissioners

	:	President Commissioner
	:	Vice President Commissioner
	:	Independent Commissioners

Board of Directors

	:	President Director
	:	Vice President Director
	:	Directors

Audit Committee

	:	Chairman
	:	Member
	:	Member

As of December 31, 2019 based on Notarial Deed No. 18 dated April 2, 2019 of Christina Dwi Utami, SH, M.Hum, Mkn, a notary in Jakarta, the Company's management consists of the following:

Board of Commissioners

	:	President Commissioner
	:	Vice President Commissioner
	:	Independent Commissioners

Board of Directors

	:	President Director
	:	Vice President Director
	:	Directors

Independent Director

Audit Committee

	:	Chairman
	:	Member
	:	Member

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1. UMUM (lanjutan)

d. Dewan Komisaris dan Direksi serta Karyawan (lanjutan)

Pada tanggal 31 Desember 2018 berdasarkan Akta Notaris No. 29 tanggal 5 April 2018 dari Dr. Irawan Soerodjo, S.H., MSi, notaris di Jakarta, susunan manajemen Perusahaan adalah sebagai berikut:

Dewan Komisaris

Komisaris Utama	:	Syamsir Siregar
Wakil Komisaris Utama	:	Hendrick Kolonas
Komisaris Independen	:	Retno Astuti Wibisono Ignatius Herry Wibowo Achmad Syaifudin Haq
Komisaris	:	Jaka Prasetya

Direksi

Direktur Utama	:	Handojo Santosa
Wakil Direktur Utama	:	Bambang Budi Hendarto
Direktur	:	Tan Yong Nang Koesbyanto Setyadharma
Direktur Independen	:	Rachmat Indrajaya

Komite Audit

Ketua	:	Retno Astuti Wibisono
Anggota	:	Edwin Suratman
Anggota	:	K. Utama Atmadilaga

Personel manajemen kunci Grup terdiri dari Dewan Komisaris dan Direksi.

Sebagai perusahaan publik, Perusahaan telah memiliki Komisaris Independen dan Komite Audit sebagaimana diwajibkan oleh Otoritas Jasa Keuangan ("OJK").

Jumlah karyawan Perusahaan (tidak diaudit) adalah 15.611, 16.615 dan 14.933 karyawan masing-masing pada tanggal 31 Desember 2020, 2019 dan 2018. Jumlah karyawan Grup (tidak diaudit) adalah 30.739, 32.114 dan 29.362 karyawan masing-masing pada tanggal 31 Desember 2020, 2019 dan 2018.

e. Penyelesaian laporan keuangan konsolidasian

Manajemen bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian ini yang telah diselesaikan dan disetujui untuk diterbitkan oleh Direksi Perusahaan pada tanggal 28 Februari 2021.

1. GENERAL (continued)

d. Boards of Commissioners and Directors and Employees (continued)

As of December 31, 2018 based on Notarial Deed No. 29 dated April 5, 2018 of Dr. Irawan Soerodjo, S.H., MSi, a notary in Jakarta, the Company's management consists of the following:

Board of Commissioners

	:	President Commissioner
	:	Vice President Commissioner
	:	Independent Commissioners

Board of Directors

	:	President Director
	:	Vice President Director
	:	Directors

Audit Committee

	:	Chairman
	:	Member
	:	Member

Key management personnel of the Group consists of Board of Commissioners and Board of Directors.

As a public company, the Company has an Independent Commissioner and an Audit Committee as required by the Financial Services Authority ("OJK").

The Company has total number of employees (unaudited) of 15,611, 16,615 and 14,933 as of December 31, 2020, 2019 and 2018, respectively. Total consolidated number of employees of the Group (unaudited) is 30,739, 32,114 and 29,362 as of December 31, 2020, 2019 and 2018, respectively.

e. Completion of consolidated financial statements

The management is responsible for the preparation and presentation of these consolidated financial statements which were completed and authorized for issuance by the Company's Board of Directors on February 28, 2021.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN

a. Dasar Penyusunan dan Pengukuran Laporan Keuangan Konsolidasian

Laporan keuangan konsolidasian telah disusun sesuai dengan Standar Akuntansi Keuangan ("SAK") di Indonesia, yang mencakup Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK") yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia dan Peraturan No. VIII. G.7 mengenai Penyajian dan Pengungkapan Laporan Keuangan Emiten atau Perusahaan Publik yang diterbitkan oleh OJK.

Laporan keuangan konsolidasian telah disusun sesuai dengan PSAK 1: Penyajian Laporan Keuangan. Laporan keuangan konsolidasian, kecuali laporan arus kas konsolidasian, disusun berdasarkan konsep akrual dengan menggunakan konsep biaya historis, kecuali seperti yang disebutkan dalam catatan atas laporan keuangan konsolidasian yang relevan.

Laporan arus kas konsolidasian yang disajikan dengan menggunakan metode langsung, menyajikan penerimaan dan pengeluaran kas dan setara kas yang diklasifikasikan sebagai aktivitas operasi, investasi, dan pendanaan.

Tahun buku Grup adalah 1 Januari - 31 Desember.

Seluruh angka dalam laporan keuangan konsolidasian ini, kecuali dinyatakan lain, dinyatakan dalam dan dibulatkan menjadi jutaan Rupiah.

b. Perubahan Kebijakan Akuntansi

Grup telah menerapkan sejumlah amendemen dan penyesuaian standar akuntansi yang relevan dengan pelaporan keuangan konsolidasian dan efektif untuk tahun periode yang dimulai pada atau setelah 1 Januari 2020 sebagai berikut:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Consolidated Financial Statements Preparation and Measurement

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards ("SAK"), which comprise the Statements of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK") issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants and the Regulations No. VIII.G.7 concerning Financial Statements Presentation and Disclosures issued by OJK.

The consolidated financial statements have been prepared in accordance with PSAK 1: Presentation of Financial Statements. The consolidated financial statements, except for the consolidated statement of cash flows, have been prepared on the accrual basis using the historical cost concept of accounting, except as disclosed in the relevant notes to the consolidated financial statements.

The consolidated statement of cash flows, which has been prepared using the direct method, presents receipts and disbursements of cash and cash equivalent classified into operating, investing, and financing activities.

The financial reporting period of the Group is January 1 - December 31.

All figures in the consolidated financial statements are rounded to, and stated in, millions of Rupiah, unless otherwise stated.

b. Changes in Accounting Policies

The Group has applied a number of amendments and improvements to accounting standards that are relevant to its consolidated financial reporting and effective for annual periods beginning on or after January 1, 2020 as follow:

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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b. Perubahan Kebijakan Akuntansi (lanjutan)

Amandemen PSAK 1 dan PSAK 25: Definisi Material

Amandemen tersebut memberikan definisi baru tentang material yang menyatakan, "informasi adalah material jika dihilangkan, salah disajikan, atau dikaburkan, informasi tersebut secara wajar dapat diharapkan memengaruhi keputusan yang dibuat oleh pengguna utama laporan keuangan bertujuan umum berdasarkan laporan keuangan tersebut, yang memberikan informasi tentang entitas pelapor tertentu." Amandemen tersebut mengklarifikasi bahwa materialitas akan bergantung pada sifat atau besaran informasi, baik secara individual atau dalam kombinasi dengan informasi lain, dalam konteks laporan keuangan. Kesalahan penyajian informasi bersifat material jika secara wajar diharapkan dapat memengaruhi keputusan yang dibuat oleh pengguna utama. Amandemen ini tidak berdampak pada laporan keuangan konsolidasian, juga tidak diharapkan akan berdampak pada masa depan Grup.

Amandemen PSAK 1: Penyajian Laporan Keuangan tentang judul laporan keuangan

Amandemen PSAK 1 merupakan penyesuaian beberapa paragraf dalam PSAK 1: Penyajian Laporan Keuangan yang sebelumnya tidak diadopsi dari IAS 1 Presentation of Financial Statements menjadi diadopsi. Amandemen ini membuka opsi yang memperkenankan entitas menggunakan judul laporan selain yang digunakan dalam PSAK 1. Amandemen ini tidak berdampak pada laporan keuangan konsolidasian, juga tidak diharapkan akan berdampak pada masa depan Grup.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

b. Changes in Accounting Policies (continued)

*Amendments to PSAK 1 and PSAK 25:
Definition of Material*

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

*Amendments to PSAK 1: Presentation of
Financial Statements on the title of financial
statements*

The amendments to PSAK 1 are several paragraphs in PSAK 1: Presentation of Financial Statements which were not previously adopted from IAS 1 Presentation of Financial Statements to be adopted. This amendment opens an option that allows entities to use report titles other than those used in PSAK 1. These amendments had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Perubahan Kebijakan Akuntansi (lanjutan)

PSAK 71: Instrumen Keuangan, berlaku efektif 1 Januari 2020.

PSAK ini mengatur klasifikasi dan pengukuran instrumen keuangan berdasarkan karakteristik dari arus kas kontraktual dan model bisnis entitas; metode kerugian kredit ekspektasian untuk penurunan nilai yang menghasilkan informasi yang lebih tepat waktu, relevan dan dimengerti oleh pemakai laporan keuangan; akuntansi untuk lindung nilai yang merefleksikan manajemen risiko entitas lebih baik dengan memperkenalkan persyaratan yang lebih umum berdasarkan pertimbangan manajemen.

Klasifikasi aset dan liabilitas keuangan

Tabel di bawah ini menunjukkan klasifikasi aset dan liabilitas keuangan menurut PSAK 55 "Instrumen Keuangan Pengakuan dan Pengukuran" dan klasifikasi baru aset dan liabilitas keuangan sesuai dengan PSAK 71 pada tanggal 1 Januari 2020:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in Accounting Policies (continued)

PSAK 71: Financial Instruments, effective January 1, 2020.

This PSAK provides classification and measurement of financial instruments based on the characteristics of contractual cash flows and business model of the entity; expected credit loss impairment model that resulting in information that are more timely, relevant and understandable to users of the financial statements; accounting for hedging that reflect the entity's risk management better by introducing a more general requirement based on management's judgment.

Classification of financial assets and liabilities

The table below shows the classification of financial assets and liabilities according to PSAK 55 "Financial Instruments: Recognition and Measurement" and the new classification of financial assets and liabilities in accordance with PSAK 71 as of January 1, 2020:

Catatan/Notes	Klasifikasi berdasarkan PSAK 55 31 Desember 2019/ Classification based on PSAK 55 December 31, 2019	Klasifikasi berdasarkan PSAK 71 1 Januari 2020/ Classification based on PSAK 71 January 1, 2020	Saldo berdasarkan PSAK 55 31 Desember 2019/ Balance based on PSAK 55 December 31, 2019	Saldo berdasarkan PSAK 71 1 Januari 2020/ Balance based on PSAK 71 January 1, 2020
<u>Aset keuangan/Financial assets</u>				
Kas dan setara kas/ Cash and cash equivalents	Pinjaman yang diberikan dan piutang/ Loans and receivables	Biaya perolehan diamortisasi/ Amortised cost	1.004.280	1.004.280
Piutang usaha/ Trade receivables	Pinjaman yang diberikan dan piutang/ Loans and receivables	Biaya perolehan diamortisasi/ Amortised cost	2.188.589	2.188.589
Piutang lain-lain/ Other receivables	Pinjaman yang diberikan dan piutang/ Loans and receivables	Biaya perolehan diamortisasi/ Amortised cost	71.377	71.377
Piutang dari pihak berelasi/ Due from a related party	Pinjaman yang diberikan dan piutang/ Loans and receivables	Biaya perolehan diamortisasi/ Amortised cost	112.762	112.762
Aset keuangan lancar lainnya/ Other current financial assets	Pinjaman yang diberikan dan piutang/ Loans and receivables	Biaya perolehan diamortisasi/ Amortised cost	1.162	1.162
Investasi saham/ Investment in shares	Pinjaman yang diberikan dan piutang/ Loans and receivables	Biaya perolehan diamortisasi/ Amortised cost	56.000	56.000
Aset derivatif/ Derivative assets	Pinjaman yang diberikan dan piutang/ Loans and receivables	Biaya perolehan diamortisasi/ Amortised cost	182.792	182.792
Aset tidak lancar lainnya/ Other non-current assets	Pinjaman yang diberikan dan piutang/ Loans and receivables	Biaya perolehan diamortisasi/ Amortised cost	137.660	137.660

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b. Perubahan Kebijakan Akuntansi (lanjutan)

Klasifikasi aset dan liabilitas keuangan (lanjutan)

Tabel di bawah ini menunjukkan klasifikasi aset dan liabilitas keuangan menurut PSAK 55 "Instrumen Keuangan Pengakuan dan Pengukuran" dan klasifikasi baru aset dan liabilitas keuangan sesuai dengan PSAK 71 pada tanggal 1 Januari 2020: (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in Accounting Policies (continued)

Classification of financial assets and liabilities (continued)

The table below shows the classification of financial assets and liabilities according to PSAK 55 "Financial Instruments: Recognition and Measurement" and the new classification of financial assets and liabilities in accordance with PSAK 71 as of January 1, 2020: (continued)

Catatan/Notes	Klasifikasi berdasarkan PSAK 55 31 Desember 2019/ Classification based on PSAK 55 December 31, 2019	Klasifikasi berdasarkan PSAK 71 1 Januari 2020/ Classification based on PSAK 71 January 1, 2020	Saldo berdasarkan PSAK 55 31 Desember 2019/ Balance based on PSAK 55 December 31, 2019	Saldo berdasarkan PSAK 71 1 Januari 2020/ Balance based on PSAK 71 January 1, 2020
<u>Liabilitas keuangan/Financial liabilities</u>				
Utang bank jangka pendek/ Short-term bank loans	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	3.277.953	3.277.953
Utang usaha/ Trade payables	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	2.765.968	2.765.968
Utang lain-lain/ Other payables	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	620.273	620.273
Liabilitas derivatif/ Derivative liabilities	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	16.820	16.820
Beban akrual/ Accrued expenses	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	331.136	331.136
Liabilitas imbalan kerja jangka pendek/ Short-term employee benefits liability	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	240.967	240.967
Utang bank jangka panjang/ Long-term bank loans	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	1.348.837	1.348.837
Utang pembiayaan atas perolehan aset tetap/ Loans to finance acquisition of fixed asset	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	6.650	6.650
Utang obligasi/ Bonds payable	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	Liabilitas keuangan pada biaya perolehan diamortisasi/ Financial liabilities at amortised cost	4.563.819	4.563.819

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b. Perubahan Kebijakan Akuntansi (lanjutan)

PSAK 72: Pendapatan dari Kontrak dengan Pelanggan

PSAK 72 menetapkan model lima langkah untuk memperhitungkan pendapatan yang timbul dari kontrak dengan pelanggan dan mensyaratkan bahwa pendapatan diakui pada jumlah yang mencerminkan imbalan yang diharapkan entitas berhak sebagai imbalan atas transfer barang atau jasa kepada pelanggan.

PSAK 72 mengharuskan entitas untuk melakukan pertimbangan, dengan mempertimbangkan semua fakta dan keadaan yang relevan ketika menerapkan setiap langkah model untuk membuat kontrak dengan pelanggan mereka. Standar ini juga menetapkan akuntansi untuk biaya tambahan untuk memperoleh kontrak dan biaya yang terkait langsung dengan pemenuhan kontrak. Selain itu, standar tersebut membutuhkan pengungkapan yang luas.

PSAK 73: Sewa

PSAK ini menetapkan prinsip pengakuan, pengukuran, penyajian, dan pengungkapan atas sewa dengan memperkenalkan model akuntansi tunggal dengan mensyaratkan untuk mengakui aset hak-guna (*right-of-use assets*) dan liabilitas sewa. Terdapat 2 (dua) pengecualian opsional dalam pengakuan aset dan liabilitas sewa, yakni untuk: (i) sewa jangka-pendek dan (ii) sewa yang aset dasarnya (*underlying assets*) bernilai rendah.

Grup menerapkan PSAK 73 dengan menggunakan metode penerapan retrospektif yang dimodifikasi dengan tanggal penerapan awal 1 Januari 2020. Tabel berikut menyajikan dampak atas penerapan PSAK 73 pada tanggal 1 Januari 2020:

1 Januari 2020/January 1, 2020

	Sebelum penyesuaian/ Before adjustment	Penyesuaian PSAK 73/ PSAK 73 adjustments	Setelah penyesuaian/ After adjustment	
Aset				Assets
Biaya dibayar di muka dan uang muka - bagian lancar	7.992	(5.811)	2.181	Prepayments and advances - current portion
Biaya dibayar di muka dan uang muka - setelah dikurangi bagian lancar	137.307	(94.257)	43.050	Prepayments and advances - net of current portion
Aset hak-guna - neto	-	113.384	113.384	Right-of-use assets - net
Liabilitas				Liabilities
Liabilitas sewa - jangka pendek	-	(7.272)	(7.272)	Lease liabilities - current
Liabilitas sewa - jangka panjang	-	(6.044)	(6.044)	Lease liabilities - non-current

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in Accounting Policies (continued)

PSAK 72: Revenue from Contracts with Customers

PSAK 72 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized 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.

PSAK 72 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

PSAK 73: Leases

This PSAK establishes the principles of recognition, measurement, presentation, and disclosure of the lease by introducing a single accounting model, with the requirement to recognize the right-of-use assets and liability of the lease. There are 2 (two) optional exclusions in the recognition of the lease assets and liabilities: (i) short-term lease and (ii) lease with low-value underlying assets.

The Group adopted PSAK 73 using the modified retrospective method of adoption with the date of initial application of January 1, 2020. The following table presents the impact of the implementation of PSAK 73 on January 1, 2020:

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b. Perubahan Kebijakan Akuntansi (lanjutan)

ISAK 36: Interpretasi atas Interaksi antara Ketentuan Mengenai Hak atas Tanah dalam PSAK 16: Aset Tetap dan PSAK 73: Sewa

ISAK 36 ini memberikan penegasan atas intensi dan pertimbangan DSAK yang dicakup dalam Dasar Kesimpulan PSAK 73 paragraf DK02-DK10 mengenai perlakuan akuntansi atas hak atas tanah yang bersifat sekunder.

Secara umum ISAK 36 ini mengatur mengenai: (1) penilaian dalam menentukan perlakuan akuntansi terkait suatu hak atas tanah yang melihat pada substansi dari hak atas tanah dan bukan bentuk legalnya; (2) perlakuan akuntansi terkait hak atas tanah yang sesuai dengan PSAK 16 yaitu jika suatu ketentuan kontraktual memberikan hak yang secara substansi menyerupai pembelian aset tetap termasuk ketentuan dalam PSAK 16 paragraf 58 yang mengatur bahwa pada umumnya tanah tidak disusutkan; dan (3) perlakuan akuntansi terkait hak atas tanah yang sesuai dengan PSAK 73 yaitu jika substansi suatu hak atas tanah tidak mengalihkan pengendalian atas aset pendasar dan hanya memberikan hak untuk menggunakan aset pendasar tersebut selama suatu jangka waktu, maka substansi hak atas tanah tersebut adalah transaksi sewa.

ISAK ini tidak berdampak pada laporan keuangan konsolidasian, juga tidak diharapkan akan berdampak pada masa depan Grup.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

b. Changes in Accounting Policies (continued)

ISAK 36: Interpretation of the Interaction between Provisions regarding Land Rights in PSAK 16: Fixed Assets and PSAK 73: Leases

ISAK 36: provides confirmation of the intentions and considerations of the DSAK covered in the Basis for Conclusion PSAK 73 paragraphs DK02-DK10 regarding the accounting treatment of land rights secondary.

In general, ISAK 36 regulates: (1) valuation in determining the accounting treatment related to a land right that looks at the substance of the land right and not its legal form; (2) accounting treatment related to land rights in accordance with PSAK 16, namely if a contractual provision provides rights that in substance resemble the purchase of fixed assets, including the provisions in paragraph 58 of PSAK 16 which stipulates that in general, land is not depreciated; and (3) accounting treatment related to the right to land in accordance with PSAK 73 that is, if the substance of a right to land does not shift control over the underlying asset and only gives the right to use the underlying asset for a period of time, then the substance of the right to the land is a lease transaction.

This ISAK had no impact on the consolidated financial statements of, nor is there expected to be any future impact to the Group.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

b. Perubahan Kebijakan Akuntansi (lanjutan)

Grup telah menerapkan standar Akuntansi baru dan penyesuaian atau amendemen tersebut sejak 1 Januari 2020. Grup tidak melakukan penyajian kembali atas informasi komparatif tahun 2019 atas penerapan PSAK 71 "Instrumen Keuangan" dan PSAK 73 "Sewa", oleh karena itu informasi komparatif tahun 2019 tidak dapat dibandingkan dengan informasi keuangan yang disajikan untuk tahun yang berakhir pada tanggal 31 Desember 2020. Perbedaan yang timbul dari penerapan PSAK 73 "Sewa", Grup telah mencatat aset hak-guna dan liabilitas sewa pada tanggal 1 Januari 2020. Dampak atas penerapan standar baru dan penyesuaian atau amendemen lainnya tidak material terhadap laporan keuangan konsolidasian.

c. Prinsip-prinsip Konsolidasian

Kendali diperoleh bila Grup terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan *investee* dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas *investee*. Dengan demikian, Grup mengendalikan *investee* jika dan hanya jika Grup memiliki seluruh hal berikut ini:

- i) Kekuasaan atas *investee*, yaitu hak yang ada saat ini yang memberi grup kemampuan kini untuk mengarahkan aktivitas relevan dari *investee*,
- ii) Eksposur atau hak atas imbal hasil variabel dari keterlibatannya dengan *investee*, dan
- iii) Kemampuan untuk menggunakan kekuasaannya atas *investee* untuk mempengaruhi jumlah imbal hasil.

Bila Grup tidak memiliki hak suara atau hak serupa secara mayoritas atas suatu *investee*, Grup mempertimbangkan semua fakta dan keadaan yang relevan dalam mengevaluasi apakah mereka memiliki kekuasaan atas *investee*, termasuk:

- i) Pengaturan kontraktual dengan pemilik hak suara lainnya dari *investee*,
- ii) Hak yang timbul atas pengaturan kontraktual lain, dan
- iii) Hak suara dan hak suara potensial yang dimiliki Grup.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Changes in Accounting Policies (continued)

The Group has implemented new accounting standards and such adjustments or amendments since January 1, 2020. The Group did not restate comparative information in 2019 on the implementation of PSAK 71 "Financial Instruments" and PSAK 73 "Leases", therefore, comparative information for 2019; cannot be compared to financial information presented for the year ended December 31, 2020. For differences arising from the implementation of PSAK 73 "Leases", the Group has recorded right-of-use assets and lease liabilities as of January 1, 2020. The impact on the application of new standards and adjustments or other amendments is not material to the consolidated financial statements.

c. Principles of Consolidation

Control is achieved when the Group 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*. Thus, the Group controls an *investee* if and only if the Group has all of the following:

- i) Power over the *investee*, that is existing rights that give the group current ability to direct the relevant activities of the *investee*,
- ii) Exposure, or rights, to variable returns from its involvement with the *investee*, and
- iii) The ability to use its power over the *investee* to affect its returns.

When the Group has less than a majority of the voting or similar rights of an *investee*, the Group considers all relevant facts and circumstances in assessing whether it has power over an *investee*, including:

- i) The contractual arrangement with the other vote holders of the *investee*,
- ii) Rights arising from other contractual arrangements, and
- iii) The Group's voting rights and potential voting rights.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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c. Prinsip-prinsip Konsolidasian (lanjutan)

Grup menilai kembali apakah mereka mengendalikan *investee* bila fakta dan keadaan mengindikasikan adanya perubahan terhadap satu atau lebih dari ketiga elemen dari pengendalian. Konsolidasi atas entitas anak dimulai sejak Grup memperoleh pengendalian atas entitas anak dan berhenti pada saat Grup kehilangan pengendalian atas entitas anak. Aset, liabilitas, penghasilan, dan beban dari entitas anak yang diakuisisi pada tahun tertentu disertakan dalam laporan keuangan konsolidasian sejak tanggal Grup memperoleh kendali sampai tanggal Grup tidak lagi mengendalikan entitas anak tersebut.

Seluruh laba rugi dan setiap komponen penghasilan komprehensif lain diatribusikan pada pemilik entitas induk dan pada kepentingan nonpengendali ("KNP"), walaupun hal ini akan menyebabkan saldo KNP yang defisit. Bila dipandang perlu, penyesuaian dilakukan terhadap laporan keuangan entitas anak untuk diselaraskan dengan kebijakan akuntansi Grup.

Seluruh saldo akun, transaksi, penghasilan dan beban antar perusahaan yang signifikan, dan laba atau rugi hasil transaksi dari intra Grup yang belum direalisasi dan dividen dieliminasi pada saat konsolidasi.

Perubahan dalam bagian kepemilikan entitas induk pada entitas anak yang tidak mengakibatkan hilangnya pengendalian, dicatat sebagai transaksi ekuitas. Bila kehilangan pengendalian atas suatu entitas anak, maka Grup menghentikan pengakuan atas aset (termasuk *goodwill*), liabilitas dan komponen lain dari ekuitas terkait, sementara rugi atau laba yang dihasilkan diakui pada laba rugi. Bagian dari investasi yang tersisa diakui pada nilai wajar.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

c. Principles of Consolidation (continued)

The Group re-assesses whether or not it controls an *investee* if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of subsidiaries begun when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests ("NCI"), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All significant intra and inter-group balances, transactions, income and expenses, and unrealized profits and losses resulting from intra-Group transactions and dividends are eliminated on consolidation.

A change in the parent's ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including *goodwill*), liabilities, NCI and other component of equity, while any resultant gain or loss is recognized in the profit or loss. Any investment retained is recognized at fair value.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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d. Kombinasi Bisnis

Kombinasi bisnis dicatat dengan menggunakan metode akuisisi. Biaya perolehan dari sebuah akuisisi diukur pada nilai agregat imbalan yang dialihkan, diukur pada nilai wajar pada tanggal akuisisi dan jumlah setiap KNP pada pihak yang diakuisisi. Untuk setiap kombinasi bisnis, pihak pengakuisisi mengukur KNP pada pihak yang diakuisisi baik pada nilai wajar ataupun pada proporsi kepemilikan KNP atas aset neto yang teridentifikasi dari pihak yang diakuisisi. Biaya-biaya akuisisi yang timbul dibebankan dan disertakan dalam beban-beban administrasi.

Ketika melakukan akuisisi atas sebuah bisnis, Grup mengklasifikasikan dan menentukan aset keuangan yang diperoleh dan liabilitas keuangan yang diambil alih berdasarkan pada persyaratan kontraktual, kondisi ekonomi, dan kondisi terkait lain yang ada pada tanggal akuisisi.

Pada tanggal akuisisi, *goodwill* awalnya diukur pada harga perolehan yang merupakan selisih lebih nilai agregat dari imbalan yang dialihkan dan jumlah setiap KNP atas selisih jumlah dari aset teridentifikasi yang diperoleh dan liabilitas yang diambil alih. Jika imbalan tersebut kurang dari nilai wajar aset neto entitas anak yang diakuisisi, selisih tersebut diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian sebagai keuntungan dari pembelian dengan diskon setelah sebelumnya manajemen meninjau kembali identifikasi dan pengukuran nilai wajar dari aset yang diperoleh dan liabilitas yang diambil alih.

Setelah pengakuan awal, *goodwill* diukur pada jumlah tercatat dikurangi akumulasi kerugian penurunan nilai. Untuk tujuan uji penurunan nilai, *goodwill* yang diperoleh dari suatu kombinasi bisnis, sejak tanggal akuisisi dialokasikan kepada setiap Unit Penghasil Kas ("UPK") dari Grup yang diharapkan akan memberikan manfaat dari sinergi kombinasi tersebut, terlepas dari apakah aset atau liabilitas lain dari pihak yang diakuisisi ditetapkan atas UPK tersebut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Business Combination

Business combinations are accounted by using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and the liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date.

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in the consolidated statement of profit or loss and other comprehensive income as gain on bargain purchase after previously management assessing the identification and fair value measurement of the acquired assets and the assumed liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash-Generating Units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGUs.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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d. Kombinasi Bisnis (lanjutan)

Jika *goodwill* telah dialokasikan pada suatu UPK dan operasi tertentu atas UPK tersebut dihentikan, maka *goodwill* yang diasosiasikan dengan operasi yang dihentikan tersebut termasuk dalam jumlah tercatat operasi tersebut ketika menentukan keuntungan atau kerugian dari pelepasan. *Goodwill* yang dilepaskan tersebut diukur berdasarkan nilai relatif operasi yang dihentikan dan porsi UPK yang ditahan.

Kombinasi bisnis entitas sepengendali

Kombinasi bisnis entitas sepengendali dicatat dengan menggunakan metode penyatuan kepentingan, dimana selisih antara jumlah imbalan yang dialihkan dengan jumlah tercatat aset neto entitas yang diakuisisi diakui sebagai bagian dari akun "Tambahan Modal Disetor" pada laporan posisi keuangan konsolidasian. Dalam menerapkan metode penyatuan kepentingan tersebut, unsur-unsur laporan keuangan dari entitas yang bergabung disajikan seolah-olah penggabungan tersebut telah terjadi sejak awal periode entitas yang bergabung berada dalam kesepengendalian.

e. Klasifikasi lancar dan tidak lancar

Grup menyajikan aset dan liabilitas dalam laporan posisi keuangan konsolidasian berdasarkan klasifikasi lancar/tidak lancar. Suatu aset disajikan lancar bila:

- i. akan direalisasi, dijual atau dikonsumsi dalam siklus operasi normal,
- ii. untuk diperdagangkan,
- iii. akan direalisasi dalam 12 bulan setelah tanggal pelaporan, atau kas atau setara kas kecuali yang dibatasi penggunaannya atau akan digunakan untuk melunasi suatu liabilitas dalam paling lambat 12 bulan setelah tanggal pelaporan.

Seluruh aset lain diklasifikasikan sebagai tidak lancar.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

d. Business Combination (continued)

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

Business combinations under common control

Business combinations under common control are accounted for using the pooling-of-interests method, whereby the difference between the considerations transferred and the book value of the net assets of the acquiree is recognized as part of "Additional Paid-in Capital" account in the consolidated statement of financial position. In applying the said pooling-of-interest method, the components of the financial statements of the combining entities are presented as if the combination has occurred since the beginning of the period of the combining entity become under common control.

e. Current and non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- i. expected to be realised or intended to be sold or consumed in the normal operating cycle,
- ii. held primarily for the purpose of trading,
- iii. expected to be realised within 12 months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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e. Klasifikasi lancar dan tidak lancar (lanjutan)

Suatu liabilitas disajikan jangka pendek bila:

- akan dilunasi dalam siklus operasi normal,
- untuk diperdagangkan,
- akan dilunasi dalam 12 bulan setelah tanggal pelaporan, atau
- tidak ada hak tanpa syarat untuk menanggguhkan pelunasannya dalam paling tidak 12 bulan setelah tanggal pelaporan.

Aset pajak tangguhan diklasifikasikan sebagai aset lancar dan liabilitas pajak tangguhan diklasifikasikan sebagai liabilitas jangka panjang.

f. Transaksi dan Saldo Dalam Mata Uang Asing

Mata uang pelaporan yang digunakan dalam laporan keuangan konsolidasian adalah Rupiah, yang juga merupakan mata uang fungsional Grup. Tiap entitas dalam Grup menentukan sendiri mata uang fungsionalnya masing-masing dan laporan keuangannya masing-masing diukur dengan menggunakan mata uang fungsional.

Transaksi dalam mata uang asing dicatat dalam Rupiah berdasarkan kurs yang berlaku pada saat transaksi dilakukan. Pada tanggal pelaporan, aset dan liabilitas moneter dalam mata uang asing dijabarkan sesuai dengan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia pada tanggal transaksi perbankan terakhir untuk tahun yang bersangkutan, dan laba atau rugi kurs yang timbul, dikreditkan atau dibebankan pada operasi periode yang bersangkutan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**e. Current and non-current classification
(continued)**

A liability is current when it is:

- expected to be settled in the normal operating cycle,
- held primarily for the purpose of trading, due to be settled within 12 months after the reporting period, or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

Deferred tax assets are classified as non-current assets and deferred tax liabilities are classified as non-current liabilities.

f. Foreign Currency Transactions and Balances

The reporting currency used in the consolidated financial statements is Rupiah, which is also the Group's functional currency. Each entity in the Group determines its own functional currency and financial statements are measured using that functional currency.

Transactions involving foreign currencies are recorded in Rupiah at the rates of exchange prevailing at the time the transactions are made. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the average of the selling and buying rates of exchange prevailing at the last banking transaction date of the year, as published by Bank Indonesia, and any resulting currency gains or losses are credited or charged to operations of the current period.

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f. Transaksi dan Saldo Dalam Mata Uang Asing (lanjutan)

Pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018, nilai tukar yang digunakan adalah sebagai berikut (angka penuh dalam Rupiah):

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
1 Dolar AS/Rupiah	14.105	13.901	14.481
1 Dolar Singapura/Rupiah	10.644	10.321	10.603
1 Dolar Australia/Rupiah	10.771	9.739	10.221
1 Euro/Rupiah	17.330	15.589	16.560
1 Yuan China/Rupiah	2.161	1.991	2.110
1 Poundsterling Inggris/Rupiah	19.086	18.250	18.373
1 Rupee India/Rupiah	193	195	207

Transaksi dalam mata uang asing selain mata uang yang diungkapkan di atas tidak signifikan.

Akun-akun dari entitas anak di luar negeri dijabarkan dari mata uang pelaporannya menjadi Rupiah dengan dasar sebagai berikut:

- Aset dan liabilitas, baik moneter maupun nonmoneter, dijabarkan dengan menggunakan kurs penutup.
- Pendapatan dan beban dijabarkan dengan menggunakan kurs yang berlaku pada tanggal transaksi atau, bila memenuhi syarat, kurs rata-rata periode tersebut.
- Selisih kurs yang terjadi disajikan sebagai "komponen lainnya dari ekuitas - selisih kurs atas penjabaran laporan keuangan" dan disajikan sebagai bagian dari ekuitas sampai pelepasan investasi neto yang bersangkutan.

g. Transaksi dengan Pihak Berelasi

Pihak berelasi didefinisikan sebagai berikut:

- a) Orang atau anggota keluarga terdekat mempunyai relasi dengan Grup jika orang tersebut:
- Memiliki pengendalian atau pengendalian bersama Grup;
 - Memiliki pengaruh signifikan atas Grup; atau
 - Personil manajemen kunci Grup atau entitas induk Grup.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Foreign Currency Transactions and Balances (continued)

As of December 31, 2020, 2019 and 2018, the rates of exchange used are as follows (full amount in Rupiah):

1 US Dollar/Rupiah	14.481
1 Singapore Dollar/Rupiah	10.603
1 Australian Dollar/Rupiah	10.221
1 Euro/Rupiah	16.560
1 China Yuan/Rupiah	2.110
1 Great Britain Poundsterling/Rupiah	18.373
1 India Rupee/Rupiah	207

Transactions in foreign currencies other than currencies disclosed above are not significant.

The accounts of foreign subsidiaries are translated from its respective reporting currency into Rupiah on the following basis:

- Assets and liabilities, both monetary and non-monetary, are translated using the closing rate of exchange.
- Revenues and expenses are translated using transactions date exchange rate or, if applicable, the average rate for the period.
- The resulting exchange difference is presented as "other components of equity - exchange differences arising from financial statements translation" in the equity section until disposal of the net investment.

g. Transactions with Related Parties

A related party is defined as follows:

- a) A person or a close member of the person's family is related to the Group if that person:
- Has control or joint control over the Group;
 - Has significant influence over the Group; or
 - A member of the key management personnel of the Group or of a parent of the Group.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

g. Transaksi dengan Pihak Berelasi (lanjutan)

Pihak berelasi didefinisikan sebagai berikut:
(lanjutan)

- b) Suatu entitas berelasi dengan Grup jika memenuhi salah satu hal berikut:
 - i. Entitas dan Grup adalah anggota dari grup yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lain).
 - ii. Satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu grup, yang mana entitas lain tersebut adalah anggotanya).
 - iii. Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama.
 - iv. Satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga.
 - v. Entitas tersebut adalah suatu program imbalan pascakerja untuk imbalan kerja dari salah satu entitas pelapor atau entitas yang terkait dengan entitas pelapor. Jika entitas pelapor adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan entitas pelapor.
 - vi. Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam huruf (a).
 - vii. Orang yang diidentifikasi dalam huruf (a) (i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas).

Transaksi ini dilakukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, dimana persyaratan tersebut mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak yang tidak berelasi. Transaksi dan saldo yang material dengan pihak berelasi diungkapkan dalam Catatan 36.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**g. Transactions with Related Parties
(continued)**

A related party is defined as follows:
(continued)

- b) An entity is related to a reporting entity if any of the following conditions applies:
 - i. The entity and the Group 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 venture 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 reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - 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).

The transactions are made based on terms agreed by the parties, such terms may not be the same as those of the transactions between unrelated parties. Significant transactions and balances with related parties are disclosed in Note 36.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

h. Kas dan Setara Kas

Kas dan setara kas dalam laporan posisi keuangan terdiri dari kas, bank dan deposito jangka pendek dengan jangka waktu jatuh tempo antara (tiga) 3 bulan atau kurang pada saat penempatan dan tidak dibatasi penggunaannya, dan mana yang memiliki risiko tidak signifikan dari perubahan nilai.

h. Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and in banks and short-term deposits with an original maturity of (three) 3 months or less at the time of placements and not restricted to use, and which are subject to an insignificant risk of changes in value.

i. Biaya Dibayar di Muka

Biaya dibayar di muka diamortisasi dan dibebankan pada operasi selama masa manfaatnya.

i. Prepaid Expenses

Prepaid expenses are amortized and charged to operations over the periods benefited.

j. Persediaan Biologis

Persediaan biologis diukur pada saat pengakuan awal dan pada setiap akhir periode pelaporan keuangan pada nilai wajar dikurangi biaya untuk menjual, kecuali nilai wajar tidak dapat ditentukan dengan andal.

j. Biological Inventories

Biological inventories are measured at initial recognition and at each financial reporting date at fair values less costs to sell, unless fair value cannot be measured reliably.

Persediaan biologis milik Grup adalah ternak sapi, ayam, dan ternak perairan serta produk turunan aset biologis, selain hewan pembibit turunan aset biologis. Persediaan ini dinilai pada biaya perolehan, yang tidak berbeda secara material dengan nilai wajarnya.

The Group's biological inventories comprise of cattle, poultry and aquatic livestock and produce, other than the breeders of biological assets. These inventories are stated at cost, which is not materially different than the fair value.

k. Persediaan

Persediaan dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan atau nilai realisasi neto. Biaya perolehan ditentukan dengan menggunakan metode rata-rata tertimbang.

k. Inventories

Inventories are valued at the lower of cost or net realizable value. Cost is calculated using weighted-average method.

Biaya yang dikeluarkan untuk setiap produk agar berada pada lokasi dan kondisi siap untuk dijual dicatat sebagai berikut:

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- i) Bahan baku, suku cadang dan bahan pembantu: harga pembelian;
- ii) Barang jadi dan persediaan dalam proses: biaya bahan baku dan tenaga kerja langsung dan bagian proporsional dari beban *overhead* berdasarkan kapasitas operasi normal namun tidak termasuk biaya pinjaman.

- i) Raw materials, spare parts and factory supplies: purchase cost;
- ii) Finished goods and work in-process: cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs.

Nilai realisasi neto persediaan adalah estimasi harga jual dalam kegiatan usaha biasa dikurangi estimasi biaya penyelesaian dan estimasi biaya yang diperlukan untuk membuat penjualan.

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

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k. Persediaan (lanjutan)

Grup menetapkan penyisihan untuk keusangan dan/atau penurunan nilai persediaan berdasarkan hasil penelaahan berkala atas kondisi fisik dan nilai realisasi neto persediaan.

l. Instrumen Keuangan

Instrumen keuangan adalah setiap kontrak yang memberikan aset keuangan bagi satu entitas dan liabilitas keuangan atau ekuitas bagi entitas lain.

Aset Keuangan

Pengakuan dan pengukuran awal

Grup mengklasifikasikan aset keuangannya dalam kategori (a) aset keuangan yang diukur pada nilai wajar melalui laba rugi, (b) aset keuangan yang diukur pada nilai wajar melalui pendapatan komprehensif lainnya, dan (c) aset keuangan yang diukur pada biaya perolehan diamortisasi.

Aset keuangan Grup terdiri dari kas dan setara kas, piutang usaha, piutang lain-lain, piutang dari pihak berelasi, investasi saham, aset derivatif dan aset tidak lancar lainnya diklasifikasikan sebagai aset keuangan yang diukur dengan biaya diamortisasi. Grup tidak memiliki aset keuangan yang diukur pada nilai wajar melalui laba rugi dan penghasilan komprehensif lain.

Grup menggunakan 2 (dua) metode untuk mengklasifikasikan aset keuangan, yaitu model bisnis Grup dalam mengelola aset keuangan dan karakteristik arus kas kontraktual dari aset keuangan ("SPPI").

Pengujian SPPI

Sebagai langkah pertama dari proses klasifikasi, Grup menilai persyaratan kontraktual keuangan untuk mengidentifikasi apakah mereka memenuhi pengujian SPPI.

Nilai pokok untuk tujuan pengujian ini didefinisikan sebagai nilai wajar dari aset keuangan pada pengakuan awal dan dapat berubah selama umur aset keuangan (misalnya, jika ada pembayaran pokok atau amortisasi premi/diskon).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Inventories (continued)

The Group determines allowance for obsolescence and/or impairment in market values of inventories based on periodic reviews of the physical conditions and net realizable values of the inventories.

l. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Initial recognition and measurement

The Group classifies its financial assets into the following category: (a) financial assets measured at fair value through profit or loss, (b) financial assets measured at fair value through other comprehensive income, and (c) financial assets measured at amortised cost.

The Group's financial assets consist of cash and cash equivalents, trade receivables, other receivables, due from a related party, investment in shares, derivative assets and other non-current assets classified as financial assets at amortized cost. The Group has no financial assets measured at fair value through profit or loss and other comprehensive income.

The Group used 2 (two) methods to classify its financial assets, based on the Group's business model in managing the financial assets, and the contractual cash flow of the financial assets ("SPPI").

SPPI Test

As a first step of its classification process, the Group assesses the contractual terms of financial to identify whether they meet the SPPI test.

Principal for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

I. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Pengujian SPPI (lanjutan)

Elemen bunga yang paling signifikan dalam perjanjian biasanya adalah pertimbangan atas nilai waktu dari uang dan risiko kredit. Untuk membuat penilaian SPPI, Grup menerapkan pertimbangan dan memperhatikan faktor-faktor yang relevan seperti mata uang dimana aset keuangan didenominasikan dan periode pada saat suku bunga ditetapkan.

Sebaliknya, persyaratan kontraktual yang memberikan eksposur lebih dari *de minimis* atas risiko atau volatilitas dalam arus kas kontraktual yang tidak terkait dengan dasar pengaturan pinjaman, tidak menimbulkan arus kas kontraktual SPPI atas jumlah saldo. Dalam kasus seperti itu, aset keuangan diharuskan untuk diukur pada *Fair Value through Profit or Loss* ("FVTPL").

Penilaian model bisnis

Grup menentukan model bisnisnya berdasarkan tingkat yang paling mencerminkan bagaimana Grup mengelola kelompok atas keuangannya untuk mencapai tujuan bisnisnya.

Model bisnis Grup tidak dinilai berdasarkan masing-masing instrumennya, tetapi pada tingkat portofolio secara agregat yang lebih tinggi dan didasarkan pada faktor-faktor yang dapat diamati seperti:

- Bagaimana kinerja model bisnis dan aset keuangan yang dimiliki dalam model bisnis tersebut dievaluasi dan dilaporkan kepada personel manajemen kunci;
- Risiko yang mempengaruhi kinerja model bisnis (dan aset keuangan yang dimiliki dalam model bisnis tersebut) dan, khususnya, bagaimana cara risiko tersebut dikelola;
- Bagaimana manajer bisnis dikompensasi (misalnya, apakah kompensasi didasarkan pada nilai wajar dari aset yang dikelola atau pada arus kas kontraktual yang tertagih);
- Frekuensi, nilai, dan waktu penjualan yang diharapkan, juga merupakan aspek penting dari penilaian Grup.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

I. Financial Instruments (continued)

Financial Assets (continued)

SPPI Test (continued)

The most significant elements of interest within an arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Group applies judgment and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than *de minimis* exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement, do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured as *Fair Value through Profit or Loss* ("FVTPL").

Business model assessment

The Group determines its business model at the level that best reflects how it manages the Group's financial assets to achieve its business objective.

The Group's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular the way those risks are managed;
- How business managers are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected);
- The expected frequency, value, and timing of sales are also important aspects of the Group's assessment.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

1. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Penilaian model bisnis (lanjutan)

Penilaian model bisnis didasarkan pada skenario yang diharapkan secara wajar tanpa mempertimbangkan skenario "worst case" atau "stress case". Jika arus kas setelah pengakuan awal direalisasikan dengan cara yang berbeda dari yang awal diharapkan, Grup tidak mengubah klasifikasi aset keuangan dimiliki yang tersisa dalam model bisnis tersebut, tetapi memasukkan informasi tersebut dalam melakukan penilaian atas aset keuangan yang baru atau yang baru dibeli selanjutnya.

Aset keuangan yang diukur pada biaya perolehan diamortisasi jika aset keuangan dikelola dalam model bisnis yang bertujuan untuk memiliki aset keuangan dalam rangka mendapatkan arus kas kontraktual dan persyaratan kontraktual dari aset keuangan yang pada tanggal tertentu meningkatkan arus kas yang semata dari pembayaran pokok dan bunga ("SPPI") dari jumlah pokok terutang.

Pada saat pengakuan awal, aset keuangan yang diukur pada biaya perolehan diamortisasi diakui pada nilai wajarnya ditambah biaya transaksi dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan suku bunga efektif.

Pendapatan bunga dari aset keuangan yang diukur pada biaya perolehan diamortisasi dicatat dalam laporan laba rugi dan penghasilan komprehensif lain dan diakui sebagai "Pendapatan Keuangan". Ketika penurunan nilai terjadi, kerugian penurunan nilai diakui sebagai pengurang dari nilai tercatat aset keuangan dan dicatat didalam laporan keuangan konsolidasian sebagai "Kerugian penurunan nilai".

Sebelum 1 Januari 2020, Grup mengklasifikasikan aset keuangannya dalam kategori (a) aset keuangan yang diukur pada nilai wajar melalui laba rugi, (b) pinjaman yang diberikan dan piutang, (c) aset keuangan dimiliki hingga jatuh tempo dan (d) aset keuangan tersedia untuk dijual. Klasifikasi ini tergantung dari tujuan perolehan aset keuangan tersebut. Manajemen menentukan klasifikasi aset keuangan tersebut pada saat awal pengakuannya..

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

1. Financial Instruments (continued)

Financial Assets (continued)

Business model assessment (lanjutan)

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Group's original expectations, the Group does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

Financial assets are measured at amortized cost if the financial asset is managed in a business model aimed at owning a financial asset in order to obtain a contractual cash flow and the contractual requirements of a financial asset that on a given date increases the cash flow solely from the principal and interest payments ("SPPI") of the amount owed.

At initial recognition, the financial assets measured at amortized cost are recognized at the fair value plus the transaction fee and subsequently measured at amortized cost by using the effective interest rate.

Interest income from financial assets measured at amortized cost is recorded in the statements of profit and loss and other comprehensive income and is recognized as "Finance Income". When a decline in value occurs, the impairment loss is recognized as a deduction of the recorded value of the financial asset and is recognized in the consolidated financial statements as "Impairment loss".

Before January 1, 2020, the Group classified its financial assets into these categories: (a) financial assets measured at fair value through profit or loss, (b) loans and receivables, (c) financial assets held to maturity, and (d) financial assets available for sale. This classification depends on the purpose of acquiring such financial assets. Management determines the classification of such financial assets at the beginning of its recognition.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

I. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Pinjaman yang diberikan dan piutang adalah aset keuangan non-derivatif dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif, kecuali:

- yang dimaksudkan oleh Grup untuk dijual dalam waktu dekat, yang diklasifikasikan dalam kelompok diperdagangkan, serta yang pada saat pengakuan awal ditetapkan diukur pada nilai wajar melalui laba rugi;
- yang pada saat pengakuan awal ditetapkan dalam kelompok tersedia untuk dijual; atau
- dalam hal Grup mungkin tidak akan memperoleh kembali investasi awal secara substansial kecuali yang disebabkan oleh penurunan kualitas pinjaman yang diberikan dan piutang.

Pada saat pengakuan awal, pinjaman yang diberikan dan piutang diakui pada nilai wajarnya ditambah biaya transaksi dan selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode Suku Bunga Efektif ("SBE"). Pendapatan dari aset keuangan dalam kelompok pinjaman yang diberikan dan piutang dicatat di dalam laporan laba rugi dan penghasilan komprehensif lain interim dan dilaporkan sebagai "Pendapatan Keuangan". Dalam hal terjadi penurunan nilai, kerugian penurunan nilai dilaporkan sebagai pengurang dari nilai tercatat dari aset keuangan dalam kelompok pinjaman yang diberikan dan piutang dan diakui di dalam laporan laba rugi dan penghasilan komprehensif lain sebagai "Kerugian penurunan nilai".

Metode Suku Bunga Efektif ("SBE")

SBE adalah metode yang digunakan untuk menghitung biaya perolehan diamortisasi dari instrumen keuangan dan metode untuk mengalokasikan pendapatan bunga selama periode yang relevan. SBE adalah suku bunga yang secara tepat mendiskontokan estimasi penerimaan kas di masa datang (mencakup seluruh komisi dan bentuk lain yang dibayarkan dan diterima yang merupakan bagian yang tak terpisahkan dari SBE, biaya transaksi dan premium dan diskonto lainnya) selama perkiraan umur instrumen keuangan, atau, jika lebih tepat, digunakan periode yang lebih singkat untuk memperoleh nilai tercatat bersih aset keuangan pada saat pengakuan awal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Financial Instruments (continued)

Financial Assets (continued)

Loans and receivables are non-derivative financial assets with fixed or specified payments and have no quotes on the active market, except:

- intended by the Group for sale in the near future, which is classified as held for trading, as well as which at the time of initial recognition is determined to be measured at fair value through profit or loss;
- which at the time of initial recognition is set as available for sale; or
- in the case of the Group may not obtain substantial initial investment unless caused by a decrease in the quality of loans provided and receivables.

At the time of initial recognition, loans and receivables are recognized at their fair value plus transaction fees and are further measured on amortized acquisition costs using the Effective Interest Rate ("EIR") method. Income from financial assets in the category of loans and receivables is recorded in the interim statements of income and other comprehensive income and is reported as "Finance Income". In the event of impairment, impairment losses are reported as a deduction from the carrying value of the financial assets in loan and receivables and are recognized in the statements of profit and loss and other comprehensive income as "Impairment loss".

Effective Interest Method ("EIR")

EIR is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The EIR is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount of financial assets on initial recognition.

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I. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Pendapatan diakui berdasarkan suku bunga efektif untuk instrumen keuangan selain dari aset keuangan FVTPL.

Penghentian pengakuan

Aset keuangan (atau, jika berlaku, bagian dari aset keuangan atau bagian dari kelompok aset keuangan serupa) terutama dihentikan pengakuannya (yaitu, dihapus dari laporan posisi keuangan konsolidasian Grup) ketika:

- Hak untuk menerima arus kas dari aset telah kedaluwarsa; atau
- Grup telah mengalihkan haknya untuk menerima arus kas dari aset atau telah mengasumsikan kewajiban untuk membayar arus kas yang diterima secara penuh tanpa penundaan material kepada pihak ketiga berdasarkan pengaturan 'pass-through'; dan salah satu (a) Grup telah mengalihkan secara substansial semua risiko dan manfaat aset, atau (b) Grup tidak mengalihkan atau memiliki secara substansial seluruh risiko dan manfaat aset, tetapi telah mengalihkan pengendalian aset.

Ketika Grup telah mengalihkan haknya untuk menerima arus kas dari aset atau telah menandatangani perjanjian pass-through, Grup mengevaluasi apakah, dan sejauh mana, telah mempertahankan risiko dan manfaat kepemilikan. Ketika Grup tidak mengalihkan atau mempertahankan secara substansial seluruh risiko dan manfaat dari aset, atau mengalihkan pengendalian atas aset, Grup terus mengakui aset yang ditransfer tersebut sejauh keterlibatannya secara berkelanjutan. Dalam kasus tersebut, Grup juga mengakui liabilitas terkait. Aset alihan dan liabilitas terkait diukur atas dasar yang mencerminkan hak dan kewajiban yang dimiliki Grup.

Keterlibatan berkelanjutan dalam bentuk jaminan atas aset yang ditransfer diukur pada nilai yang lebih rendah dari nilai tercatat asli aset dan jumlah maksimum imbalan yang mungkin diminta untuk dibayar kembali oleh Grup.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

I. Financial Instruments (continued)

Financial Assets (continued)

Income is recognized on an effective interest rate basis for financial instruments other than those financial assets at FVTPL.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

I. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Penurunan Nilai Aset Keuangan

Aset keuangan, selain aset keuangan FVTPL, dievaluasi terhadap indikator penurunan nilai pada setiap akhir periode pelaporan. Aset keuangan diturunkan nilainya bila terdapat bukti objektif, sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset keuangan, dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan yang dapat diestimasi secara andal.

Penerapan PSAK 71: Instrumen Keuangan telah mengubah metode perhitungan kerugian penurunan nilai dari pendekatan kerugian yang telah terjadi (*incurred loss*) sesuai PSAK 55 "Instrumen Keuangan Pengakuan dan Pengukuran" dengan pendekatan Kerugian Kredit Ekspektasian ("ECL"). ECL didasarkan pada perbedaan antara arus kas kontraktual yang jatuh tempo sesuai dengan kontrak dan semua arus kas yang diharapkan akan diterima Grup, didiskontokan dengan perkiraan suku bunga efektif awal. Arus kas yang diharapkan akan mencakup arus kas dari penjualan agunan yang dimiliki atau peningkatan kredit lainnya yang merupakan bagian integral dari persyaratan kontraktual. Grup menerapkan pendekatan yang disederhanakan (*simplified*) dalam menghitung kerugian kredit ekspektasian yaitu kerugian kredit ekspektasian sepanjang umur (*lifetime*). Oleh karena itu, Grup tidak melacak perubahan dalam risiko kredit, tetapi mengakui penyisihan kerugian berdasarkan ECL seumur hidup pada setiap tanggal pelaporan. Grup telah menetapkan matriks provisi berdasarkan pengalaman kerugian kredit historisnya, yang disesuaikan dengan faktor-faktor berurusan ke depan yang spesifik untuk debitur dan lingkungan ekonomi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

I. Financial Instruments (continued)

Financial Assets (continued)

Impairment of Financial Assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The adoption of PSAK 71: Financial Instruments changed the method of calculating impairment from incurred loss in accordance with PSAK 55: Financial Instruments: Recognition and Measurement to Expected Credit Loss ("ECL"). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The Group adopted the simplified expected credit loss approach which is using lifetime expected credit loss. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment

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I. Instrumen Keuangan (lanjutan)

Aset Keuangan (lanjutan)

Penurunan Nilai Aset Keuangan (lanjutan)

Sebelum 1 Januari 2020, bukti objektif penurunan nilai aset keuangan termasuk sebagai berikut:

- kesulitan keuangan signifikan yang dialami penerbit atau pihak peminjam; atau
- pelanggaran kontrak, seperti terjadinya gagal bayar atau tunggakan pembayaran pokok atau bunga; atau
- terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan; atau
- hilangnya pasar aktif dari aset keuangan akibat kesulitan keuangan.

Untuk kelompok aset keuangan tertentu, seperti piutang, aset yang dinilai tidak akan diturunkan secara individual akan dievaluasi penurunan nilainya secara kolektif. Bukti objektif dari penurunan nilai portofolio piutang dapat termasuk pengalaman Grup atas tertagihnya piutang di masa lalu, peningkatan keterlambatan penerimaan pembayaran piutang dari rata-rata periode kredit, dan juga pengamatan atas perubahan kondisi ekonomi nasional atau lokal yang berkorelasi dengan gagal bayar atas piutang.

Untuk aset keuangan yang diukur pada biaya perolehan diamortisasi, jumlah kerugian penurunan nilai merupakan selisih antara jumlah tercatat aset keuangan dengan nilai kini dari estimasi arus kas masa depan yang didiskontokan menggunakan suku bunga efektif awal dari aset keuangan.

Jumlah tercatat aset keuangan tersebut dikurangi dengan kerugian penurunan nilai secara langsung atas seluruh aset keuangan, kecuali piutang yang jumlah tercatatnya dikurangi melalui penggunaan akun cadangan piutang. Jika piutang tidak tertagih, piutang tersebut dihapuskan melalui akun cadangan piutang. Pemulihan kemudian dari jumlah yang sebelumnya telah dihapuskan dikreditkan terhadap akun cadangan. Perubahan jumlah tercatat akun cadangan piutang diakui dalam laba rugi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

I. Financial Instruments (continued)

Financial Assets (continued)

Impairment of Financial Assets (continued)

Before January 1, 2020, objective evidence of impairment of financial assets could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becomes probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment 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.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables, where the carrying amount is reduced through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

1. Instrumen Keuangan (lanjutan)

Liabilitas keuangan

Pengakuan dan pengukuran awal

Liabilitas keuangan diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi atau liabilitas keuangan pada biaya perolehan diamortisasi. Grup menentukan klasifikasi liabilitas keuangan mereka pada saat pengakuan awal.

Liabilitas keuangan awalnya diukur sebesar nilai wajarnya. Biaya transaksi yang dapat diatribusikan secara langsung dengan perolehan liabilitas keuangan (selain liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi) ditambahkan atau dikurangkan dari nilai wajar liabilitas keuangan, yang sesuai, pada pengakuan awal. Biaya transaksi yang dapat diatribusikan secara langsung dengan perolehan liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi diakui dalam laba rugi.

Liabilitas keuangan utama Grup meliputi utang bank jangka pendek, utang usaha, utang lain-lain, beban akrual, liabilitas imbalan kerja jangka pendek, pembiayaan atas perolehan aset tetap, utang sewa pembiayaan dan utang obligasi yang diklasifikasikan sebagai utang dan pinjaman. Grup tidak memiliki liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi.

Pengukuran selanjutnya

Setelah pengakuan awal, liabilitas keuangan yang dikenakan bunga diukur pada biaya perolehan diamortisasi dengan menggunakan metode SBE.

Pada tanggal pelaporan, akrual beban bunga dicatat secara terpisah dari pokok pinjaman terkait dalam bagian liabilitas jangka pendek. Keuntungan atau kerugian harus diakui dalam laba rugi ketika liabilitas tersebut dihentikan pengakuannya serta melalui proses amortisasi SBE.

Biaya perolehan diamortisasi dihitung dengan mempertimbangkan diskonto atau premium atas perolehan dan komisi atau biaya yang merupakan bagian tidak terpisahkan dari SBE. Amortisasi SBE dicatat sebagai "Beban Keuangan" dalam laba rugi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

1. Financial Instruments (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as financial liabilities at fair value through profit or loss or financial liabilities at amortized cost. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial liabilities (other than financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Group's principal financial liabilities include short-term bank loans, trade payables, other payables, accrued expenses, short-term employee benefits liability, loan to finance acquisition of fixed assets, finance lease payables and bonds payable classified as financial liabilities at amortized cost. The Group has no financial liabilities measured at fair value through profit or loss.

Subsequent measurement

After initial recognition, interest-bearing financial liabilities are subsequently measured at amortized cost using the EIR method.

At the reporting dates, accrued interest expenses is recorded separately from the associated borrowings within the current liabilities section. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortisation is included in "Finance Costs" in profit or loss.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

I. Instrumen Keuangan (lanjutan)

Liabilitas keuangan (lanjutan)

Penghentian pengakuan

Suatu liabilitas keuangan dihentikan pengakuannya pada saat kewajiban yang ditetapkan dalam kontrak dihentikan atau dibatalkan atau kadaluwarsa.

Ketika sebuah liabilitas keuangan ditukar dengan liabilitas keuangan lain dari pemberi pinjaman yang sama atas persyaratan yang secara substansial berbeda, atau bila persyaratan dari liabilitas keuangan tersebut secara substansial dimodifikasi, pertukaran atau modifikasi persyaratan tersebut dicatat sebagai penghentian pengakuan liabilitas keuangan awal dan pengakuan liabilitas keuangan baru, dan selisih antara nilai tercatat masing-masing liabilitas keuangan tersebut diakui pada laba rugi.

Reklasifikasi instrumen keuangan

Grup diperkenankan untuk melakukan reklasifikasi atas aset keuangan yang dimiliki jika Grup mengubah model bisnis untuk pengelolaan aset keuangan dan Grup tidak diperkenankan untuk melakukan reklasifikasi atas liabilitas keuangan.

Perubahan model bisnis sifatnya harus berdampak secara signifikan terhadap kegiatan operasional Grup seperti memperoleh, melepaskan, atau mengakhiri suatu lini bisnis. Selain itu, Grup perlu membuktikan adanya perubahan tersebut kepada pihak eksternal.

Yang bukan merupakan perubahan model bisnis adalah: (a) perubahan intensi berkaitan dengan aset keuangan tertentu (bahkan dalam situasi perubahan signifikan dalam kondisi pasar), (b) hilangnya sementara pasar tertentu untuk aset keuangan, dan (c) pengalihan aset keuangan antara bagian dari Grup dengan model bisnis berbeda.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

I. Financial Instruments (continued)

Financial liabilities (continued)

Derecognition

A financial liability is derecognized when it is extinguished, that is when the obligation specified in the contract is discharged or cancelled or expired.

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

Reclassification of financial instruments

The Group is allowed to reclassify the financial assets owned if the Group changes the business model for the management of financial assets and the Group is not allowed to reclassify the financial liabilities.

Changes in the business model should significantly impact the Group's operational activities such as acquiring, releasing or ending a line of business. In addition, the Group needs to prove the change to external parties.

The following are not considered as change in business model: (a) the change of intention relates to certain financial assets (even in situations of significant changes in market conditions), (b) temporary loss of certain markets for financial assets, and (c) the transfer of financial assets between parts of the Group and different business models.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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I. Instrumen Keuangan (lanjutan)

Saling hapus instrumen keuangan

Aset keuangan dan liabilitas keuangan disalinghapuskan dan nilai netonya disajikan dalam laporan posisi keuangan jika Grup memiliki hak yang dapat dipaksakan secara hukum untuk melakukan saling hapus atas jumlah yang telah diakui; dan berintens untuk menyelesaikan secara neto atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara simultan. Hak saling hapus harus ada pada saat ini daripada bersifat kontingen atas terjadinya suatu peristiwa di masa depan dan harus dieksekusi oleh pihak lawan, baik dalam situasi bisnis normal dan dalam peristiwa gagal bayar, peristiwa kepailitan, atau kebangkrutan.

Pengukuran nilai wajar

Grup mengukur pada pengakuan awal instrumen keuangan pada nilai wajar, dan aset dan liabilitas yang diakuisisi pada kombinasi bisnis. Grup juga mengukur jumlah terpulihkan dari UPK tertentu berdasarkan nilai wajar dikurangi biaya pelepasan.

Nilai wajar adalah harga yang akan diterima dari menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar pada tanggal pengukuran. Pengukuran nilai wajar mengasumsikan bahwa transaksi untuk menjual aset atau mengalihkan liabilitas terjadi:

- di pasar utama untuk aset atau liabilitas tersebut, atau
- jika tidak terdapat pasar utama, di pasar yang paling menguntungkan untuk aset atau liabilitas tersebut.

Pasar utama atau pasar yang paling menguntungkan tersebut harus dapat diakses oleh Grup.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

I. Financial Instruments (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognized amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to offset must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency, or bankruptcy.

Fair value measurement

The Group initially measures financial instruments at fair value, and assets and liabilities of the acquirees upon business combinations. It also measures certain recoverable amounts of the CGU using fair value less cost of disposal ("FVLCD").

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- *in the principal market for the asset or liability, or*
- *in the absence of a principal market, in the most advantageous market for the asset or liability.*

The principal or the most advantageous market must be accessible to the Group.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

m. Instrumen keuangan derivatif dan akuntansi lindung nilai

Grup menggunakan instrumen keuangan derivatif, seperti kontrak mata uang *forward* dan kontrak *option* untuk melindungi risiko mata uang asing dan mengelola pinjaman atau investasi. Instrumen keuangan derivatif tersebut pada awalnya diakui pada nilai wajar pada saat kontrak derivatif ditandatangani dan kemudian dinilai kembali pada nilai wajar. Derivatif dicatat sebagai aset keuangan ketika nilai wajarnya positif dan sebagai liabilitas keuangan ketika nilai wajarnya negatif.

Kontrak pembelian yang memenuhi definisi derivatif diakui dalam laba rugi sebagai biaya penjualan. Kontrak komoditas yang dimasukkan ke dalam dan terus diadakan untuk tujuan penerimaan atau pengiriman barang nonkeuangan sesuai dengan pembelian, penjualan, atau persyaratan penggunaan Grup yang diharapkan diadakan dengan biaya.

Setiap keuntungan atau kerugian yang timbul dari perubahan dalam nilai wajar dari derivatif diambil langsung ke laba rugi, kecuali untuk porsi efektif lindung nilai arus kas, yang diakui dalam pendapatan komprehensif lain dan kemudian direklasifikasi ke laba rugi ketika item lindung nilai mempengaruhi laba rugi.

Nilai waktu dari kontrak opsi yang dimasukkan dalam hubungan lindung nilai arus kas dikecualikan sebagai item lindung nilai. Perubahan nilai wajar nilai waktu tersebut diakui dalam pendapatan komprehensif lain dan diakumulasikan pada komponen terpisah di ekuitas.

Untuk tujuan akuntansi lindung nilai, lindung nilai diklasifikasikan sebagai:

- Lindung nilai nilai wajar saat lindung nilai terhadap eksposur terhadap perubahan nilai wajar aset atau liabilitas yang diakui atau komitmen pasti yang tidak diakui
- Lindung nilai arus kas saat melakukan lindung nilai terhadap eksposur variabilitas arus kas yang dapat diatribusikan pada risiko tertentu yang terkait dengan aset atau liabilitas yang diakui atau prakiraan transaksi yang sangat mungkin terjadi atau risiko mata uang asing dalam komitmen pasti yang tidak diakui
- Hedges dari investasi bersih dalam operasi asing

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments, such as forward currency contracts and option contracts, to hedge its foreign currency risks and managing its borrowings or investments, respectively. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The purchase contracts that meet the definition of a derivative are recognized in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income and later reclassified to profit or loss when the hedge item affects profit or loss.

Time value of option contracts designated in cash flow hedge relationship is excluded as hedge item. The change in fair value of such time value is recognized in other comprehensive income and is accumulated in a separate component of equity.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment
- Hedges of a net investment in a foreign operation

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

m. Instrumen keuangan derivatif dan akuntansi lindung nilai (lanjutan)

Pada permulaan hubungan lindung nilai, Grup secara resmi menetapkan dan mendokumentasikan hubungan lindung nilai yang ingin diterapkan akuntansi lindung nilai serta tujuan dan strategi manajemen risiko untuk melaksanakan lindung nilai.

Sebelum 1 Januari 2020, dokumentasi mencakup identifikasi instrumen lindung nilai, item atau transaksi lindung nilai, sifat risiko yang dilindungi nilai dan bagaimana Grup akan menilai efektivitas perubahan nilai wajar instrumen lindung nilai dalam mengimbangi eksposur terhadap perubahan. dalam nilai wajar item lindung nilai atau arus kas yang dapat diatribusikan ke risiko lindung nilai. Lindung nilai tersebut diharapkan menjadi sangat efektif dalam mencapai saling hapus perubahan nilai wajar atau arus kas dan dinilai secara berkelanjutan untuk menentukan bahwa lindung nilai tersebut sebenarnya sangat efektif selama periode pelaporan keuangan yang ditetapkan.

Mulai 1 Januari 2020, dokumentasi tersebut mencakup identifikasi instrumen lindung nilai, item lindung nilai, sifat risiko yang dilindungi nilai dan bagaimana Grup akan menilai apakah hubungan lindung nilai tersebut memenuhi persyaratan efektivitas lindung nilai (termasuk analisis sumber ketidakefektifan lindung nilai. dan bagaimana rasio lindung nilai ditentukan). Hubungan lindung nilai memenuhi syarat untuk akuntansi lindung nilai jika memenuhi semua persyaratan efektivitas berikut:

- Ada 'hubungan ekonomi' antara item lindung nilai dan instrumen lindung nilai.
- Pengaruh risiko kredit tidak 'mendominasi perubahan nilai' yang dihasilkan dari hubungan ekonomi tersebut.

Rasio lindung nilai dari hubungan lindung nilai sama dengan yang dihasilkan dari jumlah item lindung nilai yang Grup benar-benar lindung nilai dan jumlah instrumen lindung nilai yang benar-benar digunakan Grup untuk lindung nilai atas jumlah item lindung nilai tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Derivative financial instruments and hedge accounting (continued)

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

Before January 1, 2020, the documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Group will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Beginning January 1, 2020, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

n. Pengukuran Nilai Wajar

n. Fair Value Measurement

Grup mengukur aset biologis dengan nilai wajar dikurangi biaya untuk menjual, kecuali nilai wajar tidak dapat ditentukan dengan andal. Grup mengukur pada pengakuan awal instrumen keuangan pada nilai wajar, dan aset dan liabilitas yang diakuisisi pada kombinasi bisnis. Grup juga mengukur jumlah terpulihkan dari Unit Penghasil Kas ("UPK") tertentu berdasarkan nilai wajar dikurangi biaya pelepasan (*fair value less cost of disposal* atau "FVLCD").

The Group measures biological assets at fair value less cost to sell, unless fair values cannot be measured reliably. It also initially measures financial instruments at fair value, and assets and liabilities of the acquirees upon business combinations. It also measures certain recoverable amounts of the CGU using fair value less cost of disposal ("FVLCD").

Nilai wajar adalah harga yang akan diterima dari menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar pada tanggal pengukuran. Pengukuran nilai wajar mengasumsikan bahwa transaksi untuk menjual aset atau mengalihkan liabilitas terjadi:

- i) Di pasar utama untuk aset atau liabilitas tersebut, atau
- ii) Jika tidak terdapat pasar utama, di pasar yang paling menguntungkan untuk aset atau liabilitas tersebut.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

Pasar utama atau pasar yang paling menguntungkan tersebut harus dapat diakses oleh Grup.

The principal or the most advantageous market must be accessible to by the Group.

Nilai wajar dari aset atau liabilitas diukur dengan menggunakan asumsi yang akan digunakan pelaku pasar ketika menentukan harga aset atau liabilitas tersebut, dengan asumsi bahwa pelaku pasar bertindak dalam kepentingan ekonomi terbaiknya.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Pengukuran nilai wajar dari suatu aset nonkeuangan memperhitungkan kemampuan pelaku pasar untuk menghasilkan manfaat ekonomis dengan menggunakan aset dalam penggunaan tertinggi dan terbaiknya atau dengan menjualnya kepada pelaku pasar lain yang akan menggunakan aset tersebut pada penggunaan tertinggi dan terbaiknya.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

n. Pengukuran Nilai Wajar (lanjutan)

Grup menggunakan teknik penilaian yang sesuai dengan keadaan dan data yang memadai tersedia untuk mengukur nilai wajar, dengan memaksimalkan masukan (*input*) yang dapat diamati (*observable*) yang relevan dan meminimalkan masukan (*input*) yang tidak dapat diamati (*unobservable*).

Semua aset dan liabilitas yang nilai wajarnya diukur atau diungkapkan dalam laporan keuangan konsolidasian dikategorikan dalam hirarki nilai wajar berdasarkan *level* masukan (*input*) paling rendah yang signifikan terhadap pengukuran nilai wajar secara keseluruhan sebagai berikut:

- i) *Level 1* - Harga kuotasian (tanpa penyesuaian) di pasar aktif untuk aset atau liabilitas yang identik yang dapat diakses entitas pada tanggal pengukuran.
- ii) *Level 2* - Teknik penilaian yang menggunakan tingkat masukan (*input*) yang paling rendah yang signifikan terhadap pengukuran nilai wajar yang dapat diamati (*observable*) baik secara langsung atau tidak langsung.
- iii) *Level 3* - Teknik penilaian yang menggunakan tingkat masukan (*input*) yang paling rendah yang signifikan terhadap pengukuran nilai wajar yang tidak dapat diamati (*unobservable*) baik secara langsung atau tidak langsung.

Untuk aset dan liabilitas yang diakui pada laporan keuangan konsolidasian secara berulang, Grup menentukan apakah terdapat perpindahan antara *level* dalam hirarki dengan melakukan evaluasi ulang atas penetapan kategori (berdasarkan *level* masukan (*input*) paling rendah yang signifikan terhadap pengukuran nilai wajar secara keseluruhan) pada tiap akhir periode pelaporan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Fair Value Measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i) *Level 1* - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- ii) *Level 2* - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- iii) *Level 3* - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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o. Investasi pada Ventura Bersama

Ventura bersama adalah jenis pengaturan bersama dimana pihak-pihak yang memiliki pengendalian bersama atas pengaturan tersebut memiliki hak atas aset bersih ventura bersama tersebut. Pengendalian bersama adalah pembagian pengendalian yang disetujui secara kontrak dari suatu perjanjian, yang hanya ada bila keputusan tentang kegiatan yang relevan memerlukan persetujuan penuh dari pihak-pihak yang memiliki pengendalian bersama.

Pertimbangan yang dibuat dalam menentukan pengaruh signifikan adalah serupa dengan yang diperlukan untuk menentukan pengendalian atas entitas anak. Investasi Grup pada ventura bersama dicatat dengan menggunakan metode ekuitas.

Dengan metode ekuitas, investasi pada ventura bersama pada awalnya diakui sebesar biaya perolehan. Nilai tercatat investasi disesuaikan untuk mengakui perubahan bagian Grup atas aset bersih ventura bersama sejak tanggal akuisisi. *Goodwill* sehubungan dengan ventura bersama termasuk dalam nilai tercatat investasi dan tidak diuji untuk penurunan nilai secara terpisah.

Laporan laba rugi mencerminkan bagian Grup atas hasil usaha ventura bersama. Setiap perubahan OCI dari investee tersebut disajikan sebagai bagian dari pendapatan komprehensif Grup lainnya ("OCI"). Apabila telah terjadi perubahan yang diakui secara langsung dalam ekuitas ventura bersama tersebut, Grup mengakui bagiannya atas perubahan, jika ada, dalam laporan perubahan ekuitas. Keuntungan dan kerugian yang belum direalisasi akibat transaksi antara Grup dengan ventura bersama tersebut dieliminasi sesuai kepentingan ventura bersama.

Keseluruhan bagian Grup atas laba rugi ventura bersama disajikan pada laba rugi konsolidasian di luar laba operasi dan merupakan laba rugi setelah pajak dan kepentingan nonpengendali pada anak ventura bersama.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

o. Investment in Joint Venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investments in joint ventures are accounted for using the equity method.

Under the equity method, the investment in joint ventures is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the joint ventures since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the joint ventures. Any change in OCI of those investees is presented as part of the Group's Other Comprehensive Income ("OCI"). In addition, when there has been a change recognized directly in the equity of the joint ventures, the Group recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint ventures are eliminated to the extent of the interest in the joint ventures.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint ventures.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

o. Investasi pada Ventura Bersama (lanjutan)

Laporan keuangan ventura bersama disusun untuk periode pelaporan yang sama dengan Grup. Bila diperlukan, penyesuaian dilakukan untuk menerapkan kebijakan akuntansi sesuai dengan kebijakan Grup.

Setelah penerapan metode ekuitas, Grup menentukan apakah perlu untuk mengakui kerugian penurunan nilai atas investasi pada ventura bersama. Pada setiap tanggal pelaporan, Grup menentukan apakah ada bukti obyektif bahwa investasi pada ventura bersama terganggu. Jika ada bukti tersebut, Grup menghitung jumlah penurunan nilai sebagai selisih antara jumlah yang dapat dipulihkan dari ventura bersama dan nilai tercatatnya, dan kemudian mengakui kerugian tersebut dalam 'Bagian laba dari ventura bersama' dalam laporan laba rugi.

Setelah kehilangan pengendalian bersama atas ventura bersama tersebut, Grup mengukur dan mengakui investasi yang ditahan pada nilai wajarnya. Selisih antara jumlah tercatat ventura bersama dengan kehilangan pengendalian bersama dan nilai wajar investasi yang ditahan dan hasil pelepasan diakui dalam laba rugi.

p. Aset Biologis

Aset biologis diukur pada saat pengakuan awal dan pada setiap akhir periode pelaporan keuangan pada nilai wajar dikurangi biaya untuk menjual, kecuali nilai wajar tidak dapat ditentukan dengan andal.

Aset biologis milik Grup adalah ayam pembibit turunan dan sapi pembibit turunan.

Ayam Pembibit Turunan

Ayam pembibit turunan terdiri dari *grand parent stock* (ayam nenek), yaitu ayam yang menghasilkan telur tetas untuk *parent stock* (ayam induk), dan *parent stock*, yaitu ayam yang menghasilkan telur tetas untuk ayam niaga (*final stock*). Ayam pembibit turunan dapat diklasifikasikan sebagai ayam yang telah menghasilkan dan ayam yang belum menghasilkan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

o. Investment in Joint Venture (continued)

The financial statements of the joint ventures are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognize an impairment loss on its investment in joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and its carrying value, and then recognizes the loss within 'Share of profit from joint ventures' in the statement of profit or loss.

Upon loss of joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the joint ventures upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

p. Biological Assets

Biological assets are measured at initial recognition and at each financial reporting date at fair values less costs to sell, unless fair values cannot be measured reliably.

The Group's biological assets are breeding chickens and breeding cattle.

Breeding Chickens

Breeding livestock (chickens) include grand-parent stocks that produce hatchable eggs for parent stocks, and parent stocks that produce hatchable eggs for trade livestock inventories. Breeding livestock can be classified as productive breeding livestock and unproductive breeding livestock.

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p. Aset Biologis (lanjutan)

Ayam Pembibit Turunan (lanjutan)

Ayam yang belum menghasilkan diukur berdasarkan nilai wajar yang mendekati biaya perolehan ditambah dengan biaya yang terjadi selama masa pertumbuhan. Biaya perolehan ditambah dengan akumulasi biaya yang terjadi selama masa pertumbuhan tersebut akan direklasifikasi ke masa produksi pada saat mencapai usia produksi. Pada umumnya ayam pedaging mencapai masa produksi setelah berumur 25 minggu dan ayam petelur mencapai masa produksi setelah berumur 20 minggu. Ayam yang telah menghasilkan diukur berdasarkan nilai wajar yang mendekati biaya perolehan pada saat direklasifikasi dari ayam yang belum menghasilkan dan dikurangi dengan biaya amortisasi ayam yang ditentukan berdasarkan standar produksi telur tetas selama masa produktif ayam yang bersangkutan yaitu selama 42 - 52 minggu dengan memperhitungkan nilai sisa. Ayam pembibit turunan diakui sebagai bagian dari "Aset Biologis - lancar".

Sapi Pembibit Turunan

Sapi pembibit turunan adalah sapi yang dipelihara untuk melahirkan anak. Sapi pembibit turunan dapat diklasifikasikan sebagai sapi yang telah menghasilkan dan sapi yang belum menghasilkan.

Sapi yang belum menghasilkan dinyatakan berdasarkan biaya perolehan ditambah dengan akumulasi biaya yang terjadi selama masa pertumbuhan. Akumulasi biaya tersebut akan direklasifikasi ke masa produksi pada saat mencapai usia melahirkan. Pada umumnya sapi mencapai masa produksi setelah berumur rata-rata 15 (lima belas) bulan. Sapi yang telah menghasilkan diukur saat pengakuan awal dan setiap tanggal pelaporan pada nilai wajar dikurangi biaya untuk menjual. Sapi pembibit turunan diakui sebagai bagian dari "Aset Biologis - tidak lancar".

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

p. Biological Assets (continued)

Breeding Chickens (continued)

Unproductive breeding livestock are measured at fair value which approximate to acquisition cost plus accumulated growing costs. The accumulated costs of unproductive breeding livestock are reclassified to productive breeding livestock at optimal production age. In general, unproductive broiler breeding livestock reach optimal production age after 25 weeks and unproductive layer breeding livestock reach optimal production age after 20 weeks. Productive breeding livestock are measured at fair value which approximate to cost at the time of reclassification from unproductive breeding livestock and are amortized over the economic egg-laying lives of the breeding livestock of 42 - 52 weeks considering residual value. Breeding chicken are recognized under the "Biological Assets - current" account.

Breeding Cattles

Breeding cattles are cattles that are being nurtured for production of calves. Breeding cattles can be classified as productive breeding cattles and unproductive breeding cattles.

Unproductive cattles are stated at acquisition cost plus accumulated growing costs. The accumulated costs of unproductive cattles are reclassified to productive cattles at optimal production age. In general, unproductive cattles livestock reach the average optimal production age after 15 (fifteen) months. Productive cattle are measured on initial recognition and at the end of the reporting year at fair value less cost to sell. Breeding cattles are recognized under the "Biological Assets - non-current" account.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

q. Tanaman Produktif

q. Bearer Plants

Tanaman produktif adalah tanaman hidup yang digunakan dalam produksi atau pasokan produk agrikultur; diharapkan menghasilkan produk selama lebih dari satu periode; dan memiliki kemungkinan sangat jarang untuk dijual sebagai produk agrikultur, kecuali untuk penjualan sisa insidental.

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Tanaman produktif dikelompokkan sebagai tanaman belum menghasilkan dan tanaman menghasilkan.

Bearer plants are classified as immature plantations and mature plantations.

Tanaman Produktif Belum Menghasilkan

Immature Bearer Plant

Tanaman produktif belum menghasilkan diakui sebesar biaya perolehan, yang sebagian besar terdiri dari akumulasi biaya pembukaan lahan, penanaman, pemupukan, pemeliharaan dan pemeliharaan perkebunan, dan alokasi biaya tidak langsung sampai dengan waktu pohon menjadi produktif secara komersial dan tersedia untuk dipanen. Biaya juga mencakup kapitalisasi biaya pinjaman dan biaya lainnya yang timbul sehubungan dengan pembiayaan pengembangan perkebunan belum menghasilkan. Kapitalisasi biaya pinjaman tersebut berhenti ketika pohon-pohon menjadi produktif secara komersial dan tersedia untuk dipanen. Tanaman produktif belum menghasilkan tidak diamortisasi. Tanaman produktif belum menghasilkan diklasifikasi ulang ke dalam tanaman produktif yang menghasilkan saat mereka produktif secara komersial dan tersedia untuk dipanen. Secara umum, tanaman produktif karet membutuhkan waktu sekitar 5 (lima) tahun untuk mencapai kematangan.

Immature bearer plants are recognized at cost, which consist mainly of the accumulated cost of land clearing, planting, fertilizing, up-keeping and maintaining the plantations, and allocations of indirect overhead costs up to the time the trees become commercially productive and available for harvest. Costs also include capitalized borrowing costs and other charges incurred in connection with the financing of the development of immature plantations. Such capitalization of borrowing costs ceases when the trees become commercially productive and available for harvest. Immature bearer plants are not amortized. Immature bearer plants are reclassified to mature bearer plants when they are commercially productive and available for harvest. In general, a rubber bearer plant takes about 5 years to reach maturity.

Tanaman Produktif telah Menghasilkan

Mature Bearer Plant

Tanaman produktif telah menghasilkan dinyatakan sebesar biaya perolehan, dan disusutkan dengan menggunakan metode garis lurus perkiraan umur manfaat dari tanaman produktif karet selama 20 (dua puluh) tahun.

Mature bearer plants are stated at cost, and are depreciated using the straight-line method over their estimated useful lives of 20 (twenty) years.

Jumlah tercatat dari tanaman produktif ditelaah untuk penurunan nilai saat kejadian atau perubahan keadaan mengindikasikan bahwa nilai tercatat tidak dapat dipulihkan sepenuhnya.

The carrying amounts of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

r. Aset Tetap

Aset tetap awalnya diakui sebesar biaya perolehan, yang terdiri atas harga perolehan dan biaya-biaya tambahan yang dapat diatribusikan langsung untuk membawa aset ke lokasi dan kondisi yang diinginkan agar aset siap digunakan. Semua biaya pemeliharaan dan perbaikan yang tidak memenuhi kriteria pengakuan diakui dalam laba atau rugi pada saat terjadinya.

Beban pemeliharaan dan perbaikan dibebankan pada laba rugi pada saat terjadinya. Beban pemugaran dan penambahan dalam jumlah besar dikapitalisasi kepada jumlah tercatat aset terkait bila besar kemungkinan bagi Grup manfaat ekonomi masa depan menjadi lebih besar dari standar kinerja awal yang ditetapkan sebelumnya dan disusutkan sepanjang sisa masa manfaat aset terkait.

Setelah pengakuan awal, aset tetap kecuali bangunan, prasarana dan mesin dinyatakan pada biaya perolehan dikurangi akumulasi penyusutan dan kerugian penurunan nilai.

Penyusutan aset tetap dimulai pada saat aset tersebut siap untuk digunakan dan dihitung dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat ekonomis aset-aset tersebut sebagai berikut:

	Tahun/ Years
Bangunan dan prasarana	5 - 20
Mesin	4 - 10
Peralatan kantor	2 - 5
Kendaraan	5 - 10

Jumlah tercatat komponen dari suatu aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat sudah tidak ada lagi manfaat ekonomi masa depan yang diharapkan dari penggunaan maupun pelepasannya. Keuntungan atau kerugian yang timbul dari penghentian pengakuan tersebut (ditentukan sebesar selisih antara jumlah hasil pelepasan neto dan jumlah tercatatnya) dimasukkan ke dalam laba rugi pada tahun penghentian pengakuan tersebut dilakukan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Fixed Assets

Fixed assets are initially recognized at cost, which comprises their purchase price and any costs directly attributable in bringing the asset to its working condition and to the location where it is intended to be used. All other repairs and maintenance costs that do not meet the recognition criteria are recognized in profit or loss as incurred.

Repairs and maintenance expenses are taken to the profit or loss when they are incurred. The cost of major renovation and restoration is capitalized in the carrying amount of the related asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the related asset.

Subsequent to initial recognition, fixed assets except for buildings, infrastructures and machinery are carried at cost less any subsequent accumulated depreciation and impairment losses.

Depreciation of fixed assets begins when the assets are available for use and is computed using the straight-line method based on the estimated useful lives of the assets as follows:

Bangunan dan prasarana	5 - 20	<i>Building and infrastructures</i>
Mesin	4 - 10	<i>Machinery</i>
Peralatan kantor	2 - 5	<i>Office equipment</i>
Kendaraan	5 - 10	<i>Vehicles</i>

The carrying amount of an item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is directly included in the profit or loss of year the item is derecognized.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

r. Aset Tetap (lanjutan)

Tanah dinyatakan sebesar biaya perolehan dan tidak didepresiasi karena manajemen berpendapat bahwa kemungkinan besar hak atas tanah tersebut dapat diperbarui/diperpanjang pada saat jatuh tempo.

Nilai residu aset, umur manfaat, dan metode penyusutan dievaluasi setiap akhir tahun finansial dan disesuaikan secara prospektif jika diperlukan.

Aset tetap dalam penyelesaian dicatat sebesar biaya perolehan, yang mencakup kapitalisasi biaya pinjaman dan biaya-biaya lainnya yang terjadi sehubungan dengan pendanaan aset tetap dalam penyelesaian tersebut. Akumulasi biaya perolehan akan direklasifikasi ke akun "Aset Tetap" yang bersangkutan pada saat aset tetap tersebut telah selesai dikerjakan dan siap untuk digunakan. Aset dalam penyelesaian tidak disusutkan karena belum tersedia untuk digunakan.

Hak atas tanah, biaya pengurusan legal hak atas tanah dalam bentuk Hak Guna Usaha ("HGU"), Hak Guna Bangunan ("HGB"), dan Hak Pakai ("HP") ketika tanah diperoleh pertama kali diakui sebagai bagian dari biaya perolehan tanah pada akun "Aset Tetap" dan tidak diamortisasi.

Tanah yang belum dikembangkan

Tanah belum dikembangkan dinyatakan sebesar mana yang lebih rendah antara biaya perolehan dan nilai realisasi bersih. Nilai realisasi bersih adalah estimasi harga jual dikurangi estimasi biaya penyelesaian lainnya untuk siap dijual.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

r. Fixed Assets (continued)

Land is stated at cost and is not depreciated as the management is believe that it is probable that the rights can be renewed/extended upon expiration.

The assets' residual values, useful lives, and depreciation method are reviewed at each year end and adjusted prospectively, if necessary.

Constructions in progress are stated at cost, including capitalized borrowing costs and other charges incurred in connection with the financing of the said asset constructions. The accumulated costs will be reclassified to the appropriate "Fixed Assets" account when the construction is completed and available for use. Assets under construction are not depreciated as these are not yet available for use.

Land rights, legal cost of land rights in the form of Business Usage Rights ("Hak Guna Usaha" or "HGU"), Building Usage Right ("Hak Guna Bangunan" or "HGB"), and Usage Rights ("Hak Pakai" or "HP") when the land was acquired initially are recognized as part of the cost of the land under the "Fixed Assets" account and not amortized.

Land for development

Land for development is stated at the lower of acquisition costs and net realizable value. Net realizable value is the estimated selling price less other estimated costs of completed costs of completion ready to sell.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

s. Sewa

Sebelum 1 Januari 2020

Grup mengklasifikasikan sewa berdasarkan sejauh mana risiko dan manfaat yang terkait dengan kepemilikan aset sewaan berada pada *lessor* atau *lessee*, dan pada substansi transaksi daripada bentuk kontraknya, pada tanggal pengakuan awal.

Sewa Pembiayaan - sebagai Lessee

Suatu sewa diklasifikasikan sebagai sewa pembiayaan jika sewa tersebut mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset sewa. Sewa tersebut dikapitalisasi sejak awal masa sewa sebesar nilai wajar aset sewaan atau sebesar nilai kini dari pembayaran sewa minimum, jika nilai kini lebih rendah dari nilai wajar.

Pembayaran sewa minimum harus dipisahkan antara bagian yang merupakan beban keuangan dan bagian yang merupakan pelunasan liabilitas, sedemikian rupa sehingga menghasilkan suatu tingkat suku bunga periodik yang konstan atas saldo liabilitas. Beban keuangan dibebankan langsung pada laba rugi.

Jika terdapat kepastian yang memadai bahwa *lessee* akan mendapatkan hak kepemilikan pada akhir masa sewa, aset sewaan disusutkan selama masa pakai aset yang diestimasi berdasarkan umur manfaat aset tersebut. Jika tidak terdapat kepastian tersebut, maka aset sewaan disusutkan selama periode yang lebih pendek antara umur manfaat aset sewaan atau masa sewa. Laba atau rugi yang timbul dari transaksi jual dan sewa kembali ditangguhkan dan diamortisasi selama masa sewa.

Sewa Operasi - sebagai Lessee

Suatu sewa diklasifikasikan sebagai sewa operasi jika sewa tidak mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset. Dengan demikian, pembayaran sewa diakui sebagai beban di tahun berjalan pada operasi dengan menggunakan metode garis lurus selama masa sewa.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

s. Leases

Before January 1, 2020

The Group classifies leases based on the extent to which risks and rewards incidental to the ownership of a leased asset are vested upon the lessor or the lessee, and the substance of the transaction rather than the form of the contract, at inception date.

Finance Lease - as Lessee

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased assets. Such leases are capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments.

Minimum lease payments are apportioned between the financial charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Financial charges are charged directly to profit or loss.

If there is a reasonable certainty that the lessee will obtain ownership by the end of the lease term, then, the leased assets are depreciated over their estimated useful lives. If not, then the capitalized leased assets are depreciated over the shorter of the useful lives of the assets or the lease term. Gain or loss on a sale and finance leaseback transaction is deferred and amortized over the lease term.

Operating Lease - as Lessee

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased assets. Accordingly, the related lease payments are recognized as expense in the current year operations using the straight-line method over the lease term.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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s. Sewa (lanjutan)

Mulai 1 Januari 2020

Mulai tanggal 1 Januari 2020, Grup menerapkan PSAK 73 "Sewa", yang mensyaratkan pengakuan liabilitas sewa sehubungan dengan sewa yang sebelumnya diklasifikasikan sebagai "sewa operasi". Kebijakan ini berlaku untuk kontrak yang disepakati atau diamendemen, pada atau setelah 1 Januari 2020.

Pada tanggal inisiasi suatu kontrak, Grup menilai apakah suatu kontrak merupakan, atau mengandung, sewa. Suatu kontrak merupakan, atau mengandung, sewa jika kontrak tersebut memberikan hak untuk mengendalikan penggunaan suatu aset identifikasian selama suatu jangka waktu untuk dipertukarkan dengan imbalan. Untuk menilai apakah suatu kontrak memberikan hak untuk mengendalikan suatu aset identifikasian, Grup menilai apakah:

- Kontrak melibatkan penggunaan suatu aset identifikasian - ini dapat ditentukan secara eksplisit atau implisit dan secara fisik dapat dibedakan atau mewakili secara substansial seluruh kapasitas aset yang secara fisik dapat dibedakan. Jika pemasok memiliki hak substitusi substantif, maka aset tersebut tidak teridentifikasi;
- Grup memiliki hak untuk memperoleh secara substansial seluruh manfaat ekonomik dari penggunaan aset selama periode penggunaan; dan
- Grup memiliki hak untuk mengarahkan penggunaan aset identifikasian. Grup memiliki hak ini ketika hak pengambilan keputusan yang paling relevan untuk mengubah bagaimana dan untuk tujuan apa aset tersebut digunakan. Dalam kondisi tertentu di mana semua keputusan tentang bagaimana dan untuk tujuan apa aset digunakan telah ditentukan sebelumnya, Grup memiliki hak untuk mengarahkan penggunaan aset tersebut jika:
 - a. Grup memiliki hak untuk mengoperasikan aset; atau
 - b. Grup mendesain aset dengan cara menetapkan sebelumnya bagaimana dan untuk tujuan apa aset akan digunakan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

s. Leases (continued)

Beginning January 1, 2020

From January 1, 2020, the Group has adopted PSAK 73 "Leases", which sets the requirements for recognition of lease liabilities in relation to leases which had previously been classified as "operating leases". This policy is applied to contracts entered into or amended, on or after January 1, 2020.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has the substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the identified asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In certain circumstances where all the decisions about how and for what purpose the asset is used are predetermined, the Group has the right to direct the use of the asset if either:
 - a. The Group has the right to operate the asset; or
 - b. The Group designed the asset in a way that predetermines how and for what purpose the asset will be used.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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s. Sewa (lanjutan)

Mulai 1 Januari 2020 (lanjutan)

Pada tanggal insepisi atau pada penilaian kembali atas kontrak yang mengandung sebuah komponen sewa, Grup mengalokasikan imbalan dalam kontrak ke masing-masing komponen sewa berdasarkan harga tersendiri relatif dari komponen sewa dan harga tersendiri agregat dari komponen nonsewa.

Pada tanggal permulaan sewa, Grup mengakui aset hak-guna dan liabilitas sewa. Aset hak-guna diukur pada biaya perolehan, dimana meliputi jumlah pengukuran awal liabilitas sewa yang disesuaikan dengan pembayaran sewa yang dilakukan pada atau sebelum tanggal permulaan, ditambah dengan biaya langsung awal yang dikeluarkan dan estimasi biaya yang akan dikeluarkan untuk membongkar dan memindahkan aset pendasar atau untuk merestorasi aset pendasar ke kondisi yang disyaratkan dan ketentuan sewa, dikurangi dengan insentif sewa yang diterima.

Aset hak-guna kemudian disusutkan menggunakan metode garis lurus dari tanggal permulaan hingga tanggal yang lebih awal antara akhir umur manfaat aset hak-guna atau akhir masa sewa.

Aset hak-guna juga mengalami penurunan nilai. Lihat kebijakan akuntansi pada Catatan 3 penurunan nilai aset non-keuangan

Liabilitas sewa diukur pada nilai kini pembayaran sewa yang belum dibayar pada tanggal permulaan, didiskontokan dengan menggunakan suku bunga implisit dalam sewa atau jika suku bunga tersebut tidak dapat ditentukan, maka menggunakan suku bunga pinjaman inkremental. Pada umumnya, Grup menggunakan suku bunga pinjaman inkremental sebagai tingkat bunga diskonto.

Pembayaran sewa yang termasuk dalam pengukuran liabilitas sewa meliputi pembayaran tetap, termasuk pembayaran tetap secara substansi dikurangi dengan piutang insentif sewa.

Setiap pembayaran sewa dialokasikan sebagai beban keuangan dan pengurangan liabilitas sehingga menghasilkan tingkat suku bunga yang konstan atas saldo liabilitas yang tersisa.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

s. Leases (continued)

Beginning January 1, 2020 (continued)

At the inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone prices and the aggregate stand-alone price of the non-lease components.

The Group recognises a right-of-use assets and a lease liability at the lease commencement date. The right-of-use assets is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payment made at or before the commencement date, plus any initial direct cost incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset to the condition required by the terms and conditions of the lease, less any lease incentives received.

The right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3 for impairment of non-financial assets

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, use the incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments less any lease incentive receivable.

Each lease payment is allocated between finance charges and reduction of the lease liability so as to achieve a constant interest rate on the outstanding balance of the liabilities.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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s. Sewa (lanjutan)

Sewa Jangka-Pendek dan Sewa Aset Bernilai-
Rendah

Grup memilih untuk tidak mengakui aset hak-guna dan liabilitas sewa untuk sewa jangka-panjang yang memiliki masa sewa 12 bulan atau kurang dan sewa atas aset bernilai-rendah. Perseroan mengakui pembayaran sewa terkait dengan sewa ini sebagai beban dengan dasar garis lurus selama masa sewa.

t. Properti Investasi

Properti investasi yang merupakan properti yang dimiliki untuk penghasilan sewa jangka panjang dan/atau untuk peningkatan modal, pada awalnya diakui sebesar biaya perolehan dan selanjutnya dicatat pada biaya perolehan dikurangi akumulasi penyusutan dan akumulasi rugi penurunan nilai. Penyusutan dihitung menggunakan metode garis lurus untuk mengalokasi jumlah yang dapat disusutkan selama estimasi masa manfaat 4 - 20 tahun. Nilai residu, masa manfaat dan metode penyusutan dari properti investasi dievaluasi, dan disesuaikan, pada setiap tanggal pelaporan.

Properti investasi dihentikan pengakuannya pada saat dilepaskan atau pada saat properti investasi tersebut tidak digunakan secara permanen dan sudah tidak ada lagi manfaat ekonomi masa depan yang diharapkan dari pelepasannya. Keuntungan atau kerugian yang timbul dari penghentian pengakuan atau pelepasan properti investasi diakui ke dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada tahun penghentian pengakuan atau pelepasan tersebut dilakukan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

s. Leases (continued)

Short-Term Leases and Leases of Low-Value
Assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

t. Investment Properties

Investment properties which are properties held for long-term rent yields and/or for capital appreciation, are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives of 4 - 20 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each reporting date.

Investment properties are derecognized when either they have been disposed of or when the investment properties are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of profit or loss and other comprehensive income in the year of retirement or disposal.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

u. Penurunan Nilai Aset Non-keuangan

Pada setiap akhir tahun pelaporan, Grup menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian penurunan nilai aset (yaitu aset takberwujud dengan umur manfaat tidak terbatas, aset takberwujud yang belum dapat digunakan, atau *goodwill* yang diperoleh dalam suatu kombinasi bisnis) diperlukan, maka Grup membuat estimasi formal jumlah terpulihkan aset tersebut.

Jumlah terpulihkan yang ditentukan untuk aset individual adalah jumlah yang lebih tinggi antara nilai wajar aset atau UPK dikurangi biaya untuk menjual dengan nilai pakainya, kecuali aset tersebut tidak menghasilkan arus kas masuk yang sebagian besar independen dari aset atau kelompok aset lain. Jika nilai tercatat aset atau UPK lebih besar daripada jumlah terpulihkannya, maka aset tersebut dipertimbangkan mengalami penurunan nilai dan nilai tercatat aset diturunkan menjadi sebesar jumlah terpulihkannya.

Kerugian penurunan nilai dari operasi yang berkelanjutan, jika ada, diakui sebagai laba atau rugi sesuai dengan kategori biaya yang konsisten dengan fungsi dari aset yang diturunkan nilainya.

Untuk aset selain *goodwill*, penilaian dilakukan pada akhir setiap tanggal pelaporan apakah terdapat indikasi bahwa rugi penurunan nilai yang telah diakui dalam periode sebelumnya mungkin tidak ada lagi atau mungkin telah menurun. Jika indikasi dimaksud ditemukan, maka entitas mengestimasi jumlah terpulihkan aset atau UPK tersebut. Kerugian penurunan nilai yang telah diakui dalam periode sebelumnya untuk aset selain *goodwill* dibalik hanya jika terdapat perubahan asumsi-asumsi yang digunakan untuk menentukan jumlah terpulihkan aset tersebut sejak rugi penurunan nilai terakhir diakui. Dalam hal ini, jumlah tercatat aset dinaikkan ke jumlah terpulihkannya. Pembalikan tersebut dibatasi sehingga jumlah tercatat aset tidak melebihi jumlah terpulihkannya maupun jumlah tercatat, neto setelah penyusutan, seandainya tidak ada rugi penurunan nilai yang telah diakui untuk aset tersebut pada tahun sebelumnya.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Impairment of Non-financial Assets

At the end of each annual reporting, the Group assesses whether there is an indication that an asset may be impaired. If any such indication exists or when annual impairment testing for an asset (i.e. an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) 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 CGU fair value less costs to sell 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 groups of assets. Where the carrying value of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations, if any, are recognized as profit or loss in expense categories consistent with the functions of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the asset's or CGU's recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

u. Penurunan Nilai Aset Non-keuangan (lanjutan)

Pembalikan rugi penurunan nilai diakui sebagai laba atau rugi. Setelah pembalikan tersebut, penyusutan aset tersebut disesuaikan di periode mendatang untuk mengalokasikan jumlah tercatat aset yang direvisi, dikurangi nilai sisanya, dengan dasar yang sistematis selama sisa umur manfaatnya.

Goodwill diuji untuk penurunan nilai setiap akhir tahun dan ketika terdapat indikasi bahwa nilai tercatatnya mungkin mengalami penurunan nilai. Penurunan nilai bagi *goodwill* ditetapkan dengan menentukan jumlah tercatat tiap UPK (atau kelompok UPK) terkait dari *goodwill* tersebut. Jika jumlah terpulihkan UPK kurang dari jumlah tercatatnya, rugi penurunan nilai diakui. Rugi penurunan nilai terkait *goodwill* tidak dapat dibalik pada periode berikutnya.

v. Aset Takberwujud

Beban ditangguhkan

Biaya-biaya tertentu, terutama terdiri atas biaya dan beban-beban lain yang mempunyai masa manfaat lebih dari satu tahun, sehubungan dengan biaya perolehan sistem perangkat lunak, dan beban perolehan hak atas tanah yang ditangguhkan dan tidak memenuhi syarat untuk dicatat sebagai aset tetap seperti diungkapkan pada Catatan 2r, ditangguhkan dan diamortisasi selama masa manfaatnya dengan menggunakan metode garis lurus. Beban-beban ini disajikan dalam akun "Aset takberwujud" pada laporan posisi keuangan konsolidasian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

u. Impairment of Non-financial Assets (continued)

Reversal of an impairment loss is recognized as profit or loss. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is tested for impairment at the end of year and when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than their carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

v. Intangible Assets

Deferred charges

Certain expenditures, consisting primarily of costs and expenses which benefits extend over a period of more than one year, relating to systems software cost, and deferred landright acquisition costs that do not fulfill the criteria to be recognized as fixed assets as disclosed in Note 2r, are deferred and amortized over the periods benefited using the straight-line method. These expenditures are presented in "Intangible assets" account in the consolidated statement of financial position.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

w. Perpajakan

Pajak final

Peraturan perpajakan di Indonesia mengatur beberapa jenis penghasilan dikenakan pajak yang bersifat final. Pajak final tetap dikenakan atas nilai bruto transaksi walaupun atas transaksi tersebut pelaku transaksi mengalami kerugian.

Pajak final tidak termasuk dalam lingkup yang diatur oleh PSAK 46 (Revisi 2014) "Pajak Penghasilan".

Perbedaan antara nilai tercatat dari aset revaluasi dan dasar pengenaan pajak merupakan perbedaan temporer sehingga menimbulkan liabilitas atau aset pajak tangguhan, kecuali untuk aset tertentu seperti tanah yang pada saat realisasinya dikenakan pajak final yang dikenakan atas nilai bruto transaksi.

Aset dan liabilitas pajak kini untuk tahun berjalan diukur sebesar jumlah yang diharapkan dapat direstitusi dari atau dibayarkan kepada otoritas perpajakan.

Beban pajak kini ditentukan berdasarkan laba kena pajak tahun berjalan yang dihitung berdasarkan tarif pajak yang berlaku.

Bunga dan denda atas pajak disajikan sebagai bagian dari pendapatan atau beban lainnya.

Koreksi terhadap liabilitas perpajakan diakui pada saat surat ketetapan pajak diterima atau, jika diajukan keberatan, pada saat keputusan atas keberatan ditetapkan, atau jika mengajukan permohonan banding, pada saat keputusan banding diterima, atau jika mengajukan permohonan peninjauan kembali, pada saat permohonan peninjauan kembali diterima.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

w. Taxation

Final tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax is applied to the gross value of transactions even when the parties carrying the transaction are recognizing losses.

Final tax is no longer governed by PSAK No. 46 (Revised 2014) "Income Tax".

The difference between the carrying amount of a revalued asset and its tax base is a temporary difference and gives rise to a deferred tax liability or asset, except for certain asset such as land, which realization is taxed with final tax on gross value of transaction.

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable profit for the year computed using the prevailing tax rates.

Interests and penalties are presented as part of other income or expenses.

Amendments to tax obligations are recorded when a tax assessment letter is received or, if appealed against, when the result of the appeal is determined, or, if appealed, by the time the appeal decision is received, or when applying for a judicial review, upon request reconsideration is received.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

w. Perpajakan (lanjutan)

Pajak tangguhan

Pajak tangguhan diakui dengan menggunakan metode liabilitas atas perbedaan temporer antara dasar pengenaan pajak dari aset dan liabilitas dan jumlah tercatatnya untuk tujuan pelaporan keuangan pada tanggal pelaporan.

Liabilitas pajak tangguhan diakui untuk semua perbedaan temporer yang kena pajak, kecuali:

- liabilitas pajak tangguhan yang terjadi dari pengakuan awal goodwill atau dari aset atau liabilitas dari transaksi yang bukan transaksi kombinasi bisnis, dan pada waktu transaksi tidak mempengaruhi laba akuntansi dan laba kena pajak/rugi pajak;
- dari perbedaan temporer kena pajak atas investasi pada entitas anak, perusahaan asosiasi dan kepentingan dalam pengaturan bersama, yang saat pembalikannya dapat dikendalikan dan besar kemungkinannya bahwa beda temporer itu tidak akan dibalik dalam waktu dekat.

Aset pajak tangguhan diakui untuk semua perbedaan temporer yang dapat dikurangkan, saldo kredit pajak yang tidak digunakan dan akumulasi rugi fiskal yang tidak terpakai. Aset pajak tangguhan diakui apabila besar kemungkinan bahwa jumlah penghasilan kena pajak akan memadai untuk dikompensasi dengan perbedaan temporer yang dapat dikurangkan, dan penerapan kredit pajak yang tidak terpakai serta akumulasi rugi fiskal yang dapat digunakan, kecuali:

- jika aset pajak tangguhan timbul dari pengakuan awal aset atau liabilitas dalam transaksi yang bukan transaksi kombinasi bisnis dan tidak mempengaruhi laba akuntansi maupun laba kena pajak/rugi pajak; atau
- dari perbedaan temporer yang dapat dikurangkan atas investasi pada entitas anak, perusahaan asosiasi dan kepentingan dalam pengaturan bersama, aset pajak tangguhan hanya diakui bila besar kemungkinannya bahwa beda temporer itu tidak akan dibalik dalam waktu dekat dan laba kena pajak dapat dikompensasi dengan beda temporer tersebut.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

w. Taxation (continued)

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or 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;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when 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 recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 any unused tax losses can be utilised, except:

- when 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; or
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, deferred tax assets are recognized 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.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

w. Perpajakan (lanjutan)

Pajak tangguhan (lanjutan)

Jumlah tercatat aset pajak tangguhan ditelaah pada setiap tanggal pelaporan dan diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan. Aset pajak tangguhan yang tidak diakui ditinjau ulang pada setiap tanggal pelaporan dan akan diakui apabila besar kemungkinan bahwa laba fiskal pada masa yang akan datang akan tersedia untuk pemulihannya.

Aset dan liabilitas pajak tangguhan diukur dengan menggunakan tarif pajak yang diharapkan akan berlaku pada tahun saat aset dipulihkan atau liabilitas diselesaikan berdasarkan tarif pajak dan peraturan pajak yang berlaku atau yang secara substantif telah berlaku pada tanggal pelaporan.

Pajak tangguhan atas barang yang diakui di luar laba rugi diakui di luar laba rugi. Taksiran pajak tangguhan diakui berkorelasi dengan *underlying transaction* baik di OCI maupun langsung di ekuitas.

Aset dan liabilitas pajak tangguhan diakui menggunakan metode liabilitas atas konsekuensi pajak pada masa mendatang yang timbul dari perbedaan jumlah tercatat aset dan liabilitas menurut laporan keuangan dengan dasar pengenaan pajak aset dan liabilitas pada setiap tanggal pelaporan. Liabilitas pajak tangguhan diakui untuk semua perbedaan temporer kena pajak dan aset pajak tangguhan diakui untuk perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal, sepanjang besar kemungkinan perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal tersebut dapat dimanfaatkan untuk mengurangi laba kena pajak pada masa depan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

w. Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 as at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable profit will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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w. Perpajakan (lanjutan)

Pajak tangguhan (lanjutan)

Liabilitas pajak tangguhan dan aset pajak tangguhan (jika memenuhi kriteria) diakui atas perbedaan temporer kena pajak terkait dengan investasi pada entitas anak, kecuali yang waktu pembalikannya dapat dikendalikan dan kemungkinan besar perbedaan temporer tersebut tidak akan dibalik di masa depan yang dapat diperkirakan.

Jumlah tercatat aset pajak tangguhan ditelaah ulang pada akhir setiap periode pelaporan dan diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan tersebut. Pada akhir setiap periode pelaporan, Grup menilai kembali aset pajak tangguhan yang tidak diakui. Grup mengakui aset pajak tangguhan yang sebelumnya tidak diakui apabila besar kemungkinan bahwa laba fiskal pada masa depan akan tersedia untuk pemulihannya.

Pajak tangguhan dihitung dengan menggunakan tarif pajak yang berlaku atau secara substansial telah berlaku pada tanggal pelaporan. Perubahan nilai tercatat aset dan liabilitas pajak tangguhan yang disebabkan oleh perubahan tarif pajak dibebankan pada usaha periode berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Aset dan liabilitas pajak tangguhan disajikan secara saling hapus dalam laporan posisi keuangan konsolidasian, kecuali aset dan liabilitas pajak tangguhan untuk entitas yang berbeda, sesuai dengan penyajian aset dan liabilitas pajak kini.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

w. Taxation (continued)

Deferred tax (continued).

Deferred tax liabilities and assets (provided fulfilling recognition criteria) are recognized in respect of taxable temporary differences associated with investments in subsidiaries, except 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.

The carrying amount of a deferred tax asset 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 the benefit of part or all of that deferred tax asset to be utilized. At the end of each reporting period, the Group reassesses unrecognized deferred tax asset. The Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the consolidated statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

x. Provisi

Provisi diakui jika Grup memiliki kewajiban kini (baik bersifat hukum maupun bersifat konstruktif) dimana merupakan akibat peristiwa masa lalu, besar kemungkinannya penyelesaian kewajiban tersebut mengakibatkan arus keluar sumber daya yang mengandung manfaat ekonomi dan estimasi yang andal mengenai jumlah kewajiban tersebut dapat dibuat.

Provisi ditelaah pada setiap tanggal pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik yang paling kini. Jika arus keluar sumber daya untuk menyelesaikan kewajiban kemungkinan besar tidak terjadi, maka provisi dibatalkan.

y. Imbalan Kerja Karyawan

Grup mengakui kewajiban imbalan kerja sesuai dengan Undang-undang Ketenagakerjaan No. 13/2003 ("Undang-undang Tenaga Kerja"). Penyisihan tersebut diestimasi dengan menggunakan perhitungan aktuarial metode "Projected Unit Credit".

Pengukuran kembali, terdiri atas keuntungan dan kerugian aktuarial, segera diakui pada laporan posisi keuangan konsolidasian dengan pengaruh langsung didebit atau dikreditkan kepada saldo laba melalui penghasilan komprehensif lain pada periode terjadinya. Pengukuran kembali tidak direklasifikasi ke laba rugi pada periode berikutnya.

Biaya jasa lalu harus diakui sebagai beban pada saat yang lebih awal antara:

- i) Ketika program amendemen atau kurtailmen terjadi; dan
- ii) Ketika entitas mengakui biaya restrukturisasi atau imbalan terminasi terkait.

Bunga neto dihitung dengan menerapkan tingkat diskonto yang digunakan terhadap liabilitas imbalan kerja. Grup mengakui perubahan berikut pada kewajiban obligasi neto pada akun "Beban Umum dan Administrasi" pada laba rugi dan penghasilan komprehensif lain laporan konsolidasian:

- i) Biaya jasa terdiri atas biaya jasa kini, biaya jasa lalu, keuntungan atau kerugian atas penyelesaian (*curtailment*) tidak rutin, dan
- ii) Beban atau penghasilan bunga neto.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

x. Provisions

Provisions are recognized when the Group has a present obligation (legally or constructively) which, 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 a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

y. Employee Benefits

The Group recognizes employee benefits liability in accordance with Labor Law No. 13/2003 (the "Labor Law"). The said provision is estimated using actuarial calculations using the "Projected Unit Credit" method.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss at the earlier between:

- i) The date of the plan amendment or curtailment, and
- ii) The date the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability. The Group recognizes the following changes in the net defined benefit obligation under "General and Administrative Expenses" as appropriate in the consolidated statement of profit or loss and other comprehensive income:

- i) Service costs comprising current service costs, past-service costs, gains or losses on non-routine curtailments, and
- ii) Net interest expense or income.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

z. Pengakuan Pendapatan dan Beban

z. Revenue and Expense Recognition

Sebelum 1 Januari 2020

Before January 1, 2020

Pendapatan diakui bila besar kemungkinan manfaat ekonomi akan diperoleh oleh Grup dan jumlahnya dapat diukur secara andal. Pendapatan diukur pada nilai wajar pembayaran yang diterima, tidak termasuk diskon, rabat dan Pajak Pertambahan Nilai ("PPN"). Grup menelaah pengaturan pendapatannya melalui kriteria tertentu untuk menentukan apakah bertindak sebagai prinsipal atau agen. Grup berkesimpulan bahwa Grup bertindak sebagai prinsipal dalam semua pengaturan pendapatan.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value-Added Tax ("VAT"). The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements.

Kriteria spesifik berikut juga harus dipenuhi sebelum pendapatan diakui:

The following specific recognition criteria must also be met before revenue is recognized:

Penjualan barang

Sale of goods

Pendapatan dari penjualan yang timbul dari pengiriman fisik produk-produk Grup diakui bila risiko dan manfaat yang signifikan telah dipindahkan kepada pembeli, bersamaan waktunya dengan pengiriman dan penerimaannya.

Revenue from sales arising from physical delivery of the Group's products is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with their delivery and acceptance.

Pendapatan/beban bunga

Interest income/expense

Untuk semua instrumen keuangan yang diukur pada biaya perolehan yang diamortisasi, pendapatan atau biaya bunga dicatat dengan menggunakan metode suku bunga efektif, yaitu suku bunga yang secara tepat mendiskontokan estimasi pembayaran atau penerimaan kas di masa yang akan datang selama perkiraan umur dari instrumen keuangan, atau jika lebih tepat, selama periode yang lebih singkat, untuk nilai tercatat neto dari aset keuangan atau liabilitas keuangan.

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate, which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument, where appropriate, or a shorter period, to the net carrying amount of the financial asset or liability.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Pengakuan Pendapatan dan Beban (lanjutan)

z. Revenue and Expense Recognition (continued)

Mulai 1 Januari 2020

Beginning January 1, 2020

Pada tanggal 1 Januari 2020, Grup menerapkan PSAK 72 "Pendapatan dari Kontrak dengan Pelanggan" yang mensyaratkan pengakuan pendapatan untuk memenuhi 5 (lima) langkah analisis sebagai berikut:

On January 1, 2020 the Group has adopted PSAK 72 "Revenue from Contracts with Customers" which requires revenue recognition to fulfill 5 (five) steps of assessment as follows:

1. Identifikasi kontrak dengan pelanggan.
2. Identifikasi kewajiban pelaksanaan dalam kontrak. Kewajiban pelaksanaan merupakan janji-janji dalam kontrak untuk menyerahkan barang atau jasa yang memiliki karakteristik berbeda ke pelanggan.
3. Menetapkan harga transaksi, setelah dikurangi diskon, retur, insentif penjualan dan pajak pertambahan nilai, yang berhak diperoleh suatu entitas sebagai kompensasi atas diteruskannya barang atau jasa yang dijanjikan di kontrak.
4. Alokasi harga transaksi ke setiap kewajiban pelaksanaan dengan menggunakan dasar harga jual berdiri sendiri relatif dari setiap barang atau jasa berbeda yang dijanjikan di kontrak. Ketika tidak dapat diamati secara langsung, harga jual berdiri sendiri relatif diperkirakan berdasarkan biaya yang diharapkan ditambah marjin.
5. Pengakuan pendapatan ketika kewajiban pelaksanaan telah dipenuhi dengan menyerahkan barang atau jasa yang dijanjikan ke pelanggan (ketika pelanggan telah memiliki kendali atas barang atau jasa tersebut).

1. Identify contract(s) with a customer.
2. Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
3. Determine the transaction price, net of discounts, returns, sales incentives and value added tax, which an entity expects to be entitled in exchange for transferring the promised goods or services to a customer.
4. Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct goods or services promised in the contract. When these are not directly observable, the relative stand-alone selling price are estimated based on expected cost plus margin.
5. Recognize revenue when performance obligation is satisfied by transferring a promised goods or services to a customer (which is when the customer obtains control of those goods or services).

Pendapatan diakui ketika Grup memenuhi kewajiban pelaksanaan dengan mengalihkan barang atau jasa yang dijanjikan kepada pelanggan, yaitu ketika pelanggan memperoleh pengendalian atas barang atau jasa tersebut. Kewajiban pelaksanaan dapat dipenuhi pada waktu tertentu atau sepanjang waktu. Jumlah pendapatan yang diakui adalah jumlah yang dialokasikan untuk kewajiban pelaksanaan yang dipenuhi.

Revenue is recognized when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognized is the amount allocated to the satisfied performance obligation.

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z. Pengakuan Pendapatan dan Beban (lanjutan)

Pengakuan beban

Beban diakui pada saat terjadinya (asas akrual).

aa. Informasi Segmen

Untuk tujuan manajemen, Grup dibagi menjadi tujuh segmen operasi berdasarkan produk dan jasa yang dikelola secara independen oleh masing-masing pengelola segmen yang bertanggung jawab atas kinerja dari masing-masing segmen. Para pengelola segmen melaporkan secara langsung kepada manajemen Perusahaan yang secara teratur mengkaji laba segmen sebagai dasar untuk mengalokasikan sumber daya ke masing-masing segmen dan untuk menilai kinerja segmen. Pengungkapan tambahan pada masing-masing segmen terdapat dalam Catatan 39, termasuk faktor yang digunakan untuk mengidentifikasi segmen yang dilaporkan dan dasar pengukuran informasi segmen.

ab. Laba per Saham

Laba per saham dasar dihitung dengan membagi laba tahun berjalan yang diatribusikan kepada pemilik entitas induk dengan rata-rata tertimbang jumlah saham yang beredar selama periode yang bersangkutan.

Perusahaan tidak mempunyai saham biasa yang bersifat dilutif pada tanggal 31 Desember 2020, 2019 dan 2018. Oleh karenanya, laba per saham dilusian tidak dihitung dan disajikan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

z. Revenue and Expense Recognition (continued)

Expense recognition

Expenses are recognized when they are incurred (accrual basis).

aa. Segment Information

For management purposes, the Group is organized into seven operating segments based on its products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

ab. Earnings per Share

Basic net earnings per share is computed by dividing income for the year attributable to equity holders of the parent company by the weighted average number of issued and fully paid shares during the period.

The Company has no dilutive ordinary shares as of December 31, 2020, 2019 and 2018. Accordingly, no diluted earnings per share is calculated and presented in the consolidated statement of profit or loss and other comprehensive income.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

ac. Saham Treasuri

Saham treasuri diakui pada harga perolehan kembali dan dikurangi dari ekuitas. Keuntungan atau kerugian yang timbul dari pembelian, penjualan, penerbitan, atau pembatalan instrumen ekuitas Grup tidak diakui dalam laba rugi. Selisih antara jumlah tercatat dan penerimaan dari penjualan saham treasuri di masa yang akan datang, diakui sebagai bagian dari tambahan modal disetor pada ekuitas.

3. PERTIMBANGAN, ESTIMASI, DAN ASUMSI SIGNIFIKAN

Penyusunan laporan keuangan konsolidasian Grup mengharuskan manajemen untuk membuat pertimbangan, estimasi, dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan atas liabilitas kontinjensi, pada akhir tahun pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas yang terpengaruh pada periode pelaporan berikutnya.

Pertimbangan

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Grup yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan konsolidasian:

Penentuan mata uang fungsional

Mata uang fungsional dari masing-masing entitas dalam Grup adalah mata uang dari lingkungan ekonomi primer dimana entitas beroperasi. Manajemen mengakui bahwa mata uang fungsional dari Grup adalah Rupiah yang merupakan mata uang yang mempengaruhi pendapatan dan beban dari penjualan barang dan jasa yang diberikan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ac. Treasury Stocks

Treasury stocks are recognized at reacquisition cost and deducted from equity. Gain or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments is not recognized in profit or loss. Any difference between the carrying amount and the consideration from future re-sale of treasury shares, is recognized as part of additional paid-in capital in the equity.

3. SIGNIFICANT JUDGMENTS, ESTIMATES, AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgments, estimations, and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the end of the reporting year. Uncertainty about these assumptions and estimates could result in outcomes that may require material adjustments to the carrying values of the assets and liabilities affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

Determination of functional currency

The currency of each of the entities under the Group is the currency of the primary economic environment in which each entity operates. Management assessed that the functional currency of the Group is Rupiah, it is the currency that mainly influences the revenue and expenses from sale of goods and services rendered.

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**3. PERTIMBANGAN, ESTIMASI, DAN ASUMSI
SIGNIFIKAN (lanjutan)**

Pertimbangan (lanjutan)

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Grup yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan konsolidasian: (lanjutan)

Alokasi harga beli dan penurunan nilai goodwill

Akuntansi akuisisi mensyaratkan penggunaan estimasi akuntansi secara ekstensif dalam mengalokasikan harga beli kepada nilai pasar wajar aset dan liabilitas yang diakuisisi, termasuk aset takberwujud. Akuisisi bisnis tertentu oleh Grup menimbulkan goodwill. Sesuai PSAK 22 (Revisi 2010) "Kombinasi Bisnis", goodwill tidak diamortisasi dan diuji bagi penurunan nilai setiap tahunnya.

Perhitungan arus kas masa depan dalam menentukan nilai wajar aset tetap, tanaman perkebunan dan aset tidak lancar lainnya dari entitas yang diakuisisi pada tanggal akuisisi melibatkan estimasi yang signifikan. Walaupun manajemen berkeyakinan bahwa asumsi yang digunakan adalah tepat dan memiliki dasar yang kuat, perubahan signifikan pada asumsi tersebut dapat mempengaruhi secara material evaluasi atas nilai terpulihkan dan dapat menimbulkan penurunan nilai sesuai PSAK 48 (Revisi 2014): "Penurunan Nilai Aset."

Goodwill diuji untuk penurunan nilai setiap tahunnya dan jika terdapat indikasi penurunan nilai. Manajemen menggunakan pertimbangan dalam mengestimasi jumlah terpulihkan dan menentukan adanya indikasi penurunan nilai. Estimasi atas nilai terpulihkan diuraikan pada bagian "Estimasi dan Asumsi" pada Catatan ini.

Tagihan restitusi pajak

Berdasarkan peraturan perpajakan yang berlaku saat ini, manajemen mempertimbangkan apakah jumlah yang tercatat dalam akun di atas dapat dipulihkan dan direstitusi oleh Kantor Pajak.

**3. SIGNIFICANT JUDGMENTS, ESTIMATES, AND
ASSUMPTIONS (continued)**

Judgments (continued)

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements: (continued)

Purchase price allocation and goodwill impairment

Acquisition accounting requires extensive use of accounting estimates to allocate the purchase price to the fair market values of the assets and liabilities purchased, including intangible assets. Certain business acquisitions of the Group have resulted in goodwill. In accordance with PSAK 22 (Revised 2010), "Business Combinations", such goodwill is not amortized and subject to an annual impairment testing.

Computation of future cash flows in determining the fair values of fixed assets, plantations and other non-current assets of the acquirees at the dates of acquisitions involves significant estimations. While the management believes that the assumptions are appropriate and reasonable, significant changes of those assumptions used may materially affect its assessment of recoverable values and may lead to future impairment charges under PSAK 48 (Revised 2014) "Impairment of Assets".

Goodwill is subject to annual impairment test and whenever there is an indication that such asset may be impaired. Management uses its judgment in estimating the recoverable value and determining if there is any indication of impairment. Estimation on the recoverable amount are further described in "Estimates and Assumptions" section of this Note.

Claims for tax refund

Based on currently enacted tax regulation, the management uses judgment if the amounts recorded under the above account are recoverable and refundable by the Tax Office.

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**3. PERTIMBANGAN, ESTIMASI, DAN ASUMSI
SIGNIFIKAN (lanjutan)**

Pertimbangan (lanjutan)

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Grup yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan konsolidasian: (lanjutan)

Klasifikasi aset keuangan dan liabilitas keuangan

Grup menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Grup seperti yang dijelaskan dalam Catatan.

Instrumen keuangan

Grup mencatat aset dan liabilitas keuangan tertentu pada nilai wajar, yang mengharuskan penggunaan estimasi akuntansi. Walaupun komponen signifikan atas pengukuran nilai wajar ditentukan menggunakan bukti obyektif yang dapat diverifikasi, jumlah perubahan nilai wajar dapat berbeda bila Grup menggunakan metodologi penilaian yang berbeda. Perubahan nilai wajar aset dan liabilitas keuangan tersebut dapat mempengaruhi secara langsung laba atau rugi Grup.

Estimasi dan Asumsi

Asumsi utama masa depan dan sumber utama estimasi ketidakpastian lain pada tanggal pelaporan yang memiliki risiko signifikan bagi penyesuaian yang material terhadap nilai tercatat aset dan liabilitas untuk tahun berikutnya diungkapkan di bawah ini. Grup mendasarkan asumsi dan estimasi pada parameter yang tersedia pada saat laporan keuangan konsolidasian disusun. Asumsi dan situasi mengenai perkembangan masa depan mungkin berubah akibat perubahan pasar atau situasi di luar kendali Grup. Perubahan tersebut dicerminkan dalam asumsi terkait pada saat terjadinya.

Nilai wajar aset biologis

Aset biologis diukur pada nilai wajar dikurangi biaya untuk menjual. Nilai wajar diukur berdasarkan pendekatan nilai pasar atau pendapatan kecuali tidak dapat ditentukan dengan andal sehingga menggunakan pendekatan biaya (sering disebut sebagai biaya penggantian saat ini). Setiap perubahan dalam estimasi dapat berdampak pada nilai wajar aset biologis secara signifikan.

**3. SIGNIFICANT JUDGMENTS, ESTIMATES, AND
ASSUMPTIONS (continued)**

Judgments (continued)

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements: (continued)

Classification of financial assets and financial liabilities

The Group determines the classification of certain assets and liabilities as financial assets and financial liabilities. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies as described in Note.

Financial instruments

The Group carries certain financial assets and liabilities at fair values, which requires the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Group utilized different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the Group's profit or loss.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of uncertainty of estimation at the reporting date that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing assumptions and circumstances about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Fair value of biological assets

Biological assets are measured at fair value less cost to sell. The fair value is measured based on market or income approach unless cannot be measured reliably use cost approach (frequently referred to as current replacement cost). Any changes on the estimation may effect the fair value of the biological assets significantly.

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**3. PERTIMBANGAN, ESTIMASI, DAN ASUMSI
SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Penyisihan kerugian kredit ekspektasian dari piutang usaha dan aset kontrak (Mulai 1 Januari 2020)

Grup menggunakan matriks provisi untuk menghitung ECL untuk piutang dagang dan aset kontrak. Tarif provisi didasarkan pada hari lewat jatuh tempo untuk pengelompokan berbagai segmen pelanggan yang memiliki pola kerugian yang serupa (yaitu, menurut geografi, jenis produk, jenis dan peringkat pelanggan, dan pertanggungjawaban berdasarkan surat kredit dan bentuk asuransi kredit lainnya).

Matriks penyediaan awalnya didasarkan pada tarif default yang diamati secara historis Grup. Grup akan mengkalibrasi matriks untuk menyesuaikan pengalaman kerugian kredit historis dengan informasi berwawasan ke depan. Misalnya, jika perkiraan kondisi ekonomi (yaitu, produk domestik bruto) diperkirakan akan semakin memburuk tahun berikutnya yang dapat menyebabkan peningkatan jumlah default di sektor manufaktur, tingkat default historis disesuaikan. Pada setiap tanggal pelaporan, tarif default yang diamati secara historis diperbarui dan perubahan dalam estimasi berwawasan ke depan dianalisis.

Penilaian korelasi antara tingkat default yang diamati secara historis, prakiraan kondisi ekonomi, dan ECL adalah perkiraan yang signifikan. Jumlah ECL sensitif terhadap perubahan keadaan dan prakiraan kondisi ekonomi. Pengalaman kerugian kredit historis Grup dan perkiraan kondisi ekonomi mungkin juga tidak mewakili default pelanggan sebenarnya di masa depan.

**3. SIGNIFICANT JUDGMENTS, ESTIMATES, AND
ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Provision for expected credit losses of trade receivables (Effective beginning January 1, 2020)

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

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**3. PERTIMBANGAN, ESTIMASI, DAN ASUMSI
SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Penyisihan atas kerugian penurunan nilai piutang usaha (sebelum 1 Januari 2020)

Grup mengevaluasi akun-akun tertentu yang diketahui bahwa beberapa pelanggannya tidak dapat memenuhi liabilitas keuangannya. Dalam hal tersebut, Grup mempertimbangkan berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan dan status kredit pelanggan berdasarkan catatan kredit dari pihak ketiga dan faktor pasar yang telah diketahui untuk mencatat provisi spesifik atas pelanggan terhadap jumlah terutang guna mengurangi jumlah piutang yang diharapkan dapat diterima oleh Grup. Provisi spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah cadangan kerugian penurunan nilai atas piutang usaha.

Penyisihan atas penurunan nilai pasar dan keusangan persediaan

Penyisihan penurunan nilai pasar dan keusangan persediaan diestimasi berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas kepada kondisi fisik persediaan yang dimiliki, harga jual pasar, estimasi biaya penyelesaian, dan estimasi biaya untuk penjualan. Penyisihan dievaluasi kembali dan disesuaikan jika terdapat informasi yang mempengaruhi jumlah yang diestimasi.

Penyusutan aset tetap, aset hak-guna dan amortisasi aset takberwujud

Biaya perolehan aset tetap, aset hak-guna dan aset takberwujud disusutkan dengan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis aset tersebut antara 2 (dua) sampai dengan 26 (dua puluh enam) tahun, yang merupakan umur yang secara umum diharapkan dalam industri dimana Grup menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya biaya penyusutan masa depan mungkin direvisi.

**3. SIGNIFICANT JUDGMENTS, ESTIMATES, AND
ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Allowance for impairment losses of trade receivables (before January 1, 2020)

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group is expected to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment losses on trade receivables.

Allowance for decline in market values and obsolescence of inventories

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

Depreciation of fixed assets, right-of-use assets and amortization of intangible assets

The costs of fixed assets, right-of-use assets and intangible assets are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these assets to be within 2 (two) to 26 (twenty six) years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, and therefore, future depreciation charges could be revised.

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**3. PERTIMBANGAN, ESTIMASI, DAN ASUMSI
SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Pensiun dan imbalan kerja

Pengukuran kewajiban dan biaya pensiun dan liabilitas imbalan kerja Grup bergantung pada pemilihan asumsi yang digunakan oleh aktuaris independen dalam menghitung jumlah-jumlah tersebut. Asumsi tersebut termasuk antara lain, tingkat diskonto, tingkat kenaikan gaji tahunan, tingkat pengunduran diri karyawan tahunan, tingkat kecacatan, umur pensiun dan tingkat kematian. Keuntungan atau kerugian aktuarial yang timbul dari penyesuaian dan perubahan dalam asumsi-asumsi aktuarial diakui secara langsung pada laporan posisi keuangan konsolidasian dengan debit atau kredit ke saldo laba melalui penghasilan komprehensif lainnya dalam periode terjadinya.

Sementara Grup berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Grup dapat mempengaruhi secara material liabilitas diestimasi atas imbalan kerja dan beban imbalan kerja neto.

Perpajakan

Ketidakpastian atas interpretasi dari peraturan pajak yang kompleks, perubahan peraturan pajak, dan jumlah dan saat timbulnya pendapatan kena pajak di masa depan, dapat menyebabkan penyesuaian di masa depan atas pendapatan dan beban pajak yang telah dicatat.

Penentuan provisi perpajakan memerlukan pertimbangan signifikan, yang mana keputusan final atas provisi perpajakan tersebut bisa berbeda dari jumlah yang tercatat.

**3. SIGNIFICANT JUDGMENTS, ESTIMATES, AND
ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Pension and employee benefits

The measurement of the Group's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, discount rates, future annual salary increase, annual employee turn-over rate, disability rate, retirement age and mortality rate. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income at the period in which they occur.

While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liability employee benefits and net employee benefits on expense.

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income, which could necessitate future adjustments to tax income and expense already recorded.

Determination of the tax provision needs significant judgements, in which the final assessment of those tax provision could differ from the carrying amount.

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**3. PERTIMBANGAN, ESTIMASI, DAN ASUMSI
SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Aset pajak tangguhan

Aset pajak tangguhan diakui atas seluruh perbedaan temporer yang dapat dikurangkan dan rugi fiskal yang belum digunakan sepanjang besar kemungkinannya bahwa penghasilan kena pajak akan tersedia sehingga rugi pajak tersebut dapat digunakan. Estimasi signifikan oleh manajemen disyaratkan dalam menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan saat penggunaan dan tingkat penghasilan kena pajak masa depan.

Penurunan nilai aset nonkeuangan

Penurunan nilai terjadi pada saat nilai tercatat aset melebihi jumlah terpulihkannya, yaitu yang lebih tinggi antara nilai wajar dikurangi biaya untuk menjual dan nilai pakainya. Nilai wajar dikurangi biaya untuk menjual didasarkan pada data yang tersedia dari perjanjian penjualan yang mengikat yang dibuat dalam transaksi normal atas aset serupa atau harga pasar yang dapat diamati dikurangi dengan biaya tambahan yang dapat diatribusikan dengan pelepasan aset.

**3. SIGNIFICANT JUDGMENTS, ESTIMATES, AND
ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Deferred tax assets

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management estimates are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits.

Impairment of non-financial assets

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset.

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4. KOMBINASI BISNIS ENTITAS SEPENGENDALI

Akuisisi SGF, sebagaimana dijelaskan di Catatan 1c, merupakan kombinasi bisnis entitas sepengendali.

Berdasarkan akuntansi kombinasi bisnis entitas sepengendali, semua aset dan liabilitas yang diperoleh Perusahaan dicatat sebesar nilai buku pada saat tanggal akuisisi. Perbedaan antara nilai perolehan dan nilai tercatat neto dari aset yang diperoleh pada tanggal akuisisi dicatat dan disajikan sebagai bagian dari "Tambahkan modal disetor" pada bagian ekuitas dari laporan posisi keuangan konsolidasian. Rincian perhitungan untuk dampak kepada tambahan modal disetor adalah sebagai berikut:

SO GOOD FOOD

Nilai tercatat aset neto yang diperoleh	667.848
Nilai perolehan pada saat akuisisi	(1.214.132)
Debit ke tambahan modal disetor	546.284

Untuk tujuan komparatif, laporan keuangan konsolidasian pada tanggal 31 Desember 2019 dan 1 Januari 2019/31 Desember 2018 dan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2019 dan 2018 telah disajikan kembali untuk mencerminkan dampak akuisisi entitas sepengendali seolah-olah akuisisi tersebut telah terjadi pada awal periode ketika entitas tersebut dibawah pengendalian yang sama. Dengan demikian, ekuitas perusahaan yang diakuisisi sebelum terjadinya akuisisi sebesar Rp448.320 dan Rp550.684 disajikan sebagai "Ekuitas dari entitas yang bergabung" masing-masing pada ekuitas laporan posisi keuangan konsolidasian tanggal 31 Desember 2019 dan 1 Januari 2019/31 Desember 2018.

Total rugi tahun berjalan perusahaan yang diakuisisi sebelum terjadinya akuisisi disajikan sebagai "Penyesuaian laba (rugi) entitas yang bergabung" masing-masing sebesar (Rp89.943) dan (Rp165.013) pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018.

Total penghasilan komprehensif tahun berjalan perusahaan yang diakuisisi sebelum terjadinya akuisisi disajikan sebagai "Penyesuaian laba entitas yang bergabung" masing-masing sebesar (Rp102.364) dan (Rp144.326) pada laporan laba rugi dan komprehensif lain konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018.

4. BUSINESS COMBINATION OF ENTITIES UNDER COMMON CONTROL

The acquisition of SGF, as described in Note 1c, is a business combination of entities under common control.

In accounting for business combination of entities under common control, all assets and liabilities acquired by the Company were recorded at their carrying values at the date of the acquisition. The difference between the consideration paid and the net carrying values of assets acquired, on acquisition date is recorded and presented as part of "Additional paid-in capital" under the equity section of the consolidated statements of financial position. The detailed calculation of the impact to additional paid-in capital is as follow:

Net carrying value of assets acquired	667.848
Consideration paid	(1.214.132)
Debit to additional paid-in capital	546.284

For comparative purposes, the consolidated financial statements as of December 31, 2019 and January 1, 2019/December 31, 2018 and for the years ended December 31, 2019 and 2018 have been restated to reflect the effects of the acquisition/divestment of such entity under common control as if the acquisition had occurred since the beginning of the period in which the entities were under common control. Accordingly, the equity of such acquired company prior to the acquisition amounted to Rp448,320 and Rp550,684, presented as "Merging entity's equity" in the equity section of the consolidated statements of financial position as of December 31, 2019 and January 1, 2019/December 31, 2018, respectively.

Total loss for the year of the acquired company prior to the acquisition was presented as "Adjustment of merging entity's income (loss)" amounting to (Rp89,943) and (Rp165,013) in the consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018, respectively.

Total comprehensive income for the year of the acquired company prior to the acquisition was presented as "Adjustment of merging entity's income" which amounting to (Rp102,364) and (Rp144,326) in the consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018, respectively.

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**4. KOMBINASI BISNIS ENTITAS SEPENGENDALI
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Pengaruh kombinasi bisnis dalam laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2019, dan 1 Januari 2019/31 Desember 2018 dan laporan laba rugi dan penghasilan komprehensif lain konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018 adalah sebagai berikut:

**4. BUSINESS COMBINATION OF ENTITIES UNDER
COMMON CONTROL (continued)**

The effects of the business combination to the consolidated statements of financial position as of December 31, 2019 and January 1, 2019/December 31, 2018 and consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 are as follows:

31 Desember 2019/December 31, 2019

	Dilaporkan sebelumnya/ As previously reported	Penyesuaian entitas yang bergabung/ Adjustment of merging entity	Eliminasi/ Eliminations	Disajikan kembali/ As restated	
ASET					ASSETS
ASET LANCAR					CURRENT ASSETS
Kas dan setara kas	937.947	66.333	-	1.004.280	Cash and cash equivalents
Piutang usaha					Trade receivables
Pihak berelasi	116.720	2.869	(89.897)	29.692	Related parties
Pihak ketiga, neto	1.851.323	307.574	-	2.158.897	Third parties, net
Piutang lain-lain	71.799	161	(583)	71.377	Other receivables
Piutang dari pihak berelasi	-	112.762	-	112.762	Due from a related party
Persediaan, neto	5.940.206	269.941	-	6.210.147	Inventories, net
Biaya dibayar dimuka	43.030	7.992	-	51.022	Prepaid expenses
Uang muka	312.788	4.066	-	316.854	Advances
TOTAL ASET LANCAR	12.191.930	771.698	(90.480)	12.873.148	TOTAL CURRENT ASSETS
ASET TIDAK LANCAR					NON-CURRENT ASSETS
Tagihan restitusi pajak	501.204	20.942	-	522.146	Claims for tax refund
Aset pajak tangguhan, neto	324.348	12.328	-	336.676	Deferred tax assets, net
Investasi dalam ventura bersama, neto	-	70.433	-	70.433	Investment in joint ventures, net
Uang muka pembelian aset tetap	484.941	430	-	485.371	Advances for purchase of fixed assets
Aset tetap, neto	10.062.592	645.132	-	10.707.724	Fixed assets, net
Properti investasi, neto	45.218	31.653	-	76.871	Investment properties, net
Aset takberwujud, neto	42.157	3.398	-	45.555	Intangible assets, net
Aset tidak lancar lainnya	137.308	352	-	137.660	Other non-current assets
TOTAL ASET TIDAK LANCAR	12.993.079	784.668	-	13.777.747	TOTAL NON-CURRENT ASSETS
TOTAL ASET	25.185.009	1.556.366	(90.480)	26.650.895	TOTAL ASSETS
LIABILITAS DAN EKUITAS					LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK					CURRENT LIABILITIES
Utang bank jangka pendek	3.005.986	271.967	-	3.277.953	Short-term bank loans
Utang usaha					Trade payables
Pihak berelasi	1.632.969	94.183	(89.722)	1.637.430	Related parties
Pihak ketiga	1.056.296	72.242	-	1.128.538	Third parties
Utang lain-lain	435.710	185.321	(758)	620.273	Other payables
Utang pajak	137.355	9.949	-	147.304	Taxes payable
Beban akrual	291.187	39.949	-	331.136	Accrued expenses
Utang muka dari pelanggan	94.245	2.259	-	96.504	Advances from customers
Utang jangka panjang yang jatuh tempo dalam waktu satu tahun:					Current maturities of long-term debts:
Utang bank jangka panjang	118.896	122.772	-	241.668	Long-term bank loans
TOTAL LIABILITAS JANGKA PENDEK	7.033.796	798.642	(90.480)	7.741.958	TOTAL CURRENT LIABILITIES
LIABILITAS JANGKA PANJANG					NON-CURRENT LIABILITIES
Liabilitas pajak tangguhan	12.422	2.688	-	15.110	Deferred tax liabilities
Liabilitas imbalan kerja jangka Panjang	1.192.510	125.953	-	1.318.463	Long-term employee benefits liabilities
Liabilitas jangka panjang lainnya	-	3.388	-	3.388	Other non-current liabilities
Utang jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu tahun:					Long-term debts, net of current maturities:
Utang bank jangka panjang	930.120	177.049	-	1.107.169	Long-term bank loans
TOTAL LIABILITAS JANGKA PANJANG	6.703.045	309.078	-	7.012.123	TOTAL NON-CURRENT LIABILITIES
TOTAL LIABILITAS	13.736.841	1.107.720	(90.480)	14.754.081	TOTAL LIABILITIES

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**4. KOMBINASI BISNIS ENTITAS SEPENGENDALI
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Pengaruh kombinasi bisnis dalam laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2019, dan 1 Januari 2019/31 Desember 2018 dan laporan laba rugi dan penghasilan komprehensif lain konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018 adalah sebagai berikut: (lanjutan)

**4. BUSINESS COMBINATION OF ENTITIES
UNDER COMMON CONTROL (continued)**

The effects of the business combination to the consolidated statements of financial position as of December 31, 2019 and January 1, 2019/December 31, 2018 and consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 are as follows: (continued)

31 Desember 2019 (lanjutan)/December 31, 2019 (continued)					
	Dilaporkan sebelumnya/ As previously reported	Penyesuaian entitas yang bergabung/ Adjustment of merging entity	Eliminasi/ Eliminations	Disajikan kembali/ As restated	
EKUITAS					EQUITY
Modal saham					Share capital
Modal dasar -					Authorized -
15.000.000.000 saham Seri A dengan nilai nominal Rp200 (dalam Rupiah penuh) per saham dan 85.000.000.000 saham Seri B dengan nilai nominal Rp40 (dalam Rupiah penuh) per saham					15,000,000,000 Series A shares at par value of Rp200 (in full Rupiah) and 85,000,000,000 Series B shares at par value of Rp40 (in full Rupiah)
Modal ditempatkan dan disetor - 8.814.985.201 saham Seri A dengan nilai nominal Rp200 (dalam Rupiah penuh) per saham dan 2.911.590.000 saham Seri B dengan nilai nominal Rp40 (dalam Rupiah penuh) per saham					Issued and fully paid - 8,814,985,201 Series A shares at par value of Rp200 (in full Rupiah) and Series B shares 2,911,590,000 at par value of Rp40 (in full Rupiah)
Tambahan modal disetor, neto	1.879.461	500.000	(500.000)	1.879.461	Additional paid-in capital, net
Ekuitas dari entitas yang bergabung	1.694.351	(17.248)	17.248	1.694.351	Merging entity's equity
Cadangan saham bonus	-	-	448.320	448.320	Performance share plan reserve
Saldo laba	13.839	326	-	14.165	Retained earnings
Belum ditentukan penggunaannya	6.975.985	(34.432)	34.432	6.975.985	Unappropriated
EKUITAS	11.448.168	448.646	-	11.896.814	EQUITY
TOTAL LIABILITAS DAN EKUITAS	25.185.009	1.556.366	(90.480)	26.650.895	TOTAL LIABILITIES AND EQUITY

Tahun yang berakhir pada tanggal 31 Desember 2019/
Year ended December 31, 2019

	Dilaporkan sebelumnya/ As previously reported	Penyesuaian entitas yang bergabung/ Adjustment of merging entity	Eliminasi/ Eliminations	Disajikan kembali/ As restated	
PENJUALAN BERSIH	36.742.561	2.686.834	(557.311)	38.872.084	NET SALES
BEBAN POKOK PENJUALAN	(29.616.563)	(1.940.982)	557.311	(31.000.234)	COST OF GOODS SOLD
LABA BRUTO	7.125.998	745.852	-	7.871.850	GROSS PROFIT
Beban penjualan dan pemasaran	(1.048.302)	(509.475)	-	(1.557.777)	Selling and marketing expenses
Beban umum dan administrasi	(2.895.713)	(282.618)	-	(3.178.331)	General and administrative expenses
Pendapatan lainnya	130.835	27.596	-	158.431	Other income
Beban lainnya	(160.828)	(6.951)	-	(167.779)	Other expenses
LABA USAHA	3.149.918	(25.596)	-	3.124.322	OPERATING PROFIT
Pendapatan keuangan	168.621	8.532	-	177.153	Finance income
Beban keuangan	(745.831)	(71.416)	-	(817.247)	Finance costs
Bagian laba neto pada ventura bersama	-	10.249	-	10.249	Equity in net income in joint venture
LABA SEBELUM PAJAK PENGHASILAN	2.572.708	(78.231)	-	2.494.477	PROFIT BEFORE INCOME TAX

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**4. BUSINESS COMBINATION OF ENTITIES
UNDER COMMON CONTROL (continued)**

The effects of the business combination to the consolidated statements of financial position as of December 31, 2019 and January 1, 2019/December 31, 2018 and consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 are as follows: (continued)

Tahun yang berakhir pada tanggal 31 Desember 2019 (lanjutan) Year ended December 31, 2019 (continued)					
Dilaporkan sebelumnya/ As previously reported	Penyesuaian entitas yang bergabung/ Adjustment of merging entity	Eliminasi/ Eliminations	Disajikan kembali/ As restated		
Beban pajak penghasilan, neto	(688.851)	(11.712)	-	(700.563)	<i>Income tax expense, net</i>
LABA TAHUN BERJALAN SETELAH EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG	1.883.857	(89.943)	-	1.793.914	PROFIT FOR THE YEAR AFTER EFFECT OF MERGING ENTITY' INCOME ADJUSTMENT
TOTAL PENGHASILAN KOMPREHENSIF TAHUN BEJALAN SETELAH EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG	1.854.970	(102.364)	-	1.752.606	TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER EFFECT OF MERGING ENTITY' INCOME ADJUSTMENT
31 Desember 2018/December 31, 2018					
Dilaporkan sebelumnya/ As previously reported	Penyesuaian entitas yang bergabung/ Adjustment of merging entity	Eliminasi/ Eliminations	Disajikan kembali/ As restated		
ASET				ASSETS	
ASET LANCAR				CURRENT ASSETS	
Kas dan setara kas	1.086.970	73.423	-	1.160.393	<i>Cash and cash equivalents</i>
Piutang usaha					<i>Trade receivables</i>
Pihak berelasi	92.056	2.853	(78.519)	16.390	<i>Related parties</i>
Pihak ketiga, neto	1.600.721	340.094	-	1.940.815	<i>Third parties, net</i>
Piutang lain-lain	129.698	145	900	130.743	<i>Other receivables</i>
Piutang dari pihak berelasi	-	220.274	-	220.274	<i>Due from a related party</i>
Persediaan, neto	6.247.684	329.803	-	6.577.487	<i>Inventories, net</i>
Biaya dibayar dimuka	60.404	10.809	-	71.213	<i>Prepaid expenses</i>
Uang muka	598.923	19.212	-	618.135	<i>Advances</i>
TOTAL ASET LANCAR	12.415.810	996.613	(77.619)	13.334.804	TOTAL CURRENT ASSETS
ASET TIDAK LANCAR					NON-CURRENT ASSETS
Tagihan restitusi pajak	394.037	34.122	-	428.159	<i>Claims for tax refund</i>
Aset pajak tangguhan, neto	286.429	16.561	-	302.990	<i>Deferred tax assets, net</i>
Investasi dalam ventura bersama, neto	-	60.225	-	60.225	<i>Investment in joint ventures, net</i>
Uang muka pembelian aset tetap	414.550	8.303	-	422.853	<i>Advances for purchase of fixed assets</i>
Aset tetap, neto	7.935.353	712.043	-	8.647.396	<i>Fixed assets, net</i>
Properti investasi, neto	49.463	33.604	-	83.067	<i>Investment properties, net</i>
Aset takberwujud, neto	41.795	5.132	-	46.927	<i>Intangible assets, net</i>
Aset tidak lancar lainnya	92.879	343	-	93.222	<i>Other non-current assets</i>
TOTAL ASET TIDAK LANCAR	10.622.218	870.333	-	11.492.551	TOTAL NON-CURRENT ASSETS
TOTAL ASET	23.038.028	1.866.946	(77.619)	24.827.355	TOTAL ASSETS

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**4. KOMBINASI BISNIS ENTITAS SEPENGENDALI
(lanjutan)**

Pengaruh kombinasi bisnis dalam laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2019, dan 1 Januari 2019/31 Desember 2018 dan laporan laba rugi dan penghasilan komprehensif lain konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018 adalah sebagai berikut: (lanjutan)

**4. BUSINESS COMBINATION OF ENTITIES
UNDER COMMON CONTROL (continued)**

The effects of the business combination to the consolidated statements of financial position as of December 31, 2019 and January 1, 2019/December 31, 2018 and consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 are as follows: (continued)

31 Desember 2018 (lanjutan)/December 31, 2018 (continued)					
	Dilaporkan sebelumnya/ As previously reported	Penyesuaian entitas yang bergabung/ Adjustment of merging entity	Eliminasi/ Eliminations	Disajikan kembali/ As restated	
LIABILITAS DAN EKUITAS					LIABILITIES AND EQUITY
LIABILITAS JANGKA PENDEK					CURRENT LIABILITIES
Utang bank jangka pendek	1.170.106	281.297	-	1.451.403	Short-term bank loans
Utang usaha					Trade payables
Pihak berelasi	1.872.028	86.984	(77.580)	1.881.432	Related parties
Pihak ketiga	1.577.210	174.760	-	1.751.970	Third parties
Utang lain-lain	327.212	168.074	(39)	495.247	Other payables
Utang pajak	447.970	8.866	-	456.836	Taxes payable
Beban akrual	253.937	45.403	-	299.340	Accrued expenses
Utang muka dari pelanggan	50.347	2.259	-	52.606	Advances from customers
Utang jangka panjang yang jatuh tempo dalam waktu satu tahun:					Current maturities of long-term debts:
Utang bank jangka panjang	51.975	95.020	-	146.995	Long-term bank loans
TOTAL LIABILITAS JANGKA PENDEK	6.904.477	862.663	(77.619)	7.689.521	TOTAL CURRENT LIABILITIES
LIABILITAS JANGKA PANJANG					NON-CURRENT LIABILITIES
Liabilitas pajak tangguhan	12.347	1.978	-	14.325	Deferred tax liabilities
Liabilitas imbalan kerja jangka Panjang	1.039.619	148.727	-	1.188.346	Long-term employee benefits liabilities
Liabilitas jangka panjang lainnya	-	3.388	-	3.388	Other non-current liabilities
Utang jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu tahun:					Long-term debts, net of current maturities:
Utang bank jangka panjang	179.084	299.322	-	478.406	Long-term bank loans
TOTAL LIABILITAS JANGKA PANJANG	5.918.742	453.415	-	6.372.157	TOTAL NON-CURRENT LIABILITIES
TOTAL LIABILITAS	12.823.219	1.316.078	(77.619)	14.061.678	TOTAL LIABILITIES
EKUITAS					EQUITY
Modal saham					Share capital
Modal dasar -					Authorized -
15.000.000.000 saham Seri A dengan nilai nominal Rp200 (dalam Rupiah penuh) per saham dan 85.000.000.000 saham Seri B dengan nilai nominal Rp40 (dalam Rupiah penuh) per saham					15,000,000,000 Series A shares at par value of Rp200 (in full Rupiah) and 85,000,000,000 Series B shares at par value of Rp40 (in full Rupiah)
Modal ditempatkan dan disetor -					Issued and fully paid -
8.814.985.201 saham Seri A dengan nilai nominal Rp200 (dalam Rupiah penuh) per saham dan 2.911.590.000 saham Seri B dengan nilai nominal Rp40 (dalam Rupiah penuh) per saham	1.879.461	500.000	(500.000)	1.879.461	8,814,985,201 Series A shares at par value of Rp200 (in full Rupiah) and Series B shares 2,911,590,000 at par value of Rp40 (in full Rupiah)
Tambahan modal disetor, neto	1.691.782	(17.248)	17.248	1.691.782	Additional paid-in capital, net
Ekuitas dari entitas yang bergabung	-	-	550.684	550.684	Merging entity's equity
Cadangan saham bonus	4.416	184	-	4.600	Performance share plan reserve
Saldo laba					Retained earnings
Belum ditentukan penggunaannya	5.861.050	67.932	(67.932)	5.861.050	Unappropriated
EKUITAS	10.214.809	550.868	-	10.765.677	EQUITY
TOTAL LIABILITAS DAN EKUITAS	23.038.028	1.866.946	(77.619)	24.827.355	TOTAL LIABILITIES AND EQUITY

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**4. KOMBINASI BISNIS ENTITAS SEPENGENDALI
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Pengaruh kombinasi bisnis dalam laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2019, dan 1 Januari 2019/31 Desember 2018 dan laporan laba rugi dan penghasilan komprehensif lain konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018 adalah sebagai berikut: (lanjutan)

**4. BUSINESS COMBINATION OF ENTITIES
UNDER COMMON CONTROL (continued)**

The effects of the business combination to the consolidated statements of financial position as of December 31, 2019 and January 1, 2019/December 31, 2018 and consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2019 and 2018 are as follows: (continued)

Tahun yang berakhir pada tanggal 31 Desember 2018/
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	Dilaporkan sebelumnya/ As previously reported	Penyesuaian entitas yang bergabung/ Adjustment of merging entity	Eliminasi/ Eliminations	Disajikan kembali/ As restated	
PENJUALAN BERSIH	34.012.965	2.817.055	(601.759)	36.228.261	NET SALES
BEBAN POKOK PENJUALAN	(26.804.578)	(2.139.817)	601.759	(28.342.636)	COST OF GOODS SOLD
LABA BRUTO	7.208.387	677.238	-	7.885.625	GROSS PROFIT
Beban penjualan dan pemasaran	(836.629)	(550.938)	-	(1.387.567)	Selling and marketing expenses
Beban umum dan administrasi	(2.647.489)	(280.278)	-	(2.927.767)	General and administrative expenses
Pendapatan lainnya	317.889	17.581	-	335.470	Other income
Beban lainnya	(164.095)	(4.194)	-	(168.289)	Other expenses
LABA USAHA	3.843.879	(140.591)	-	3.703.288	OPERATING PROFIT
Pendapatan keuangan	39.427	43.442	-	82.869	Finance income
Beban keuangan	(793.467)	(76.064)	-	(869.531)	Finance costs
Bagian laba neto pada ventura bersama	-	1.488	-	1.488	Equity in net income in joint venture
LABA SEBELUM PAJAK PENGHASILAN	3.089.839	(171.725)	-	2.918.114	PROFIT BEFORE INCOME TAX
Beban pajak penghasilan, neto	(836.638)	6.712	-	(829.926)	Income tax expense, net
LABA TAHUN BERJALAN SETELAH EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG	2.253.201	(165.013)	-	2.088.188	PROFIT FOR THE YEAR AFTER EFFECT OF MERGING ENTITY' INCOME ADJUSTMENT
TOTAL PENGHASILAN KOMPREHENSIF TAHUN BEJALAN SETELAH EFEK PENYESUAIAN LABA ENTITAS YANG BERGABUNG	2.433.191	(144.326)	-	2.288.865	TOTAL COMPREHENSIVE INCOME FOR THE YEAR AFTER EFFECT OF MERGING ENTITY' INCOME ADJUSTMENT

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5. KAS DAN SETARA KAS

Kas dan setara kas terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Kas	24.840	24.244	31.507
Bank			
<u>Rupiah</u>			
PT Bank Maybank Indonesia Tbk	220.330	272.144	172.532
PT Bank Mandiri (Persero) Tbk	211.776	38.136	60.279
PT Bank Central Asia Tbk	92.372	109.700	123.976
PT Bank Rakyat Indonesia (Persero) Tbk	63.891	58.104	56.257
PT Bank Danamon Indonesia Tbk	52.841	1.944	2.862
PT Bank Negara Indonesia (Persero) Tbk	13.649	11.831	12.310
PT Bank CIMB Niaga Tbk	5.579	3.490	12.268
PT Bank Pan Indonesia Tbk	1.369	3.968	5.107
Lain-lain*)	761	1.077	684
Subtotal	662.568	500.394	446.275
Mata uang asing (Catatan 42)			
<u>Dolar AS</u>			
Credit Suisse AG Singapore	371.949	7.351	7.593
PT Bank Central Asia Tbk	174.753	96.687	105.327
PT Bank Rabobank International Indonesia	26.364	26.816	45.082
PT Bank Mandiri (Persero) Tbk	23.625	282.237	390
PT Bank Danamon Indonesia Tbk	17.681	7.109	233.764
PT Bank Maybank Indonesia Tbk	7.106	15.983	262.476
PT Bank CIMB Niaga Tbk	4.919	2.869	9.034
Standard Chartered Bank Indonesia	3.315	5.458	10.627
PT Bank DBS Indonesia	1.379	1.222	1.257
PT Bank Pan Indonesia Tbk	916	949	1.032
JPMorgan Chase Bank, N.A. (JPMorgan)	70	29.262	-
Lain-lain*)	127	100	125
<u>Dolar Singapura</u>			
Lain-lain*)	245	100	145
<u>Euro</u>			
PT Bank Pan Indonesia Tbk	7.953	1.472	3.738
PT Bank CIMB Niaga Tbk	4.466	1.132	1.140
PT Bank Rabobank International Indonesia	1.044	224	692
<u>Ruppee</u>			
Housing Development Finance Corporation Bank	2.153	150	189
<u>Yuan China</u>			
Lain-lain *)	172	-	-
Subtotal	648.237	479.121	682.611
Total bank	1.310.805	979.515	1.128.886
Deposito berjangka			
<u>Rupiah</u>			
PT Bank Pan Indonesia Tbk	266	521	-
Total deposito berjangka	266	521	-
Total	1.335.911	1.004.280	1.160.393

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Kas	24.840	24.244	31.507
Bank			
<u>Rupiah</u>			
PT Bank Maybank Indonesia Tbk	220.330	272.144	172.532
PT Bank Mandiri (Persero) Tbk	211.776	38.136	60.279
PT Bank Central Asia Tbk	92.372	109.700	123.976
PT Bank Rakyat Indonesia (Persero) Tbk	63.891	58.104	56.257
PT Bank Danamon Indonesia Tbk	52.841	1.944	2.862
PT Bank Negara Indonesia (Persero) Tbk	13.649	11.831	12.310
PT Bank CIMB Niaga Tbk	5.579	3.490	12.268
PT Bank Pan Indonesia Tbk	1.369	3.968	5.107
Lain-lain*)	761	1.077	684
Subtotal	662.568	500.394	446.275
Mata uang asing (Catatan 42)			
<u>US Dollar</u>			
Credit Suisse AG Singapore	371.949	7.351	7.593
PT Bank Central Asia Tbk	174.753	96.687	105.327
PT Bank Rabobank International Indonesia	26.364	26.816	45.082
PT Bank Mandiri (Persero) Tbk	23.625	282.237	390
PT Bank Danamon Indonesia Tbk	17.681	7.109	233.764
PT Bank Maybank Indonesia Tbk	7.106	15.983	262.476
PT Bank CIMB Niaga Tbk	4.919	2.869	9.034
Standard Chartered Bank Indonesia	3.315	5.458	10.627
PT Bank DBS Indonesia	1.379	1.222	1.257
PT Bank Pan Indonesia Tbk	916	949	1.032
JPMorgan Chase Bank, N.A. (JPMorgan)	70	29.262	-
Lain-lain*)	127	100	125
<u>Singapore Dollar</u>			
Lain-lain*)	245	100	145
<u>Euro</u>			
PT Bank Pan Indonesia Tbk	7.953	1.472	3.738
PT Bank CIMB Niaga Tbk	4.466	1.132	1.140
PT Bank Rabobank International Indonesia	1.044	224	692
<u>Ruppee</u>			
Housing Development Finance Corporation Bank	2.153	150	189
<u>Yuan China</u>			
Lain-lain *)	172	-	-
Subtotal	648.237	479.121	682.611
Total bank	1.310.805	979.515	1.128.886
Deposito berjangka			
<u>Rupiah</u>			
PT Bank Pan Indonesia Tbk	266	521	-
Total deposito berjangka	266	521	-
Total	1.335.911	1.004.280	1.160.393

*) Masing-masing dibawah Rp1.000

*) Each below Rp1,000

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5. KAS DAN SETARA KAS (lanjutan)

Suku bunga per tahun untuk deposito berjangka di atas adalah sebagai berikut:

Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,

	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Deposito Rupiah	3,25%	5,50%	-	Rupiah Deposits

Pada tanggal 31 Desember 2020, 2019 dan 2018, tidak terdapat saldo kas dan setara kas dengan pihak-pihak berelasi.

5. CASH AND CASH EQUIVALENTS (continued)

The interest rates per annum for the above time deposits are as follows:

As of December 31, 2020, 2019 and 2018, there were no balances of cash and cash equivalents with related parties.

6. PIUTANG USAHA DAN LAIN-LAIN

Piutang usaha

Rincian piutang usaha adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Pihak berelasi (Catatan 36a)	12.674	29.692	16.390	Related parties (Note 36a)
Pihak ketiga				Third parties
Pelanggan dalam negeri	1.940.385	2.185.026	1.910.974	Local debtors
Pelanggan luar negeri	58.037	69.545	83.142	Foreign debtors
Subtotal	1.998.422	2.254.571	1.994.116	Sub-total
Dikurangi penyisihan kerugian penurunan nilai piutang usaha	(131.080)	(95.674)	(53.301)	Less allowance for impairment losses on trade receivables
Pihak ketiga, neto	1.867.342	2.158.897	1.940.815	Third parties, net
Total	1.880.016	2.188.589	1.957.205	Total

6. TRADE AND OTHER RECEIVABLES

Trade receivables

The details of trade receivables are as follows:

Piutang usaha umumnya dikenakan syarat pembayaran selama 1 sampai dengan 90 hari.

Analisa umur piutang usaha adalah sebagai berikut:

Trade receivables are generally on 1 to 90 days term of payment.

The aging analysis of trade receivables are as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Belum jatuh tempo dan tidak mengalami penurunan nilai	1.259.237	1.611.933	1.389.753	Neither past due nor impaired
Jatuh tempo dan tidak mengalami penurunan nilai				Past due but not impaired:
1 - 30 hari	208.699	344.498	334.613	1 - 30 days
31 - 60 hari	67.258	87.877	84.344	31 - 60 days
61 - 90 hari	42.526	33.311	36.573	61 - 90 days
91 - 120 hari	41.982	21.670	28.500	91 - 120 days
Lebih dari 120 hari	260.314	89.300	83.422	More than 120 days
Jatuh tempo dan mengalami penurunan nilai	131.080	95.674	53.301	Past due and impaired
Total	2.011.096	2.284.263	2.010.506	Total
Dikurangi penyisihan kerugian penurunan nilai piutang usaha	(131.080)	(95.674)	(53.301)	Less allowance for impairment losses on trade receivables
Neto	1.880.016	2.188.589	1.957.205	Net

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6. PIUTANG USAHA DAN LAIN-LAIN (lanjutan)

Rincian piutang usaha berdasarkan mata uang adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Rupiah	1.952.676	2.214.718	1.975.067	Rupiah
Dolar AS (Catatan 42)	58.420	69.545	33.314	US Dollar (Note 42)
Euro (Catatan 42)	-	-	2.125	Euro (Note 42)
Total	2.011.096	2.284.263	2.010.506	Total
Dikurangi penyisihan kerugian penurunan nilai piutang usaha	(131.080)	(95.674)	(53.301)	Less allowance for impairment losses on trade receivables
Neto	1.880.016	2.188.589	1.957.205	Net

6. TRADE AND OTHER RECEIVABLES (continued)

The details of trade receivables based on currency are as follows:

Perubahan penyisihan kerugian penurunan nilai piutang usaha adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Saldo awal	95.674	53.301	49.046	Beginning balance
Penyisihan tahun berjalan	42.390	60.834	22.423	Provisions during the year
Penghapusan tahun berjalan	(6.984)	(18.461)	(18.168)	Write-off during the year
Saldo akhir	131.080	95.674	53.301	Ending balance

The changes in the allowance for impairment losses on trade receivables are as follows:

Berdasarkan evaluasi manajemen terhadap kolektibilitas saldo masing-masing piutang pada tanggal 31 Desember 2020, 2019 dan 2018, manajemen berpendapat bahwa penyisihan kerugian penurunan nilai piutang usaha tersebut memadai untuk menutup kemungkinan kerugian dari tidak tertagihnya piutang usaha tersebut.

Based on management's evaluation of the collectibility of the individual receivables as of December 31, 2020, 2019 and 2018, the management believes that the allowance for impairment losses on trade receivables is adequate to cover possible losses from uncollectible accounts.

Pada tanggal 31 Desember 2020, 2019 dan 2018, piutang usaha digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang sebesar Rp104.600, Rp298.200 dan Rp298.200 (Catatan 17 dan 22).

As of December 31, 2020, 2019 and 2018, trade receivables are used as collateral for short-term and long-term bank loans amounting to Rp104,600, Rp298,200 and Rp298,200, respectively (Notes 17 and 22).

Piutang lain-lain

Piutang lain-lain terutama timbul dari piutang karyawan, piutang penjualan bahan baku dan bahan pembantu, asuransi, dan piutang kemitraan.

Other receivables

Other receivables mainly arise from employe receivables, receivables from sales of raw materials and supplies, insurance and receivables from partnership farmers.

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7. PERSEDIAAN BIOLOGIS

Persediaan biologis terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Hewan ternak dalam proses	815.979	787.556	661.053	In-process livestock
Hewan ternak yang tersedia untuk di jual	153.218	678.218	656.577	Available for sale livestock
Telur tetas	220.927	242.758	213.861	Hatching eggs
Saldo akhir	1.190.124	1.708.532	1.531.491	Ending balance

Pada tanggal 31 Desember 2020, 2019 dan 2018, persediaan biologis telah diasuransikan terhadap risiko kebakaran, pencurian dan risiko lainnya (Catatan 8).

7. BIOLOGICAL INVENTORIES

Biological inventories consists of:

As of December 31, 2020, 2019 and 2018, biological inventories are insured against fire, theft and other possible risks (Note 8).

8. PERSEDIAAN

Persediaan terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Barang jadi	1.200.472	1.230.791	1.007.707	Finished goods
Barang dalam proses	65.300	112.170	22.555	Work in process
Bahan baku	2.651.670	3.006.405	3.677.134	Raw materials
Bahan baku dalam perjalanan	988.959	1.059.317	1.130.579	Raw materials in transit
Suku cadang	396.624	404.264	351.648	Spareparts
Bahan pembantu	121.436	137.166	144.253	Indirect materials
Bahan pembungkus	173.939	196.408	189.077	Packaging materials
Bahan bakar dan pelumas	21.536	22.940	20.775	Fuel and oil
Lain-lain	69.611	59.478	41.857	Others
Total	5.689.547	6.228.939	6.585.585	Total
Dikurangi:				Less:
Penyisihan kesusutan dan persediaan usang	(10.945)	(12.645)	(3.188)	Allowance for inventory shrinkage and obsolescence
Penurunan nilai persediaan	(8.226)	(6.147)	(4.910)	Decline in market values of inventories
Persediaan, neto	5.670.376	6.210.147	6.577.487	Inventories, net

Perubahan penyisihan kesusutan, persediaan usang dan penurunan nilai persediaan adalah sebagai berikut:

The changes in the allowance for inventory shrinkage, obsolescence and decline in market values of inventories are as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Saldo awal	18.792	8.098	5.089	Beginning balance
Penghapusan	(20.722)	(294)	(15.431)	Write-off
Penyisihan tahun berjalan (Catatan 32)	21.101	10.988	18.440	Allowance during the year (Note 32)
Saldo akhir	19.171	18.792	8.098	Ending balance

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8. PERSEDIAAN (lanjutan)

Manajemen berpendapat bahwa penyisihan kesusutan, persediaan usang dan cadangan penurunan nilai persediaan yang ada cukup untuk menutup kemungkinan kerugian yang timbul karena kesusutan, persediaan usang dan penurunan nilai persediaan.

Pada tanggal 31 Desember 2020, 2019 dan 2018, persediaan dan persediaan biologis (Catatan 7) telah diasuransikan terhadap risiko kebakaran, pencurian dan risiko lainnya kepada pihak-pihak ketiga dan PT Pan Pacific Indonesia, pihak berelasi (Catatan 36), dengan nilai pertanggungan masing-masing sebesar Rp7.930.698, Rp8.315.750 dan Rp7.613.604. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian atas risiko tersebut.

Pada tanggal 31 Desember 2020, 2019 dan 2018, persediaan masing-masing sebesar Rp566.400, Rp491.400 dan Rp601.151 digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 17 dan 22).

9. ASET BIOLOGIS

Rincian aset biologis adalah sebagai berikut:

Ayam Pembibit Turunan (disajikan sebagai aset lancar)

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
<u>Telah menghasilkan (masa produksi)</u>				<u>Productive (production age)</u>
Saldo awal tahun	722.174	566.478	566.916	Balance at the beginning of the year
Reklasifikasi dari ayam belum menghasilkan	1.539.518	1.546.640	1.131.280	Reclassifications from unproductive breeding chickens
Amortisasi ayam telah menghasilkan	(1.599.568)	(1.390.944)	(1.131.718)	Amortization of productive breeding chickens
Saldo akhir tahun	662.124	722.174	566.478	Balance at the end of the year
<u>Belum menghasilkan (masa pertumbuhan)</u>				<u>Unproductive (growth age)</u>
Saldo awal tahun	457.769	492.491	351.079	Balance at the beginning of the year
Biaya pertumbuhan selama tahun berjalan	1.547.258	1.511.918	1.272.692	Growing costs during the year
Reklasifikasi ke ayam telah menghasilkan	(1.539.518)	(1.546.640)	(1.131.280)	Reclassifications to productive breeding chickens
Saldo akhir tahun	465.509	457.769	492.491	Balance at the end of the year
Total	1.127.633	1.179.943	1.058.969	Total

8. INVENTORIES (continued)

Management believes that the allowance for shrinkage, obsolescence and decline in market values of inventories is adequate to cover possible losses that may arise from shrinkage, obsolescence and decline in market value of inventories.

As of December 31, 2020, 2019 and 2018, inventories and biological inventories (Note 7) were insured against fire, theft and other possible risks with third parties and PT Pan Pacific Indonesia, a related party (Note 36), with coverage amounting to Rp7,930,698, Rp8,315,750 and Rp7,613,604, respectively. Management believes that the insurance coverages are adequate to cover possible losses that may arise from such risks.

As of December 31, 2020, 2019 and 2018, inventories amounting to Rp566,400, Rp491,400 and Rp601,151 respectively, are used as collateral for short-term and long-term bank loans (Notes 17 and 22).

9. BIOLOGICAL ASSETS

The details of biological assets are as follows:

Breeding Chickens (presented as current assets)

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9. ASET BIOLOGIS (lanjutan)

9. BIOLOGICAL ASSETS (continued)

Sapi Pembibit Turunan (disajikan sebagai aset tidak lancar)

Breeding Cattles (presented as non-current asset)

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
<u>Telah menghasilkan (masa produksi)</u>				<u>Productive (production age)</u>
Saldo awal tahun	88.342	158.273	232.187	Balance at the beginning of the year
Pembelian sapi	7.472	14.120	30.428	Purchase of cattle
Biaya selama masa produksi tahun berjalan	40.726	59.341	32.324	Costs in production age during the year
Amortisasi sapi telah menghasilkan	(6.569)	(2.482)	(3.944)	Amortization of productive breeding cattle
Reklasifikasi dari sapi belum menghasilkan	13.028	56.924	49.906	Reclassifications from unproductive breeding cattle
Sapi dijual/mati	(42.045)	(143.507)	(111.514)	Sale/mortality of cattle
Reklasifikasi biaya dari induk ke anak	(26.819)	(54.030)	(52.027)	Reclassification of costs from parents to calves
Keuntungan (kerugian) atas penyesuaian nilai pasar	3.056	(297)	(19.087)	Gain (loss) adjustment of fair value
Saldo akhir tahun	77.191	88.342	158.273	Balance at the end of the year
<u>Belum menghasilkan (masa pertumbuhan)</u>				<u>Unproductive (growth age)</u>
Saldo awal tahun	67.926	64.259	49.515	Balance at the beginning of the year
Pembelian sapi	-	-	166	Purchase of cattle
Biaya pertumbuhan selama tahun berjalan	33.725	48.892	29.836	Growing costs during the year
Reklasifikasi ke sapi telah menghasilkan	(13.028)	(56.924)	(49.906)	Reclassifications to productive breeding cattle
Sapi dijual/mati	(82.516)	(42.308)	(17.379)	Sale/mortality of cattle
Reklasifikasi biaya dari induk ke anak	26.819	54.030	52.027	Reclassification of costs from parents to calves
Kerugian atas penyesuaian nilai pasar	(1.881)	(23)	-	Loss on adjustment fair value
Saldo akhir tahun	31.045	67.926	64.259	Balance at the end of the year
Total	108.236	156.268	222.532	Total

Pada tanggal 31 Desember 2020, 2019 dan 2018, hewan pembibit turunan telah diasuransikan terhadap risiko gempa bumi, kebakaran, kerusakan dan risiko lainnya kepada pihak-pihak ketiga dan PT Pan Pacific Indonesia, pihak berelasi (Catatan 36), dengan nilai pertanggungan masing-masing sebesar Rp1.065.403, Rp791.316 dan Rp715.724. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian atas risiko tersebut.

As of December 31, 2020, 2019 and 2018, all breeding livestock were insured against earthquake, fire, riot and other possible risks with third parties and PT Pan Pacific Indonesia, a related party (Note 36), with coverage amounting to Rp1,065,403, Rp791,316 and Rp715,724, respectively. Management believes that the insurance coverages are adequate to cover possible losses that may arise from such risks.

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10. BIAYA DIBAYAR DI MUKA

Biaya dibayar di muka terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Premi <i>option</i>	58.684	-	-	<i>Option premium</i>
Sewa	27.545	30.560	41.193	<i>Rent</i>
Pemeliharaan	6.367	7.031	4.525	<i>Maintenance</i>
Produksi	3.901	3.012	12.093	<i>Production</i>
Asuransi	2.789	1.427	1.206	<i>Insurance</i>
Umum	2.156	1.909	4.244	<i>General</i>
Karyawan	1.539	1.292	255	<i>Employees</i>
Biaya bank	998	1.028	141	<i>Bank charges</i>
Pemasaran	122	371	1.255	<i>Marketing</i>
Lain-lain	3.508	4.392	6.301	<i>Others</i>
Total	107.609	51.022	71.213	Total

10. PREPAID EXPENSES

Prepaid expenses consist of:

11. UANG MUKA

Lancar

Uang muka terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Pembelian bahan baku dan pembantu	231.351	231.835	493.865	<i>Purchase of raw and supporting materials</i>
Operasional	5.073	16.277	10.932	<i>Operational</i>
Jasa bongkar muat pelabuhan	4.128	4.921	16.175	<i>Port loading and unloading services</i>
Impor dan jaminan impor	3.087	5.955	24.310	<i>Import and import guarantee</i>
Ekspedisi	1.826	2.856	1.961	<i>Expedition</i>
Pembelian barang teknik	1.667	11.896	12.130	<i>Purchase of technical goods</i>
Biaya perjalanan dinas dan karyawan	607	2.943	1.234	<i>Travelling expense and employee</i>
Lain-lain	62.360	40.171	57.528	<i>Others</i>
Total	310.099	316.854	618.135	Total

11. ADVANCES

Current

Advances consist of:

Tidak lancar

Grup memiliki uang muka pembelian aset tetap untuk tanah, bangunan dan mesin masing-masing sebesar Rp448.727, Rp485.371 dan Rp422.853 pada tanggal 31 Desember 2020, 2019 dan 2018.

Non-current

The Group has advance for purchase of fixed assets for land, building and machinery amounting to Rp448,727, Rp485,371 and Rp422,853 as of December 31, 2020, 2019 and 2018, respectively.

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12. INVESTASI DALAM VENTURA BERSAMA

Mutasi investasi Grup dalam ventura bersama sebagai berikut:

	Perubahan selama tahun 2020/ Changes during 2020	1 Januari 2020/ January 1, 2020	Penambahan/ Additions	Bagian laba neto tahun berjalan/ Equity net income for the year	Laba (rugi) komprehensif lain tahun berjalan/ Other comprehensive income (loss) for the year	31 Desember 2020/ December 31, 2020	
Ventura Bersama							Joint ventures
PT Intan Kenkomayo Indonesia	51,00%	32.813	-	(497)	(138)	32.178	PT Intan Kenkomayo Indonesia
PT Cahaya Gunung Foods	40,00%	37.620	-	1.311	293	39.224	PT Cahaya Gunung Foods
PT Kona Bay Indonesia	49,00%	-	9.800*)	-	-	9.800	PT Kona Bay Indonesia
		70.433	9.800	814	155	81.202	

*) Karena penyertaan modal dalam bentuk tunai baru dilakukan di bulan Februari 2021, Grup mengakui sejumlah yang sama sebagai liabilitas pada tanggal 31 Desember 2020.

12. INVESTMENT IN JOINT VENTURES

Changes in the Group's share in the joint ventures are as follows:

	Perubahan selama tahun 2019/ Changes during 2019	1 Januari 2019/ January 1, 2019	Penambahan/ Additions	Bagian laba neto tahun berjalan/ Equity net income for the year	Laba (rugi) komprehensif lain tahun berjalan/ Other comprehensive income (loss) for the year	31 Desember 2019/ December 31, 2019	
Ventura Bersama							Joint ventures
PT Intan Kenkomayo Indonesia	51,00%	28.520	-	4.274	19	32.813	PT Intan Kenkomayo Indonesia
PT Cahaya Gunung Foods	40,00%	31.705	-	5.975	(60)	37.620	PT Cahaya Gunung Foods
		60.225	-	10.249	(41)	70.433	

*) Due to the injection of cash capital will be completed in February 2021, the Group recognized a corresponding liability at the same amount as of December 31, 2020.

	Perubahan selama tahun 2018/ Changes during 2018	1 Januari 2018/ January 1, 2018	Penambahan/ Additions	Bagian laba neto tahun berjalan/ Equity net income for the year	Laba (rugi) komprehensif lain tahun berjalan/ Other comprehensive income (loss) for the year	31 Desember 2018/ December 31, 2018	
Ventura Bersama							Joint ventures
PT Intan Kenkomayo Indonesia	51,00%	27.772	-	684	64	28.520	PT Intan Kenkomayo Indonesia
PT Cahaya Gunung Foods	40,00%	30.901	-	804	-	31.705	PT Cahaya Gunung Foods
		58.673	-	1.488	64	60.225	

Perusahaan tidak memiliki liabilitas kontijensi atau komitmen permodalan pada tanggal 31 Desember 2020, 2019 dan 2018. Ringkasan laporan keuangan ventura bersama adalah sebagai berikut :

The Company has no share of any contingent liabilities or capital commitments as of December 31, 2020, 2019 and 2018. The summarized financial information of the joint ventures are as follows :

PT Intan Kenkomayo Indonesia

PT Intan Kenkomayo Indonesia

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Total Aset	60.122	60.137	50.151	Total Assets
Total Liabilitas	5.858	4.629	3.061	Total Liabilities
Total Ekuitas	54.264	55.508	47.090	Total Equity

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
Total laba (rugi) komprehensif tahun berjalan	(1.244)	8.418	1.467	Total comprehensive income (loss) for the year

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**12. INVESTASI DALAM VENTURA BERSAMA
(lanjutan)**

Perusahaan tidak memiliki liabilitas kontijensi atau komitmen permodalan pada tanggal 31 Desember 2020, 2019 dan 2018. Ringkasan laporan keuangan ventura bersama adalah sebagai berikut : (lanjutan)

PT Cahaya Gunung Foods

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Total Aset	246.609	186.165	159.144	Total Assets
Total Liabilitas	148.549	92.115	79.449	Total Liabilities
Total Ekuitas	98.060	94.050	79.695	Total Equity

PT Cahaya Gunung Foods

12. INVESTMENT IN JOINT VENTURES (continued)

The Company has no share of any contingent liabilities or capital commitments as of December 31, 2020, 2019 and 2018. The summarized financial information of the joint ventures are as follows : (continued)

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
Total laba komprehensif tahun berjalan	4.010	14.258	2.011	Total comprehensive income for the year

PT Kona Bay Indonesia (KBI)

Berdasarkan Perjanjian Ventura Bersama ("Perjanjian") tanggal 9 Oktober 2020, PT Suri Tani Pemuka ("STP"), entitas anak dan Hendrix Genetics Aquaculture B.V. sepakat untuk bersama-sama berinvestasi di perusahaan JV. STP setuju untuk menyertakan modal sebesar Rp9.800 untuk 9.800.000 (angka penuh) saham atau setara dengan 49% kepemilikan di PT Kona Bay Indonesia. Perusahaan Ventura Bersama (JV) bernama PT Kona Bay Indonesia didirikan berdasarkan Akta No. 44 tanggal 10 November 2020 dari Christina Dwi Utami, SH, MHum. Mkn. Akta Pendirian ini telah disahkan oleh Kementerian Hukum dan Hak Asasi Manusia dalam Surat Keputusan No. AHU-0059909.AH.01.01.Tahun 2020 tanggal 16 November 2020. Tujuan dari perusahaan JV adalah untuk melakukan kegiatan usaha pemeliharaan dan pembesaran serta pemanenan udang dan melakukan kegiatan usaha perdagangan besar hasil perikanan. Perjanjian ini akan berlaku sejak tanggal penandatanganan dan akan berakhir dan tidak berlaku pada tanggal yang lebih awal dari hal-hal berikut:

- Terdapat kurang dari 2 (dua) pemegang saham yang terikat oleh perjanjian ini
- Tanggal likuidasi perusahaan JV
- Penawaran umum Perdana perusahaan JV

Perjanjian ini tidak dapat diubah atau dihentikan tanpa penjanjian tertulis antara kedua belah pihak.

PT Kona Bay Indonesia (KBI)

Based on a Joint Venture Agreement (the "Agreement") dated October 9, 2020, PT Suri Tani Pemuka ("STP"), a subsidiary and Hendrix Genetics Aquaculture B.V agreed to jointly invest in a Joint Venture (JV) company. STP is committed to inject capital in the amount of Rp9,800 for 9,800,000 (full amount) shares or equivalent to 49% ownership in PT Kona Bay Indonesia. The JV company, PT Kona Bay Indonesia, was established based on Deed No. 44 of Christina Dwi Utami, SH, MHum. Mkn. dated November 10, 2020 The Deed of Establishment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0059909.AH.01.01.Year 2020 dated November 16, 2020. The objective of the JV company is to carry out business activities for the raising and rearing as well as harvesting of shrimp and conducting business activities for wholesale trade of fishery. This agreement shall take effect from the date of execution and shall expire and cease upon the earlier of any of the following dates:

- There being less than 2 (two) shareholders bound by this agreement
- The date of liquidation of JV company
- Any initial public offering of JV company

The agreement cannot be modified or terminated without the mutual written agreement of both parties.

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**12. INVESTASI DALAM VENTURA BERSAMA
(lanjutan)**

12. INVESTMENT IN JOINT VENTURES (continued)

PT Intan Kenkomayo Indonesia (IKI)

PT Intan Kenkomayo Indonesia (IKI)

Berdasarkan Akta Jual Beli Saham No. 14 tanggal 2 April 2014 dari Buntario Tigris Dharmawa NG, S.H., S.E., M.H., SGF mengakuisisi 30.600 saham atau setara dengan 51% kepemilikan di IKI dari PT Intan Tata Buana Persada ("ITBP") dengan biaya perolehan sebesar Rp30.600.000.000. Sebelum akuisisi, IKI merupakan perusahaan ventura bersama ("JV") antara ITBP dan KENKO Mayonnaise Co., Ltd., ("KENKO"). Berdasarkan Perjanjian Ventura Bersama ("Perjanjian") bertanggal 2 April 2014, SGF dan KENKO sepakat untuk bersama-sama berinvestasi di perusahaan JV, dimana rasio investasi mereka masing-masing adalah sebesar 51% dan 49%. Tujuan dari perusahaan JV adalah untuk terlibat dalam produksi dan penjualan mayones dan produk saus di Indonesia. Jangka waktu perjanjian adalah 10 (sepuluh) tahun sejak tanggal pendirian perusahaan JV, dan akan diperpanjang setiap 10 (sepuluh) tahun.

Based on Deed of Sale and Purchase of Shares No. 14 dated April 2, 2014 of Buntario Tigris Dharmawa NG, S.H., S.E., M.H., SGF acquired 30,600 shares or equivalent to 51% ownership in IKI from PT Intan Tata Buana Persada ("ITBP") for an acquisition cost of Rp30,600,000,000. Before the acquisition, IKI is a Joint Venture ("JV") company between ITBP and KENKO Mayonnaise Co., Ltd., ("KENKO"). Based on a Joint Venture Agreement (the "Agreement") dated April 2, 2014, SGF and KENKO agreed to jointly invest in the JV company, wherein their investment ratio is 51% and 49%, respectively. The objective of the JV company is to engage in the production and sales of mayonnaise and dressing sauce products in Indonesia. The term of the agreement is 10 (ten) years since the date of incorporation of the JV company, and will be extended every 10 (ten) years.

Perjanjian ini tidak dapat diubah atau dihentikan tanpa perjanjian tertulis antara kedua belah pihak.

The agreement cannot be modified or terminated without the mutual written agreement of both parties.

PT Cahaya Gunung Foods (CGF)

PT Cahaya Gunung Foods (CGF)

Berdasarkan Perjanjian Ventura Bersama ("Perjanjian") tanggal 20 September 2016, SGF dan PT Cargill Investment Indonesia sepakat untuk bersama-sama berinvestasi di perusahaan JV. SGF membayar dana sebesar Rp31.125.600.000 untuk 2.400.000 saham atau setara dengan 40% kepemilikan di CGF. Perusahaan JV bernama PT Cahaya Gunung Foods didirikan berdasarkan Akta No. 31 tanggal 11 November 2016 dari Mala Mukti, S.H., LL.M. Akta Pendirian ini telah disahkan oleh Kementerian Hukum dan Hak Asasi Manusia dalam Surat Keputusan No. AHU-0054711.AH.01.01 tanggal 7 Desember 2016. Tujuan dari perusahaan JV adalah untuk melakukan kegiatan usaha di bidang industri pengolahan dan pengawetan produk daging dan daging unggas. Perjanjian ini akan berlanjut selama setidaknya dua pemegang saham terikat oleh ketentuan, namun, akan berakhir saat setiap pemegang saham telah mengalihkan seluruh sahamnya kepada orang lain dengan pengecualian tertentu.

Based on a Joint Venture Agreement (the "Agreement") dated September 20, 2016, SGF and PT Cargill Investment Indonesia agreed to jointly invest in a JV company. SGF paid Rp31,125,600,000 for 2,400,000 shares or equivalent to 40% ownership in CGF. The JV company, PT Cahaya Gunung Foods, was established based on Deed No. 31 of Mala Mukti, S.H., LL.M. dated November 11, 2016. The Deed of Establishment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0054711.AH.01.01 dated December 7, 2016. The objective of the JV company is to conduct business activities in the field of processing industry and preservation of meat and poultry meat product. This agreement will continue for so long as there are at least two shareholders bound by its provisions, however, it will terminate in relation to any shareholder, who has transferred all of its shares to another person with certain exceptions.

Perjanjian ini tidak dapat diubah atau dihentikan tanpa perjanjian tertulis antara kedua belah pihak.

The agreement cannot be modified or terminated without the mutual written agreement of both parties.

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13. ASET TETAP

Rincian aset tetap adalah sebagai berikut:

13. FIXED ASSETS

The details of fixed assets are as follows:

Tahun yang Berakhir pada Tanggal 31 Desember 2020/ Year Ended December 31, 2020						
	Saldo Awal/ Beginning Balance	Selisih Kurs Penjabaran/ Translation Adjustment	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassifications	Saldo Akhir/ Ending Balance
Nilai perolehan						Cost
<u>Kepemilikan langsung</u>						<u>Direct ownership</u>
Tanah	2.188.763	-	206.773	(2.144)	(11.449)	2.381.943
Bangunan dan prasarana	5.252.388	-	56.797	(11.271)	753.953	6.051.867
Mesin	5.773.169	-	76.022	(41.956)	922.169	6.729.404
Peralatan kantor	1.616.676	5	117.101	(30.147)	86.851	1.790.486
Kendaraan	1.231.700	2.871	31.830	(10.349)	8.623	1.264.675
<u>Aset dalam penyelesaian</u>						<u>Constructions in progress</u>
Bangunan dan prasarana	609.580	-	564.436	-	(776.891)	397.125
Mesin	733.454	-	515.708	-	(928.863)	320.299
Peralatan kantor	-	-	68.148	-	(68.148)	-
Kendaraan	320	-	8.303	-	(8.623)	-
Total nilai perolehan	17.406.050	2.876	1.645.118	(95.867)	(22.378)	18.935.799
Akumulasi penyusutan						Accumulated depreciation
<u>Kepemilikan langsung</u>						<u>Direct ownership</u>
Bangunan dan prasarana	1.676.684	-	286.978	(5.409)	-	1.958.253
Mesin	3.205.254	-	565.917	(22.773)	(437)	3.747.961
Peralatan kantor	1.054.782	4	196.506	(23.448)	30	1.227.874
Kendaraan	761.606	121	105.598	(9.417)	-	857.908
Total akumulasi penyusutan	6.698.326	125	1.154.999	(61.047)	(407)	7.791.996
Nilai tercatat neto	10.707.724					11.143.803

Tahun yang Berakhir pada Tanggal 31 Desember 2019/ Year Ended December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)						
	Saldo Awal/ Beginning Balance	Selisih Kurs Penjabaran/ Translation Adjustment	Penambahan/ Additions*)	Pengurangan/ Deductions	Reklasifikasi/ Reclassifications	Saldo Akhir/ Ending Balance
Nilai perolehan						Cost
<u>Kepemilikan langsung</u>						<u>Direct ownership</u>
Tanah	1.886.469	-	297.030	-	5.264	2.188.763
Bangunan dan prasarana	4.227.784	-	164.572	(27.431)	887.463	5.252.388
Mesin	4.894.976	-	157.802	(22.719)	743.110	5.773.169
Peralatan kantor	1.330.913	(15)	129.011	(17.191)	173.958	1.616.676
Kendaraan	1.045.741	(6.032)	147.489	(17.397)	61.899	1.231.700
<u>Sewa pembiayaan</u>						<u>Leased assets</u>
Kendaraan	7.020	-	-	-	(7.020)	-
<u>Aset dalam penyelesaian</u>						<u>Constructions in progress</u>
Bangunan dan prasarana	510.258	-	1.010.880	-	(911.558)	609.580
Mesin	519.800	-	955.668	-	(742.014)	733.454
Peralatan kantor	-	-	157.308	-	(157.308)	-
Kendaraan	9.699	-	45.079	-	(54.458)	320
Total nilai perolehan	14.432.660	(6.047)	3.064.839	(84.738)	(664)	17.406.050
Akumulasi penyusutan						Accumulated depreciation
<u>Kepemilikan langsung</u>						<u>Direct ownership</u>
Bangunan dan prasarana	1.450.662	-	235.776	(16.191)	6.437	1.676.684
Mesin	2.747.961	-	479.193	(20.912)	(988)	3.205.254
Peralatan kantor	906.080	(15)	164.641	(15.858)	(66)	1.054.782
Kendaraan	680.030	(946)	99.238	(17.274)	558	761.606
<u>Sewa pembiayaan</u>						<u>Leased assets</u>
Kendaraan	531	-	26	-	(557)	-
Total akumulasi penyusutan	5.785.264	(961)	978.874	(70.235)	5.384	6.698.326
Nilai tercatat neto	8.647.396					10.707.724

*) Penambahan termasuk aset tetap dari kombinasi bisnis dan akuisisi entitas anak sebesar Rp34.250 dan akumulasi penyusutan sebesar Rp249.

*) The additions include fixed assets from business combination and acquisition of subsidiary with cost amounting to Rp34,250 and accumulated depreciation amounting to Rp249.

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13. ASET TETAP (lanjutan)

Rincian aset tetap adalah sebagai berikut: (lanjutan)

13. FIXED ASSETS (continued)

The details of fixed assets are as follows:
(continued)

Tahun yang Berakhir pada Tanggal 31 Desember 2018/ Year Ended December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)							
Saldo Awal/ Beginning Balance	Selisih Kurs Penjabaran/ Translation Adjustment	Penambahan/ Additions*)	Pengurangan/ Deductions	Reklasifikasi/ Reclassifications	Saldo Akhir/ Ending Balance	Cost	
Nilai perolehan						Direct ownership	
<u>Kepemilikan langsung</u>						<u>Land</u>	
Tanah	1.417.720	-	468.710	(66)	1.886.469		
Bangunan dan prasarana	3.844.459	-	241.099	(31.067)	4.227.784	Buildings and infrastructures	
Mesin	4.369.776	-	369.547	(12.374)	4.894.976	Machinery	
Peralatan kantor	1.144.302	24	182.099	(12.913)	1.330.913	Office equipment	
Kendaraan	923.570	9.119	204.413	(92.295)	1.045.741	Vehicles	
<u>Sewa pembiayaan</u>						<u>Leased assets</u>	
Kendaraan	797	-	6.862	-	7.020	Vehicles	
<u>Aset dalam penyelesaian</u>						<u>Constructions in progress</u>	
Bangunan dan prasarana	282.128	-	436.496	-	510.258	Buildings and infrastructures	
Mesin	274.638	-	415.014	(770)	519.800	Machinery	
Peralatan kantor	-	-	10.383	-	-	Office equipment	
Kendaraan	1.362	-	9.077	-	9.699	Vehicles	
Total nilai perolehan	12.258.752	9.143	2.343.700	(149.485)	14.432.660	Total cost	
Akumulasi penyusutan						Accumulated depreciation	
<u>Kepemilikan langsung</u>						<u>Direct ownership</u>	
Bangunan dan prasarana	1.267.355	-	207.861	(24.992)	1.450.662	Buildings and infrastructures	
Mesin	2.330.969	-	427.234	(10.849)	2.747.961	Machinery	
Peralatan kantor	775.088	22	142.376	(11.665)	906.080	Office equipment	
Kendaraan	620.692	1.425	85.277	(27.832)	680.030	Vehicles	
<u>Sewa pembiayaan</u>						<u>Leased assets</u>	
Kendaraan	462	-	531	-	531	Vehicles	
Total akumulasi penyusutan	4.994.566	1.447	863.279	(75.338)	5.785.264	Total accumulated depreciation	
Nilai tercatat neto	7.264.186				8.647.396	Net carrying value	

*) Penambahan termasuk aset tetap dari kombinasi bisnis sebesar Rp87.260 dan akumulasi penyusutan sebesar Rp3.324.

*) The additions include fixed assets from business combination with cost amounting to Rp87,260 and accumulated depreciation amounting to Rp3,324.

Beban penyusutan aset tetap dibebankan ke akun-akun berikut ini:

Depreciation expenses of fixed assets are charged to the following accounts:

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
<u>Kepemilikan langsung</u>			
Beban pokok penjualan	954.701	804.797	703.236
Beban usaha (Catatan 29 dan 30)	200.298	173.802	156.187
<u>Sewa pembiayaan</u>			
Beban usaha (Catatan 29 dan 30)	-	26	532
Total	1.154.999	978.625	859.955

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13. ASET TETAP (lanjutan)

Pengurangan selama tahun 2020, 2019 dan 2018 merupakan penjualan dan penghapusan aset tetap. Nilai tercatat aset tetap yang dihapus masing-masing pada tanggal 31 Desember 2020, 2019 dan 2018 sebesar Rp9.542, Rp13.905 dan Rp5.652 (Catatan 32) yang dicatat sebagai beban lain-lain.

Rincian penjualan aset tetap adalah sebagai berikut:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,		
	2020	2019	2018
Harga jual	27.663	7.567	68.517
Nilai tercatat neto	25.278	598	68.495
Laba atas penjualan aset tetap (Catatan 31)	2.385	6.969	22

Pada tahun 2020, tanah dengan nilai tercatat sebesar Rp13.744 direklasifikasi ke properti investasi (Catatan 15).

Grup memiliki beberapa bidang tanah yang terletak di Jakarta, Bogor, Tangerang, Serang, Lampung, Surabaya, Sidoarjo, Cirebon, Karo (Sumatera Utara), Tanah Laut (Kalimantan Selatan), Banyuwangi, Singaraja, Probolinggo, Situbondo, Semarang, Malang, Purwakarta, Subang, Pasuruan, Mojokerto, Tabanan (Bali), Maros (Ujung Pandang), Kampar (Riau), Palembang, Manado, Samarinda dan Kalimantan dengan hak legal berupa Hak Guna Bangunan dan Hak Guna Usaha yang berjangka waktu 20 sampai 35 tahun yang akan jatuh tempo antara tahun 2031 sampai 2040. Manajemen berpendapat tidak terdapat masalah dengan perpanjangan hak atas tanah karena seluruh tanah diperoleh secara sah dan didukung dengan bukti kepemilikan yang memadai.

Pada tanggal 31 Desember 2020, 2019 dan 2018, aset tetap masing-masing sebesar Rp1.102.961, Rp1.060.961 dan Rp1.150.465 digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 17 dan 22).

Pada tanggal 31 Desember 2020, 2019 dan 2018, seluruh aset tetap, kecuali tanah, telah diasuransikan terhadap risiko kebakaran, pencurian dan risiko lainnya kepada pihak-pihak ketiga dan PT Pan Pacific Insurance, pihak berelasi (Catatan 36), dengan nilai pertanggungan masing-masing sebesar Rp16.262.995 dan AS\$16.970.201, Rp14.933.721 dan AS\$13.324.201 dan Rp13.083.396 dan AS\$13.331.624. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian atas risiko tersebut.

13. FIXED ASSETS (continued)

Deductions in 2020, 2019 and 2018 represent sales and write-off of fixed assets. Fixed assets with net book value amounting to Rp9,542, Rp13,905 and Rp5,652 (Note 32) as of December 31, 2020, 2019 and 2018, respectively, have been written off and charged to other expenses.

The details of sale of fixed assets are as follows:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,		
	2020	2019	2018
Harga jual	27.663	7.567	68.517
Nilai tercatat neto	25.278	598	68.495
Laba atas penjualan aset tetap (Catatan 31)	2.385	6.969	22

In 2020, land with cost of Rp13,744 was reclassified to investment properties (Note 15).

The Group owned several plot of land located in Jakarta, Bogor, Tangerang, Serang, Lampung, Surabaya, Sidoarjo, Cirebon, Karo (North Sumatra), Tanah Laut (South Kalimantan), Banyuwangi, Singaraja, Probolinggo, Situbondo, Semarang, Malang, Purwakarta, Subang, Pasuruan, Mojokerto, Tabanan (Bali), Maros (Ujung Pandang), Kampar (Riau), Palembang, Manado, Samarinda and Kalimantan with Building Use Rights (Hak Guna Bangunan or HGB) and Business Usage Rights (Hak Guna Usaha or HGU) for periods of 20 to 35 years which will expire between 2031 to 2040. Management believes that it is possible to extend the term of the landrights upon expiration since all the land were acquired legally and supported by sufficient evidence of ownership.

As of December 31, 2020, 2019 and 2018, fixed assets amounting to Rp1,102,961, Rp1,060,961 and Rp1,150,465, respectively, are used as collateral for short-term and long-term bank loans (Notes 17 and 22).

As of December 31, 2020, 2019 and 2018, fixed assets, except for land were insured against fire, theft and other possible risks with third parties and PT Pan Pacific Insurance, a related party (Note 36), with coverage amounting to Rp16,262,995 and US\$16,970,201, Rp14,933,721 and US\$13,324,201 and Rp13,083,396 and US\$13,331,624, respectively. Management believes that the insurance coverages are adequate to cover possible losses that may arise from such risks.

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13. ASET TETAP (lanjutan)

Pada tanggal 31 Desember 2020, 2019 dan 2018, nilai perolehan aset tetap Grup yang telah disusutkan penuh namun masih digunakan masing-masing sebesar Rp2.875.381, Rp2.544.211 dan Rp1.810.850, yang terutama terdiri dari bangunan, prasarana, mesin, peralatan kantor dan kendaraan.

Manajemen berpendapat bahwa tidak terdapat penurunan nilai atas aset tetap pada tanggal 31 Desember 2020, 2019 dan 2018.

Pada tanggal 31 Desember 2020, 2019 dan 2018, jumlah tercatat nilai buku aset tetap tidak berbeda material dengan nilai wajarnya.

Aset dalam penyelesaian merupakan bangunan, prasarana, mesin dan kendaraan yang sedang dibangun oleh Grup, yang diperkirakan akan selesai tahun 2021. Pada tanggal 31 Desember 2020, 2019 dan 2018, tingkat penyelesaian aset dalam penyelesaian tersebut adalah sebagai berikut:

	Persentase Penyelesaian/ Percentage of Completion			Nilai Tercatat/ Carrying Value			Estimasi Waktu Penyelesaian/ Estimated Time of Completion		
	(Disajikan kembali - Catatan 4/ As restated - Note 4)			(Disajikan kembali - Catatan 4/ As restated - Note 4)			(Disajikan kembali - Catatan 4/ As restated - Note 4)		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Bangunan dan prasarana/ Buildings and infrastructures	1 - 99%	3 - 99%	1 - 99%	397.125	609.580	510.258	2021	2020	2019
Mesin/Machinery	1 - 99%	4 - 99%	1 - 99%	320.299	733.454	519.800	2021	2021	2019
Kendaraan/Vehicles	-	80 - 98%	44 - 99%	-	320	9.699	-	2020	2019

Tanah yang belum dikembangkan

Pada tanggal 31 Desember 2020, 2019 dan 2018, Grup memiliki tanah yang belum dikembangkan untuk tujuan ekspansi usaha di masa mendatang.

13. FIXED ASSETS (continued)

As of December 31, 2020, 2019 and 2018, the costs of the Group's fixed assets that had been fully depreciated but are still utilized amounted to Rp2,875,381, Rp2,544,211 and Rp1,810,850, respectively, which mainly consist of buildings, infrastructures, machinery, office equipment and vehicles.

As of December 31, 2020, 2019 and 2018, management believes that there are no impairment in value of the aforementioned fixed assets.

As of December 31, 2020, 2019 and 2018, the carrying amount of the book value of fixed assets are not materially different from its fair value.

Constructions in progress include buildings, infrastructures, machinery and vehicles being constructed by the Group, which are estimated to be completed in 2021. As of December 31, 2020, 2019 and 2018, the percentage of completion of constructions in progress is as follows:

Land for development

As at December 31, 2020, 2019 and 2018, the Group owned land for development for future business expansion.

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14. ASET HAK GUNA DAN LIABILITAS SEWA

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Rincian aset hak guna adalah sebagai berikut:

The details of right of use assets are as follows:

Tahun yang Berakhir pada Tanggal 31 Desember 2020/ Year Ended December 31, 2020					
Saldo Awal/ Beginning Balance	Penyesuaian/ Adjustment	Penambahan/ Additions	Pengurangan/ Deduction	Saldo Akhir/ Ending Balance	
<u>Nilai perolehan</u>					<u>Cost</u>
Hak atas tanah	35.411	1.590	-	37.001	Land rights
Bangunan dan prasarana	71.239	144.839	-	216.078	Buildings and infrastructures
Mesin	6.188	269	-	6.457	Machinery
Kendaraan	546	-	-	546	Vehicles
Subtotal	113.384	146.698	-	260.082	Sub-total
<u>Akumulasi penyusutan dan penurunan nilai</u>					<u>Accumulated depreciation and impairment in value</u>
Hak atas tanah	-	3.820	-	3.820	Land rights
Bangunan dan prasarana	-	68.621	-	68.621	Buildings and infrastructures
Mesin	-	2.814	-	2.814	Machinery
Kendaraan	-	234	-	234	Vehicles
Subtotal	-	75.489	-	75.489	Sub-total
Nilai tercatat neto	-	-	-	184.593	Net carrying value

Rincian liabilitas sewa adalah sebagai berikut:

The details of lease liabilities are as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Liabilitas sewa				Lease liabilities
Bagian jangka pendek	29.777	-	1.723	Current portion
Bagian jangka panjang	33.883	-	3.136	Non-current portion
Total	63.660	-	4.859	Total

Rincian liabilitas sewa berdasarkan mata uang adalah sebagai berikut:

The details of lease liabilities based on currency are as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Rupiah	61.554	-	4.859	Rupiah
Dolar AS (Catatan 42)	2.106	-	-	US Dollar (Note 42)
Total	63.660	-	4.859	Total

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**14. ASET HAK GUNA DAN LIABILITAS SEWA
(lanjutan)**

Jumlah yang diakui dalam laporan arus kas konsolidasian adalah sebagai berikut:

	Untuk Tahun yang Berakhir pada Tanggal 31 Desember 2020/ For the Year Ended December 31, 2020
Jumlah kas keluar untuk	
Pembayaran liabilitas sewa	23.006
Pembayaran bunga	4.142
Total	27.148

Jumlah yang diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah sebagai berikut:

	Untuk Tahun yang Berakhir pada Tanggal 31 Desember 2020/ For the Year Ended December 31, 2020
Bunga atas liabilitas sewa	4.142
Beban penyusutan aset hak-guna	
Beban pokok penjualan	24.754
Beban penjualan dan pemasaran (Catatan 29)	6.472
Beban umum dan administrasi (Catatan 30)	44.263
Beban terkait liabilitas sewa bernilai rendah, sewa bersifat variable dan jangka pendek	192.718

Ringkasan komponen perubahan liabilitas yang timbul dari sewa adalah sebagai berikut:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,		
	2020	2019	2018
Saldo awal	-	4.859	157
Penyesuaian saldo atas penerapan PSAK 73	13.316	-	-
Perubahan non-kas - penambahan	73.350	-	7.107
Reklasifikasi	-	(4.859)	-
Arus kas	(23.006)	-	(2.405)
Saldo akhir	63.660	-	4.859

15. PROPERTI INVESTASI

Rincian properti investasi adalah sebagai berikut:

	Saldo Awal/ Beginning Balance	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassifications*	Saldo Akhir/ Ending Balance
<u>Nilai perolehan</u>					
Tanah	26.741	-	(1.538)	13.744	38.947
Bangunan dan prasarana	75.887	-	-	-	75.887
Subtotal	102.628	-	(1.538)	13.744	114.834
<u>Akumulasi penyusutan dan penurunan nilai</u>					
Bangunan dan prasarana	25.757	3.290	-	-	29.047
Nilai tercatat neto	76.871				85.787

*) Reklasifikasi dari akun "Aset Tetap"/Reclassified from "Fixed Assets" account

14. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

Amounts recognized in the consolidated statement of cash flow is as follows:

Total cash outflow for	
Payments of lease liabilities	23.006
Payments of interest	4.142
Total	27.148

Amounts recognized in the consolidated statement of profit or loss and other comprehensive income are as follows:

Interest on lease liabilities	4.142
Depreciation of right-of-use assets	
Cost of goods sold	24.754
Selling and marketing expenses (Note 29)	6.472
General and administrative expenses (Note 30)	44.263
Expenses related to low value, variable leases and short-term lease liabilities	192.718

Summary of component of changes in the liabilities arising from leases is as follow:

Beginning balance	157
Balance adjustment upon adoption of PSAK 73	13.316
Non-cash changes – additions	73.350
Reclassifications	(4.859)
Cash flow	(23.006)
Ending balance	63.660

15. INVESTMENT PROPERTIES

The details of investment properties are as follows:

Cost	
Land	38.947
Buildings and infrastructures	75.887
Sub-total	114.834
Accumulated depreciation and impairment in value	
Buildings and infrastructures	29.047
Net carrying value	85.787

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15. PROPERTI INVESTASI (lanjutan)

15. INVESTMENT PROPERTIES (continued)

Rincian properti investasi adalah sebagai berikut:
(lanjutan)

The details of investment properties are as follows:
(continued)

Tahun yang Berakhir pada Tanggal 31 Desember 2019/
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	Saldo Awal/ Beginning Balance	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassifications*	Saldo Akhir/ Ending Balance	
<u>Nilai perolehan</u>						<u>Cost</u>
Tanah	28.150	-	(1.409)	-	26.741	Land
Bangunan dan prasarana	77.524	-	(175)	(1.462)	75.887	Buildings and infrastructures
Subtotal	105.674	-	(1.584)	(1.462)	102.628	Sub-total
<u>Akumulasi penyusutan dan penurunan nilai</u>						<u>Accumulated depreciation and impairment in value</u>
Bangunan dan prasarana	22.607	3.377	(106)	(121)	25.757	Buildings and infrastructures
Nilai tercatat neto	83.067				76.871	Net carrying value

*) Reklasifikasi ke akun "Aset Tetap"/Reclassified to "Fixed Assets" account

Tahun yang Berakhir pada Tanggal 31 Desember 2018/
Year Ended December 31, 2018

	Saldo Awal/ Beginning Balance	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi/ Reclassifications*	Saldo Akhir/ Ending Balance	
<u>Nilai perolehan</u>						<u>Cost</u>
Tanah	24.066	4.084	-	-	28.150	Land
Bangunan dan prasarana	76.062	-	-	1.462	77.524	Buildings and infrastructures
Subtotal	100.128	4.084	-	1.462	105.674	Sub-total
<u>Akumulasi penyusutan dan penurunan nilai</u>						<u>Accumulated depreciation and impairment in value</u>
Bangunan dan prasarana	19.211	3.396	-	-	22.607	Buildings and infrastructures
Nilai tercatat neto	80.917				83.067	Net carrying value

*) Reklasifikasi dari akun "Aset Tetap"/Reclassified from "Fixed Assets" account

Beban penyusutan properti investasi dibebankan
ke akun-akun berikut ini:

Depreciation expenses of investment properties are
charged to the following accounts:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Beban pokok penjualan	-	325	-	Cost of goods sold
Beban usaha (Catatan 29 dan 30)	3.290	3.052	3.396	Operating expenses (Notes 29 and 30)
Total	3.290	3.377	3.396	Total

Nilai wajar properti investasi adalah sebesar Rp223.516. Pada tanggal 31 Desember 2020, nilai wajar properti investasi didasarkan pada penilaian yang dilakukan oleh Nanang Rahayu Sigit Paryanto & Rekan, penilai independen yang terakreditasi. Mempertimbangkan kondisi pasar properti, manajemen berkeyakinan tidak terjadi perubahan signifikan atas nilai wajar tersebut antara tanggal penilaian dan 31 Desember 2020.

The fair value of the investment properties amounted to Rp223,516. As of December 31, 2020, fair value of the investment properties are based on valuations performed by Nanang Rahayu Sigit Paryanto & Rekan, an accredited independent valuer. Considering the condition of the property market, management believes that there was no significant changes to such fair value between the valuation date and December 31, 2020.

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15. PROPERTI INVESTASI (lanjutan)

Pada tanggal 31 Desember 2020, 2019 dan 2018, bangunan dan prasarana telah diasuransikan terhadap risiko kebakaran, pencurian dan risiko lainnya kepada pihak-pihak ketiga dan PT Pan Pacific Insurance, pihak berelasi (Catatan 36), dengan nilai pertanggungan masing-masing sebesar Rp9.692, Rp9.691 dan Rp9.691. Manajemen berpendapat bahwa nilai pertanggungan tersebut cukup untuk menutup kemungkinan kerugian atas risiko tersebut.

16. GOODWILL

Pada tahun 2011, Grup melakukan akuisisi PT Pritama Karya Persada (PKP), PT Adiguna Bintang Lestari (ABL) dan PT Bhirawa Mitra Sentosa (BMS). Pada tanggal akuisisi terdapat perbedaan biaya perolehan akuisisi di atas nilai wajar dari aset dan liabilitas teridentifikasi yang diakuisisi sebesar Rp70.136 yang dicatat sebagai *goodwill*.

Pada tahun 2018, Grup melakukan akuisisi PT Santosa Utama Lestari (SUL). Pada tanggal akuisisi terdapat perbedaan biaya perolehan akuisisi di atas nilai wajar dari aset dan liabilitas teridentifikasi yang diakuisisi sebesar Rp23.343 yang dicatat sebagai *goodwill* (Catatan 1c).

Pada tahun 2019, Grup melakukan akuisisi PT Celebes Agro Semesta (CAS). Pada tanggal akuisisi terdapat perbedaan biaya perolehan akuisisi di atas nilai wajar dari aset dan liabilitas teridentifikasi yang diakuisisi sebesar Rp20.910 yang dicatat sebagai *goodwill* (Catatan 1c).

Pada tahun 2019, grup juga mengakuisisi sekumpulan aset yang merupakan bisnis toko daging eceran dari pihak ketiga. Pada tanggal akuisisi terdapat perbedaan harga perolehan di atas nilai wajar aset yang teridentifikasi yang diakuisisi sebesar Rp41.028 yang dicatat sebagai *goodwill* (Catatan 1c).

15. INVESTMENT PROPERTIES (continued)

As of December 31, 2020, 2019 and 2018, building and infrastructures, were insured against fire, theft and other possible risks with third parties and PT Pan Pacific Insurance, a related party (Note 36), with coverage amounting to Rp9,692, Rp9,691 and Rp9,691, respectively. Management believes that the insurance coverages are adequate to cover possible losses on such risks.

16. GOODWILL

In 2011, the Group acquired PT Pritama Karya Persada (PKP), PT Adiguna Bintang Lestari (ABL) and PT Bhirawa Mitra Sentosa (BMS). At the effective date of the acquisition, the excess of acquisition cost over the fair value of identifiable assets and liabilities acquired amounting to Rp70,136 was recorded as part of goodwill.

In 2018, the Group acquired PT Santosa Utama Lestari (SUL). At the effective date of the acquisition, the excess of acquisition cost over the fair value of identifiable assets and liabilities acquired amounting to Rp23,343 was recorded as part of goodwill (Note 1c).

In 2019, the Group acquired PT Celebes Agro Semesta (CAS). At the effective date of the acquisition, the excess of acquisition cost over the fair value of identifiable assets and liabilities acquired amounting to Rp20,910 was recorded as part of goodwill (Note 1c).

In 2019, the group also acquired groups of assets that constitute retail meat store business from third parties. At the effective date of the acquisition, the excess of acquisition costs over the fair value of identifiable assets acquired amounting Rp41,028 was recorded as part of goodwill (Note 1c).

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16. GOODWILL (lanjutan)

Uji Penurunan Nilai *Goodwill*

Nilai tercatat *goodwill* seluruhnya dialokasikan ke Unit Penghasil Kas (UPK) peternakan Grup.

Atas nilai terpulihkan UPK tersebut ditentukan berdasarkan perhitungan nilai pakai. Nilai pakai ditentukan dengan men-diskontokan arus kas masa depan yang diharapkan akan dihasilkan dari pemakaian berkelanjutan atas UPK tersebut. Perhitungan nilai pakai berdasarkan pada asumsi asumsi berikut:

- Berdasarkan proyeksi keuangan yang disusun manajemen untuk tahun 2021 - 2025, dihitung arus kas neto dan kemudian akan didiskontokan dengan tingkat diskonto yang sesuai.
- Tingkat diskonto sebelum pajak yang digunakan untuk menghitung jumlah terpulihkan adalah sebesar 8,23% - 9,75%. Tingkat diskonto ini diestimasi berdasarkan rata-rata tertimbang biaya modal yang dialokasikan oleh Grup kepada UPK tersebut.

Asumsi utama sebagaimana dijelaskan di atas dapat berubah sejalan dengan perubahan kondisi ekonomi dan pasar.

Berdasarkan pengujian penurunan yang dilakukan pada tanggal 31 Desember 2020, 2019 dan 2018, tidak terdapat penurunan nilai *goodwill*.

16. GOODWILL (continued)

Impairment Test for Goodwill

The carrying value of goodwill was all allocated to the Cash Generating Unit (CGU) of commercial farm unit of the Group.

The recoverable amount of the above mentioned CGU is determined based on value-in-use calculations. Value in use was determined by discounting the future cash flows expected to be generated for the continuing use of the units. The calculation of value in use was based on the following key assumptions:

- *Based on financial projection prepared by management for years 2021 to 2025 and the net cash flows will be discounted with an appropriate discount rate.*
- *Pretax discount rates of 8.23% - 9.75% were applied in determining the recoverable amount. The discount rates were determined based on the weighted average cost of capital allocated by the Group to this unit.*

The key assumptions described above may change as economic and market conditions change.

Based on impairment testing performed as of December 31, 2020, 2019 and 2018, there is no impairment in goodwill.

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17. UTANG BANK JANGKA PENDEK

Rincian utang bank jangka pendek adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Rupiah				Rupiah
Fasilitas Pinjaman <i>Club Deal</i>	390.000	1.650.000	300.000	<i>Club Deal Loan Facility</i>
PT Bank Central Asia Tbk	32.587	271.967	309.272	PT Bank Central Asia Tbk
JPMorgan Chase Bank, N.A. (JPMorgan)	682	1.336	-	JPMorgan Chase Bank, N.A. (JPMorgan)
PT Bank Rakyat Indonesia (Persero) Tbk	2	-	-	PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Mandiri (Persero) Tbk	-	890.400	364.750	PT Bank Mandiri (Persero) Tbk
Mata uang asing				Foreign currency
Dolar AS (Catatan 42)				US Dollar (Note 42)
PT Bank Maybank Indonesia Tbk (AS\$26.268.252 tahun 2019 dan AS\$14.840.000 tahun 2018)	-	365.155	214.898	PT Bank Maybank Indonesia Tbk (US\$26,268,252 in 2019 and US\$14,840,000 in 2018)
PT Bank Mandiri (Persero) Tbk (AS\$8.785.052 tahun 2019 dan AS\$19.479.015 tahun 2018)	-	122.121	282.076	PT Bank Mandiri (Persero) Tbk (US\$8,785,052 in 2019 and US\$19,479,015 in 2018)
Biaya transaksi utang bank	-	(23.026)	(19.593)	Bank loan transaction costs
Total	423.271	3.277.953	1.451.403	Total

17. SHORT-TERM BANK LOANS

The details of short-term bank loans are as follows:

Fasilitas Pinjaman *Club Deal*

Pada tanggal 20 September 2017, Perusahaan dan PT Santosa Agrindo (SA), PT Austasia Stockfeed (ASF), PT Suri Tani Pemuka (STP) dan PT Ciomas Adisatwa (CA), entitas anak, secara gabungan memperoleh Fasilitas Kredit *Revolving* ("Fasilitas Pinjaman *Club Deal* 2017") sebesar Rp3.000.000 dari PT Bank Central Asia Tbk (BCA), PT Bank Maybank Indonesia Tbk (Maybank) dan PT Bank Mandiri (Persero) Tbk (Mandiri) dimana seluruhnya bertindak sebagai *Mandate Lead Arranger* dan BCA sebagai *Facility Agent*. Pinjaman ini bertujuan untuk membayar lebih awal atau membayar penuh atas utang finansial atas pinjaman fasilitas dan untuk kebutuhan modal kerja.

Rincian sublimit yang dapat dipergunakan oleh Perusahaan dan entitas anak adalah sebagai berikut:

- Perusahaan jumlah maksimum fasilitas sebesar Rp3.000.000
- PT Santosa Agrindo jumlah maksimum fasilitas sebesar Rp350.000
- PT Suri Tani Pemuka jumlah maksimum fasilitas sebesar Rp150.000
- PT Ciomas Adisatwa jumlah maksimum fasilitas sebesar Rp150.000
- PT Austasia Stockfeed jumlah maksimum fasilitas sebesar Rp200.000.

Club Deal Loan Facility

On September 20, 2017, the Company and PT Santosa Agrindo (SA), PT Austasia Stockfeed (ASF), PT Suri Tani Pemuka (STP) and PT Ciomas Adisatwa (CA), subsidiaries, collectively obtained *Revolving Credit Facility* ("2017 *Club Deal Loan Facility*") of Rp3,000,000 from PT Bank Central Asia Tbk (BCA), PT Bank Maybank Indonesia Tbk (Maybank) and PT Bank Mandiri (Persero) Tbk (Mandiri). All of those banks act as the *Mandate Lead Arranger* while BCA acts as the *Facility Agent*. The facility purpose is for prepayment or full payment of the financial indebtedness and for working capital requirements.

The sub-limit details for the Company and subsidiaries are as follows:

- The Company with maximum facility amounting to Rp3,000,000
- PT Santosa Agrindo with maximum facility amounting to Rp350,000
- PT Suri Tani Pemuka with maximum facility amounting to Rp150,000
- PT Ciomas Adisatwa with maximum facility amounting to Rp150,000
- PT Austasia Stockfeed with maximum facility amounting to Rp200,000.

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17. UTANG BANK JANGKA PENDEK (lanjutan)

Fasilitas Pinjaman *Club Deal* (lanjutan)

Fasilitas ini tanpa jaminan dan telah dilunasi pada tanggal 6 September 2019.

Pada tanggal 28 Agustus 2019, Perusahaan dan PT Santosa Agrindo (SA), PT Austasia Stockfeed (ASF), PT Suri Tani Pemuka (STP), PT Ciomas Adisatwa (CA) dan PT Vaksindo Satwa Nusantara (VSN), entitas anak, secara gabungan memperoleh Fasilitas Kredit *Revolving* ("Fasilitas Pinjaman *Club Deal* 2019") sebesar Rp3.000.000 dari PT Bank Central Asia Tbk (BCA), PT Bank Maybank Indonesia Tbk (Maybank) dan PT Bank Mandiri (Persero) Tbk (Mandiri) dimana seluruhnya bertindak sebagai *Mandate Lead Arranger* dan BCA sebagai *Facility Agent*. Pinjaman ini bertujuan untuk melakukan pembayaran lebih awal atau pelunasan penuh Fasilitas Pinjaman *Club Deal* 2017 dan untuk kebutuhan modal kerja.

Rincian sublimit yang dapat dipergunakan oleh Perusahaan dan entitas anak adalah sebagai berikut:

- Perusahaan jumlah maksimum fasilitas sebesar Rp3.000.000
- PT Santosa Agrindo jumlah maksimum fasilitas sebesar Rp350.000
- PT Suri Tani Pemuka jumlah maksimum fasilitas sebesar Rp225.000
- PT Ciomas Adisatwa jumlah maksimum fasilitas sebesar Rp350.000
- PT Austasia Stockfeed jumlah maksimum fasilitas sebesar Rp200.000
- PT Vaksindo Satwa Nusantara jumlah maksimum fasilitas sebesar Rp50.000.

Fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 28 Agustus 2024.

17. SHORT-TERM BANK LOANS (continued)

***Club Deal* Loan Facility (continued)**

This facility was not secured by any collateral and was fully paid on September 6, 2019.

On August 28, 2019, the Company and PT Santosa Agrindo (SA), PT Austasia Stockfeed (ASF), PT Suri Tani Pemuka (STP), PT Ciomas Adisatwa (CA) and PT Vaksindo Satwa Nusantara (VSN), subsidiaries, obtained Revolving Credit Facility ("2019 Club Deal Loan Facility") of Rp3,000,000 from PT Bank Central Asia Tbk (BCA), PT Bank Maybank Indonesia Tbk (Maybank) and PT Bank Mandiri (Persero) Tbk (Mandiri). All of those banks act as the Mandate Lead Arranger while BCA acts as the Facility Agent. The loan has purposes for prepaying or repaying in full the 2017 Club Deal Loan Facility and for working capital requirements.

The sublimit details for the Company and subsidiaries are as follows:

- *The Company with maximum facility amounting to Rp3,000,000*
- *PT Santosa Agrindo with maximum facility amounting to Rp350,000*
- *PT Suri Tani Pemuka with maximum facility amounting to Rp225,000*
- *PT Ciomas Adisatwa with maximum facility amounting to Rp350,000*
- *PT Austasia Stockfeed with maximum facility amounting to Rp200,000*
- *PT Vaksindo Satwa Nusantara with maximum facility amounting to Rp50,000.*

This facility is not secured by any collateral and will mature on August 28, 2024.

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17. UTANG BANK JANGKA PENDEK (lanjutan)

PT Bank Central Asia Tbk (BCA)

Pada tanggal 20 November 2010, Perusahaan memperoleh fasilitas berupa Kredit Modal Kerja (KMK) dari BCA dengan jumlah maksimum sebesar Rp250.000 dan dengan jangka waktu 12 bulan. Pada bulan Desember 2010, fasilitas ini meningkat menjadi Rp291.000 dengan dialihkannya sisa fasilitas Pinjaman Kredit Investasi Perusahaan sebesar Rp41.000 untuk menambah jumlah maksimum fasilitas KMK. Pada tanggal 6 Oktober 2011, Perusahaan memperoleh fasilitas *Time Loan Revolving* sebesar Rp250.000. Pada tanggal 3 April 2013, fasilitas KMK meningkat menjadi Rp541.000. Fasilitas *Time Loan Revolving* dan fasilitas KMK dilunasi tanggal 20 September 2017. Pada tanggal yang sama, Perusahaan juga memperoleh fasilitas KMK baru sebesar Rp250.000. Pada tanggal 17 September 2019, fasilitas KMK meningkat menjadi sebesar Rp300.000, dan Perusahaan juga memperoleh fasilitas *Time Loan Revolving Uncommitted (TLR)* dengan jumlah maksimum sebesar Rp300.000. Fasilitas KMK dan TLR tersebut juga dapat digunakan oleh PT Santosa Utama Lestari (SUL), entitas anak. Fasilitas-fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 20 April 2021.

Pada tanggal 28 Oktober 2015, PT So Good Food (SGF) dan entitas anaknya PT So Good Food Manufacturing (SGFM), entitas anak, yang bergabung ke dalam Perusahaan pada 30 November 2020, memperoleh fasilitas Kredit Modal Kerja (KMK) dari BCA dengan jumlah maksimum sebesar Rp275.000, dimana SGFM dapat menggunakan fasilitas maksimum sebesar Rp100.000. Pada tanggal 18 April 2017, SGF memperoleh fasilitas *Time Loan Revolving (TLR)* sebesar Rp75.000. Pada tanggal 27 November 2017, sebagian fasilitas TLR dialihkan untuk menambah jumlah maksimum fasilitas KMK, sehingga fasilitas KMK meningkat menjadi Rp300.000 dan fasilitas TLR menjadi sebesar Rp50.000, dimana SGFM dapat menggunakan fasilitas KMK maksimum sebesar Rp100.000. Fasilitas-fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 28 Oktober 2021.

JPMorgan Chase Bank, N.A. (JPMorgan)

Pada tanggal 6 Mei 2019, Perusahaan memperoleh Fasilitas Pinjaman *Revolving (RCF)* sublimit Fasilitas Cerukan (OD) dan Fasilitas *Payables Financing* dari JPMorgan dengan jumlah maksimum sebesar Rp300.000. Fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 6 Mei 2021.

17. SHORT-TERM BANK LOANS (continued)

PT Bank Central Asia Tbk (BCA)

On November 20, 2010, the Company obtained a working capital loan (KMK) facility from BCA, with maximum loanable amount of Rp250,000 and with a term of 12 months. In December 2010, the maximum loanable amount was increased to Rp291,000 which was derived from the transferred amount of Investment Credit facility amounting to Rp41,000 to be added to KMK facility. On October 6, 2011, the Company obtained a Time Loan Revolving facility with maximum loanable amount of Rp250,000. On April 3, 2013, the maximum loanable amount of KMK facility was increased to Rp541,000. Time Loan Revolving and KMK facility were fully paid on September 20, 2017. On the same date, the Company obtained new KMK facility amounting to Rp250,000. On September 17, 2019, KMK facility was increased to Rp300,000, and the Company also obtained Uncommitted Time Loan Revolving (TLR) facility with maximum loanable amount of Rp300,000. The KMK and TLR facility can also be used by PT Santosa Utama Lestari (SUL), a subsidiary. These facility are not secured by any collateral and will be due on April 20, 2021.

On October 28, 2015, PT So Good Food (SGF) and its subsidiary PT So Good Food Manufacturing (SGFM), subsidiaries, which were acquired by the Company on November 30, 2020, obtained a working capital loan (KMK) facility from BCA, with maximum loanable amount of Rp275,000, whereby SGFM is able to utilize the facility with maximum amount of Rp100,000. On April 18, 2017, SGF obtained a Time Loan Revolving (TLR) facility with maximum loanable amount of Rp75,000. On November 27, 2017, some of TLR facility was transferred to increase the maximum loanable amount of KMK facility, so that the KMK facility was increased to Rp300,000 and TLR facility become Rp50,000, whereby SGFM is able to utilize the KMK facility with maximum amount of Rp100,000. These facility are not secured by any collateral and will be due on October 28, 2021.

JPMorgan Chase Bank, N.A. (JPMorgan)

On May 6, 2019, the Company obtained a Revolving Credit Facility (RCF) sublimit Overdraft Facility (OD) and Payables Financing facility from JPMorgan with maximum loanable amount of Rp300,000. This facility is not secured by any collateral and will be due on May 6, 2021.

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17. UTANG BANK JANGKA PENDEK (lanjutan)

PT Bank Rakyat Indonesia (Persero) Tbk (BRI)

Pada tanggal 27 Maret 2020, PT Indojoya Agrinusa (IAG), entitas anak, memperoleh Fasilitas Kredit Modal Kerja (KMK) dengan jumlah maksimum sebesar Rp300.000 dari BRI. Fasilitas ini dijamin dengan piutang usaha, persediaan, tanah, bangunan, prasarana, mesin dan peralatan (Catatan 6, 8 dan 13). Fasilitas KMK akan jatuh tempo tanggal 27 Maret 2021.

PT Bank Mandiri (Persero) Tbk (Mandiri)

Pada tanggal 19 April 2011, Perusahaan memperoleh beberapa fasilitas pinjaman dari Mandiri yang terdiri dari KMK *Fixed Loan (FL)* dengan jumlah maksimum sebesar Rp150.000, KMK *Revolving (RL)* dengan jumlah maksimum sebesar Rp50.000, *Non Cash Loan (NCL)* sublimit *Trust Receipt (TR)* dengan jumlah maksimum sebesar AS\$2.000.000 dan *Treasury Line (TL)* dengan jumlah maksimum sebesar AS\$5.000.000. Perusahaan mulai menggunakan fasilitas *FL* dan *RL* ini pada tanggal 20 April 2011, yang digunakan sebagai modal kerja. Fasilitas-fasilitas tersebut merupakan novasi dari pinjaman yang diterima PT Multiphala Agrinusa (MAG) dan PT Bintang Terang Gemilang (BTG), entitas anak yang bergabung ke dalam Perusahaan pada tanggal 1 Januari 2011. Pada tanggal 27 November 2012, KMK *FL* meningkat menjadi Rp250.000 dan KMK *RL* meningkat menjadi Rp150.000. Pada tanggal 24 April 2014, KMK *FL* berubah menjadi KMK *Tranche A (Non Revolving)*. Pada tanggal 8 April 2015, fasilitas *TL* meningkat menjadi AS\$20.000.000 dan pada tanggal 13 November 2015, fasilitas *NCL* sublimit *TR* meningkat menjadi AS\$3.700.000. Fasilitas *TL* dan fasilitas *NCL* sublimit *TR* tersebut juga dapat digunakan oleh PT Santosa Agrindo (SA) dan PT Austasia Stockfeed (ASF), entitas anak. Pada tanggal 22 April 2016, fasilitas *TL* meningkat menjadi AS\$25.000.000 dan fasilitas *NCL* sublimit *TR* meningkat menjadi AS\$8.000.000. Pada tanggal 22 Mei 2017, fasilitas *NCL* sublimit *TR* meningkat menjadi AS\$20.000.000. Pada tanggal 22 September 2017, fasilitas KMK *Tranche A* dan KMK *RL* telah dilunasi.

Pada tanggal 19 Desember 2018, fasilitas *NCL* sublimit *TR* meningkat menjadi AS\$40.000.000 dan Perusahaan memperoleh fasilitas Kredit Jangka Pendek (KJP) dengan jumlah maksimum sebesar Rp250.000. Pada tanggal 17 September 2019, fasilitas KJP meningkat menjadi sebesar Rp750.000.

17. SHORT-TERM BANK LOANS (continued)

PT Bank Rakyat Indonesia (Persero) Tbk (BRI)

On March 27, 2020 PT Indojoya Agrinusa (IAG), a subsidiary, obtained a working capital loan (KMK) facility with maximum loanable amount of Rp300,000 from BRI. This facility is collateralized with trade receivables, inventories, land, building, infrastructures, machinery and equipment (Notes 6, 8 and 13). KMK facility will be due on March 27, 2021.

PT Bank Mandiri (Persero) Tbk (Mandiri)

On April 19, 2011, the Company obtained several loan facilities from Mandiri consisting of KMK *Fixed Loan (FL)* with maximum loanable amount of Rp150,000, KMK *Revolving (RL)* with maximum loanable amount of Rp50,000, *Non Cash Loan (NCL)* with *Trust Receipt (TR)* sublimit with maximum loanable amount of US\$2,000,000, and *Treasury Line (TL)* with maximum loanable amount of US\$5,000,000. The Company started using the *FL* and *RL* facilities on April 20, 2011 as working capital. These facilities were novated from PT Multiphala Agrinusa (MAG) and PT Bintang Terang Gemilang (BTG), subsidiaries, which have been merged to the Company on January 1, 2011. On November 27, 2012, KMK *FL* was increased to Rp250,000 and KMK *RL* was increased to Rp150,000. On April 24, 2014, KMK *FL* has been changed to KMK *Tranche A (Non Revolving)*. On April 8, 2015, *TL* facility was increased to US\$20,000,000 and on November 13, 2015, *NCL* with *TR* sublimit facility was increased to US\$3,700,000. The *TL* facilities and *NCL* with *TR* sublimit facilities can also be used by PT Santosa Agrindo (SA) and PT Austasia Stockfeed (ASF), subsidiaries. On April 22, 2016, *TL* was increased to US\$25,000,000 and *NCL* with *TR* sublimit was increased to US\$8,000,000. On May 22, 2017, *NCL* with *TR* sublimit facility was increased to US\$20,000,000. On September 22, 2017, KMK *Tranche A* and KMK *RL* facility were fully paid.

On December 19, 2018, *NCL* with *TR* sublimit facility was increased to US\$40,000,000 and the Company obtained Short Term Loan (STL) facility with maximum loanable amount of Rp250,000. On September 17, 2019, the loanable amount of STL facility was increased to Rp750,000.

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17. UTANG BANK JANGKA PENDEK (lanjutan)

**PT Bank Mandiri (Persero) Tbk (Mandiri)
(lanjutan)**

Fasilitas-fasilitas ini tidak memiliki jaminan dan akan jatuh tempo tanggal 20 September 2021.

Pada tanggal 23 November 2017, PT Ciomas Adisatwa (CA), entitas anak, memperoleh fasilitas KMK *Revolving* Rekening Koran dari Mandiri dengan jumlah maksimum Rp150.000. Fasilitas ini tanpa jaminan dan telah dilunasi pada tanggal 20 September 2019.

Pada tanggal 29 November 2017, PT Indojoya Agrinusa (IAG), entitas anak, memperoleh fasilitas KMK dari Mandiri dengan jumlah maksimum sebesar Rp100.000. Pada tanggal 21 Desember 2018 fasilitas KMK meningkat menjadi Rp330.000. Fasilitas KMK akan jatuh tempo tanggal 20 September 2021. Fasilitas ini dijamin dengan piutang usaha, persediaan, tanah, bangunan, prasarana, mesin dan peralatan (Catatan 6, 8 dan 13).

PT Bank HSBC Indonesia (HSBC)

Pada tanggal 21 Oktober 2019, Perusahaan memperoleh Fasilitas Pinjaman Berulang dari HSBC dengan jumlah maksimum sebesar Rp300.000. Fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 21 Oktober 2021. Pada tanggal 31 Desember 2020 dan 2019, tidak terdapat saldo pinjaman bank.

17. SHORT-TERM BANK LOANS (continued)

**PT Bank Mandiri (Persero) Tbk (Mandiri)
(continued)**

These facilities are not secured by any collateral and will be due on September 20, 2021.

On November 23, 2017, PT Ciomas Adisatwa (CA), a subsidiary, obtained a KMK Revolving Overdraft facility from Mandiri with a maximum amount of Rp150,000. This facility was not secured by any collateral and was fully paid on September 20, 2019.

On November 29, 2017, PT Indojoya Agrinusa (IAG), a subsidiary, obtained KMK facility from Mandiri with a maximum amount of Rp100,000. On December 21, 2018, KMK facility was increased to Rp330,000. KMK facility will be due on September 20, 2021. This facility is collateralized with trade receivables, inventories, land, building, infrastructures, machinery and equipment (Notes 6, 8 and 13).

PT Bank HSBC Indonesia (HSBC)

On October 21, 2019, the Company obtained a Revolving Loan Facility from HSBC with maximum loanable amount of Rp300,000. This facility is not secured by any collateral and will due on October 21, 2021. As of December 31, 2020 and 2019, there was no outstanding short-term bank loan.

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17. UTANG BANK JANGKA PENDEK (lanjutan)

PT Bank UOB Indonesia (UOB)

Pada tanggal 2 September 2019, Perusahaan dan PT Santosa Utama Lestari (SUL), entitas anak, memperoleh Fasilitas *Multi Option Trade Facility* bersifat *uncommitted* (*Letter of Credit* (LC) dan/atau Surat Kredit Berdokumen Dalam Negeri (SKBDN)) sebesar Rp250.000 dari UOB, dengan sublimit:

- Fasilitas *Trust Receipt* (TR) dan/atau *Clean Trust Receipt* (CTR) dengan jumlah maksimum sebesar Rp250.000.
- Fasilitas *CTR Reimbursement* dengan jumlah maksimum sebesar Rp100.000.
- Fasilitas *Revolving Credit Facility* (RCF) dengan jumlah maksimum sebesar Rp250.000.

Fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 27 April 2021. Pada tanggal 31 Desember 2020 dan 2019, tidak terdapat saldo pinjaman bank.

PT Bank Maybank Indonesia Tbk (Maybank)

Pada tanggal 18 November 2014, Perusahaan memperoleh fasilitas Pinjaman Rekening Koran (PRK) dan fasilitas Pinjaman Promes Berulang (PPB) sebagai bagian dari beberapa fasilitas pinjaman yang diperoleh dari Maybank dengan jumlah maksimum masing-masing sebesar Rp50.000 dan Rp250.000, serta *Forex Line* (FX Line) sebesar AS\$5.000.000. Pada tanggal 17 September 2015, jumlah maksimum fasilitas PPB dan *FX Line* masing-masing meningkat menjadi Rp450.000 dan AS\$20.000.000. Pada tanggal 16 Mei 2016, telah dilakukan perubahan atas fasilitas Pinjaman Promes Berulang (PPB) dengan penambahan sublimit *Letter of Credit* (LC) dan/atau Surat Kredit Berdokumen Dalam Negeri (SKBDN) sebesar AS\$20.000.000 dan sublimit *Trust Receipt* (TR) sebesar AS\$20.000.000, serta atas seluruh fasilitas pinjaman juga dapat digunakan oleh entitas anak PT Santosa Agrindo dan PT Austasia Stockfeed.

17. SHORT-TERM BANK LOANS (continued)

PT Bank UOB Indonesia (UOB)

On September 2, 2019, the Company and PT Santosa Utama Lestari (SUL), a subsidiary, obtained uncommitted *Multi Option Trade Facility* (*Letter of Credit* LC and/or *Letter of Credit with Domestic Documentation* (LCDD)) amounting Rp250,000 from UOB, with sublimit as follows:

- *Trust Receipt Facility* (TR) and/or *Clean Trust Receipt* (CTR) with maximum loanable amount of Rp250,000.
- *CTR Reimbursement Facility* with maximum loanable amount of Rp100,000.
- *Revolving Credit Facility* (RCF) with maximum loanable amount of Rp250,000.

This facility is not secured by any collateral and will be due on April 27, 2021. As of December 31, 2020 and 2019, there was no outstanding short-term bank loan.

PT Bank Maybank Indonesia Tbk (Maybank)

On November 18, 2014, the Company obtained *Overdraft Loan* (PRK) and *Revolving Promissory Loan* (RPL) as part of the loan facilities obtained from Maybank with a maximum amount of Rp50,000 and Rp250,000, respectively, and *Forex Line* (FX Line) amounting to US\$5,000,000. On September 17, 2015, the maximum loanable amounts of RPL facility and FX Line were increased to Rp450,000 and US\$20,000,000, respectively. On May 16, 2016, *Revolving Promissory Loan* (RPL) facilities was amended with additional sublimit *Letter of Credit* (LC) and/or *Letter of Credit with Domestic Documentation* (LCDD) amounting to US\$20,000,000 and sublimit *Trust Receipt* (TR) amounting to US\$20,000,000 being parts of the RPL facility. These facilities can also be used by PT Santosa Agrindo and PT Austasia Stockfeed.

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17. UTANG BANK JANGKA PENDEK (lanjutan)

**PT Bank Maybank Indonesia Tbk (Maybank)
(lanjutan)**

Pada tanggal 20 Desember 2016, fasilitas PRK dihapuskan dan dilakukan penambahan atas sublimit LC dan/atau SKBDN dan sublimit TR menjadi sebesar AS\$30.000.000, dan juga penambahan *Forex Line (FX Line)* menjadi AS\$40.000.000. Pada tanggal 30 November 2017, jumlah maksimum fasilitas PPB sublimit LC dan/atau SKBDN dan TR meningkat menjadi AS\$36.000.000 dan tambahan fasilitas Pinjaman Rekening Koran (PRK) dengan jumlah maksimum Rp50.000 yang digunakan oleh entitas anak PT Santosa Agrindo. Pada tanggal 3 September 2018, fasilitas PPB sublimit LC dan/atau SKBDN dan TR meningkat menjadi AS\$40.000.000 dan dilakukan penambahan sublimit *Invoice Financing* sebesar AS\$40.000.000 pada fasilitas PPB tersebut, sedangkan fasilitas PRK ditutup. Pada tanggal 24 Oktober 2019, dilakukan penambahan sublimit *Counter Guarantee* dan/atau *Demand Guarantee* dan/atau Bank Garansi dan/atau SBLC sebesar AS\$40.000.000 pada fasilitas PPB, dan dilakukan juga penambahan *FX Line* menjadi AS\$70.000.000. Seluruh fasilitas tersebut juga dapat digunakan oleh PT Vaksindo Satwa Nusantara, entitas anak. Pada tanggal 27 April 2020, fasilitas *FX Line* menjadi dapat digunakan juga oleh entitas anak PT Multi Makanan Permai (MMP). Fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 24 Oktober 2021.

PT Bank Ganesha Tbk (Ganesha)

Pada tanggal 31 Januari 2017, PT Santosa Utama Lestari (SUL), entitas anak, memperoleh fasilitas pinjaman modal kerja dari Ganesha dengan jumlah maksimum Rp40.000. Fasilitas ini berlaku sampai dengan tanggal 31 Januari 2019. Fasilitas ini dijamin dengan persediaan, tanah, bangunan, prasarana, mesin, peralatan dan kendaraan (Catatan 8 dan 13). Fasilitas ini telah dilunasi pada tanggal 5 Juni 2018.

Pada tanggal 28 Desember 2017, PT Sentra Satwatama Indonesia (SSI), entitas anak, memperoleh beberapa fasilitas pinjaman modal kerja dari Ganesha, yang terdiri dari fasilitas Pinjaman Rekening Koran (PRK) dengan jumlah maksimum Rp2.500 dan fasilitas Short Term Loan dengan jumlah maksimum Rp22.500. Fasilitas ini berlaku sampai dengan tanggal 9 Februari 2019. Fasilitas ini dijamin dengan persediaan, tanah, bangunan, dan prasarana (Catatan 8 dan 13). Pada tahun 2019, fasilitas-fasilitas ini tidak diperpanjang. Pada tanggal 31 Desember 2018, tidak terdapat saldo pinjaman bank.

17. SHORT-TERM BANK LOANS (continued)

**PT Bank Maybank Indonesia Tbk (Maybank)
(continued)**

On December 20, 2016, PRK facility was closed and the loanable amount of sublimit LC and/or LCDD and sublimit TR was increased to US\$30,000,000, and FX Line was increased to US\$40,000,000. On November 30, 2017, the maximum amount of RPL sublimit LC and/or LCDD and TR facilities was increased to US\$36,000,000 and the Company obtained Overdraft Loan (PRK) with a maximum amount of Rp50,000 used by PT Santosa Agrindo a subsidiary. On September 3, 2018, RPL sublimit LC and/or LCDD and TR facilities was increased to US\$40,000,000 and there was addition to the sublimit for *Invoice Financing* amounting US\$40,000,000, being parts of the RPL facility, whereas PRK facility was closed. On October 24, 2019, sublimit for *Counter Guarantee* and/or *Demand Guarantee* and/or *Bank Guarantee* and/or *SBLC* amounting US\$40,000,000 was added to the RPL facility, and FX Line was also increased to US\$70,000,000. These facilities can also be used by PT Vaksindo Satwa Nusantara, a subsidiary. On April 27, 2020, FX Line facility can also be used by PT Multi Makanan Permai (MMP), a subsidiary. These facilities are not secured by any collateral and will be due on October 24, 2021.

PT Bank Ganesha Tbk (Ganesha)

On January 31, 2017, PT Santosa Utama Lestari (SUL), a subsidiary, obtained a working capital loan facility from Ganesha, with maximum loanable amount of Rp40,000. This facility will be due on January 31, 2019. This facility was collateralized with inventories, land, building, infrastructures, machinery, equipments and vehicles (Notes 8 and 13). This facility was fully paid on June 5, 2018.

On December 28, 2017, PT Sentra Satwatama Indonesia (SSI), a subsidiary, obtained several working capital loan facilities from Ganesha, consisting of an *Overdraft Loan (PRK)* facility with maximum loanable amount of Rp2,500 and *Short Term Loan* facility with maximum loanable amount of Rp22,500. These facilities were due on February 9, 2019. These facilities were collateralized with inventories, land, building, and infrastructures (Notes 8 and 13). In 2019, these facilities were not extended. On December 31, 2018, there was no outstanding short-term bank loan.

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17. UTANG BANK JANGKA PENDEK (lanjutan)

PT Bank CIMB Niaga Tbk (CIMB Niaga)

Pada tanggal 22 Desember 2009, PT Agrinusa Jaya Santosa (AJS), entitas anak, memperoleh fasilitas Pinjaman Rekening Koran (PRK) dari CIMB Niaga sebesar Rp4.500. Fasilitas PRK telah diperpanjang beberapa kali, terakhir sampai dengan tanggal 21 Juli 2018. Pada tanggal 28 September 2016, AJS memperoleh tambahan fasilitas Pinjaman Rekening Koran (PRK 2) sebesar Rp1.100. Fasilitas-fasilitas ini telah dilunasi pada tanggal 20 Juli 2018.

Suku bunga per tahunan utang bank jangka pendek untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut:

Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,

	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Rupiah	5,80% - 9,75%	4,70% - 9,92%	4,70% - 10,13%	Rupiah
Dolar AS	2,40% - 2,95%	2,90% - 3,45%	2,45% - 3,98%	US Dollar

Total beban bunga atas pinjaman-pinjaman di atas sebesar Rp257.644, Rp276.024 dan Rp77.557 masing-masing untuk tahun yang berakhir 31 Desember 2020, 2019 dan 2018 (Catatan 34).

Sehubungan dengan pinjaman-pinjaman tersebut di atas, Grup diwajibkan antara lain mempertahankan rasio keuangan dan memenuhi batasan-batasan tertentu yang berhubungan dengan terjadinya utang, penjualan aset tetap, investasi, jaminan dan hal-hal lainnya yang tercantum dalam perjanjian. Rasio dan batasan adalah sebagai berikut:

- *Leverage ratio* tidak melebihi 4:1
- *Debt service coverage ratio* sekurang-kurangnya 1,25:1
- Rasio lancar sekurang-kurangnya 1:1
- Rasio utang bersih per ekuitas tidak melebihi 2,75:1
- Rasio total penjualan kotor para debitur *Club Deal*/total penjualan kotor Grup tidak kurang dari 70:100
- Total ekuitas wajib bernilai positif.

Pada tanggal 31 Desember 2020, 2019 dan 2018, Perusahaan dan entitas anak terkait telah memenuhi semua persyaratan atas utang bank jangka pendek seperti yang diungkapkan pada Catatan ini.

17. SHORT-TERM BANK LOANS (continued)

PT Bank CIMB Niaga Tbk (CIMB Niaga)

On December 22, 2009, PT Agrinusa Jaya Santosa (AJS), a subsidiary, obtained an Overdraft Loan (PRK) from CIMB Niaga amounting to Rp4,500. PRK facility has been extended several times, the latest is until July 21, 2018. On September 28, 2016, AJS obtained an Overdraft Loan (PRK 2) amounting to Rp1,100. These facilities were fully paid on July 20, 2018.

The annual interest rates on short-term bank loans for the years ended December 31, 2020, 2019 and 2018 are as follows:

	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Rupiah	5,80% - 9,75%	4,70% - 9,92%	4,70% - 10,13%	Rupiah
US Dollar	2,40% - 2,95%	2,90% - 3,45%	2,45% - 3,98%	US Dollar

Total interest expense on the above mentioned loans amounted to Rp257,644 Rp276,024 and Rp77,557 for the years ended December 31, 2020, 2019 and 2018, respectively (Note 34).

In relation to the above loans, the Group is required to maintain certain financial ratios and fulfill certain covenants concerning incurrence of indebtedness, sale of fixed assets, investments, securities and other matters as stated in the agreements. The ratio and certain covenants are as follows:

- *The leverage ratio shall not exceed 4:1*
- *The debt service coverage ratio shall be at least 1.25:1*
- *The current ratio shall be at least 1:1*
- *The net debt per equity ratio shall not exceed 2.75:1*
- *The Club Deal borrowers' ratio of total gross sales/the Group' total gross sales shall not be less than 70:100*
- *The total equity must be positive.*

As of December 31, 2020, 2019 and 2018, the Company and related subsidiaries have complied with all of the covenants of the short-term bank loans as disclosed in this Note.

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18. UTANG USAHA

Utang usaha merupakan utang atas pembelian bahan baku dan barang jadi kepada pihak ketiga dan pihak berelasi. Rincian utang usaha adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Pihak berelasi (Catatan 36d)	1.608.063	1.637.430	1.881.432	<i>Related parties (Note 36d)</i>
Pihak ketiga				<i>Third parties</i>
Pemasok dalam negeri	842.596	968.752	1.031.196	<i>Local suppliers</i>
Pemasok luar negeri	53.157	159.786	720.774	<i>Foreign suppliers</i>
Subtotal	895.753	1.128.538	1.751.970	<i>Sub-total</i>
Total	2.503.816	2.765.968	3.633.402	Total

Analisa umur utang usaha adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Lancar	2.471.227	2.672.131	3.430.988	<i>Current</i>
Lewat jatuh tempo:				<i>Overdue:</i>
1 - 3 bulan	29.450	84.467	193.608	<i>1 - 3 months</i>
3 - 6 bulan	1.533	8.438	4.442	<i>3 - 6 months</i>
Lebih dari 6 bulan	1.606	932	4.364	<i>More than 6 months</i>
Total	2.503.816	2.765.968	3.633.402	Total

Jangka waktu kredit yang timbul dari pembelian bahan baku utama dan pembantu, baik dari pemasok dalam maupun luar negeri berkisar antara 14 sampai 120 hari.

18. TRADE PAYABLES

Trade payables represent payables for purchase of raw materials and finished goods from third parties and related parties. The details of trade payables are as follows:

The aging analysis of trade payables is as follows:

Purchases of raw and indirect materials, both from local and foreign suppliers, have credit terms of 14 to 120 days.

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18. UTANG USAHA (lanjutan)

Rincian utang usaha berdasarkan mata uang adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Rupiah	857.909	975.135	1.635.970
Mata uang asing (Catatan 42)			
Dolar AS	1.634.157	1.784.044	1.979.715
Yuan China	9.112	3.347	-
Euro	2.475	2.924	14.646
Pounsterling Inggris	160	154	117
Rupiah India	3	-	-
Dolar Australia	-	266	1.114
Dolar Singapura	-	98	1.840
Total	2.503.816	2.765.968	3.633.402

18. TRADE PAYABLES (continued)

The details of trade payables by currency denomination are as follows:

Rupiah
Foreign currencies (Note 42)
US Dollar
China Yuan
Euro
Great Britain Poundsterling
India Rupee
Australian Dollar
Singapore Dollar

Total

19. UTANG LAIN-LAIN

Rincian akun utang lain-lain adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Kemitraan	358.307	279.872	215.747
Pengiriman	29.077	27.434	22.902
Proyek	19.882	48.307	15.716
Dividen	15.439	14.635	12.621
Barang teknik dan suku cadang	10.442	20.640	33.739
Lain-lain	206.746	229.385	194.522
Total	639.893	620.273	495.247

19. OTHER PAYABLES

The details of other payables are as follows:

Agents
Freight
Projects
Dividends
Technical goods and spare parts
Others

Total

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20. PERPAJAKAN

a. Pajak dibayar di muka

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Pajak Penghasilan Pasal 25	-	15.048	-
Pajak Penghasilan luar negeri	6.445	3.372	2.033
Pajak Pertambahan Nilai	12.730	10.060	5.649
Pajak lainnya	312	-	-
Total	19.487	28.480	7.682

20. TAXATION

a. Prepaid taxes

Income tax Article 25
Foreign corporate income tax
Value-Added Tax
Other tax

Total

b. Tagihan restitusi pajak

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Lebih bayar pajak penghasilan badan:			
Tahun 2020	4.049	-	-
Tahun 2019	178.320	180.375	-
Tahun 2018	272	72.401	71.911
Tahun 2017	9.540	25.256	53.851
Tahun 2016	16.811	16.817	25.686
Tahun 2015	-	366	366
Tahun 2013	-	1.574	2.027
Surat Keputusan Pajak:			
Pajak penghasilan:			
Pasal 26	79.872	214.340	214.340
Pajak Pertambahan Nilai	2.536	11.017	-
Pajak final lain	-	-	59.978
Total	291.400	522.146	428.159

Overpayment of
corporate income taxes:
Year 2020
Year 2019
Year 2018
Year 2017
Year 2016
Year 2015
Year 2013

Tax Assessment Letters:
Income taxes:
Article 26
Value-Added Tax
Other final tax

Total

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20. PERPAJAKAN (lanjutan)

b. Tagihan restitusi pajak (lanjutan)

Perusahaan

Pajak Penghasilan Pasal 26

Pada tahun 2016, 2017 dan 2018, Perusahaan menerima Surat Ketetapan Pajak yang menetapkan kurang bayar atas pajak penghasilan pasal 26 untuk tahun pajak 2013 sampai dengan 2017 sebesar Rp214.340 (2017: Rp213.156). Perusahaan tidak setuju dengan seluruh ketetapan kurang bayar tersebut. Sesuai dengan peraturan yang berlaku, Perusahaan melakukan pembayaran pendahuluan namun mengajukan surat keberatan ke Direktorat Jenderal Pajak ("DJP") untuk keseluruhan ketetapan tersebut. Jumlah pembayaran pendahuluan disajikan di dalam laporan posisi keuangan konsolidasian sebagai bagian "Tagihan Restitusi Pajak" pada tanggal 31 Desember 2020 dan 2019.

Pada tanggal 30 Juli 2019 Perusahaan menerima Putusan Pengadilan Pajak yang mengabulkan banding Perusahaan untuk tahun pajak 2013 sampai dengan 2015 sebesar Rp134.471. Perusahaan sudah menerima pengembalian pajak atas Putusan Pengadilan Pajak tersebut pada tanggal 14 April 2020 dan atas keputusan pengadilan tersebut pihak DJP mengajukan Peninjauan Kembali ke Mahkamah Agung pada tanggal 11 November 2019.

Pada bulan November 2020, Perusahaan menerima putusan Mahkamah Agung untuk sebagian kasus tahun pajak 2013 – 2015 dengan nilai Rp56.681 yang memenangkan DJP. Menanggapi putusan tersebut, Perusahaan saat ini sedang dalam proses menempuh langkah hukum lanjutan. Perusahaan sangat percaya bahwa terdapat fakta-fakta dan bukti-bukti yang belum dipertimbangkan sebelumnya oleh Mahkamah Agung dan oleh karena itu menyebabkan kekeliruan dalam putusannya. Terlepas dari rencana langkah hukum lanjutan, Perusahaan sudah membayar di muka nilai yang sama kepada Pemerintah pada tanggal 13 Januari 2021 setelah menerima perintah pembayaran dari DJP sesuai putusan Mahkamah Agung.

20. TAXATION (continued)

b. Claim for tax refund (continued)

The Company

Income Tax Article 26

In 2016, 2017 and 2018, the Company received Tax Assessment Letters confirming the underpayment of article 26 income tax for fiscal year 2013 up to 2017 totaling Rp214,340 (2017: Rp213,156). The Company did not agree with the entire assessment. In accordance with the prevailing regulation, the Company prepaid the said underpayment amount while filing objection letters with the Directorate General of Tax ("DGT") for all the assessment letters. The prepaid amount was presented on the consolidated statement of financial position under "Claims for Tax Refund" as of December 31, 2020 and 2019.

On July 30, 2019, the Tax Court ruled in favor of the Company for the cases relating to 2013 up to 2015 fiscal years with exposure amount of Rp134,471. The Company received the refund resulting from such court decision on April 14, 2020 and with regards to the Court Ruling, DGT submitted Judicial Review to Supreme Court on November 11, 2019.

In November 2020, the Company received Supreme Court's decisions for a portion of the 2013 - 2015 cases with a total exposure of Rp56,681, which are in favor of the DGT. As a response to such decision, the Company is currently in the process of taking the next legal action. The Company strongly believes there are valid facts and evidences that were not considered during the previous proceedings at the Supreme Court, and accordingly made the erroneous decisions were made. Despite of the ongoing plan, Company made an advance transfer at the same amount to the Government on January 13, 2021, soon after it received payment instructions from the DGT following the Supreme Court's decision.

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b. Tagihan restitusi pajak (lanjutan)

Perusahaan (lanjutan)

Pajak Penghasilan Pasal 26 (lanjutan)

Pada tanggal 31 Desember 2020, Perusahaan mengakui provisi yang dicatat sebagai bagian dari "Beban akrual" (Catatan 21) dalam laporan posisi keuangan konsolidasian, dan beban terkait senilai Rp134.471 yang dicatat sebagai bagian dari "Beban lainnya" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian, untuk mencerminkan total eksposur dari seluruh kasus yang telah diproses Mahkamah Agung.

Kasus yang tersisa untuk tahun pajak 2016 dan 2017 sebesar Rp79.872 sedang dalam tahap banding di pengadilan pajak.

Pada bulan November 2019, Perusahaan juga menerima surat Keputusan Keberatan Pasal 26 untuk masa pajak Juni 2017 yang menetapkan Kurang Bayar sebesar Rp1.186 atas surat Keputusan Keberatan tersebut Perusahaan tidak setuju dan mengajukan banding pada tanggal 19 Februari 2020.

Pajak Penghasilan Badan dan Lainnya

Pada bulan Maret dan Mei 2019, Perusahaan menerima Surat Ketetapan Pajak yang menetapkan kurang bayar atas pajak penghasilan badan dan jenis pajak lainnya untuk tahun pajak 2016 sebesar Rp23.002. Perusahaan telah melakukan pembayaran atas ketetapan tersebut pada bulan April dan Juni 2019.

Pajak final lain

Pada tahun 2016, Perusahaan menerima Surat Keputusan Penolakan Revaluasi Aset Tetap untuk tahun pajak 2015 sebesar Rp59.978. Pada bulan Maret 2017, Perusahaan mengajukan gugatan ke Pengadilan Pajak. Pada bulan Desember 2017, Pengadilan Pajak menolak gugatan tersebut. Perusahaan sudah menerima seluruh pengembalian pajak tersebut sebesar Rp49.453 pada bulan September 2019 dan Rp10.521 pada bulan Oktober 2019.

20. TAXATION (continued)

b. Claim for tax refund (continued)

The Company (continued)

Income Tax Article 26 (continued)

As of December 31, 2020, the Company recognized a provision as part of "Accrued expenses" (Note 21) in the consolidated statement of financial position, and a corresponding expense in the amount of Rp134,471 as part of "Other expenses" in its consolidated statement of profit or loss and other comprehensive income, to reflect the total exposure from the entire cases that had been processed by the Supreme Court.

The remaining cases for 2016 up to 2017 fiscal years amounting of Rp79,872 are still being processed by the Tax Court.

In November 2019, the Company also received tax objection decision letter for June 2017 fiscal period amounting to Rp1,186. The Company disagreed with the tax objection decision letter and filed an appeal with the Tax Court on February 19, 2020.

Corporate Income Tax and Other Taxes

In March and May 2019, the Company received Tax Assessment Letters confirming underpayments of corporate income tax and various other taxes for fiscal year 2016 amounting to Rp23,002. The Company settled the liabilities arising from the assessments in April and June 2019.

Other final tax

In 2016, the Company received Tax Assessment Letter of Revaluation of Fixed Assets for fiscal year 2015 amounting to Rp59,978. In March 2017, the Company filed a lawsuit to the Tax Court. In December 2017, Tax Court has rejected the lawsuit. The Company had fully received the tax refund amounting to Rp49,453 in September 2019 and Rp10,521 in October 2019.

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20. PERPAJAKAN (lanjutan)

b. Tagihan restitusi pajak (lanjutan)

Entitas anak

PT Santosa Agrindo ("SA")

Surat Ketetapan Pajak tahun fiskal 2013

Pada tahun 2018, SA menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2013 sebesar Rp60.925. SA tidak setuju dan mengajukan keberatan pada tanggal 4 Juni 2018 sebesar Rp58.576. Pada bulan September 2019, DJP telah menerima sebagian keberatan sehingga Ketetapan Pajak Kurang Bayar menjadi Rp10.529. Sampai dengan tanggal laporan keuangan konsolidasian ini, SA masih dalam proses banding untuk sisa kurang bayar pajak.

Surat Ketetapan Pajak tahun fiskal 2016

Pada tahun 2018, SA menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2016 sebesar Rp462.277. SA tidak setuju dengan Surat Ketetapan tersebut dan mengajukan keberatan pada tanggal 22 Oktober 2018 sebesar Rp461.921. Pada bulan September 2019, SA menerima Keputusan Keberatan yang menetapkan Kurang Bayar Pajak Perusahaan menjadi Rp7.847. Sampai dengan tanggal laporan keuangan konsolidasian ini, SA masih dalam proses banding di pengadilan pajak.

Surat Ketetapan Pajak tahun fiskal 2017

Pada tahun 2019, SA menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2017 sebesar Rp38.411. SA tidak setuju dengan Surat Ketetapan tersebut dan mengajukan keberatan pada tanggal 24 Juli 2019 sebesar Rp38.202. Pada tanggal 17 Juni 2020 SA menerima sebagian keputusan keberatan yang menetapkan Kurang Bayar menjadi Rp31.825 yang semula Rp38.202. Sampai dengan tanggal laporan keuangan konsolidasian ini, SA masih dalam proses banding di pengadilan pajak.

20. TAXATION (continued)

b. Claim for tax refund (continued)

Subsidiaries

PT Santosa Agrindo ("SA")

Tax Assessment Letters for fiscal year 2013

In 2018, SA received various tax assessment letters concerning underpayment for fiscal year 2013 amounting to Rp60,925. SA disagreed with such tax assessment letters and filed an objection on June 4, 2018 amounting to Rp58,576. In September 2019, the DGT decided in favor of SA for most parts of the objection and accordingly reduced the underpayment amount to Rp10,529. As of the completion date of these consolidated financial statements, SA is still in the process of court appeal for the remaining exposure.

Tax Assessment Letters for fiscal year 2016

In 2018, SA received various tax assessment letters concerning underpayment for fiscal year 2016 amounting to Rp462,277. SA disagreed with such tax assessment letters and filed an objection on October 22, 2018 amounting to Rp461,921. In September 2019, the DGT decided in favor of SA for most parts of the objection and accordingly reduced the underpayment amount to Rp7,847. As of the completion date of these consolidated financial statements, SA is still in the process of appeal at the Tax Court for the remaining exposure.

Tax Assessment Letters for fiscal year 2017

In 2019, SA received various tax assessment letters concerning underpayment for fiscal year 2017 amounting to Rp38,411. SA disagreed with such tax assessment letters and filed an objection on July 24, 2019 amounting to Rp38,202. On June 17, 2020 SA received a decision from DGT which reduced the amount of underpayment to Rp31,825 from an initial amount of Rp38,202. As of the completion date of these consolidated financial statements, SA is still in the process of appeal at the Tax Court for the remaining exposure.

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20. PERPAJAKAN (lanjutan)

b. Tagihan restitusi pajak (lanjutan)

Entitas anak (lanjutan)

PT Santosa Agrindo ("SA") (lanjutan)

Surat Ketetapan Pajak tahun fiskal 2018

Pada tahun 2020, SA menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2018 sebesar Rp17.402. SA sudah menerima pengembalian pajak sesuai Surat Ketetapan Pajak tersebut di tahun 2020.

PT Austasia Stockfeed ("AS")

Surat Ketetapan Pajak tahun fiskal 2016

Pada tahun 2018, AS menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2016 sebesar Rp236.654. AS tidak setuju dengan Surat Ketetapan tersebut dan mengajukan keberatan pada tanggal 5 Oktober 2018 sebesar Rp236.619. Pada bulan September 2019, AS menerima Keputusan Keberatan yang menetapkan Lebih Bayar Pajak Perusahaan menjadi Rp11.730. AS sudah menerima pengembalian pajak atas Surat Ketetapan Pajak tersebut pada tanggal 4 Mei 2020.

Surat Ketetapan Pajak tahun fiskal 2017

Pada tahun 2019, AS menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2017 sebesar Rp3.085. AS tidak setuju dengan Surat Ketetapan tersebut dan mengajukan keberatan pada tanggal 24 Juli 2019 sebesar Rp3.085. Pada tanggal 25 September 2020 AS menerima keputusan keberatan yang menetapkan lebih bayar sebesar Rp10.598. AS sudah menerima pengembalian pajak atas Keputusan Keberatan tersebut pada tanggal 26 Oktober 2020. Sampai dengan tanggal laporan keuangan konsolidasian ini, AS masih dalam proses banding di pengadilan pajak untuk porsi lebih bayar lainnya sebesar Rp1.942.

20. TAXATION (continued)

b. Claim for tax refund (continued)

Subsidiaries (continued)

PT Santosa Agrindo ("SA") (continued)

Tax Assessment Letters for fiscal year 2018

In 2020, SA received various tax assessment letters concerning overpayment for fiscal year 2018 amounting to Rp17,402. SA already received the tax refund relating to the overpayment in 2020.

PT Austasia Stockfeed ("AS")

Tax Assessment Letters for fiscal year 2016

In 2018, AS received various tax assessment letters concerning underpayment for fiscal year 2016 amounting to Rp236,654. AS disagreed with such tax assessment letters and filed an objection on October 5, 2018 amounting to Rp236,619. In September 2019, AS received the decision for the objection, which stated that the entire objection was accepted and that AS is still eligible to receive tax refund amounting to Rp11,730. AS received the tax refund as a result of the decision on May 4, 2020.

Tax Assessment Letters for fiscal year 2017

In 2019, AS received various tax assessment letters concerning underpayment for fiscal year 2017 amounting to Rp3,085. AS disagreed with such tax assessment letters and filed an objection on July 24, 2019 amounting to Rp3,085. On September 25, 2020 AS received the decision for the objection, which stated that most of the objection was accepted and that AS is still eligible to receive tax refund amounting to Rp10,598. AS received the tax refund relating to the overpayment on October 26, 2020. As of the completion date of these consolidated financial statements, AS is still in the process of appeal at the Tax Court for outstanding overpayment amounting Rp1,942.

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20. PERPAJAKAN (lanjutan)

b. Tagihan restitusi pajak (lanjutan)

Entitas anak (lanjutan)

PT Austasia Stockfeed ("AS") (lanjutan)

Surat Ketetapan Pajak tahun fiskal 2018

Pada tahun 2020, AS menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2018 sebesar Rp4.980. AS sudah menerima pengembalian pajak atas Surat Ketetapan Pajak tersebut pada tanggal 7 Mei 2020.

PT Suri Tani Pemuka ("STP")

Surat Ketetapan Pajak tahun fiskal 2017

Pada tahun 2019, STP menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2017 sebesar Rp1.882. STP tidak setuju dengan Surat Ketetapan tersebut dan mengajukan keberatan pada tanggal 23 Juli 2019. Pada tanggal 20 Juli 2020 STP menerima keputusan keberatan yang menetapkan lebih bayar menjadi Rp7.220. STP menerima seluruh pengembalian pajak atas keputusan keberatan pada tanggal 19 Agustus 2020.

Surat Ketetapan Pajak tahun fiskal 2018

Pada tahun 2020, STP menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2018 sebesar Rp12.167. STP menerima pengembalian pajak atas Surat Ketetapan Pajak tersebut pada tanggal 11 Mei 2020.

PT Artha Lautan Mulya ("ALM")

Surat Ketetapan Pajak tahun fiskal 2018

Pada tahun 2020, ALM menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2018 sebesar Rp545. ALM sudah menerima pengembalian pajak atas Surat Ketetapan Pajak tersebut pada tanggal 9 April 2020.

20. TAXATION (continued)

b. Claim for tax refund (continued)

Subsidiaries (continued)

PT Austasia Stockfeed ("AS") (continued)

Tax Assessment Letters for fiscal year 2018

In 2020, AS received various tax assessment letters concerning overpayment for fiscal year 2018 amounting to Rp4,980. AS already received the tax refund relating to the overpayment on May 7, 2020.

PT Suri Tani Pemuka ("STP")

Tax Assessment Letters for fiscal year 2017

In 2019, STP received various tax assessment letters concerning underpayment for fiscal year 2017 amounting to Rp1,882. STP disagreed with such tax assessment letters and filed an objection on July 23, 2019. On July 20, 2020 STP received the decision for the objection, which stated that most of the objection was accepted and that STP is still eligible to receive tax refund amounting to Rp7,220. STP received all of the tax refund on August 19, 2020.

Tax Assessment Letters for fiscal year 2018

In 2020, STP received various tax assessment letters concerning overpayment for fiscal year 2018 amounting to Rp12,167. STP received the tax refund relating to the overpayment on May 11, 2020.

PT Artha Lautan Mulya ("ALM")

Tax Assessment Letters for fiscal year 2018

In 2020, ALM received various tax assessment letters concerning overpayment for fiscal year 2018 amounting to Rp545. ALM received the tax refund relating to the overpayment on April 9, 2020.

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b. Tagihan restitusi pajak (lanjutan)

Entitas anak (lanjutan)

PT Bumi Asri Lestari ("BAL")

Surat Ketetapan Pajak tahun fiskal 2018

Pada tahun 2020, BAL menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2018 sebesar Rp214. BAL sudah menerima pengembalian pajak atas Surat Ketetapan Pajak tersebut pada tanggal 11 Mei 2020.

PT Ciomas Adisatwa ("CA")

Surat Ketetapan Pajak tahun fiskal 2017

Pada tahun 2019, CA menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2017 sebesar Rp4.993. CA setuju dengan Surat Ketetapan tersebut dan sudah melakukan pelunasan Surat Ketetapan Pajak tersebut.

Surat Ketetapan Pajak tahun fiskal 2016

Pada bulan Februari 2020, CA menerima berbagai Surat Ketetapan Pajak terkait kurang bayar dan penalti untuk tahun pajak 2016 sebesar Rp1.501. CA menerima dan telah menyelesaikan keseluruhan ketetapan tersebut.

Surat Ketetapan Pajak tahun fiskal 2015

Pada tahun 2019, CA menerima berbagai Surat Ketetapan Pajak terkait kurang bayar dan penalti untuk tahun pajak 2015 sebesar Rp147.383. CA menerima dan akan menyelesaikan sejumlah Rp1.424, namun demikian mengajukan pembatalan atas ketetapan sebesar Rp145.959 karena tidak berdasar dan merupakan penalti terkait penerbitan Faktur Pajak Pertambahan Nilai atas transaksi yang tidak tergolong penyerahan barang kena pajak.

Permohonan pembatalan tersebut dikabulkan oleh DJP melalui surat keputusan tanggal 30 November 2020, kecuali untuk nilai yang tidak material sejumlah Rp3,5.

20. TAXATION (continued)

b. Claim for tax refund (continued)

Subsidiaries (continued)

PT Bumi Asri Lestari ("BAL")

Tax Assessment Letters for fiscal year 2018

In 2020, BAL received various tax assessment letters concerning overpayment for fiscal year 2018 amounting to Rp214. BAL received the tax refund relating to the overpayment on May 11, 2020.

PT Ciomas Adisatwa ("CA")

Tax Assessment Letters for fiscal year 2017

In 2019, CA received various tax assessment letters concerning underpayment for fiscal year 2017 amounting to Rp4,993. CA agreed with such tax assessment letters and settled the liabilities arising from the assessments.

Tax Assessment Letters for fiscal year 2016

In Februari 2020, CA received various tax assessment letters concerning underpayment and penalties for fiscal year 2016 amounting to Rp1,501. CA accepted and has settled the whole assessment amount.

Tax Assessment Letters for fiscal year 2015

In 2019, CA received various tax assessment letters concerning underpayment and penalties for fiscal year 2015 amounting to Rp147,383. CA accepted the assessment and settled amounting to Rp1,424 however, CA filed cancellation of assessment amounting to Rp145,959 for the reason that the penalty referred to in such assessment is groundless as it is related to the failure to issue VAT invoices for transactions that do not represent transfer of taxable goods.

CA's request for cancellation was granted by the DGT through a decision letter dated November 30, 2020, except for an immaterial amount of Rp3.5.

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b. Tagihan restitusi pajak (lanjutan)

Entitas anak (lanjutan)

PT Multi Makanan Permai ("MMP")

Surat Ketetapan Pajak tahun fiskal 2017

Pada tahun 2019, MMP menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2017 sebesar Rp2.778. MMP setuju dengan surat ketetapan tersebut. MMP telah menerima pengembalian pajak atas Surat Ketetapan Pajak Lebih Bayar tersebut.

Surat Ketetapan Pajak tahun fiskal 2018

Pada tahun 2020, MMP menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2018 sebesar Rp6.514. MMP setuju dengan surat ketetapan tersebut. MMP telah menerima pengembalian pajak atas Surat Ketetapan Pajak Lebih Bayar tersebut di tahun 2020.

PT Iroha Sidat Indonesia ("ISI")

Surat Ketetapan Pajak tahun fiskal 2017

Pada tahun 2019, ISI menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2017 sebesar Rp1.197. ISI setuju dengan surat ketetapan tersebut. ISI telah menerima pengembalian pajak atas Surat Ketetapan Pajak Lebih Bayar tersebut.

Surat Ketetapan Pajak tahun fiskal 2018

Pada tahun 2020, ISI menerima berbagai Surat Ketetapan Pajak Lebih Bayar untuk tahun pajak 2018 sebesar Rp417. ISI setuju dengan surat ketetapan tersebut. ISI sudah menerima pengembalian pajak atas Surat Ketetapan Pajak tersebut pada tanggal 15 Mei 2020.

20. TAXATION (continued)

b. Claim for tax refund (continued)

Subsidiaries (continued)

PT Multi Makanan Permai ("MMP")

Tax Assessment Letters for fiscal year 2017

In 2019, MMP received various tax assessment letters concerning overpayment for fiscal year 2017 amounting to Rp2,778. MMP agreed with such tax assessment letters. MMP has received the tax refund relating to the overpayment.

Tax Assessment Letters for fiscal year 2018

In 2020, MMP received various tax assessment letters concerning overpayment for fiscal year 2018 amounting to Rp6,514. MMP agreed with such tax assessment letters. MMP already received the tax refund relating to the overpayment in 2020.

PT Iroha Sidat Indonesia ("ISI")

Tax Assessment Letters for fiscal year 2017

In 2019, ISI received various tax assessment letters concerning overpayment for fiscal year 2017 amounting to Rp1,197. ISI agreed with such tax assessment letters. ISI received the tax refund relating to the overpayment.

Tax Assessment Letters for fiscal year 2018

In 2020, ISI received various tax assessment letters concerning overpayment for fiscal year 2018 amounting to Rp417. ISI agreed with such tax assessment letters. ISI received the tax refund relating to the overpayment on May 15, 2020.

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20. PERPAJAKAN (lanjutan)

b. Tagihan restitusi pajak (lanjutan)

Entitas anak (lanjutan)

PT Indojaya Agrinusa ("IAG")

Surat Ketetapan Pajak tahun fiskal 2015

Pada tahun 2019, IAG menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2015 sebesar Rp4.107. IAG tidak setuju dengan Surat Ketetapan tersebut dan mengajukan keberatan pada tanggal 20 Januari 2020 atas ketetapan sebesar Rp3.937. Pada bulan Desember 2020, IAG mendapat keputusan keberatan dari DJP yang mengurangi nilai ketetapan pajak kurang bayar menjadi Rp919. Manajemen IAG menerima keputusan keberatan tersebut.

Surat Ketetapan Pajak tahun fiskal 2016

Pada tahun 2019, IAG menerima berbagai Surat Ketetapan Pajak Kurang Bayar untuk tahun pajak 2016 sebesar Rp6.637. IAG tidak setuju dengan Surat Ketetapan tersebut dan mengajukan keberatan pada tanggal 20 Januari 2020 atas ketetapan sebesar Rp6.524. Pada bulan Desember 2020, IAG mendapat keputusan keberatan dari DJP yang mengurangi nilai ketetapan pajak kurang bayar menjadi Rp1.746. Manajemen IAG menerima keputusan keberatan tersebut.

PT So Good Food ("SGF")

Surat Ketetapan Pajak tahun fiskal 2017

Pada tahun 2019, SGF menerima berbagai Surat Ketetapan Pajak yang menolak pembiayaan beberapa pos biaya untuk tahun pajak 2017 sebesar Rp37.464. SGF tidak setuju atas koreksi biaya tersebut dan mengajukan keberatan ke DJP pada tahun 2019. Pada bulan September 2020, SGF mendapat keputusan keberatan yang menolak seluruh keberatan SGF. Sampai dengan tanggal laporan keuangan konsolidasian, SGF masih dalam proses banding di Pengadilan Pajak.

20. TAXATION (continued)

b. Claim for tax refund (continued)

Subsidiaries (continued)

PT Indojaya Agrinusa ("IAG")

Tax Assessment Letters for fiscal year 2015

In 2019, IAG received various tax assessment letters concerning underpayment for fiscal year 2015 amounting to Rp4,107. IAG disagreed with such tax assessment letters and filed an objection on January 20, 2020 for the assessment amounting to Rp3,937. In December 2020, IAG received the decision for its objection from the DGT which reduced the underpayment amount to Rp919. Management of IAG accepted the objection decision.

Tax Assessment Letters for fiscal year 2016

In 2019, IAG received various tax assessment letters concerning underpayment for fiscal year 2016 amounting to Rp6,637. IAG disagreed with such tax assessment letters and filed an objection on January 20, 2020 for the assessment amounting to Rp6,524. In December 2020, IAG received a decision for its objection from the DGT which reduced the underpayment amount to Rp1,746. Management of IAG accepted the objection decision.

PT So Good Food ("SGF")

Tax Assessment Letters for fiscal year 2017

In 2019, SGF received various tax assessment letters from the DGT that rejected the deductibility of certain expenses in SGF's corporate income tax return for 2017 in the amount of Rp37,464. SGF disagreed with such assessment and filed an objection with the DGT in 2019. In September 2020, SGF received the decision for such objection which rejected SGF's request. As of the completion date of these consolidated financial statements, SGF is still in the process of appeal at the Tax Court.

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20. PERPAJAKAN (lanjutan)

b. Tagihan restitusi pajak (lanjutan)

Entitas anak (lanjutan)

PT So Good Food Manufacturing ("SGFM")

Surat Ketetapan Pajak tahun fiskal 2013

Pada tahun 2015, SGFM menerima berbagai Surat Ketetapan Pajak yang menolak pembiayaan beberapa pos biaya untuk tahun pajak 2013 sebesar Rp17.231. SGFM tidak setuju atas koreksi biaya tersebut dan mengajukan keberatan ke DJP pada tahun 2015. Pada tahun 2016 SGFM mendapat keputusan atas keberatan tersebut yang menolak seluruh keberatan SGFM. Sebagai tanggapan atas keputusan tersebut, SGFM mengajukan banding ke Pengadilan Pajak pada tahun yang sama. Pada bulan September 2019 SGFM menerima keputusan pengadilan pajak yang mengabulkan seluruhnya permohonan SGFM. Atas keputusan banding ini pihak DJP mengajukan peninjauan kembali ke Mahkamah Agung pada bulan Desember 2019. Sampai dengan tanggal laporan keuangan konsolidasian, proses peninjauan kembali masih berjalan.

Surat Ketetapan Pajak tahun fiskal 2014

Pada tahun 2017, SGFM menerima berbagai Surat Ketetapan Pajak Kurang Bayar PPN untuk tahun pajak 2014 sebesar Rp1.736. SGFM tidak setuju dengan surat ketetapan tersebut dan mengajukan keberatan ke DJP pada tahun 2017. Pada tahun 2018, SGFM mendapat keputusan keberatan yang menolak seluruh keberatan SGFM. Atas keputusan tersebut, SGFM mengajukan banding pada bulan Desember 2018. Pada bulan November 2020 SGFM telah menerima putusan Pengadilan Pajak yang mengurangi nilai ketetapan kurang bayar pajak menjadi Rp933.

20. TAXATION (continued)

b. Claim for tax refund (continued)

Subsidiaries (continued)

PT So Good Food Manufacturing ("SGFM")

Tax Assessment Letters for fiscal year 2013

In 2015, SGFM received various tax assessment letters from the DGT that rejected the deductibility of certain expenses in SGF's corporate income tax return for 2013 in the amount of Rp17,231. SGFM disagreed with such assessment and filed an objection with the DGT in 2015. In 2016, SGFM received the decision for such objection which rejected SGFM's request. As a response, SGFM filed an appeal with the Tax Court in the same year. In September 2019, SGFM received Tax Court's decision which was in favor of SGFM. The DGT, as a response, filed a judicial review with the Supreme Court in December 2019. As of the completion date of these consolidated financial statements, the judicial review is still on going.

Tax Assessment Letters for fiscal year 2014

In 2017, SGFM received various tax assessment letters concerning underpayment of VATs for fiscal year 2014 amounting Rp1,736. SGFM disagreed with such assessment and filed an objection with the DGT in 2017. In 2018, SGFM received the decision for such objection which rejected SGF's request. As a response, SGFM filed an appeal with the Tax Court in December 2018. In November 2020, SGFM received Tax Court's decisions which reduced the underpayment to Rp933.

The original consolidated financial statements included herein are in Indonesian language.

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20. PERPAJAKAN (lanjutan)

20. TAXATION (continued)

c. Utang pajak

c. Taxes payable

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Pajak penghasilan				Income taxes
Pasal 15	19	5	-	Article 15
Pasal 21	18.676	18.032	17.021	Article 21
Pasal 22	1.887	1.716	1.933	Article 22
Pasal 23	5.361	4.955	5.747	Article 23
Pasal 25	1.148	2.332	8.995	Article 25
Pasal 26	10.831	10.456	180	Article 26
Pasal 29	239.602	79.332	366.889	Article 29
Pajak penghasilan badan entitas anak di luar negeri	477	185	26.710	Corporate income tax of foreign subsidiaries
Pajak Pertambahan Nilai	19.544	26.654	25.739	Value-Added Tax
Pajak penghasilan final	1.962	3.637	3.622	Final income tax
Total	299.507	147.304	456.836	Total

d. Komponen beban (manfaat) pajak penghasilan

d. Components of income tax expense (benefit)

Rincian beban (manfaat) pajak penghasilan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut:

Details of income tax expense (benefit) for the years ended December 31, 2020, 2019 and 2018, are as follows:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Tahun berjalan				Current
Perusahaan	309.020	502.452	590.469	The Company
Entitas anak	179.614	194.975	384.282	Subsidiaries
Subtotal	488.634	697.427	974.751	Sub-total
Penyesuaian atas tahun lalu (Catatan 20f)				Adjustments in respect of the previous years (Note 20f)
Perusahaan	-	12.178	-	The Company
Entitas anak	5.158	11.401	4.942	Subsidiaries
Subtotal	5.158	23.579	4.942	Sub-total
Manfaat pajak tangguhan				Deferred tax benefit
Perusahaan	(13.351)	(8.704)	(93.385)	The Company
Entitas anak	(23.254)	(11.739)	(56.382)	Subsidiaries
Subtotal	(36.605)	(20.443)	(149.767)	Sub-total
Total	457.187	700.563	829.926	Total

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20. TAXATION (continued)

d. Komponen beban (manfaat) pajak penghasilan (lanjutan)

d. Components of income tax expense (benefit) (continued)

Rincian manfaat pajak tangguhan untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut: (lanjutan)

Details of deferred tax benefit for the years ended December 31, 2020, 2019 and 2018, are as follows: (continued)

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Perusahaan				The Company
Beban imbalan kerja	33.087	13.718	(9.587)	Employee benefits expense
Keuntungan belum terealisasi persediaan	4.678	(10.116)	13.682	Unrealized profit on inventories
Beban akrual	(27.044)	(4.699)	48.912	Accrued expenses
Penyisihan atas penurunan nilai piutang	2.951	4.032	(194)	Allowances for impairment losses of receivables
Deemed dividend	-	3.120	26.618	Deemed dividend
Aset tetap	(2.068)	1.211	13.473	Fixed assets
Penyisihan atas penurunan nilai persediaan	(253)	964	481	Allowance for decline in market value of inventory
Lain-lain	2.000	474	-	Others
Subtotal	13.351	8.704	93.385	Sub-total
Entitas anak				Subsidiaries
Rugi fiskal	57.939	23.403	411	Tax losses
Beban imbalan kerja	(30.264)	972	19.274	Employee benefits expense
Aset tetap	(5.397)	(11.288)	4.835	Fixed assets
Penyisihan atas penurunan nilai piutang	2.716	5.572	1.258	Allowances for impairment losses of receivables
Penyisihan atas penurunan nilai persediaan	(954)	(3.022)	(4.228)	Allowances for decline in market value of inventories
Keuntungan belum terealisasi persediaan	865	(1.606)	6.490	Unrealized profit on inventories
Aset biologis	1.019	(1.524)	4.772	Biological assets
Beban akrual	(4.359)	723	17.819	Accrued expenses
Deemed dividend	-	189	-	Deemed dividend
Liabilitas pengembalian	-	(243)	4.790	Refund liability
Lain-lain	1.689	(1.437)	961	Others
Subtotal	23.254	11.739	56.382	Sub-total
Manfaat (beban) pajak tangguhan, neto	36.605	20.443	149.767	Deferred tax benefit (expense), net

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20. PERPAJAKAN (lanjutan)

e. Pajak penghasilan badan

Pajak kini

Rekonsiliasi antara laba sebelum pajak penghasilan seperti yang tercantum dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan estimasi laba kena pajak Perusahaan tahun berjalan adalah sebagai berikut:

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Laba sebelum pajak penghasilan menurut laporan laba rugi dan penghasilan komprehensif lain konsolidasian	1.679.091	2.494.477	2.918.114
Laba sebelum pajak entitas anak dan eliminasi	(460.810)	(398.138)	(1.038.965)
Laba sebelum pajak Penghasilan Perusahaan	1.218.281	2.096.339	1.879.149
Beda temporer:			
Imbalan kerja jangka panjang	115.784	68.588	(38.821)
Beban akrual	(90.955)	(21.122)	194.903
Penyisihan atas penurunan nilai piutang	14.568	20.159	(476)
Perbedaan penyusutan komersial dan fiskal	(57.478)	6.056	53.852
Penyisihan atas penurunan nilai persediaan	(1.286)	4.822	1.928
<i>Deemed dividend</i>	-	-	130.839
Penyusutan aset hak guna	16.326	-	-
Penyisihan atas penurunan investasi	10.000	-	-
Pembayaran dan bunga atas liabilitas sewa	(15.141)	-	-
Beda tetap:			
Beban yang tidak dapat dikurangkan	455.120	347.730	160.826
Penghasilan bunga yang sudah dikenakan pajak final	(36.083)	(9.350)	(16.883)
Penghasilan sewa	(2.717)	(960)	(814)
Pendapatan lain-lain	-	-	(2.627)
Laba kena pajak Perusahaan	1.626.419	2.512.262	2.361.876
Beban pajak penghasilan - kini	309.020	502.452	590.469
Dikurangi: pajak penghasilan dibayar di muka	(151.432)	(479.509)	(407.931)
Utang pajak penghasilan Perusahaan	157.588	22.943	182.538

20. TAXATION (continued)

e. Corporate income tax

Current tax

The reconciliation between the profit before income tax expense as shown in the consolidated statement of profit or loss and other comprehensive income and the current year estimated taxable income of the Company are as follows:

Profit before income tax per consolidated statements of profit or loss and other comprehensive income	2.918.114
Profit before income tax of the subsidiaries and eliminations	(1.038.965)
Profit before income tax of the Company	1.879.149
Temporary differences:	
Long-term employee benefits	(38.821)
Accrued expenses	194.903
Allowances for impairment losses of receivables	(476)
Difference between fiscal and commercial depreciation	53.852
Allowance for impairment losses of inventory	1.928
Deemed dividend	130.839
Depreciation of right of use assets	-
Allowance for impairment losses of investment	-
Payment and interest of lease liability	-
Permanent differences:	
Non-deductible expenses	455.120
Interest income already subjected to final tax	(36.083)
Rent income	(2.717)
Other income	-
Taxable income during the year of the Company	2.361.876
Income tax expense - current year	590.469
Less: prepaid income taxes	(407.931)
Income tax payable of the Company	182.538

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20. PERPAJAKAN (lanjutan)

e. Pajak penghasilan badan (lanjutan)

Pajak kini (lanjutan)

Laba kena pajak dan beban pajak penghasilan kini Perusahaan untuk tahun 2020 seperti yang disebutkan di atas akan dilaporkan oleh Perusahaan dalam Surat Pemberitahuan Tahunan ("SPT") PPh badan tahun 2020 ke Kantor Pajak.

Laba kena pajak dan beban pajak penghasilan kini Perusahaan untuk tahun 2019 seperti yang disebutkan di atas telah dilaporkan oleh Perusahaan dalam SPT PPh badan tahun 2019 ke Kantor Pajak.

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Utang pajak penghasilan				Income tax payable
Perusahaan	157.588	22.943	182.538	The Company
Entitas anak	82.014	56.389	184.351	Subsidiaries
Total	239.602	79.332	366.889	Total
Tagihan restitusi pajak				Claims for tax refund
Perusahaan	79.872	214.340	274.318	The Company
Entitas anak	211.528	307.806	153.841	Subsidiaries
Total	291.400	522.146	428.159	Total

Pada tanggal 3 Agustus 2015, Presiden Republik Indonesia menandatangani PP 56/2015 tentang "Penurunan Tarif Pajak Penghasilan Bagi Wajib Pajak Badan Dalam Negeri yang Berbentuk Perseroan Terbuka", yang mengubah PP 77/2013, dan mengatur bahwa perseroan terbuka dalam negeri di Indonesia dapat memperoleh penurunan tarif Pajak Penghasilan ("PPh") sebesar 5% dari tarif tertinggi PPh sebagaimana diatur dalam Pasal 17 ayat 1b Undang-undang Pajak Penghasilan, dengan memenuhi kriteria yang ditentukan, yaitu (i) Perseroan yang saham atau efek bersifat ekuitas lainnya dengan jumlah paling sedikit 40% dari keseluruhan saham yang disetor dicatat untuk diperdagangkan di bursa efek di Indonesia, (ii) Saham tersebut dimiliki paling sedikit oleh 300 pihak, (iii) Masing-masing pihak tersebut hanya boleh memiliki saham kurang dari 5% dari keseluruhan saham yang ditempatkan dan disetor penuh, dan (iv) Ketentuan (i) sampai dengan (iii) tersebut harus dipenuhi oleh perseroan terbuka dalam waktu paling sedikit seratus delapan puluh tiga hari kalender dalam jangka waktu satu tahun pajak.

20. TAXATION (continued)

e. Corporate income tax (continued)

Current tax (continued)

Taxable income of the Company and current income tax expense for 2020, as stated in the foregoing will be reported by the Company in its 2020 annual income tax return ("SPT") to be submitted to the Tax Office.

Taxable income of the Company and current income tax expense for 2019, as stated in the foregoing have been reported by the Company in its 2019 SPT as submitted to the Tax Office.

On August 3, 2015, the President of the Republic of Indonesia signed PP 56/2015 regarding the "Reduction of Income Tax Rate on Resident Corporate Taxpayers in the Form of Publicly-listed Companies", which replaced PP 77/2013, and regulates that resident publicly-listed companies in Indonesia can avail a reduction of income tax rate by 5% from the highest rate set forth under Article 17 paragraph 1b of the Income Tax Law, provided they meet the prescribed criteria, such as (i) Companies whose at least 40% or more of the total paid-up shares or other equity instruments are listed for trading in the Indonesia stock exchanges, (ii) Such shares are owned by at least 300 parties, (iii) Each party of such shall own less than 5% of the total outstanding issued and fully paid shares, and (iv) Requirements (i) to (iii) above should be fulfilled by the publicly-listed companies for a period of at least one hundred eighty three calendar's days within one fiscal year.

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20. PERPAJAKAN (lanjutan)

e. Pajak penghasilan badan (lanjutan)

Pajak kini (lanjutan)

Kemudian pada tanggal 31 Maret 2020, Presiden Republik Indonesia menandatangani Peraturan Pemerintah Pengganti Undang-Undang (Perppu) No.1 Tahun 2020 tentang "Kebijakan Keuangan Negara dan Stabilitas Sistem Keuangan untuk Penanganan Pandemi Corona Virus Disease 2019 (Covid-19) dan/atau Dalam Rangka Menghadapi Ancaman yang Membahayakan Perekonomian Nasional dan/atau Stabilitas Sistem Keuangan", yang mengatur penyesuaian tarif PPh badan sebagai berikut :

- a. 22% untuk tahun pajak 2020 dan 2021,
- b. 20% untuk tahun pajak 2022, dan
- c. Perusahaan Terbuka dalam negeri dengan jumlah keseluruhan saham yang disetor diperdagangkan pada bursa efek di Indonesia paling sedikit 40% dan memenuhi persyaratan tertentu sesuai dengan peraturan pemerintah, dapat memperoleh tarif sebesar 3% lebih rendah dari tarif pada butir a dan b di atas.

Pada tanggal 28 Januari 2021, Perusahaan telah memperoleh surat keterangan dari Biro Administrasi Efek atas pemenuhan kriteria-kriteria kepemilikan saham menurut PP 56/2015. Oleh karena itu, Perusahaan telah menerapkan penurunan tarif pajak dalam perhitungan pajak penghasilan tahun 2020.

20. TAXATION (continued)

e. *Corporate income tax (continued)*

Current tax (continued)

Subsequently on March 31, 2020, the President of the Republic of Indonesia signed Government Regulation as a Substitute of Laws (Perppu) No.1 Year 2020 regarding "State Financial Policy and Financial System Stability for Handling Corona Virus Disease (Covid-19) and/or in Order to Face Threats to Harm the National Economy and/or Financial System Stability", which regulates the adjustment of corporate income tax rate as follows:

- a. *22% effective starting Fiscal Year 2020 and 2021,*
- b. *20% effective starting Fiscal Year 2022, and*
- c. *Resident publicly-listed companies in Indonesia whose at least 40% or more of the total paid-up shares or other equity instruments are listed for trading in the Indonesia stock exchange and meet certain requirements in accordance with the government regulations, are entitled for 3% reduction of the rates stated in points a and b above.*

On January 28, 2021, the Company obtained letters from the Securities Administration Agency confirming its compliance with PP 56/2015. Accordingly, the Company applied the reduced tax rate in the 2020 corporate income tax calculations.

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20. PERPAJAKAN (lanjutan)

- f. Rekonsiliasi antara beban pajak penghasilan yang dihitung dengan menggunakan tarif pajak yang berlaku dari laba sebelum beban pajak penghasilan sebagaimana tercantum pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan beban pajak penghasilan adalah sebagai berikut:

20. TAXATION (continued)

- f. The reconciliation between income tax expense as computed with the applicable tax rate from profit before income tax as shown in the consolidated statement of profit or loss and other comprehensive income and income tax expense are as follows:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Laba sebelum pajak penghasilan menurut laporan laba rugi dan penghasilan komprehensif lain konsolidasian	1.679.091	2.494.477	2.918.114	Profit before income tax per consolidated statements of profit or loss and other comprehensive income
Beban pajak penghasilan dihitung berdasarkan tarif pajak yang berlaku	369.400	623.619	729.528	Income tax expense calculated at applicable tax rate
Pengaruh pajak atas beda tetap:				Tax effects on permanent differences:
Beban yang tidak dapat dikurangkan	123.015	110.516	48.945	Non-deductible expenses
Penghasilan bunga yang sudah dikenakan pajak final	(11.343)	(2.184)	(8.694)	Interest income already subjected to final tax
Penghasilan sewa	(2.883)	(2.063)	(3.714)	Rent income
Pendapatan dividen	-	-	176	Dividend income
Pendapatan lain-lain	(715)	(640)	(13.385)	Other income
Penyesuaian atas tahun lalu (Catatan 20d)	5.158	23.579	4.942	Adjustments in respect of the previous years (Note 20d)
Penyesuaian saldo awal	(2.530)	9.691	(4.998)	Adjustment in beginning balance
Efek pengurangan tarif pajak <i>Deemed dividend</i>	(49.038)	(121.711)	(425)	Effect of tax rate reduction
	-	(3.130)	2.951	Deemed dividend
Aset pajak tangguhan yang tidak diakui	18.020	68.276	74.916	Unrecognized deferred tax assets
Aset pajak tangguhan yang diakui	(3.118)	(4.983)	-	Recognized deferred tax assets
Penyesuaian atas perubahan tarif pajak	15.069	-	-	Adjustment in changes of tax rate
Lain-lain	(3.848)	(407)	(316)	Others
Beban pajak penghasilan	457.187	700.563	829.926	Income tax expense

g. Aset (liabilitas) pajak tangguhan

g. Deferred tax assets (liabilities)

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
	Beban imbalan kerja	327.986	277.467	
Aset tetap	(104.123)	(90.924)	(77.956)	Fixed assets
Rugi fiskal	83.823	25.883	3.122	Tax losses
Beban akrual	52.611	84.149	82.946	Accrued expenses
Penyisihan atas penurunan nilai piutang	28.636	22.819	13.176	Allowances for impairment losses of receivables
Keuntungan belum terealisasi persediaan	22.059	16.516	28.238	Unrealised profit of inventories
Penyisihan atas penurunan nilai persediaan	2.406	3.745	5.728	Allowances for decline in market value of inventories
Aset hak guna	67	-	-	Right of use assets
Aset biologis	-	(1.019)	505	Biological asset
<i>Deemed dividend</i>	-	-	(3.309)	Deemed dividend
Lain-lain	1.692	(1.960)	(529)	Others
Aset pajak tangguhan, neto	415.157	336.676	302.990	Deferred tax assets, net

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20. PERPAJAKAN (lanjutan)

20. TAXATION (continued)

g. Aset (liabilitas) pajak tangguhan (lanjutan)

g. *Deferred tax assets (liabilities) (continued)*

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Selisih kurs atas penjabaran laporan keuangan dalam mata uang asing	(8.965)	(8.518)	(10.067)	<i>Foreign exchange differences from translation of the financial statements</i>
Aset tetap	(4.964)	(10.698)	(9.723)	<i>Fixed assets</i>
Beban imbalan kerja	552	3.862	5.242	<i>Employee benefits expense</i>
Penyisihan atas penurunan nilai persediaan	133	-	74	<i>Allowances for decline in market value of inventories</i>
Aset hak guna	(37)	-	-	<i>Right of use assets</i>
Penyisihan atas penurunan nilai piutang	-	149	149	<i>Allowances for impairment losses of receivables</i>
Lain-lain	187	95	-	<i>Others</i>
Liabilitas pajak tangguhan, neto	(13.094)	(15.110)	(14.325)	<i>Deferred tax liabilities, net</i>

Untuk tujuan penyajian dalam laporan posisi keuangan konsolidasian, klasifikasi aset atau liabilitas pajak tangguhan untuk setiap perbedaan temporer di atas ditentukan berdasarkan posisi pajak tangguhan neto (aset neto atau liabilitas neto) setiap entitas.

For purposes of presentation in the consolidated statement of financial position, the asset or liability classification of the deferred tax effect of each of the above temporary differences is determined based on the net deferred tax position (net assets or net liabilities) on a per entity basis.

Manajemen berpendapat bahwa aset pajak tangguhan diperkirakan dapat dipulihkan pada periode mendatang.

Management believes that the deferred tax assets are expected to be realized in the future.

Grup tidak mengakui aset pajak tangguhan atas saldo rugi fiskal sebesar Rp55.446 pada tanggal 31 Desember 2020 (2019: Rp167.761 dan 2018: Rp148.964) dengan pertimbangan ketidakpastian rugi fiskal tersebut dapat dimanfaatkan untuk mengurangi laba fiskal pada masa yang akan datang.

The Group did not recognize deferred tax assets on tax loss carryforward of Rp55,446 as of December 31, 2020 (2019: Rp167,761 and 2018: Rp148,964), on the basis that there is uncertainty that the future taxable income will be available and carry forward of unused tax losses can be utilized.

Tidak terdapat konsekuensi pajak penghasilan atas pembayaran dividen oleh entitas-entitas anak domestik kepada Perusahaan dan Perusahaan bermaksud memegang investasi tersebut dalam jangka panjang.

There are no income tax consequences attached to the payment of dividends by the local subsidiaries to the Company and the Company intends to hold the investment for long-term.

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21. BEBAN AKRUAL

Beban akrual terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Penyisihan pajak (Catatan 20b)	134.471	-	-
Pemasaran	77.840	80.776	59.761
Bunga	86.536	92.604	95.637
Telepon dan listrik	36.744	19.354	16.690
Pengangkutan	10.394	12.402	14.511
Jasa konsultan	7.692	12.776	7.014
Produksi	5.368	4.187	9.276
Pemeliharaan	5.072	4.674	7.037
Umum	4.474	3.659	24.914
Asuransi	965	2.297	1.962
Impor	903	4.261	3.292
Biaya bank	-	38.192	-
Lain-lain	58.559	55.954	59.246
Total	429.018	331.136	299.340

21. ACCRUED EXPENSES

Accrued expenses consists of:

Tax provisions (Note 20b)
Marketing
Interest
Telephone and electricity
Transportation
Consultant service
Production
Maintenance
General
Insurance
Import
Bank charges
Others

22. UTANG BANK JANGKA PANJANG

Rincian akun utang bank jangka panjang adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Rupiah			
Fasilitas Pinjaman <i>Club Deal</i>	1.934.125	850.000	-
PT Bank Mandiri (Persero) Tbk	470.833	261.833	195.833
PT Bank Rakyat Indonesia (Persero) Tbk	270.000	-	-
PT Bank Central Asia Tbk	177.891	300.665	395.684
PT Bank Ganesha Tbk	-	-	35.226
Total	2.852.849	1.412.498	626.743
Utang jangka panjang yang jatuh tempo dalam waktu satu tahun	510.128	241.773	146.995
Dikurangi biaya transaksi yang belum diamortisasi	(15.497)	(105)	-
Utang bank jangka panjang yang jatuh tempo dalam satu tahun, neto	494.631	241.668	146.995
Setelah dikurangi bagian yang jatuh tempo dalam satu tahun	2.342.721	1.170.725	479.748
Dikurangi biaya transaksi yang belum diamortisasi	(50.309)	(63.556)	(1.342)
Utang bank jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu tahun, neto	2.292.412	1.107.169	478.406

The details of long-term bank loans are as follows:

Rupiah
Club Deal Loan Facility
PT Bank Mandiri (Persero) Tbk
PT Bank Rakyat Indonesia (Persero) Tbk
PT Bank Central Asia Tbk
PT Bank Ganesha Tbk
Total
Current portion of long-term bank loans
Less unamortized transaction costs
Current portion of long-term bank loans, net
Net of current maturity
Less unamortized transaction costs
Long-term bank loans net of current maturity

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22. UTANG BANK JANGKA PANJANG (lanjutan)

Fasilitas Pinjaman *Club Deal*

Pada tanggal 28 Agustus 2019, Perusahaan dan PT Suri Tani Pemuka (STP), PT Ciomas Adisatwa (CA) dan PT Vaksindo Satwa Nusantara (VSN), entitas anak, secara gabungan memperoleh Fasilitas Pinjaman Berjangka sebesar Rp2.000.000 dari PT Bank Central Asia Tbk (BCA), PT Bank Maybank Indonesia Tbk (Maybank) dan PT Bank Mandiri (Persero) Tbk (Mandiri) dimana seluruhnya bertindak sebagai *Mandate Lead Arranger* dan BCA sebagai *Facility Agent*.

Fasilitas pinjaman tersebut bertujuan untuk:

- melakukan pembayaran lebih awal atau pelunasan penuh atas Obligasi Rupiah Seri A Perusahaan sebesar Rp850.000;
- keperluan pengeluaran modal sebesar Rp1.150.000 dengan rincian sublimit yang dapat dipergunakan oleh Perusahaan dan entitas anak adalah sebagai berikut:
 - Perusahaan jumlah maksimum fasilitas sebesar Rp1.150.000.
 - PT Suri Tani Pemuka jumlah maksimum fasilitas sebesar Rp200.000.
 - PT Ciomas Adisatwa jumlah maksimum fasilitas sebesar Rp450.000.
 - PT Vaksindo Satwa Nusantara jumlah maksimum fasilitas sebesar Rp120.000.

Fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 28 Agustus 2024.

22. LONG-TERM BANK LOANS (continued)

Club Deal Loan Facility

On August 28, 2019, the Company and PT Suri Tani Pemuka (STP), PT Ciomas Adisatwa (CA) and PT Vaksindo Satwa Nusantara (VSN), subsidiaries, obtained Term Loan Facilities of Rp2,000,000 from PT Bank Central Asia Tbk (BCA), PT Bank Maybank Indonesia Tbk (Maybank) and PT Bank Mandiri (Persero) Tbk (Mandiri). All of those banks act as the Mandate Lead Arranger while BCA acts as the Facility Agent.

The purposes of the loan are:

- prepayment or repayment in full the Company's Series A Rupiah Bonds amounting to Rp850,000;
- Capital expenditure financing amounting up to Rp1,150,000 with the sublimit details for the Company and subsidiaries are as follows:
 - The Company with maximum facility amounting to Rp1,150,000.
 - PT Suri Tani Pemuka with maximum facility amounting to Rp200,000.
 - PT Ciomas Adisatwa with maximum facility amounting to Rp450,000.
 - PT Vaksindo Satwa Nusantara with maximum facility amounting to Rp120,000.

This facility is not secured by any collateral and will mature on August 28, 2024.

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22. UTANG BANK JANGKA PANJANG (lanjutan)

PT Bank Mandiri (Persero) Tbk (Mandiri)

Pada tanggal 29 November 2017, PT Indojoya Agrinusa (IAG), entitas anak, memperoleh fasilitas Kredit Investasi (KI-1) dari Mandiri dengan jumlah maksimum sebesar Rp200.000. Fasilitas KI akan jatuh tempo pada tanggal 28 November 2022. Pada tanggal 21 Desember 2018, IAG memperoleh fasilitas Kredit Investasi (KI-2) dengan jumlah maksimum sebesar Rp116.000. Fasilitas KI-2 akan jatuh tempo pada tanggal 20 Desember 2023. Fasilitas ini dijamin dengan piutang usaha, persediaan, tanah, bangunan, prasarana, mesin dan peralatan (Catatan 6, 8 dan 13).

Pada tanggal 15 Desember 2020, Perusahaan memperoleh fasilitas Term Loan dari Mandiri dengan jumlah maksimum sebesar Rp960.000. Fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 14 Desember 2025.

PT Bank Rakyat Indonesia (Persero) Tbk (BRI)

Pada tanggal 27 Maret 2020, PT Indojoya Agrinusa (IAG), entitas anak, memperoleh fasilitas Kredit Investasi (KI) dengan jumlah maksimum sebesar Rp300.000 dari BRI. Fasilitas ini dijamin dengan piutang usaha, persediaan, tanah, bangunan, prasarana, mesin dan peralatan (Catatan 6, 8 dan 13). Fasilitas KI akan jatuh tempo tanggal 27 Maret 2025.

PT Bank Central Asia Tbk (BCA)

Pada tanggal 28 Oktober 2015, PT So Good Food (SGF), entitas anak, yang bergabung ke dalam Perusahaan pada 30 November 2020, memperoleh fasilitas Kredit Investasi 1 (KI-1) dan fasilitas Kredit Investasi 2 (KI-2) dari BCA dengan jumlah maksimum masing-masing sebesar Rp541.000 dan Rp59.000. Fasilitas KI-1 akan jatuh tempo pada tanggal 28 Oktober 2021 dan KI-2 pada tanggal 28 Oktober 2022. Pada tanggal 19 September 2016, SGF memperoleh Kredit Investasi 3 (KI-3) dengan jumlah maksimum sebesar Rp34.160. Fasilitas KI-3 akan jatuh tempo pada tanggal 19 September 2023. Fasilitas-fasilitas ini tanpa jaminan.

22. LONG-TERM BANK LOANS (continued)

PT Bank Mandiri (Persero) Tbk (Mandiri)

On November 29, 2017, PT Indojoya Agrinusa (IAG), a subsidiary, obtained Investment Credit facility (KI-1) from Mandiri with a maximum amount of Rp200,000. Investment Credit facility will be due on November 28, 2022. On December 21, 2018, IAG obtained Investment Credit facility (KI-2) with a maximum amount of Rp116,000. KI-2 facility will be due on December 20, 2023. These facilities are collateralized with trade receivables, inventories, land, building, infrastructures, machinery and equipment (Notes 6, 8 and 13).

On December 15, 2020, the Company obtained Term Loan Facilities from Mandiri with a maximum amount of Rp960,000. This facility is not secured by any collateral and will be due on December 14, 2025.

PT Bank Rakyat Indonesia (Persero) Tbk (BRI)

On March 27, 2020 PT Indojoya Agrinusa (IAG), a subsidiary, obtained an Investment Credit facility (KI) with a maximum amount of Rp300,000 from BRI. This facility is collateralized with trade receivables, inventories, land, building, infrastructures, machinery and equipment (Notes 6, 8 and 13). KI facility will be due on March 27, 2025.

PT Bank Central Asia Tbk (BCA)

On October 28, 2015, PT So Good Food (SGF), a subsidiary, acquired by Company on November 30, 2020, obtained Investment Credit facility 1 (KI-1) and Investment Credit facility 2 (KI-2) from BCA with a maximum amount of Rp541,000 and Rp59,000. KI-1 facility will be due on October 28, 2021 and KI-2 on October 28, 2022. On September 19, 2016, SGF obtained Investment Credit facility 3 (KI-3) with a maximum amount of Rp34,160. KI-3 facility will be due on September 19, 2023. These facilities are not secured by any collateral.

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22. UTANG BANK JANGKA PANJANG (lanjutan)

PT Bank Ganesha Tbk (Ganesha)

Pada tanggal 29 Agustus 2016, PT Santosa Utama Lestari (SUL), entitas anak, memperoleh fasilitas Kredit Investasi (KI-1) dari Ganesha dengan jumlah maksimum sebesar Rp49.000. Fasilitas KI-1 akan jatuh tempo pada tanggal 30 Mei 2024. Fasilitas KI-1 ini telah dilunasi pada tanggal 16 Januari 2019. Pada tanggal 17 Januari 2017, SUL memperoleh fasilitas Kredit Investasi (KI-2) dengan jumlah maksimum sebesar Rp1.000. Fasilitas KI-2 akan jatuh tempo pada tanggal 19 Januari 2020. Fasilitas KI-2 ini telah dilunasi pada tanggal 14 November 2018. Pada tanggal 23 Januari 2018, SUL memperoleh fasilitas *Fixed Loan (FL)* dengan jumlah maksimum sebesar Rp25.000. Fasilitas *FL* akan jatuh tempo pada tanggal 12 Februari 2021. Fasilitas *FL* ini telah dilunasi pada tanggal 16 Januari 2019. Fasilitas-fasilitas ini dijamin dengan persediaan, tanah, bangunan, prasarana, mesin, peralatan dan kendaraan (Catatan 8 dan 13).

Pada tanggal 28 Desember 2017, PT Sentra Satwatama Indonesia (SSI), entitas anak, memperoleh fasilitas Kredit Investasi (KI-1) dari Ganesha dengan jumlah maksimum sebesar Rp10.000. Fasilitas KI-1 akan jatuh tempo pada tanggal 1 Februari 2025. Fasilitas ini dijamin dengan persediaan, tanah, bangunan, dan prasarana (Catatan 8 dan 13). Fasilitas ini telah dilunasi pada tanggal 7 Februari 2019.

22. LONG-TERM BANK LOANS (continued)

PT Bank Ganesha Tbk (Ganesha)

On August 29, 2016, PT Santosa Utama Lestari (SUL), a subsidiary, obtained Investment Credit facility (KI-1) from Ganesha with a maximum amount of Rp49,000. KI-1 facility will be due on May 30, 2024. This KI-1 facility was fully paid on January 16, 2019. On January 17, 2017, SUL obtained Investment Credit facility (KI-2) with a maximum amount of Rp1,000. KI-2 facility will be due on January 19, 2020. This KI-2 facility was fully paid on November 14, 2018. On January 23, 2018, SUL obtained Fixed Loan facility (FL) with a maximum amount of Rp25,000. FL facility will be due on February 12, 2021. This FL facility was fully paid on January 16, 2019. These facilities were collateralized with inventories, land, building, infrastructures, machinery, equipment and vehicles (Notes 8 and 13).

On December 28, 2017, PT Sentra Satwatama Indonesia (SSI), a subsidiary, obtained Investment Credit facility (KI-1) from Ganesha, with a maximum amount of Rp10,000. KI-1 facility will be due on February 1, 2025. This facility is collateralized with inventories, land, building, and infrastructures (Notes 8 and 13). This facility was fully paid on February 7, 2019.

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22. UTANG BANK JANGKA PANJANG (lanjutan)

Suku bunga per tahunan utang bank jangka panjang untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut:

Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,

	2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)	
Rupiah	6,31% - 10,00%	7.80% - 10,00%	9,00% - 12,00%	Rupiah

Total beban bunga atas pinjaman-pinjaman di atas masing-masing sebesar Rp187.119, Rp59.730 dan Rp56.525 untuk tahun yang berakhir pada 31 Desember 2020, 2019 dan 2018 (Catatan 34).

Sehubungan dengan pinjaman-pinjaman tersebut di atas, Grup diwajibkan antara lain mempertahankan rasio keuangan dan memenuhi batasan-batasan tertentu yang berhubungan dengan terjadinya utang, penjualan aset tetap, investasi, jaminan dan hal-hal lainnya yang tercantum dalam perjanjian. Rasio dan batasan adalah sebagai berikut:

- *Leverage ratio* tidak melebihi 4:1
- *Debt service coverage ratio* sekurang-kurangnya 1,25:1
- Rasio lancar sekurang-kurangnya 1:1
- Rasio utang bersih per ekuitas tidak melebihi 2,75:1
- Rasio total penjualan kotor para debitur *Club Deal*/total penjualan kotor Grup tidak kurang dari 70:100
- Total ekuitas wajib bernilai positif.

Pada tanggal 31 Desember 2020, 2019 dan 2018, Perusahaan dan entitas anak terkait telah memenuhi semua persyaratan atas utang bank jangka panjang seperti yang diungkapkan pada Catatan ini.

22. LONG-TERMS BANK LOANS (continued)

The annual interest rates on long-term bank loans for the years ended December 31, 2020, 2019 and 2018 are as follows:

Total interest expense on the above mentioned loans amounted to Rp187,119 and Rp59,730 and Rp56,525 for the year ended December 31, 2020, 2019 and 2018, respectively (Note 34).

In relation to the above loans, the Group is required to maintain certain financial ratios and fulfill certain covenants concerning incurrence of indebtedness, sale of fixed assets, investments, securities and other matters as stated in the agreements. The ratio and certain covenants are as follows:

- The leverage ratio shall not exceed 4:1
- The debt service coverage ratio shall be at least 1.25:1
- The current ratio shall be at least 1:1
- The net debt per equity ratio shall not exceed 2.75:1
- The Club Deal borrowers' ratio of total gross sales/the Group' total gross sales shall not be less than 70:100
- The total equity must be positive.

As of December 31, 2020, 2019 and 2018, the Company and related subsidiaries have complied with all of the covenants of long-term bank loans as disclosed in this Note.

The original consolidated financial statements included herein are in Indonesian language.

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23. UTANG OBLIGASI

Rincian utang obligasi adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
Rupiah			
Nilai nominal	1.150.000	1.150.000	2.000.000
Biaya penerbitan obligasi	(2.738)	(4.790)	(9.901)
Mata uang asing			
Dolar AS (Catatan 42)			
Nilai nominal			
(2020: AS\$250.000.000)			
(2019: AS\$250.000.000)			
(2018: AS\$250.000.000)	3.526.253	3.475.250	3.620.250
Biaya penerbitan obligasi			
(2020: AS\$2.149.678)			
(2019: AS\$3.815.150)	(30.321)	(53.035)	(74.296)
(2018: AS\$5.130.585)			
Diskon obligasi			
(2020: AS\$145.771)			
(2019: AS\$259.408)	(2.056)	(3.606)	(5.065)
(2018: AS\$349.767)			
Total utang obligasi	4.641.138	4.563.819	5.530.988
Dikurangi bagian yang jatuh tempo dalam waktu satu tahun	(149.421)	-	(846.742)
Utang obligasi jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu tahun	4.491.717	4.563.819	4.684.246

23. BONDS PAYABLE

The details of bonds payable are as follows:

	Rupiah Nominal value Bonds issuance cost
Foreign currency US Dollar (Note 42) Nominal value	
(2020: US\$250,000,000)	
(2019: US\$250,000,000)	
(2018: US\$250,000,000)	
Bonds issuance cost	
(2020: US\$2,149,678)	
(2019: US\$3,815,150)	
(2018: US\$5,130,585)	
Bonds discount	
(2020: US\$145,771)	
(2019: US\$259,408)	
(2018: US\$349,767)	
Total bonds payable	
Less current maturity	
Long-term bonds payable, net of current maturity	

Pada tanggal 2 Mei 2013, Comfeed Finance B.V., entitas anak, sebagai penerbit, Perusahaan, sebagai *parent guarantor*, entitas anak tertentu yang disebutkan dalam Perjanjian (Entitas anak dari Perusahaan), sebagai *subsidiary guarantors* dan Bank New York Mellon, sebagai wali amanat, telah menandatangani Perjanjian, dimana, penerbit, menerbitkan 6% *Senior Notes Due 2018* ("Notes") dengan jumlah pokok sebesar AS\$225.000.000, bunga dibayar setiap enam bulan sampai dengan 2 Mei 2018. Notes tersebut terdaftar di *Singapore Exchange Securities Trading Limited* (SGX-ST).

On May 2, 2013, Comfeed Finance B.V., a subsidiary, as the issuer, the Company, as the parent guarantor, certain entities listed in the Indenture (the Company's subsidiaries), as the subsidiary guarantors and The Bank of New York Mellon, as the trustee, have entered into an Indenture, wherein, the issuer, has issued 6% Senior Notes Due 2018 (the "Notes") with aggregate principal amount of US\$225,000,000, and interest is payable every six months up to May 2, 2018. The "Notes" is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

Pada tanggal 22 November 2016, Perusahaan menerima Surat Pemberitahuan Efektif Pernyataan Pendaftaran No. S-681/D.04/2016 dari Dewan Komisiner OJK sehubungan dengan Penawaran Umum Berkelanjutan Obligasi Berkelanjutan II Japfa sebesar Rp3.000.000.

On November 22, 2016, the Company obtained the Notice of Effectivity from Board of Commissioners of OJK in its letter No. S-681/D.04/2016 for its Public Offering of Sustainable Bonds Sustainable II Japfa totaling to Rp3,000,000.

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23. UTANG OBLIGASI (lanjutan)

Pada tanggal 1 Desember 2016, Perusahaan menerbitkan Obligasi Berkelanjutan II Japfa Tahap I Tahun 2016 Seri A dan Seri B dalam mata uang Rupiah dengan jumlah masing-masing sebesar Rp850.000 dan Rp150.000. Jangka waktu obligasi ini masing-masing adalah 3 tahun dan 5 tahun dan jatuh tempo masing-masing pada tanggal 1 Desember 2019 dan 1 Desember 2021. Suku bunga tetap masing-masing sebesar 9,25% dan 9,75% per tahun, dibayar triwulanan. Seluruh obligasi dijual pada nilai nominal dan tercatat di Bursa Efek Indonesia, dengan PT Bank Mega Tbk sebagai wali amanat. Dana obligasi ini digunakan untuk melunasi Obligasi Berkelanjutan I Japfa Tahap I dan II Tahun 2012, melunasi utang bank, dan untuk modal kerja. Perusahaan memiliki opsi untuk melakukan pembelian kembali (buy back) sebagian atau seluruh obligasi setelah tahun pertama sejak tanggal emisi (tanggal penerbitan). Pada tanggal 2 Desember 2019, Perusahaan telah melunasi Obligasi Berkelanjutan II Japfa Tahap I Tahun 2016 Seri A sebesar Rp850.000.

Berdasarkan peringkat yang dibuat oleh PT Fitch Ratings Indonesia (Fitch) tanggal 23 Agustus 2016, peringkat obligasi Perusahaan adalah "idA+".

Pada tanggal 21 April 2017, Perusahaan menerbitkan Obligasi Berkelanjutan II Japfa Tahap II Tahun 2017 dalam mata uang Rupiah dengan jumlah pokok sebesar Rp1.000.000. Jangka waktu obligasi adalah 5 tahun dan jatuh tempo pada tanggal 21 April 2022. Suku bunga tetap sebesar 9,6% per tahun, dibayar triwulanan. Seluruh obligasi dijual pada nilai nominal dan tercatat di Bursa Efek Indonesia, dengan PT Bank Mega Tbk sebagai wali amanat. Dana obligasi ini sebagian digunakan untuk melunasi 6% Senior Notes Due 2018, dan untuk pembiayaan modal kerja dalam pembelian bahan baku lokal dan impor. Perusahaan memiliki opsi untuk melakukan pembelian kembali (buy back) sebagian atau seluruh obligasi setelah tahun pertama sejak tanggal emisi (tanggal penerbitan).

Berdasarkan peringkat yang dibuat oleh PT Fitch Ratings Indonesia (Fitch) tanggal 12 Juni 2017, peringkat obligasi Perusahaan adalah "idAA-".

Berdasarkan peringkat yang dibuat oleh PT Fitch Ratings Indonesia (Fitch) tanggal 25 Mei 2018, peringkat obligasi Perusahaan adalah "idAA-".

23. BONDS PAYABLE (continued)

On December 1, 2016, the Company issued Rupiah Denominated Japfa II Sustainable Bonds Level I Year 2016 Series A and Series B totaling to Rp850,000 and Rp150,000, respectively. The bonds have terms of 3 and 5 years, respectively, until December 1, 2019 and 2021, respectively. Interest rate is fixed at 9.25% and 9.75%, respectively, per annum, payable quarterly. All the bonds were sold at its nominal value and are listed at the Indonesia Stock Exchange, with PT Bank Mega Tbk as trustee. The proceeds were used to pay Japfa I Sustainable Bonds level I and II Year 2012, to pay bank loan, and for working capital purposes. The Company has an option to redeem the bonds, partially or in full, after a year from the issuance date. On December 2, 2019, the Company had fully paid Japfa II Sustainable Bonds Level I Year 2016 Series A amounting of Rp850,000.

Based on the rating issued by PT Fitch Ratings Indonesia (Fitch) on August 23, 2016, the bonds are rated "idA+".

On April 21, 2017, the Company issued Rupiah denominated Japfa II Sustainable Bonds Level II Year 2017 totaling to Rp1,000,000. The bonds have terms of 5 years until April 21, 2022. Interest rate is fixed at 9.6 % per annum payable quarterly. All the bonds were sold at its nominal value and are listed at the Indonesia Stock Exchange, with PT Bank Mega Tbk as trustee. The proceeds were used to pay 6% Senior Notes Due 2018 and for working capital purchase of local and import raw materials. The Company has an option to redeem the bonds partially or in full, after a year from the issuance date.

Based on the rating issued by PT Fitch Ratings Indonesia (Fitch) on June 12, 2017, the bonds are rated "idAA-".

Based on the rating issued by PT Fitch Ratings Indonesia (Fitch) on May 25, 2018, the bonds are rated "idAA-".

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23. UTANG OBLIGASI (lanjutan)

Berdasarkan proses recalibrasi peringkat yang dibuat oleh PT Fitch Ratings Indonesia (Fitch) tanggal 27 Maret 2019, peringkat obligasi Perusahaan adalah "idA+". Berdasarkan peringkat yang dibuat oleh PT Fitch Ratings Indonesia (Fitch) tanggal 21 Mei 2019, peringkat obligasi Perusahaan adalah "idA+".

Berdasarkan peringkat yang dibuat oleh PT Fitch Ratings Indonesia (Fitch) tanggal 18 Mei 2020, peringkat obligasi Perusahaan adalah "idA+".

Berdasarkan peringkat yang dibuat oleh PT Fitch Ratings Indonesia (Fitch) tanggal 16 September 2020, peringkat obligasi Perusahaan adalah "idA+".

Dalam berbagai tanggal pada tahun 2017 dan 2016, Perusahaan membeli Comfeed Finance B.V. Notes yang beredar di pasar masing-masing sebesar AS\$2.530.000 (setara dengan Rp33.768) dan AS\$6.000.000 (setara dengan Rp80.616) dengan harga beli AS\$2.586.925 (setara dengan Rp34.531) dan AS\$5.323.050 (setara dengan Rp72.969). Pembelian telah mengakibatkan kerugian sebesar AS\$83.999 (setara dengan Rp1.119) di tahun 2017 dan keuntungan sebesar AS\$584.163 (setara dengan Rp7.849) di tahun 2016, yang masing-masing disajikan sebagai bagian dari "Beban lainnya" dan "Pendapatan lainnya" dalam laporan laba rugi dan pendapatan komprehensif lain konsolidasian.

Pada tanggal 31 Maret 2017, Perusahaan telah menerbitkan 5,5% Senior Notes Due 2022 dengan jumlah pokok sebesar AS\$150.000.000, bunga dibayar setiap enam bulan sampai dengan 31 Maret 2022. The Bank of New York Mellon sebagai Wali Amanat. Notes tersebut terdaftar di Singapore Exchange Securities Trading Limited (SGX-ST).

Berdasarkan peringkat yang dibuat oleh Fitch Ratings Singapore Pte Ltd tanggal 27 Maret 2017 dan S&P Global Ratings tanggal 28 Maret 2017, peringkat obligasi 5,5% Senior Notes Due 2022 Perusahaan adalah "BB-".

Berdasarkan peringkat yang dibuat oleh Fitch Ratings Singapore Pte Ltd tanggal 25 Mei 2018 dan S&P Global Ratings tanggal 4 Januari 2018, peringkat obligasi 5,5% Senior Notes Due 2022 Perusahaan adalah "BB-".

Berdasarkan peringkat yang dibuat oleh Fitch Ratings Singapore Pte Ltd tanggal 21 Mei 2019 dan S&P Global Ratings tanggal 5 Februari 2020, peringkat obligasi 5,5% Senior Notes Due 2022 Perusahaan adalah "BB-".

23. BONDS PAYABLE (continued)

Based on the recalibration process by PT Fitch Ratings Indonesia (Fitch) on March 27, 2019, it has affirmed the bonds are rated "idA+". Based on the rating issued by PT Fitch Ratings Indonesia (Fitch) on May 21, 2019, the bonds are rated "idA+".

Based on the rating issued by PT Fitch Ratings Indonesia (Fitch) on May 18, 2020, the bonds are rated "idA+".

Based on the rating issued by PT Fitch Ratings Indonesia (Fitch) on September 16, 2020, the bonds are rated "idA+".

On various dates in 2017 and 2016, the Company purchased Comfeed Finance B.V. Notes from the market amounting to US\$2,530,000 (equivalent to Rp33,768) and US\$6,000,000 (equivalent to Rp80,616), respectively, with purchase price of US\$2,586,925 (equivalent to Rp34,531) and US\$5,323,050 (equivalent to Rp72,969). The purchase has resulted to a loss totaling to US\$83,999 (equivalent to Rp1,119) in 2017 and gain totaling to US\$584,163 (equivalent to Rp7,849) in 2016, which are reported as part of "Other expenses" and "Other income" in the consolidated statements of profit or loss and other comprehensive income.

On March 31, 2017, the Company issued 5.5% Senior Notes Due 2022 with aggregate principal amount of US\$150,000,000, and interest is payable every six months up to March 31, 2022. The Bank of New York Mellon as the Trustee. The Notes is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

Based on rating issued by Fitch Ratings Singapore Pte Ltd on March 27, 2017 and S&P Global Ratings on March 28, 2017, the 5.5% Senior Notes Due 2022 are rated "BB-".

Based on rating issued by Fitch Ratings Singapore Pte Ltd on May 25, 2018 and S&P Global Ratings on January 4, 2018, the 5.5% Senior Notes Due 2022 are rated "BB-".

Based on rating issued by Fitch Ratings Singapore Pte Ltd on May 21, 2019 and S&P Global Ratings on February 5, 2020, the 5.5% Senior Notes Due 2022 are rated "BB-".

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Berdasarkan peringkat yang dibuat oleh Fitch Ratings Singapore Pte Ltd tanggal 18 Mei 2020 dan S&P Global Ratings tanggal 24 Maret 2020, peringkat obligasi 5,5% *Senior Notes Due 2022* Perusahaan adalah "BB-".

Berdasarkan peringkat yang dibuat oleh Fitch Ratings Singapore Pte Ltd tanggal 16 September 2020 dan S&P Global Ratings tanggal 12 Agustus 2020, peringkat obligasi 5,5% *Senior Notes Due 2022* Perusahaan adalah "BB-".

Pada tanggal 2 Mei 2017, Comfeed Finance BV, entitas anak, telah menebus 6% *Senior Notes Due 2018* sebesar AS\$150.000.000 dan pada tanggal 8 Juni 2017 sebesar AS\$44.470.000.

Pada tanggal 19 Juni 2017, Perusahaan menerbitkan tambahan 5,5% *Senior Notes Due 2022* dengan jumlah pokok sebesar AS\$100.000.000, bunga dibayar setiap enam bulan sampai dengan 31 Maret 2022, sehingga total 5,5% *Senior Notes Due 2022* menjadi sebesar AS\$250.000.000.

Perusahaan tidak diwajibkan untuk membentuk dana pelunasan obligasi (*bond sinking fund*).

Terkait utang obligasi atas Obligasi Berkelanjutan II Japfa Tahap I Tahun 2016 Seri A dan Seri B dan Obligasi Berkelanjutan II Japfa Tahap II Tahun 2017, Perusahaan diharuskan memenuhi rasio keuangan sebagai berikut:

- *Debt to equity ratio* atas dasar laporan keuangan tahunan konsolidasian tidak melebihi dari 2,75:1
- *Interest service coverage ratio* atas dasar laporan keuangan tahunan konsolidasian tidak kurang dari 1,75:1
- Jumlah aset yang tidak dijamin secara khusus minimal sebesar 125% dari total utang dengan bunga yang tidak ada jaminan khusus yang belum dibayar lunas.

Terkait utang obligasi atas 5,5% *Senior Notes Due 2022*, Perusahaan diharuskan memenuhi *fixed charged coverage ratio* tidak kurang dari 2,5:1.

Pada tanggal 31 Desember 2020, 2019 dan 2018, Perusahaan telah memenuhi semua persyaratan atas utang obligasi seperti yang diungkapkan pada Catatan ini.

Total beban bunga atas utang obligasi diatas sebesar sebesar Rp350.418, Rp415.815 dan Rp426.766 masing-masing untuk tahun yang berakhir pada 31 Desember 2020, 2019 dan 2018 (Catatan 34).

23. BONDS PAYABLE (continued)

Based on rating issued by Fitch Ratings Singapore Pte Ltd on May 18, 2020 and S&P Global Ratings on March 24, 2020, the 5.5% *Senior Notes Due 2022* are rated "BB-".

Based on rating issued by Fitch Ratings Singapore Pte Ltd on September 16, 2020 and S&P Global Ratings on August 12, 2020, the 5.5% *Senior Notes Due 2022* are rated "BB-".

On May 2, 2017, Comfeed Finance BV, a subsidiary, redeemed the 6% *Senior Notes Due 2018* amounting to US\$150,000,000 and on June 8, 2017 amounting to US\$44,470,000.

On June 19, 2017, the Company issued additional 5.5% *Senior Notes Due 2022* with aggregate principal amount of US\$100,000,000, and interest is payable every six months up to March 31, 2022; therefore, the total amount of 5.5% *Senior Notes due 2022* became US\$250,000,000.

The Company is not required to establish a bond sinking fund in relation to the bonds issued.

Related to the bonds payable of Japfa II Sustainable Bonds Level I Year 2016 Series A and Series B and Japfa II Sustainable Bonds Level II Year 2017, the Company shall maintain financial ratios as follows:

- *Debt to equity ratio* from annual consolidated financial statement at the maximum 2.75:1
- *Interest service coverage ratio* from annual consolidated financial statement at the minimum 1.75:1
- Total free assets from total outstanding unsecured interest bearing liabilities at the minimum 125%.

Related to the bonds payable of 5.5% *Senior Notes Due 2022*, the Company shall maintain *fixed charged coverage ratio* of not less than 2.5:1.

As of December 31, 2020, 2019 and 2018, the Company has complied with all of the covenants of bonds payable as disclosed in this Note.

Total interest expenses on the above mentioned bonds payable amounted to Rp350,418, Rp415,815 and Rp426,766 for the year ended December 31, 2020, 2019 and 2018 respectively (Note 34).

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24. LIABILITAS IMBALAN KERJA

Grup mencatat liabilitas imbalan kerja karyawan berdasarkan hasil perhitungan aktuarial yang dilakukan oleh PT Dayamandiri Dharmakonsilindo, aktuaris independen, dengan menggunakan metode "Projected Unit Credit", dengan menggunakan asumsi utama:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Tingkat diskonto	6,55% - 7,05%	7,75% - 8,00%	8,25% - 8,45%	Discount rate
Tingkat kenaikan gaji	7,00%	7,00%	8,00% - 9,00%	Salary increment rate
Tingkat kematian	TMI-4-2019	TMI-III-2011	TMI-III-2011	Mortality rate
Usia pensiun	56 dan 60 tahun/ 56 and 60 years	56 dan 60 tahun/ 56 and 60 years	56 dan 60 tahun/ 56 and 60 years	Retirement age

Asumsi lainnya:

- Tingkat pengunduran diri karyawan: 10% pada usia 25 tahun dan menurun secara linear sampai dengan usia 45 tahun
- Tingkat cacat: 10% dari TMI - III

Grup telah menunjuk Dana Pensiun Lembaga Keuangan PT Bank Muamalat Indonesia Tbk (DPLK Muamalat), untuk mengelola program pensiun, yang pendiriannya telah disahkan oleh Menteri Keuangan Republik Indonesia dengan Surat Keputusannya Nomor KEP-084/KM.10/2007 tanggal 23 April 2007. Pada tanggal 1 November 2019, Grup juga menunjuk Dana Pensiun Lembaga Keuangan Astra Aviva (DPLK Astra Aviva) untuk mengelola program pensiun Grup. Pendirian DPLK Astra Aviva disahkan oleh Otoritas Jasa Keuangan (OJK) Republik Indonesia dengan Surat Keputusannya Nomor KEP-516/NB.1/2015. Iuran pensiun ditanggung seluruhnya oleh Grup.

24. EMPLOYEE BENEFITS LIABILITIES

The Group recorded the liability for employee benefits based on the calculation performed by PT Dayamandiri Dharmakonsilindo, an independent actuary, using the "Projected Unit Credit" method, with the following key assumptions:

Other assumptions:

- Employee turnover rate: 10% at age 25 and decreasing linearly up to age 45
- Disability rate: 10% of TMI - III

The Group has appointed the Financial Institution Pension Fund PT Bank Muamalat Indonesia Tbk (Muamalat Pension Fund), to manage the pension program, which establishment has been approved by the Minister of Finance of the Republic of Indonesia based on Decision Letter No. KEP - 084/KM.10/2007 dated April 23, 2007. On November 1, 2019, the Group also appointed the Financial Institution Pension Fund Astra Aviva (DPLK Astra Aviva) to manage the the Group's pension program. The establishment of Astra Aviva DPLK was approved by the Financial Services Authority (OJK) of the Republic of Indonesia with Decree Number KEP-516/NB.1/2015. All of contributions are borne by the Group.

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24. LIABILITAS IMBALAN KERJA (lanjutan)

Liabilitas yang disajikan pada laporan posisi keuangan konsolidasian terkait kewajiban Grup atas program imbalan pasti adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Liabilitas imbalan kerja jangka pendek	128.639	240.967	253.590	Short-term employee benefits liabilities
Nilai kini kewajiban imbalan pasti	1.912.222	1.600.593	1.484.702	Present value of unfunded defined-benefit
Nilai wajar aset program	(216.176)	(282.130)	(296.356)	Fair value of plan assets
Total liabilitas imbalan kerja jangka panjang	1.696.046	1.318.463	1.188.346	Total long-term employee benefits liabilities

Pada tanggal 31 Desember 2020, aset program Grup yang dikelola oleh DPLK Astra Aviva dan DPLK Muamalat masing-masing bernilai wajar Rp188.409 dan Rp27.767.

As of December 31, 2020, the fair values of the Group's plan assets managed by DPLK Astra Aviva and DPLK Muamalat amounted to Rp188,409 and Rp27,767, respectively.

Pada tanggal 31 Desember 2019, aset program Grup yang dikelola oleh DPLK Astra Aviva dan DPLK Muamalat masing-masing bernilai wajar Rp255.366 dan Rp26.764. Pada tanggal 31 Desember 2018, semua aset program Grup dikelola oleh DPLK Muamalat (nilai wajar sebesar Rp296.356).

As of December 31, 2019, the fair values of the Group's plan assets managed by DPLK Astra Aviva and DPLK Muamalat amounted to Rp255,366 and Rp26,764, respectively. As of December 31, 2018, all of the Group's plan assets were managed by DPLK Muamalat (fair value amounting to Rp296,356).

Beban imbalan kerja karyawan adalah sebagai berikut:

Employee benefits expense are as follows:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Biaya jasa kini	120.968	120.034	127.020	Current service cost
Beban bunga neto	127.722	121.409	118.847	Net interest expense
Penghasilan bunga aset program	(20.365)	(21.437)	(17.326)	Interest income from plan assets
Biaya jasa lalu dan kerugian (keuntungan) dari penyelesaian	(4.688)	(24.994)	5.933	Past service cost and loss (gain) from settlements
Penyesuaian lainnya	-	617	1.930	Other adjustment
Beban imbalan kerja karyawan	223.637	195.629	236.404	Employee benefits expense

Beban imbalan kerja karyawan untuk tahun berjalan disajikan dalam "Beban umum dan administrasi" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian (Catatan 30).

Employee benefits expense for the year are included in the "General and administrative expenses" in the consolidated statement of profit or loss and other comprehensive income (Note 30).

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24. LIABILITAS IMBALAN KERJA (lanjutan)

Mutasi nilai kini kewajiban imbalan pasti adalah sebagai berikut:

24. EMPLOYEE BENEFITS LIABILITIES (continued)

Movements of present value of defined benefit obligation are as follows:

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,				
2020	2019 (Disajikan kembali - (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - (Disajikan kembali - Catatan 4/ As restated - Note 4)		
Saldo awal	1.318.463	1.188.346	1.396.190	<i>Beginning balance</i>
<u>Perubahan yang dibebankan ke laba rugi</u>				<u><i>Changes charged to profit or loss</i></u>
Biaya jasa kini	120.968	120.034	127.020	<i>Current service costs</i>
Biaya jasa lalu dan kerugian (keuntungan) dari penyelesaian	(4.688)	(24.994)	5.933	<i>Past service cost and loss (gain) from settlements</i>
Beban bunga neto	127.722	121.409	118.847	<i>Net interest expense</i>
Penghasilan bunga aset program	(20.365)	(21.437)	(17.326)	<i>Interest income from plan asset</i>
Penyesuaian lainnya	-	617	1.930	<i>Other adjustment</i>
	223.637	195.629	236.404	
<u>Rugi (laba) pengukuran kembali yang dibebankan ke penghasilan komprehensif lain</u>				<u><i>Re-measurement losses (gains) charged to other comprehensive income</i></u>
Perubahan asumsi aktuarial	161.428	(32.383)	(303.225)	<i>Changes in actuarial assumptions</i>
Perubahan asumsi demografi	3.471	-	-	<i>Changes in demografi assumptions</i>
Penyesuaian pengalaman	55.997	75.570	47.852	<i>Experience adjustments</i>
Imbal hasil aset program (tidak termasuk jumlah yang sudah termasuk dalam biaya bunga neto)	6.037	1.097	(432)	<i>Return on plan assets (excluding amounts included in net interest expense)</i>
	226.933	44.284	(255.805)	
Kontribusi terhadap aset program	(62.732)	(95.057)	(181.250)	<i>Contributions to plan made</i>
Mutasi karyawan	-	-	(238)	<i>Employee mutation</i>
Pembayaran imbalan	(10.255)	(14.739)	(6.955)	<i>Benefits paid</i>
Saldo akhir	1.696.046	1.318.463	1.188.346	<i>Ending balance</i>

Mutasi nilai wajar aset program adalah sebagai berikut:

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

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,				
2020	2019 (Disajikan kembali - (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - (Disajikan kembali - Catatan 4/ As restated - Note 4)		
Saldo awal	282.130	296.356	167.322	<i>Beginning balance</i>
Pendapatan bunga	20.365	21.437	17.326	<i>Interest income</i>
Keuntungan/(kerugian) pengukuran kembali:				<i>Remeasurement gains/(losses):</i>
Imbal hasil aset program (tidak termasuk jumlah yang sudah termasuk dalam biaya bunga neto)	(6.037)	(1.097)	432	<i>Return on plan assets (excluding amounts included in the net interest expense)</i>
Kontribusi pemberi kerja	62.732	95.057	181.250	<i>Contributions from the employer</i>
Pembayaran imbalan	(143.014)	(129.623)	(69.733)	<i>Benefits paid</i>
Penyesuaian lainnya	-	-	(241)	<i>Other adjustment</i>
Saldo akhir	216.176	282.130	296.356	<i>Ending balance</i>

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24. LIABILITAS IMBALAN KERJA (lanjutan)

Pada tanggal 31 Desember 2020, perubahan satu poin persentase terhadap tingkat diskonto yang diasumsikan akan memiliki dampak sebagai berikut:

24. EMPLOYEE BENEFITS LIABILITIES (continued)

As of December 31, 2020, a one percentage point change in the assumed rate of discount rate would have the following effects:

	Tingkat Diskonto/ Discount Rates		Kenaikan gaji di Masa Depan/ Future Salary Increases		
	Persentase/ Percentage	Pengaruh Nilai Kini atas Kewajiban Imbalan/ Effect on Present Value of Benefits Obligation	Persentase/ Percentage	Pengaruh Nilai Kini atas Kewajiban Imbalan/ Effect on Present Value of Benefits Obligation	
Kenaikan	1%	(121.469)	1%	184.576	Increase
Penurunan	(1%)	187.495	(1%)	(121.670)	Decrease

Pembayaran imbalan yang diharapkan dari kewajiban imbalan kerja tidak didiskontokan adalah sebagai berikut:

The following is the expected benefit payments from the undiscounted benefit obligation are as follows:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,		
	2020		
Dalam 12 bulan mendatang		214.497	Within the next 12 months
Antara 1 sampai 2 tahun		119.739	Between 1 and 2 years
Antara 2 sampai 5 tahun		456.838	Between 2 and 5 years
Diatas 5 tahun		2.583.529	Beyond 5 years
Total		3.374.603	Total

Durasi rata-rata dari kewajiban imbalan kerja pada tanggal 31 Desember 2020 adalah 12,13 tahun (2019 dan 2018 : 12,02 tahun dan 11,94 tahun).

The average duration of the benefit obligation as of December 31, 2020 is 12.13 years (2019 and 2018 : 12.02 years and 11.94 years).

Manajemen berkeyakinan bahwa penyisihan untuk imbalan kerja untuk seluruh karyawan tetap telah cukup sesuai dengan yang disyaratkan oleh Undang-undang No. 13 tahun 2003 tentang Ketenagakerjaan.

Management believes that the provision for employee benefits is sufficient in accordance with the requirements of Labor Law No. 13 year 2003.

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25. MODAL SAHAM

Susunan pemegang saham Perusahaan pada tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut:

25. SHARE CAPITAL

The composition of the Company's shareholders as of December 31, 2020, 2019 and 2018 is as follows:

31 Desember 2020/December 31, 2020				
Pemegang Saham	Jumlah Saham/ Number of Shares	Persentase Kepemilikan/ Percentage of Ownership	Modal Ditempatkan dan Disetor Penuh/ Issued and Fully Paid	Shareholders
Japfa Ltd	6.387.169.116	54,47	821.469	Japfa Ltd
Masyarakat (masing-masing dibawah 5%)	5.270.521.485	44,94	978.042	Public (below 5% each)
Total saham beredar	11.657.690.601	99,41	1.799.511	Total outstanding shares
Modal saham diperoleh kembali	68.884.600	0,59	79.950	Treasury stock
Total	11.726.575.201	100,00	1.879.461	Total

31 Desember 2019/December 31, 2019				
Pemegang Saham	Jumlah Saham/ Number of Shares	Persentase Kepemilikan/ Percentage of Ownership	Modal Ditempatkan dan Disetor Penuh/ Issued and Fully Paid	Shareholders
Japfa Ltd	6.148.115.716	52,43	773.659	Japfa Ltd
Masyarakat (masing-masing dibawah 5%)	5.571.098.285	47,51	1.098.595	Public (below 5% each)
Total saham beredar	11.719.214.001	99,94	1.872.254	Total outstanding shares
Modal saham diperoleh kembali	7.361.200	0,06	7.207	Treasury stock
Total	11.726.575.201	100,00	1.879.461	Total

31 Desember 2018/December 31, 2018				
Pemegang Saham	Jumlah Saham/ Number of Shares	Persentase Kepemilikan/ Percentage of Ownership	Modal Ditempatkan dan Disetor Penuh/ Issued and Fully Paid	Shareholders
Japfa Ltd	6.148.115.716	52,43	773.659	Japfa Ltd
KKR Jade Investments Pte Ltd	1.366.664.650	11,65	273.333	KKR Jade Investments Pte Ltd
Masyarakat (masing-masing dibawah 5%)	4.202.396.835	35,84	823.264	Public (below 5% each)
Total saham beredar	11.717.177.201	99,92	1.870.256	Total outstanding shares
Modal saham diperoleh kembali	9.398.000	0,08	9.205	Treasury stock
Total	11.726.575.201	100,00	1.879.461	Total

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25. MODAL SAHAM (lanjutan)

Berdasarkan Akta Notaris No. 64 tanggal 8 Juni 2018, dari Dr. Irawan Soerodjo S.H., M.Si, notaris di Jakarta, Perusahaan meningkatkan modal ditempatkan dan disetor dengan mengeluarkan 316.052.291 saham dengan nilai nominal Rp200 per lembar saham (dalam Rupiah penuh) dan harga perolehan Rp935,6 per lembar saham (dalam Rupiah penuh) yang akan diambil sepenuhnya oleh Japfa Ltd tanpa melalui Hak Memesan Efek Terlebih Dahulu sesuai dengan peraturan OJK No. 38/POJK.04/2014, sebagai pelaksanaan Penambahan Modal Tanpa Hak Memesan Efek Terlebih Dahulu sesuai persetujuan pemegang saham dalam Rapat Umum Pemegang Saham Luar Biasa Perusahaan yang diselenggarakan tanggal 18 Juli 2016 tersebut diatas. Pada tanggal 8 Juni 2018, Perusahaan telah menerima pembayaran dari Japfa Ltd sebesar Rp295.698.

Pada tanggal 31 Desember 2020, 2019 dan 2018, seluruh saham Perusahaan telah tercatat pada Bursa Efek Indonesia. Seluruh saham yang diterbitkan oleh Perusahaan telah disetor penuh.

Saham Treasuri

Berdasarkan persetujuan pemegang saham Perusahaan dalam Rapat Umum Pemegang Saham Luar Biasa tanggal 4 April 2016, Perusahaan telah memperoleh persetujuan untuk membeli kembali (*buyback*) saham Perusahaan yang diterbitkan dan tercatat di BEI (sebagai saham treasuri). Jangka waktu pembelian kembali saham tersebut akan dilaksanakan selama 18 bulan sejak Perusahaan memperoleh persetujuan dari Pemegang Saham.

Pada tanggal 1 Maret 2017, Perusahaan melaksanakan Program *Performance Share Plan* PT Japfa 2017. Berdasarkan penghargaan yang diberikan, sebanyak 5.357.800 saham treasuri telah dialihkan dan digunakan untuk pemberian penghargaan saham.

Saham yang dibeli kembali oleh Perusahaan berdasarkan persetujuan Pemegang Saham tersebut sampai tanggal 31 Desember 2017 adalah sebanyak 9.398.000 saham dan dicatat sebagai saham treasuri. Pada tanggal 31 Desember 2017 saham treasuri Perusahaan adalah sejumlah 24.364.940 saham.

25. SHARE CAPITAL (continued)

Based on Notarial Deed No. 64 dated June 8, 2018 of Dr. Irawan Soerodjo S.H., M.Si, a notary in Jakarta, the Company increased the issued and fully paid capital through issuance of 316,052,291 shares with nominal value of Rp200 per share (in full Rupiah) and acquisition cost of Rp935.6 per share (in full Rupiah) which will be subscribed by Japfa Ltd without Pre-emptive Rights according to OJK regulation No. 38/POJK.04/2014, as implementation of increase in capital without Pre-emptive Rights according to approval of Company Extraordinary Shareholders' Meeting held on July 18, 2016 mentioned above. On June 8, 2018, the Company's received the payment from Japfa Ltd amounting to Rp295,698.

As of December 31, 2020, 2019 and 2018 all of the Company's shares are listed in the Indonesia Stock Exchange. All shares issued by the Company were fully paid.

Treasury Stock

Based on the Company shareholders approval on Extraordinary General Shareholders Meeting held on April 4, 2016, the Company obtained the approval to buy back shares which were issued and recorded in BEI (as treasury stocks). The buy back shares period will be held by the Company during 18 months since the Company obtained the approval from the shareholders.

On March 1, 2017 the implementation of Performance Share Plan Program PT Japfa 2017 has been carried out. Pursuant to the awards, 5,357,800 treasury stock have been transferred and used for grant of the share awards.

The shares repurchased by the Company based on approval up to December 31, 2017 totalling to 9,398,000 shares and was recorded as treasury stock. As of December 31, 2017, treasury stock owned by the Company totalling 24,364,940 shares.

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25. MODAL SAHAM (lanjutan)

Saham Treasuri (lanjutan)

Berdasarkan Keterbukaan Informasi Perseroan yang diumumkan dalam situs PT Bursa Efek Indonesia dan situs Perseroan tanggal 14 Maret 2018, Perseroan telah menjual sebagian saham treasuri sebanyak 12.696.740 saham kepada Japfa Ltd, induk perusahaan Perseroan, pada tanggal 2 April 2018.

Berdasarkan risalah Rapat Umum Pemegang Saham Luar Biasa yang didokumentasikan dalam Akta No. 28 tanggal 5 April 2018 dari Dr. Irawan Soerodjo, SH, MSi, notaris di Jakarta, pemegang saham menyetujui penggunaan 2.270.200 saham treasuri untuk pelaksanaan Program *Performance Share Plan* tahun 2018. Pelaksanaan Program *Performance Share Plan* tahun 2018 telah dilaksanakan oleh Perusahaan pada tanggal 6 April 2018.

Pada tanggal 1 Maret 2019, Perusahaan melaksanakan Program *Performance Share Plan* PT Japfa 2019. Berdasarkan penghargaan yang diberikan, sebanyak 2.036.800 saham treasuri telah dialihkan dan digunakan untuk pemberian penghargaan saham.

Berdasarkan Keterbukaan Informasi Perseroan yang diumumkan dalam situs PT Bursa Efek Indonesia dan situs Perseroan tanggal 19 Maret 2020, Perusahaan bermaksud untuk melakukan Pembelian Kembali Saham ("*Buyback*") atas saham-saham yang telah dikeluarkan oleh Perusahaan dan tercatat pada PT Bursa Efek Indonesia ("*Bursa*") dengan mengacu Peraturan Otoritas Jasa Keuangan ("*OJK*") No.02/POJK.04/2013 tanggal 23 Agustus 2013 tentang Pembelian Kembali Saham Yang Dikeluarkan oleh Emiten atau Perusahaan Publik dalam Kondisi Pasar yang Berfluktuasi secara Signifikan ("*Peraturan OJK No.02/POJK.04/2013*") dan Surat Edaran OJK No. 3/SEOJK.04/2020 tanggal 9 Maret 2020.

Berdasarkan persetujuan pemegang saham Perusahaan dalam Rapat Umum Pemegang Saham Luar Biasa tanggal 18 Juni 2020, Perusahaan telah memperoleh persetujuan untuk membeli kembali (*buyback*) saham Perusahaan yang diterbitkan dan tercatat di BEI (sebagai saham treasuri). Jangka waktu pembelian kembali saham tersebut akan dilaksanakan selama 18 bulan sejak Perusahaan memperoleh persetujuan dari Pemegang Saham.

25. SHARE CAPITAL (continued)

Treasury Stock (continued)

Based on the Company's Disclosure of Information announced on the website of PT Bursa Efek Indonesia and the Company's website dated March 14, 2018, the Company has sold a portion of treasury stock amounting to 12,696,740 shares to Japfa Ltd, holding company of the Company, on April 2, 2018.

Based on the Extraordinary General Shareholders' Meeting documented in Notarial Deed No. 28 dated April 5, 2018 of Dr. Irawan Soerodjo, SH, MSi, public notary in Jakarta, the shareholders approved to utilize 2,270,200 treasury stock for the implementation of the Performance Share Plan Program in 2018. This resolution was carried out on April 6, 2018.

On March 1, 2019, the implementation of Performance Share Plan Program PT Japfa 2019 has been carried out. Pursuant to the awards, 2,036,800 treasury stock have been transferred and used for grant of the share awards.

Based on the Company's Disclosure of Information announced on the website of PT Bursa Efek Indonesia and the Company's website dated March 19, 2020, the Company intends to conduct Share Buyback ("*Buyback*") of the Company's shares which have been issued and listed on PT Bursa Efek Indonesia (Indonesia Stock Exchange "*IDX*") pursuant to POJK Rule ("*OJK*") No.02/POJK.04/2013 dated 23 Agustus 2013 Re: Buyback In A Significant Fluctuated Market and Circular Letter OJK No. 3/SEOJK.04/2020 dated March 9, 2020.

Based on the Company shareholders approval on Extraordinary General Shareholders Meeting held on June 18, 2020, the Company obtained the approval to buy back shares which were issued and recorded in BEI (as treasury stocks). The buy back shares period will be held by the Company during 18 months since the Company obtained the approval from the shareholders.

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25. MODAL SAHAM (lanjutan)

Saham Treasuri (lanjutan)

Pada tanggal 31 Desember 2020, 2019 dan 2018 saham treasuri Perusahaan masing-masing sejumlah 68.884.600, 7.361.200 dan 9.398.000 saham.

Selisih Nilai Transaksi dengan Kepentingan Nonpengendali

Selisih nilai transaksi dengan kepentingan nonpengendali terutama berasal dari pembelian saham PT Jakamitra Indonesia ("JMI"), entitas anak, dari pihak nonpengendali, sehingga kepemilikan PT Japfa Indoland ("JI"), entitas anak, dan Perusahaan terhadap JMI meningkat dari 70% menjadi 100%.

Pengelolaan Modal

Tujuan utama dari pengelolaan modal Grup adalah untuk memastikan bahwa Grup mempertahankan rasio modal yang sehat dalam rangka mendukung bisnis dan memaksimalkan nilai pemegang saham serta untuk menjaga struktur permodalan untuk mengurangi biaya permodalan.

Grup mengelola struktur modal dan membuat penyesuaian terhadap struktur modal sehubungan dengan perubahan kondisi ekonomi. Grup memantau modalnya dengan menggunakan analisa *gearing ratio* (rasio utang terhadap modal), yakni membagi utang neto terhadap jumlah modal.

Struktur permodalan Grup terdiri dari jumlah ekuitas (terdiri dari modal saham, tambahan modal disetor, saham treasuri, saldo laba, komponen ekuitas lainnya dan kepentingan nonpengendali) dan pinjaman dan utang neto (terdiri dari utang bank jangka pendek, utang pembiayaan atas perolehan aset tetap, utang sewa pembiayaan, pinjaman jangka panjang dan utang obligasi dikurangi dengan saldo kas dan setara kas).

26. TAMBAHAN MODAL DISETOR

Akun ini merupakan agio saham sehubungan dengan:

Penjualan saham Perusahaan pada penawaran umum kepada masyarakat tahun 1989	
Jumlah yang diterima untuk pengeluaran 4.000.000 saham	28.800
Jumlah yang dicatat sebagai modal disetor	(4.000)
Neto	24.800

25. SHARE CAPITAL (continued)

Treasury Stock (continued)

As of December 31, 2020, 2019 and 2018, treasury stock owned by the Company totalled to 68,884,600, 7,361,200 and 9,398,000 shares, respectively.

Differences Arising from Transactions with Non-controlling Interests

The differences arising from transactions with non-controlling interests mainly represent purchase of shares of PT Jakamitra Indonesia ("JMI"), a subsidiary, from non-controlling interest, therefore, ownership in PT Japfa Indoland ("JI"), a subsidiary, and the Company are increased from 70% to 100%.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value as well as maintain capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group monitors its capital using gearing ratios, by dividing net debt with the total capital.

The Group's capital structure consists of total equity (consisting of capital stock, additional paid-in capital, treasury stock, retained earnings, other equity components and non-controlling interest) and net debt (consisting of short-term bank loans, loans to finance acquisition of fixed assets, finance lease payables, long-term loans and bonds payable, reduced by cash and cash equivalents).

26. ADDITIONAL PAID-IN CAPITAL

This account represents additional paid-in capital in connection with the following:

Sales of the Company's shares through public offering in 1989	
Proceeds from the issuance of 4,000,000 shares	
Amount recorded as paid-in capital	

Net

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26. TAMBAHAN MODAL DISETOR (lanjutan)

Akun ini merupakan agio saham sehubungan dengan: (lanjutan)	
Penawaran umum terbatas kepada pemegang saham tahun 1990	
Jumlah yang diterima untuk pengeluaran 24.000.000 saham	84.000
Jumlah yang dicatat sebagai modal disetor	(24.000)
Neto	60.000
Pembagian saham bonus tahun 1991 sebanyak 80.000.000 saham	
	(80.000)
Konversi atas obligasi konversi menjadi saham tahun 1992	
Jumlah obligasi yang dikonversi	66.565
Jumlah yang dicatat sebagai modal disetor	(28.941)
Neto	37.624
Konversi atas saldo pinjaman yang direstrukturisasi pada tahun 2002	
	130.495
Penerbitan saham seri B tahun 2009	
Jumlah yang diterima untuk penerbitan 582.318.000 lembar	369.772
Jumlah yang dicatat sebagai modal disetor	(116.464)
Neto	253.308
Penerbitan saham seri B tahun 2012	
Jumlah yang diterima untuk penerbitan 60.371.922 lembar	213.528
Jumlah yang dicatat sebagai modal disetor	(60.372)
Reklasifikasi sehubungan dengan adopsi penerapan PSAK 38 (Revisi 2012)	316.232
Neto	469.388
Penerbitan saham seri A tahun 2016	
Jumlah yang diterima untuk penerbitan 750.000.000 lembar	701.700
Jumlah yang dicatat sebagai modal disetor	(150.000)
Neto	551.700
Penjualan saham treasury tahun 2017	
	4.662
Saldo tambahan modal disetor per 31 Desember 2017	1.451.977
Penerbitan Saham Seri A tahun 2018	
Jumlah yang diterima untuk penerbitan 316.052.291 lembar	295.699
Jumlah yang dicatat sebagai modal disetor	(63.211)
Neto	232.488
Penjualan saham treasury tahun 2018	
	7.317
Saldo tambahan modal disetor per 31 Desember 2018	1.691.782
Penjualan saham treasury tahun 2019	
	2.569
Saldo tambahan modal disetor per 31 Desember 2019	1.694.351

26. ADDITIONAL PAID-IN CAPITAL (continued)

This account represents additional paid-in capital in connection with the following: (continued)

<i>Rights offering to shareholders in 1990</i>	
<i>Proceeds from the issuance of 24,000,000 shares</i>	
<i>Amount recorded as paid-in capital</i>	
<i>Net</i>	
<i>Distribution of bonus shares in 1991 of 80,000,000 shares</i>	
<i>Conversion of convertible bonds into shares in 1992</i>	
<i>Total bonds converted</i>	
<i>Amount recorded as paid-in capital</i>	
<i>Net</i>	
<i>Conversion of restructured debts in 2002</i>	
<i>Issuance of Series B shares in 2009</i>	
<i>Proceeds from the issuance of 582,318,000 shares</i>	
<i>Amount recorded as paid-in capital</i>	
<i>Net</i>	
<i>Issuance of Series B shares in 2012</i>	
<i>Proceeds from the issuance of 60,371,922 shares</i>	
<i>Amount recorded as paid-in capital</i>	
<i>Reclassification in relation to adoption of PSAK 38 (Revised 2012)</i>	
<i>Net</i>	
<i>Issuance of Series A shares in 2016</i>	
<i>Proceeds from the issuance of 750,000,000 shares</i>	
<i>Amount recorded as paid-in capital</i>	
<i>Net</i>	
<i>Sale of treasury stock in 2017</i>	
<i>Balance of additional paid-in capital as of December 31, 2017</i>	
<i>Issuance of Series A shares in 2018</i>	
<i>Proceeds from the issuance of 316,052,291 shares</i>	
<i>Amount recorded as paid-in capital</i>	
<i>Net</i>	
<i>Sale of treasury stock in 2018</i>	
<i>Balance of additional paid-in capital as of December 31, 2018</i>	
<i>Sale of treasury stock in 2019</i>	
<i>Balance of additional paid-in capital as of December 31, 2019</i>	

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26. TAMBAHAN MODAL DISETOR (lanjutan)

Akun ini merupakan agio saham sehubungan dengan: (lanjutan)

Kombinasi bisnis entitas sepengendali (Catatan 4)	(546.284)
Saldo tambahan modal disetor per 31 Desember 2020	1.148.067

26. ADDITIONAL PAID-IN CAPITAL (continued)

This account represents additional paid-in capital in connection with the following: (continued)

Business combination of entities under common control (Note 4)	(546.284)
Balance of additional paid-in capital as of December 31, 2020	1.148.067

27. PENJUALAN NETO

Rincian penjualan neto diklasifikasi berdasarkan segmen operasi Grup seperti yang dijelaskan pada Catatan 39, adalah sebagai berikut:

27. NET SALES

The details of net sales classified according to the Group's core operating segments, as explained in Note 39, are as follows:

**Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,**

	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Peternakan komersial	13.363.749	11.533.945	10.689.466	Commercial farm
Pakan ternak	10.835.028	13.530.527	12.527.980	Animal feed
Pengolahan hasil peternakan dan produk konsumen	5.220.506	5.816.379	5.466.607	Poultry processing and consumer products
Budidaya perairan	3.343.437	3.184.590	2.510.228	Aquaculture
Pembibitan ayam	2.374.163	3.212.908	3.235.070	Poultry breeding
Peternakan sapi	1.126.571	1.611.847	1.645.004	Beef
Perdagangan dan lain-lain	1.431.850	735.859	896.771	Trading and others
Total	37.695.304	39.626.055	36.971.126	Total
Dikurangi potongan penjualan	(730.356)	(753.971)	(742.865)	Sales discounts
Neto	36.964.948	38.872.084	36.228.261	Net

Rincian penjualan neto diklasifikasikan berdasarkan geografis adalah sebagai berikut:

The details of net sales classified according to the geographical are as follows:

**Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,**

	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Penjualan lokal	36.428.147	38.378.514	35.764.987	Local sales
Penjualan ekspor	536.801	493.570	463.274	Export sales
Neto	36.964.948	38.872.084	36.228.261	Net

Tidak terdapat penjualan kepada satu pembeli pihak ketiga yang melebihi 10% dari jumlah penjualan neto konsolidasian masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018.

There were no sales to a single third party customer which exceeded 10% of the consolidated net sales for the year ended December 31, 2020, 2019 and 2018, respectively.

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27. PENJUALAN NETO (lanjutan)

Penjualan neto untuk tahun yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018 yang dilakukan dengan pihak berelasi masing-masing sebesar 0,40%, 0,48% dan 0,37% dari penjualan neto konsolidasian (Catatan 36).

Seluruh penjualan Grup memenuhi kewajibannya pada suatu waktu tertentu.

27. NET SALES (continued)

Net sales to related parties for the year ended December 31, 2020, 2019 and 2018 represent 0.40%, 0.48% and 0.37% from consolidated net sales, respectively (Note 36).

All the Group' sales satisfies its performance obligation at a point in time.

28. BEBAN POKOK PENJUALAN

Rincian beban pokok penjualan adalah sebagai berikut:

28. COST OF GOODS SOLD

The details of cost of goods sold are as follows:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)	
Bahan baku yang digunakan	24.606.853	26.618.073	23.949.688	Raw materials used
Tenaga kerja langsung	1.784.115	1.663.852	1.460.128	Direct labor
Biaya pabrikasi	2.673.466	2.484.738	2.345.228	Manufacturing overhead
Total biaya produksi	29.064.434	30.766.663	27.755.044	Total manufacturing costs
Persediaan barang dalam proses				Work in process
Awal tahun	899.726	683.608	660.194	At beginning of year
Pembelian	1.104	21.154	-	Purchases
Akhir tahun	(881.279)	(899.726)	(683.608)	At end of year
Beban pokok produksi	29.083.985	30.571.699	27.731.630	Cost of goods manufactured
Persediaan barang jadi				Finished goods
Awal tahun	1.230.791	1.007.707	914.074	At beginning of year
Pembelian	421.435	651.619	704.639	Purchases
Akhir tahun	(1.200.472)	(1.230.791)	(1.007.707)	At end of year
Beban pokok penjualan	29.535.739	31.000.234	28.342.636	Cost of goods sold

Tidak terdapat pembelian kepada satu pihak pemasok pihak ketiga dengan jumlah akumulasi yang melebihi 10% dari total penjualan neto konsolidasian masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018.

Jumlah pembelian yang dilakukan dengan pihak berelasi yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018 masing-masing sebesar 12,79%, 12,04% dan 16,47% dari penjualan neto konsolidasian (Catatan 36).

There were no purchases from single third-party supplier with cumulative amount that exceeded 10% the total consolidated net sales for the year ended December 31, 2020, 2019 and 2018, respectively.

Purchases from related parties for the year ended December 31, 2020, 2019 and 2018, respectively, represent 12.79%, 12.04% and 16.47% of the consolidated net sales, respectively (Note 36).

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29. BEBAN PENJUALAN DAN PEMASARAN

Rincian beban penjualan dan pemasaran adalah sebagai berikut:

29. SELLING AND MARKETING EXPENSES

The details of selling and marketing expenses are as follows:

Tahun yang Berakhir pada Tanggal 31 Desember/
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2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)		2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)		
Gaji dan tunjangan	499.678	431.843	388.625		Salaries and allowances
Pengangkutan penjualan	324.997	412.565	342.374		Freight
Iklan dan promosi	206.009	199.541	223.836		Advertising and promotion
Pemeliharaan kendaraan	100.502	91.932	76.752		Vehicles maintenance
Sewa	95.491	58.178	39.134		Rent
Penyusutan (Catatan 13 dan 15)	58.835	53.332	45.870		Depreciation (Notes 13 and 15)
Bongkar muat	34.753	46.332	23.997		Freight forwarding
Keperluan kantor	27.606	19.276	17.629		Office supplies
Perjalanan dan pengiriman	21.543	45.310	39.131		Travel and courier services
Biaya ekspor barang	19.440	13.040	14.426		Export charges
Penyusutan aset- hak guna (Catatan 14)	6.472	-	-		Right of use assets depreciation (Note 14)
Lain-lain	154.646	186.428	175.793		Others
Total	1.549.972	1.557.777	1.387.567		Total

30. BEBAN UMUM DAN ADMINISTRASI

Rincian beban umum dan administrasi adalah sebagai berikut:

30. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,

2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)		2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)		
Gaji dan tunjangan karyawan	1.668.595	1.715.108	1.498.969		Salaries and allowances
Amortisasi	248.999	135.909	175.202		Amortization
Imbalan kerja jangka panjang (Catatan 24)	223.637	195.629	236.404		Long-term employee benefits (Note 24)
Penyusutan (Catatan 13 dan 15)	144.753	123.548	114.245		Depreciation (Notes 13 and 15)
Pemeliharaan dan reparasi	74.061	83.353	56.321		Repairs and maintenance
Listrik dan air	70.161	60.952	52.763		Electricity and water
Jasa profesional	52.611	62.836	69.288		Professional fees
Keperluan kantor	52.598	60.944	52.104		Office supplies
Penyusutan aset- hak guna (Catatan 14)	44.263	-	-		Right of use assets depreciation (Note 14)
Representasi dan sumbangan	43.836	43.963	31.678		Representation and donation
Perjalanan dinas	42.924	130.788	102.135		Travel
Pemeliharaan kendaraan	33.374	37.482	33.281		Vehicles maintenance
Telepon, telegram, dan faksimili	29.397	26.850	23.811		Telephone, telex, and facsimile
Alat tulis dan cetakan	24.742	23.870	20.942		Stationery and printing
Humas	23.426	17.687	16.418		Public relations
Asuransi	22.442	20.380	13.361		Insurance
Sewa	32.038	62.067	59.997		Rent
Keamanan	11.475	15.947	48.640		Security
Perijinan	9.328	15.344	7.822		Licenses
Administrasi bank	5.841	5.495	5.381		Bank charges
Lain-lain	385.707	340.179	309.005		Others
Total	3.244.208	3.178.331	2.927.767		Total

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31. PENDAPATAN LAINNYA

Rincian pendapatan lainnya adalah sebagai berikut:

31. OTHER INCOME

The details of other income are as follows:

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)	
Penghasilan sewa	13.265	14.422	14.423
Laba atas penjualan lain-lain	4.671	3.878	3.723
Laba atas penjualan aset tetap (Catatan 13)	2.385	6.969	22
Laba neto selisih kurs atas aktivitas operasi	1.169	12.043	-
Klaim transportasi	-	28.745	67.944
Laba atas perubahan nilai wajar aset derivatif (Catatan 40a dan 40b)	-	-	160.747
Lain-lain	87.975	92.374	88.611
Total	109.465	158.431	335.470

Rent income
Gain from other sales
Gain on sale of fixed assets
(Note 13)
Net gain on foreign exchange
attributable to operating activities
Transportation claims
Gain on change in fair value of
derivative assets (Notes 40a and 40b)
Others

32. BEBAN LAINNYA

Rincian beban lainnya adalah sebagai berikut:

32. OTHER EXPENSES

The details of other expenses are as follows:

Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)	
Penyisihan pajak dan denda (Catatan 20b)	134.471	-	-
Penyisihan kerugian penurunan nilai piutang usaha	42.390	49.363	6.755
Penyisihan persediaan tahun berjalan (Catatan 8)	21.101	10.988	18.440
Rugi penghapusan aset tetap (Catatan 13)	9.542	13.905	5.652
Rugi atas perubahan nilai wajar aset derivatif (Catatan 40a dan 40b)	-	41.422	-
Rugi neto selisih kurs atas aktivitas operasi	-	-	89.755
Lain-lain	29.177	52.101	47.687
Total	236.681	167.779	168.289

Tax provisions and related penalties
(Note 20b)
Allowances for impairment losses on
trade receivables
Allowance of inventories
during the year (Note 8)
Loss on write-off of fixed assets
(Note 13)
Loss on change in fair value of
derivative assets (Notes 40a and 40b)
Net loss on foreign exchange
attributable to operating activities
Others

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33. PENDAPATAN KEUANGAN

Rincian pendapatan keuangan adalah sebagai berikut:

33. FINANCE INCOME

The details of finance income are as follows:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)	
Pendapatan bunga				Interest income
Jasa giro	50.914	12.749	39.512	Current accounts
Deposito berjangka	87	109	107	Time deposits
Piutang dari pihak berelasi (Catatan 36c)	5.291	8.316	16.698	Due from a related party (Note 36c)
Laba neto selisih kurs atas aktivitas pendanaan	-	155.979	-	Net gain on foreign exchange attributable to financing activities
Laba neto selisih kurs atas piutang dari pihak berelasi	-	-	26.552	Net gain on foreign exchange from a related party
Total	56.292	177.153	82.869	Total

34. BIAYA KEUANGAN

Rincian biaya keuangan adalah sebagai berikut:

34. FINANCE COSTS

The details of finance costs are as follows:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)	
Beban bunga				Interest expenses
Utang obligasi (Catatan 23)	350.418	415.815	426.766	Bonds payable (Note 23)
Utang bank jangka pendek (Catatan 17)	257.644	276.024	77.557	Short-term bank loans (Note 17)
Utang bank jangka panjang (Catatan 22)	187.119	59.730	56.525	Long-term bank loans (Note 22)
Beban bunga aset-hak guna	4.142	-	-	Interest expense on right of use assets
Utang pembiayaan atas perolehan aset tetap	605	586	138	Loans to finance acquisition of fixed assets
Utang sewa pembiayaan	-	-	131	Finance lease payables
Rugi neto selisih kurs atas aktivitas pendanaan	3.064	-	245.893	Net loss on foreign exchange attributable to financing activities
Rugi neto selisih kurs atas piutang dari pihak berelasi	-	7.010	-	Net loss on foreign exchange from a related party
Biaya provisi	59.230	58.082	62.521	Provision costs
Total	862.222	817.247	869.531	Total

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35. DIVIDEN TUNAI DAN CADANGAN UMUM

Dividen Tunai

Berdasarkan risalah Rapat Umum Pemegang Saham Tahunan yang didokumentasikan dalam Akta Notaris No. 27 tanggal 5 April 2018 dari Dr. Irawan Soerodjo, SH, Msi, notaris di Jakarta, pemegang saham menyetujui pembagian dividen tunai untuk tahun 2017 sebesar Rp570.056 atau Rp50 (dalam Rupiah penuh) per saham dan pembentukan cadangan sebesar Rp20.000. Pada tanggal 23 April 2018, jumlah dividen tunai yang telah dibayarkan oleh perusahaan sejumlah Rp522.525.

Berdasarkan keputusan Direksi Perusahaan tertanggal 28 Agustus 2018 dan disetujui Dewan Komisaris Perseroan tanggal 29 Agustus 2018, Direksi menyetujui pembagian dividen interim tunai tahun buku 2018 dengan jumlah sebesar Rp585.859 atau Rp50 per saham, yang berasal dari laba bersih Perseroan periode enam bulan yang berakhir pada tanggal 30 Juni 2018. Pada tanggal 24 September 2018, jumlah dividen interim tunai yang telah dibayarkan oleh perusahaan sejumlah Rp577.753.

Berdasarkan risalah Rapat Umum Pemegang Saham Tahunan yang didokumentasikan dalam Akta Notaris No. 16 tanggal 2 April 2019 dari, Christina Dwi Utami SH, M.Hum, Mkn, notaris di Jakarta, pemegang saham menyetujui pembagian dividen tambahan untuk tahun buku 2018 sebesar Rp585.960 atau Rp50 (dalam Rupiah penuh) per saham dan pembentukan cadangan sebesar Rp43.000. Dividen tambahan telah dibayarkan oleh Perusahaan pada tanggal 30 April 2019. Dengan demikian dividen tunai tahun buku 2018 seluruhnya berjumlah Rp1.171.819 atau Rp100 (dalam rupiah penuh) per saham. Pemegang saham juga menyetujui pembentukan cadangan sebesar Rp43.000.

Berdasarkan risalah Rapat Umum Pemegang Saham Tahunan yang didokumentasikan dalam Akta Notaris No. 92 tanggal 18 Juni 2020 dari, Christina Dwi Utami SH, M.Hum, Mkn, notaris di Jakarta, pemegang saham menyetujui pembagian dividen tunai untuk tahun buku 2019 sebesar Rp233.154 atau Rp20 (dalam Rupiah penuh) per saham dan pembentukan cadangan sebesar Rp20.000. Dividen tunai telah dibayarkan oleh Perusahaan pada tanggal 15 Juli 2020.

35. CASH DIVIDENDS AND GENERAL RESERVE

Cash Dividends

Based on the Annual General Shareholders' Meeting documented in Notarial Deed No. 27 dated April 5, 2018 of Dr. Irawan Soerodjo, SH, Msi, notary in Jakarta, the shareholders approved to declare cash dividends for the year 2017 amounting Rp570,056 or Rp50 (in full Rupiah) per share and to appropriate as general reserve Rp20,000. On April 23, 2018, the Company distributed cash dividends amounting to Rp522,525.

Based on the Resolution of Board of Directors of the Company dated August 28, 2018 which was approved by the Company's Board of Commissioners on August 29, 2018, the Board of Directors intended to distribute interim cash dividend for year 2018 with a total amount of Rp585,859 or Rp50 per share which was derived from the Company's net income for the six month period ending June 30, 2018. On September 24, 2018, the Company distributed such dividends amounting to Rp577,753.

Based on the General Stockholder's Meeting as documented in Notarial Deed No. 16 dated April 2, 2019 of Christina Dwi Utami SH, M.Hum, Mkn, a public notary in Jakarta, the shareholders approved the declaration of additional cash dividends for the year 2018 amounting Rp585,960 or Rp50 (in full Rupiah) and appropriation of general reserve amounting to Rp43,000. The additional cash dividends was paid by the Company on April 30, 2019. Accordingly, the amount of total cash dividends distributed for the year 2018 is Rp1,171,819 or Rp100 (in full Rupiah) per share. The shareholders also approved the appropriation of retained earnings as general reserve amounting Rp43,000.

Based on the General Stockholder's Meeting as documented in Notarial Deed No. 92 dated June 18, 2020 of Christina Dwi Utami SH, M.Hum, Mkn, a public notary in Jakarta, the shareholders approved the distribution of cash dividends for the year 2019 amounting Rp233,154 or Rp20 (in full Rupiah) and appropriation of general reserve amounting to Rp20,000. The cash dividends were paid by the Company on July 15, 2020.

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**35. DIVIDEN TUNAI DAN CADANGAN UMUM
(lanjutan)**

Cadangan Umum

Berdasarkan Undang-Undang Perseroan Terbatas, Perusahaan diharuskan untuk membuat penyisihan cadangan wajib hingga sekurang-kurangnya 20% dari jumlah modal yang ditempatkan dan disetor penuh. Tidak terdapat batas waktu yang ditetapkan atas pemenuhan kewajiban tersebut.

36. SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI

Sifat Pihak Berelasi

Japfa Ltd. (dahulu Japfa Holdings Pte. Ltd.) adalah pemegang saham mayoritas Perusahaan.

Pihak berelasi yang pemegang sahamnya, langsung atau tidak langsung, sama dengan pemegang saham mayoritas Grup adalah sebagai berikut:

**Pihak-pihak berelasi/
Related parties**

PT Greenfields Indonesia (Greenfields)
PT Greenfields Dairy Indonesia
Annona Pte Ltd (Annona)
Annona Technical Services Pte Ltd (ATS)
Japfa Comfeed Myanmar Pte Ltd (Myanmar)
Jupiter Foods Pte Ltd
PT Sentra Satwatama Indonesia (Catatan 1c/Note 1c)
Top Matrix Investments Limited
Fortunata Pty Ltd
PT Pan Pacific Indonesia
PT Omega Propertindo
PT Pahala Nusa Raya
PT Dinamika Prima Servitama
PT Vasham Kosa Sejahtera
PT Intan Kenkomayo Indonesia

**35. CASH DIVIDENDS AND GENERAL RESERVE
(continued)**

General Reserve

Under Indonesian Company Law, companies are required to set up a statutory reserve amounting to at least 20% of the Company's issued and paid up capital. There is no timeline over which this amount should be appropriated.

36. RELATED PARTIES BALANCES AND TRANSACTIONS

Nature of Relationship

Japfa Ltd. (formerly Japfa Holdings Pte. Ltd.) is the majority stockholder of the Company.

Related parties whose shareholders, directly or indirectly, are the same as the majority shareholder of the Group are as follows:

**Sifat hubungan/
Nature of relationship**

Entitas dibawah pengendalian yang sama/ Entity under common control
Entitas dibawah pengendalian yang sama/ Entity under common control
Entitas dibawah pengendalian yang sama/ Entity under common control
Entitas dibawah pengendalian yang sama/ Entity under common control
Entitas dibawah pengendalian yang sama/ Entity under common control
Entitas dibawah pengendalian yang sama/ Entity under common control
Mempunyai manajemen kunci yang sama/ The same key management personnel
Mempunyai manajemen kunci yang sama/ The same key management personnel
Mempunyai manajemen kunci yang sama/ The same key management personnel
Mempunyai manajemen kunci yang sama/ The same key management personnel
Mempunyai manajemen kunci yang sama/ The same key management personnel
Mempunyai manajemen kunci yang sama/ The same key management personnel
Mempunyai manajemen kunci yang sama/ The same key management personnel
Mempunyai manajemen kunci yang sama/ The same key management personnel
Perusahaan ventura bersama SGF/ Joint venture companies of SGF

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36. SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI (lanjutan)

Sifat Pihak Berelasi (lanjutan)

**Pihak-pihak berelasi/
Related parties**

PT Cahaya Gunung Foods
PT Celebes Agro Santosa
PT Kona Bay Indonesia

Saldo dengan pihak berelasi pada tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut:

a. Piutang usaha dari pihak berelasi (Catatan 6)

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
PT Cahaya Gunung Foods	9.174	21.102	10.721	PT Cahaya Gunung Foods
PT Greenfields Indonesia	2.841	6.596	5.669	PT Greenfields Indonesia
Japfa Comfeed Myanmar Pte Ltd	383	1.750	-	Japfa Comfeed Myanmar Pte Ltd
PT Intan Kenkomayo Indonesia	276	226	-	PT Intan Kenkomayo Indonesia
Japfa Comfeed India Pte Ltd	-	18	-	Japfa Comfeed India Pte Ltd
Total	12.674	29.692	16.390	Total
Persentase terhadap total aset konsolidasian	0,05%	0,11%	0,07%	Percentage to consolidated total assets

b. Piutang lain - lain dari pihak berelasi

	31 Desember 2020/ December 31, 2020	December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Annona Technical Service Pte Ltd	2.288	-	-	Annona Technical Service Pte Ltd
Japfa Comfeed Vietnam Pte Ltd	513	1.074	-	Japfa Comfeed Vietnam Pte Ltd
PT Greenfields Dairy Indonesia	249	354	103	PT Greenfields Dairy Indonesia
Japfa Ltd	15	-	-	Japfa Ltd
PT Greenfields Indonesia	1	1.537	2.911	PT Greenfields Indonesia
Japfa Comfeed Myanmar Pte Ltd	-	20	9.383	Japfa Comfeed Myanmar Pte Ltd
Total	3.066	2.985	12.397	Total
Persentase terhadap total aset konsolidasian	0,01%	0,01%	0,05%	Percentage to consolidated total assets

36. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

Nature of Relationship (continued)

**Sifat hubungan/
Nature of relationship**

Perusahaan ventura bersama SGF/
Joint venture companies of SGF
Mempunyai manajemen kunci yang sama/
The same key management personnel
Perusahaan ventura bersama STP/
Joint venture company of STP

The balances with related parties as of December 31, 2020, 2019 and 2018 are as follows:

a. Trade receivables from related parties (Note 6)

b. Other receivables from related parties

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Saldo dengan pihak berelasi pada tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut: (lanjutan)

c. Piutang dari pihak berelasi

Piutang dari pihak berelasi merupakan piutang dari Jupiter Foods Pte. Ltd. Singapura, terkait dengan penerbitan *Unsecured US Dollar Promissory Note* kepada PT So Good Food (SGF), entitas anak pada berbagai tanggal di tahun 2011.

Piutang dari pihak berelasi ini tanpa jadwal pengembalian yang tetap. Bunga dibayarkan kepada SGF setiap 6 bulan. Tingkat bunga sebesar 5% per tahun pada tahun 2020, 2019 dan 2018.

Saldo piutang ini pada tanggal 31 Desember 2019 dan 2018 masing-masing sebesar Rp112.762 (setara dengan AS\$8.111.806) (termasuk piutang bunga sebesar Rp1.554 (setara dengan AS\$111.806) dan Rp220.274 (setara dengan AS\$15.211.250) (termasuk piutang bunga sebesar Rp3.059 (setara dengan AS\$211.250). Piutang ini telah dilunasi pada bulan November 2020.

Pendapatan bunga untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018 masing-masing sebesar Rp5.291, Rp8.316 dan Rp16.698, disajikan sebagai bagian dari akun "Pendapatan Keuangan" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian (Catatan 33).

d. Utang usaha ke pihak berelasi (Catatan 18)

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Annona Pte. Ltd	1.605.741	1.632.929	1.872.028
PT Greenfields Dairy Indonesia	2.319	40	-
Japfa Comfeed India Pte Ltd	3	-	-
PT Cahaya Gunung Foods	-	3.826	9.150
PT Intan Kenkomayo Indonesia	-	635	254
Total	1.608.063	1.637.430	1.881.432
Persentase terhadap total liabilitas konsolidasian	11,06%	11,10%	13,38%

36. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

The balances with related parties as of December 31, 2020, 2019 and 2018 are as follows: (continued)

c. Due from a related party

Due from a related party represents receivable from Jupiter Foods Pte. Ltd. Singapore, in relation to the issuance of *Unsecured US Dollar Promissory Notes* to PT So Good Food (SGF), a subsidiary on several dates in 2011.

Due from a related party has no definite terms of repayment. Interest is payable semi-annually to SGF. Interest rate was at 5% per annum in 2020, 2019 and 2018.

The balances as of December 31, 2019 and 2018 amounted to Rp112,762 (equivalent to US\$8,111,806) (including interest receivable of Rp1,554 (equivalent to US\$111,806) and Rp220,274 (equivalent to US\$15,211,250) (including interest receivable of Rp3,059 (equivalent to US\$211,250), respectively. The balances was fully paid on November 2020.

Interest income for the years ended December 31, 2020, 2019 and 2018 amounted to Rp5,291, Rp8,316 and Rp16,698, respectively, presented as part of "Finance Income" account in the consolidated statements of profit or loss and other comprehensive income (Note 33).

d. Trade payables from related parties (Note 18)

Annona Pte Ltd
PT Greenfields Dairy Indonesia
Japfa Comfeed India Pte Ltd
PT Cahaya Gunung Foods
PT Intan Kenkomayo Indonesia

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36. SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI (lanjutan)

e. Utang lain-lain ke pihak berelasi (Catatan 1c)

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Jupiter Foods Pte Ltd	849.892	-	-
Persentase terhadap total Liabilitas konsolidasian	5,85%	-	-

Transaksi dengan Pihak Berelasi

Transaksi dengan pihak berelasi untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut:

**Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,**

	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Penjualan (Catatan 27)			
PT Cahaya Gunung Foods	69.126	93.639	65.873
PT Greenfields Indonesia	42.831	51.606	50.214
Japfa Comfeed Myanmar Pte Ltd	33.971	39.654	19.224
PT Intan Kenkomayo Indonesia	1.558	783	-
Japfa Comfeed India Pte Ltd	938	27	-
Japfa Comfeed Vietnam	660	568	203
Total	149.084	186.277	135.514
Persentase terhadap total penjualan neto konsolidasian	0,40%	0,48%	0,37%

Sales (Note 27)
PT Cahaya Gunung Foods
PT Greenfields Indonesia
Japfa Comfeed Myanmar Pte Ltd
PT Intan Kenkomayo Indonesia
Japfa Comfeed India Pte Ltd
Japfa Comfeed Vietnam

Total

Percentage to total consolidated
net sales

**Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,**

	2020	2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)
Pembelian bahan baku			
Annona Pte Ltd	4.715.212	4.643.320	5.931.010
PT Cahaya Gunung Foods	6.524	35.801	33.612
PT Greenfields Dairy Indonesia	4.365	48	-
PT Intan Kenkomayo Indonesia	304	1.958	847
PT Greenfields Indonesia	-	142	729
Total	4.726.405	4.681.269	5.966.198
Persentase terhadap total penjualan neto konsolidasian	12,79%	12,04%	16,47%

Purchase of raw material
Annona Pte Ltd
PT Cahaya Gunung Foods
PT Greenfields Dairy Indonesia
PT Intan Kenkomayo Indonesia
PT Greenfields Indonesia

Total

Percentage to total consolidated
net sales

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36. SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI (lanjutan)

Transaksi dengan Pihak Berelasi (lanjutan)

Selain yang sudah diungkapkan di bagian lain laporan keuangan ini, Grup melakukan perjanjian sebagai berikut:

1. Sewa bangunan seluas 7.920,49 meter persegi dari PT Omega Propertindo;
2. Jasa parkir dari PT Omega Propertindo;
3. Transaksi asuransi dengan PT Pan Pacific Indonesia melalui PT Dinamika Prima Servitama sebagai broker asuransi;
4. Sewa apartemen (Four Season) dari Top Matrix Investments Limited;
5. Sewa villa dari PT Pahala Nusa Raya;
6. Sewa kapal dari Fortunata Pty Ltd;
7. Jasa konsultasi manajemen bidang keuangan, hukum, dan sumber daya manusia dari Annona Services Pte Ltd.

Beban sewa, keamanan, asuransi, parkir, telekomunikasi dan keanggotaan dicatat sebagai bagian dari beban umum dan administrasi (Catatan 30).

Perusahaan memberikan kompensasi kepada karyawan kunci. Imbalan yang diberikan kepada Komisaris dan Direksi adalah sebagai berikut:

**Tahun yang Berakhir pada Tanggal 31 Desember/
Year Ended December 31,**

	2020	2019 (Disajikan kembali - Catatan 4/ As restated – Note 4)	2018 (Disajikan kembali - Catatan 4/ As restated – Note 4)	
Imbalan kerja jangka pendek	110.007	111.092	44.081	Short-term employee benefit
Imbalan pasca kerja	-	8.858	-	Post-employment benefits
Total	110.007	119.950	44.081	Total

Imbalan yang diberikan kepada Komisaris dan Direksi dicatat sebagai bagian dari beban umum dan administrasi.

36. RELATED PARTIES BALANCES AND TRANSACTIONS (continued)

Transactions with Related Parties (continued)

Other than disclosed elsewhere in these financial statements, the Group entered into the following agreements:

1. Lease agreements with PT Omega Propertindo for the lease of building measuring 7,920.49 square meters;
2. Parking services from PT Omega Propertindo;
3. Insurance agreements with PT Pan Pacific Indonesia through PT Dinamika Prima Servitama as an insurance broker;
4. Rent of apartment (Four Season) from Top Matrix Investments Limited;
5. Rent of villa from PT Pahala Nusa Raya;
6. Rent of boat from Fortunata Pty Ltd;
7. Services in financial, legal and human resources from Annona Services Pte Ltd.

The rent expenses, security expenses, insurance expenses, parking, telecommunication and membership fees are included in general and administrative expenses (Note 30).

The Company provides compensation to key management personnel. The remuneration of Commissioners and Directors are as follows:

The remuneration of Commissioners and Directors are included in general and administrative expenses.

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37. KEPENTINGAN NONPENGENDALI

37. NON-CONTROLLING INTERESTS

a. Bagian aset neto entitas anak

a. Share in net assets of subsidiaries

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
PT Indojaya Agrinusa	727.512	664.535	590.897	PT Indojaya Agrinusa
PT Iroha Sidat Indonesia	5.258	10.813	14.089	PT Iroha Sidat Indonesia
PT Sentra Satwatama Indonesia	1.341	1.226	625	PT Sentra Satwatama Indonesia
PT Bumiasri Lestari	(56)	(635)	1.778	PT Bumiasri Lestari
PT Ciomas Adisatwa	5	5	5	PT Ciomas Adisatwa
Total	734.060	675.944	607.394	Total

b. Bagian jumlah penghasilan komprehensif entitas anak

b. Share in total comprehensive income of subsidiaries

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019	2018	
PT Indojaya Agrinusa	88.198	125.960	109.394	PT Indojaya Agrinusa
PT Iroha Sidat Indonesia	(5.555)	(5.720)	(20.435)	PT Iroha Sidat Indonesia
PT Bumiasri Lestari	578	(2.413)	1.424	PT Bumiasri Lestari
PT Sentra Satwatama Indonesia	116	600	(144)	PT Sentra Satwatama Indonesia
Total	83.337	118.427	90.239	Total

Berikut adalah ringkasan informasi keuangan dari entitas anak. Jumlah-jumlah tersebut sebelum dieliminasi dengan transaksi antar entitas dalam Grup.

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Ringkasan laporan posisi keuangan PT Indojaya Agrinusa pada tanggal 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut:

Summarized statement of financial position PT Indojaya Agrinusa as of December 31, 2020, 2019 and 2018 are as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019 (Disajikan kembali - Catatan 4/ As restated - Note 4)	31 Desember 2018/ December 31, 2018 (Disajikan kembali - Catatan 4/ As restated - Note 4)	
Aset lancar	1.037.734	971.099	1.051.209	Current assets
Aset tidak lancar	1.399.518	1.260.101	935.140	Non-current assets
Total aset	2.437.252	2.231.200	1.986.349	Total assets
Liabilitas jangka pendek	584.758	664.129	610.815	Current liabilities
Liabilitas jangka panjang	397.470	238.001	193.740	Non-current liabilities
Total liabilitas	982.228	902.130	804.555	Total liabilities
Total ekuitas	1.455.024	1.329.070	1.181.794	Total equity
Teratribusikan pada:				Attributable to:
Pemilik entitas	727.512	664.535	590.897	Owners of the Company
Kepentingan nonpengendali	727.512	664.535	590.897	Non-controlling interest

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37. KEPENTINGAN NONPENGENDALI (lanjutan)

Ringkasan laporan laba rugi dan penghasilan komprehensif lain PT Indojaya Agrinusa pada 31 Desember 2020, 2019 dan 2018 adalah sebagai berikut:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019	2018	
Penjualan neto	3.720.060	4.033.249	3.614.093	Net sales
Laba sebelum pajak	233.744	342.675	278.362	Profit before tax
Penghasilan komprehensif lain	(4.336)	(286)	9.501	Other comprehensive income
Total laba komprehensif	176.396	251.920	218.788	Total comprehensive income
Teratribusikan pada kepentingan nonpengendali	88.198	125.960	109.394	Attributable to non-controlling interest

37. NON-CONTROLLING INTERESTS (continued)

Summarized statement of profit or loss and other comprehensive income PT Indojaya Agrinusa for December 31, 2020, 2019 and 2018 are as follows:

38. LABA PER SAHAM

Laba per saham dasar dihitung berdasarkan pada informasi berikut:

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019	2018	
Laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk	916.711	1.765.178	2.167.961	Profit for the year attributable to owners of the parent company
Rata-rata tertimbang saham	11.682.268.359	11.718.874.534	11.581.747.011	Weighted average number of shares
Laba per saham dasar (dalam Rupiah penuh)	79	151	187	Basic earning per share (in full Rupiah)

38. EARNINGS PER SHARE

The basic earnings per share is computed based on the following data:

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39. INFORMASI SEGMENT

Segmen Usaha

Segmen operasi dilaporkan sesuai dengan pelaporan internal kepada pembuat keputusan operasional, yang bertanggung jawab atas alokasi sumber daya ke masing-masing segmen yang dilaporkan serta menilai kinerja masing-masing segmen tersebut. Untuk tujuan pelaporan manajemen, setelah kombinasi bisnis entitas sepengendali di tahun 2020 (Catatan 4) Grup dibagi dalam tujuh segmen operasi: pakan ternak, pembibitan ayam, peternakan komersial, pengolahan hasil peternakan dan produk konsumen, budidaya perairan, peternakan sapi, perdagangan dan lain-lain.

Kegiatan utama segmen tersebut terdiri dari:

- a. Pakan ternak
- b. Pembibitan ayam
- c. Peternakan komersial
- d. Pengolahan hasil peternakan dan produk konsumen
- e. Budidaya perairan
- f. Peternakan sapi
- g. Perdagangan dan lain-lain – karung plastik, pengolahan bungkil kopra, pengangkutan, kesehatan hewan, peralatan peternakan dan toko daging eceran.

Informasi segmen tahun 2019 dan 2018 telah disajikan kembali sebagai dampak kombinasi bisnis entitas sepengendali (Catatan 4), dan telah disesuaikan dengan cara manajemen Perusahaan menyusun pelaporan segmen di tahun 2020.

39. SEGMENT INFORMATION

Business Segment

Operating segments are reported in accordance with the internal reporting provided to the chief operating decision maker, which is responsible for allocating resources to the reportable segments and assesses its performance. For management reporting purposes, subsequent business combination of entities under common control in 2020 (Note 4) the Group is organized into seven operating segments: animal feed, poultry breeding, commercial farm, poultry processing and consumer products, aquaculture, beef, trading and others.

The main activities of each segment are as follows:

- a. Animal feed
- b. Poultry breeding
- c. Commercial farm
- d. Poultry processing and consumer products
- e. Aquaculture
- f. Beef
- g. Trading and others – woven plastic bag, copra pelletizing, freight, animal health, livestock equipment and retail meat store.

Segment information for 2019 and 2018 have been restated as a result of the business combination of entities under common control (Note 4), and have been adjusted to the way the Company's management organized the operating segments in 2020.

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39. INFORMASI SEGMENT (lanjutan)

Segmen Usaha (lanjutan)

39. SEGMENT INFORMATION (continued)

Business Segment (continued)

Tahun yang Berakhir pada Tanggal 31 Desember 2020/
Year Ended December 31, 2020

	Pakan Ternak/ Animal Feed	Pembibitan Ayam/ Poultry Breeding	Peternakan Komersial/ Commercial Farm	Budidaya Perairan/ Aquaculture	Peternakan Sapi/ Beef	Pengolahan hasil peternakan dan produk konsumen/ Poultry processing and consumer products	Perdagangan dan Lain-lain/ Trading and Others	Total Sebelum Eliminasi/ Total Before Elimination	Eliminasi/ Elimination	Total Setelah Eliminasi/ Total After Elimination
LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN/ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME										
PENJUALAN NETO/ NET SALES										
Penjualan ekstern/ External sales	10.343.830	2.308.966	13.362.190	3.319.891	1.125.659	4.925.452	1.429.875	36.815.863	-	36.815.863
Penjualan berelas/ Related parties sales	17.210	20.491	1.558	-	913	69.126	39.787	149.085	-	149.085
Penjualan antar segmen/ Inter-segment sales	10.787.188	2.983.550	2.261.511	150.781	16.262	42.855	1.007.344	17.249.491	(17.249.491)	-
Total penjualan neto/ Total net sales	21.148.228	5.313.007	15.625.259	3.470.672	1.142.834	5.037.433	2.477.006	54.214.439	(17.249.491)	36.964.948
Hasil segmen/ Segment results	2.867.090	264.414	(93.346)	326.601	(108.848)	194.974	253.110	3.703.995	25.004	3.728.999
Beban operasi neto yang tidak dialokasikan/ Unallocated net Operating expenses										(1.093.970)
Kerugian nilai yang timbul dari perubahan nilai wajar aset biologis/ Loss arising from change in fair value of biological assets										(23.606)
Pendapatan lainnya/ Others income										109.465
Beban lainnya/ Others expense										(236.681)
Labas usaha/Profit from operations										2.484.207
Pendapatan keuangan/ Finance income										56.292
Biaya keuangan/ Finance costs										(862.222)
Bagian laba neto pada ventura Bersama/ Equity in net income in joint venture										814
Labas sebelum pajak penghasilan/ Profit before income tax										1.679.091
Beban pajak penghasilan, neto/ Income tax expense, net										(457.187)
Labas tahun berjalan/ Profit for the year										1.221.904
Pengeluaran modal/ Capital expenditures	199.406	422.801	204.080	266.065	30.251	243.896	278.619	1.645.118	-	1.645.118
Penyusutan/Depreciation	262.958	439.619	117.708	110.389	28.266	170.766	104.072	1.233.778	-	1.233.778
INFORMASI LAINNYA/ OTHER INFORMATION										
LAPORAN POSISI KEUANGAN KONSOLIDASIAN/ CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
ASET/ASSETS										
Aset segmen/ Segment assets	9.070.902	5.805.696	2.249.608	2.742.115	665.041	2.827.784	2.844.365	26.205.511	(1.135.212)	25.070.299
Aset yang tidak dapat dialokasikan/ Unallocated assets										881.461
Total aset yang dikonsolidasi/ Total consolidated assets										25.951.760
LIABILITAS/LIABILITIES										
Liabilitas segmen/ Segment liabilities	2.021.986	657.129	2.663.653	919.777	231.180	866.181	792.179	8.152.085	6.075.104	14.227.189
Liabilitas yang tidak dapat dialokasikan/ Unallocated liabilities										312.601
Total liabilitas yang dikonsolidasi/ Total consolidated liabilities										14.539.790

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**39. INFORMASI SEGMENT (lanjutan)
Segmen Usaha (lanjutan)**

**39. SEGMENT INFORMATION (continued)
Business Segment (continued)**

Tahun yang Berakhir pada Tanggal 31 Desember 2019 (Disajikan kembali – Catatan 4)
Year Ended December 31, 2019 (As restated – Note 4)

	Pakan Ternak/ Animal Feed	Pembibitan Ayam/ Poultry Breeding	Peternakan Komersial/ Commercial Farm	Budidaya Perairan/ Aquaculture	Peternakan Sapi/ Beef	Pengolahan hasil peternakan dan produk konsumen/ Poultry processing and consumer products	Perdagangan dan Lain-lain/ Trading and Others	Total Sebelum Eliminasi/ Total Before Elimination	Eliminasi/ Elimination	Total Setelah Eliminasi/ Total After Elimination
LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN/ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME										
PENJUALAN NETO/ NET SALES										
Penjualan eksternal/ External sales	12.977.885	3.147.931	11.547.659	3.167.230	1.611.574	5.469.289	772.054	38.693.622	-	38.693.622
Penjualan berelas/ Related parties sales	24.138	33.027	783	-	273	85.826	34.415	178.462	-	178.462
Penjualan antar segmen/ Inter-segment sales	9.657.442	3.232.577	2.353.111	248.450	854	13.315	928.266	16.434.015	(16.434.015)	-
Total penjualan neto/ Total net sales	22.659.465	6.413.535	13.901.553	3.415.680	1.612.701	5.568.430	1.734.735	55.306.099	(16.434.015)	38.872.084
Hasil segmen/ Segment results										
Beban operasi neto yang tidak dialokasikan/ Unallocated net Operating expenses	2.799.063	895.466	(51.561)	198.589	(31.801)	(44.376)	260.801	4.026.181	59.578	4.085.759
Kerugian nilai yang timbul dari perubahan nilai wajar aset biologis/ Loss arising from change in fair value of biological assets										(950.017)
Pendapatan lainnya/ Others income										(2.072)
Beban lainnya/ Others expense										(167.779)
Labanya usaha/Profit from operations										3.124.322
Pendapatan keuangan/ Finance income										177.153
Biaya keuangan/ Finance costs										(817.247)
Bagian laba neto pada venture Bersama/ Equity in net income in joint venture										10.249
Labanya sebelum pajak penghasilan/ Profit before income tax										2.494.477
Beban pajak penghasilan, neto/ Income tax expense, net										(700.563)
Labanya tahun berjalan/ Profit for the year										1.793.914
INFORMASI LAINNYA/ OTHER INFORMATION										
LAPORAN POSISI KEUANGAN KONSOLIDASIAN/ CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
ASET/ASSETS										
Aset segmen/ Segment assets	9.458.707	5.931.856	2.030.922	2.328.353	1.286.424	2.820.787	2.567.723	26.424.772	(816.596)	25.608.176
Aset yang tidak dapat dialokasikan/ Unallocated assets										1.042.719
Total aset yang dikonsolidasi/ Total consolidated assets										26.650.895
LIABILITAS/LIABILITIES										
Liabilitas segmen/ Segment liabilities	2.387.288	671.675	2.115.007	685.880	754.491	1.185.868	500.630	8.300.839	6.290.828	14.591.667
Liabilitas yang tidak dapat dialokasikan/ Unallocated liabilities										162.414
Total liabilitas yang dikonsolidasi/ Total consolidated liabilities										14.754.081

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39. INFORMASI SEGMENT (lanjutan)

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39. SEGMENT INFORMATION (continued)

Business Segment (continued)

Tahun yang Berakhir pada Tanggal 31 Desember 2018 (Disajikan kembali – Catatan 4)
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	Pakan Ternak/ Animal Feed	Pembibitan Ayam/ Poultry Breeding	Peternakan Komersial/ Commercial Farm	Budidaya Perairan/ Aquaculture	Peternakan Sapi/ Beef	Pengolahan hasil peternakan dan produk konsumen/ Poultry processing and consumer products	Perdagangan dan Lain-lain/ Trading and Others	Total Sebelum Eliminasi/ Total Before Elimination	Eliminasi/ Elimination	Total Setelah Eliminasi/ Total After Elimination
LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN/ CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME										
PENJUALAN NETO/ NET SALES										
Penjualan eksterne/ External sales	12.076.302	3.200.926	10.698.807	2.498.288	1.643.782	5.112.356	867.645	36.098.106	-	36.098.106
Penjualan berelas/ Related parties sales	27.996	13.842	-	-	1.222	60.546	26.549	130.155	-	130.155
Penjualan antar segmen/ Inter-segment sales	7.427.456	2.724.865	1.981.898	168.459	1.321	11.723	869.332	13.185.054	(13.185.054)	-
Total penjualan neto/ Total net sales	19.531.754	5.939.633	12.680.705	2.666.747	1.646.325	5.184.625	1.763.526	49.413.315	(13.185.054)	36.228.261
Hasil segmen/ Segment results	1.996.476	1.340.675	898.141	9.842	(33.684)	(56.854)	163.809	4.318.405	64.934	4.383.339
Beban operasi neto yang tidak dialokasikan/ Unallocated net Operating expenses										(813.048)
Kerugian nilai yang timbul dari perubahan nilai wajar aset biologis/ Loss arising from change in fair value of biological assets										(34.184)
Pendapatan lainnya/ Others income										335.470
Beban lainnya/ Others expense										(168.289)
Labanya/Profit from operations										3.703.288
Pendapatan keuangan/ Finance income										82.869
Biaya keuangan/ Finance costs										(869.531)
Bagian laba neto pada venture Bersama/ Equity in net income In joint venture										1.488
Labanya sebelum pajak penghasilan/ Profit before income tax										2.918.114
Beban pajak penghasilan, neto/ Income tax expense, net										(829.926)
Labanya tahun berjalan/ Profit for the year										2.088.188
Pengeluaran modal/ Capital expenditures	496.705	948.166	187.628	140.438	37.627	112.090	425.130	2.347.784	-	2.347.784
Penyusutan/Depreciation	190.963	304.260	60.442	81.884	22.906	139.129	63.767	863.351	-	863.351
INFORMASI LAINNYA/ OTHER INFORMATION										
LAPORAN POSISI KEUANGAN KONSOLIDASIAN/ CONSOLIDATED STATEMENT OF FINANCIAL POSITION										
ASET/ASSETS										
Aset segmen/ Segment assets	9.277.980	4.961.447	1.586.578	1.998.842	1.247.406	2.805.712	2.325.682	24.203.647	(208.602)	23.995.045
Aset yang tidak dapat dialokasikan/ Unallocated assets										832.310
Total aset yang dikonsolidasi/ Total consolidated assets										24.827.355
LIABILITAS/LIABILITIES										
Liabilitas segmen/ Segment liabilities	3.635.068	270.402	1.038.535	431.965	654.320	1.391.515	299.122	7.720.927	5.869.590	13.590.517
Liabilitas yang tidak dapat dialokasikan/ Unallocated liabilities										471.161
Total liabilitas yang dikonsolidasi/ Total consolidated liabilities										14.061.678

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- a. Berdasarkan Surat Perjanjian tanggal 7 April 2017, Perusahaan melakukan transaksi derivatif dengan Credit Suisse AG, London Branch (CS) pada tanggal 31 Maret 2017, tanggal perdagangan. Perusahaan melakukan transaksi ini dengan tujuan untuk mengelola pinjaman atau investasi sesuai dengan semua kebijakan internal yang relevan, melalui lindung nilai terhadap aset atau kewajibannya atau sehubungan dengan bidang usahanya, dan bukan untuk tujuan spekulasi. Jumlah nosional sebesar AS\$191.250.000 dan mengharuskan Perusahaan untuk membayar tetap sejumlah AS\$2.467.500 setiap tanggal penilaian dan CS untuk membayar floating amount berdasarkan perhitungan tertentu. Transaksi tersebut berlaku efektif sejak tanggal 4 April 2017 dan berakhir tanggal 29 Maret 2022. Pada tanggal 31 Desember 2020, 2019 dan 2018, nilai pasar aset opsi tersebut masing-masing adalah sebesar Rp131.169, Rp107.925 dan Rp131.819 atau setara dengan AS\$9.299.442, AS\$7.763.836 dan AS\$9.102.863 yang dicatat sebagai bagian dari "aset derivatif" dalam laporan posisi keuangan konsolidasian. Mulai 1 Januari 2020, Perusahaan menerapkan akuntansi lindung nilai arus kas untuk hubungan lindung nilai antara derivatif ini dengan obligasi berdenominasi dolar AS yang diterbitkan perusahaan.
- b. Berdasarkan Surat Perjanjian tanggal 13 Juni 2017, Perusahaan melakukan transaksi derivatif dengan Credit Suisse AG, London Branch (CS) pada tanggal 13 Juni 2017, tanggal perdagangan. Perusahaan melakukan transaksi ini dengan tujuan untuk mengelola pinjaman atau investasi sesuai dengan semua kebijakan internal yang relevan, melalui lindung nilai terhadap aset atau kewajibannya atau sehubungan dengan bidang usahanya, dan bukan untuk tujuan spekulasi. Jumlah nosional sebesar AS\$127.500.000 dan mengharuskan Perusahaan untuk membayar tetap sejumlah AS\$1.590.000 setiap tanggal penilaian dan CS untuk membayar floating amount berdasarkan perhitungan tertentu. Transaksi tersebut berlaku efektif sejak tanggal 19 Juni 2017 dan berakhir tanggal 29 Maret 2022.

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS

- a. Based on Agreement Letter dated April 7, 2017, the Company has entered into a derivative transaction with Credit Suisse AG, London Branch (CS) on March 31, 2017, trading date. The Company has entered into this transaction for the purpose of managing its borrowings or investments in accordance with all relevant internal policies, hedging its underlying assets or liabilities or in connection with its line of business, and is not for purpose of speculation. The notional amount is US\$191,250,000 and the Company is required to pay fixed amounts of US\$2,467,500 on every valuation date and CS has to pay floating amounts based on a certain formula. The transaction has effective date on April 4, 2017 and termination date on March 29, 2022. As of December 31, 2020, 2019 and 2018 the market value amounted to Rp131,169, Rp107,925 and Rp131,819 or equivalent to US\$9,299,442, US\$7,763,836 and US\$9,102,863 respectively, recorded as "derivative assets" in the consolidated financial position. Starting January 1, 2020, the Company applies cash flow hedge accounting for the hedging relationship established between these derivatives and the Company US dollar denominated bonds payable.
- b. Based on Agreement Letter dated June 13, 2017, the Company has entered into a derivative transaction with Credit Suisse AG, London Branch (CS) on June 13, 2017, trading date. The Company has entered into this transaction for the purpose of managing its borrowings or investments in accordance with all relevant internal policies, hedging its underlying assets or liabilities or in connection with its line of business, and is not for purpose of speculation. The notional amount is US\$127,500,000 and the Company is required to pay fixed amounts of US\$1,590,000 on every valuation date and CS has to pay floating amounts based on a certain formula. The transaction has effective date on June 19, 2017 and termination date on March 29, 2022.

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- b. Pada tanggal 31 Desember 2020, 2019 dan 2018, nilai pasar aset opsi tersebut masing-masing adalah sebesar Rp88.944, Rp74.867 dan Rp92.396 atau setara dengan AS\$6.305.831, AS\$5.385.756 dan AS\$6.380.497 yang dicatat sebagai bagian dari "aset derivative" dalam laporan posisi keuangan konsolidasian. Mulai 1 Januari 2020, Perusahaan menerapkan akuntansi lindung nilai arus kas untuk hubungan lindung nilai antara derivatif ini dengan obligasi berdenominasi dolar AS yang diterbitkan perusahaan.
- c. Berdasarkan beberapa Surat Perjanjian tertanggal 26 Juni dan 6 Juli 2020, mulai tanggal 16 April dan 26 Juni 2020, Perusahaan secara efektif meningkatkan rentang lindung nilai arus kas yang disediakan oleh Surat Perjanjian sebelumnya dengan Credit Suisse AG, London, seperti yang dijelaskan dalam Catatan 40.a dan 40b. Lindung nilai tambahan tersebut memberikan proteksi penuh kepada Perusahaan secara keseluruhan dalam rangka pembayaran pokok dan bunga obligasi berdenominasi dolar AS dalam hal terjadi pergerakan nilai tukar sampai dengan Rp20.000/AS\$. Jumlah keseluruhan nosional sebesar AS\$277.500.000, Perusahaan diharuskan untuk membayar tetap sejumlah AS\$5.168.750. Setiap tanggal penilaian, sementara CS untuk membayar floating amount berdasarkan perhitungan tertentu. Tanggal pengakhiran Surat Perjanjian adalah sama dengan Surat Perjanjian di Catatan 40a dan 40b yaitu tanggal 29 Maret 2022. Pada tanggal 31 Desember 2020, nilai pasar aset opsi tersebut adalah sebesar Rp3.902 atau setara dengan AS\$276.645 yang dicatat sebagai bagian dari "aset derivative" dalam laporan posisi keuangan konsolidasian.
- d. Pada tanggal 10 Maret 2017, Perusahaan menandatangani Akta Penanggungan Perusahaan, sebagai penjamin atas fasilitas pinjaman yang diterima PT Nusa Prima Logistik dari Cooperative Rabobank U.A. - Cabang Hongkong sebesar AS\$21.000.000. Berdasarkan akta, jumlah yang dijamin oleh Perusahaan disesuaikan dengan komposisi saham Perusahaan sebesar 17,5% dalam PT Nusa Prima Logistik, yaitu AS\$3.675.000. Penanggungan Perusahaan ini berlaku sampai dengan tanggal 11 April 2023

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- b. As of December 31, 2020, 2019 and 2018 the market value amounted to Rp88,944, Rp74,867 and Rp92,396 or equivalent to US\$6,305,831, US\$5,385,756 and US\$6,380,497 respectively, recorded as "derivative assets" in the consolidated financial position. Starting January 1, 2020, the Company applied cash flow hedge accounting for the hedging relationship established between these derivatives and the Company's US dollar denominated bonds payable.
- c. Based on several Agreements dated June 26 and July 6, 2020, starting April 16 and June 26, 2020, the Company effectively increased the spread of cash flow hedge provided by the previous agreements with Credit Suisse AG, London, as described in Notes 40a and 40b. The combined add-on hedges provides full protection to the Company in the context of payment of principal and interest on the US dollar denominated bonds in the event of an exchange rate movement of up to Rp20,000/US\$. The combined notional amount is US\$277,500,000, and the Company is required to pay fixed amounts of US\$5,168,750 on every valuation date while CS has to pay floating amounts based on certain formula. The termination date of the agreement is the same as the agreements described in Notes 40a and 40b, which is March 29, 2022. As of December 31, 2020, the total market value of the option asset is Rp3,902 or equivalent to US\$276,645, recorded as "derivative assets" in the consolidated financial position.
- d. On March 10, 2017, the Company entered into a Deed of Corporate Guarantee, as the guarantor of a term loan facility that PT Nusa Prima Logistik obtained from Cooperative Rabobank U.A. - Hongkong Branch amounting to US\$21,000,000. Based on the deed, the guarantee is proportional to the shares owned by the Company amounting to 17.5% in PT Nusa Prima Logistik, which is in the amount of US\$3,675,000. This corporate guarantee is valid until April 11, 2023

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40. PERJANJIAN DAN IKATAN PENTING (lanjutan)

- e. Pada tanggal 20 Oktober 2010, Perusahaan menandatangani *Non - Exclusive Supply Agreement* dengan Annona Pte Ltd (Annona), pihak berelasi, yang merupakan entitas anak dari Japfa Ltd., pemegang saham utama Perusahaan. Annona adalah perusahaan *global trader* yang memberikan fasilitas pembelian bahan baku secara kredit kepada Perusahaan. Dalam perjanjian ini Annona menyetujui untuk membatasi margin keuntungannya untuk transaksinya dengan Perusahaan untuk setiap tahunnya maksimal sebesar 5% dari penjualan. Diakhir jangka waktu, apabila kedua pihak tidak mengajukan pembatalan Perjanjian ini, maka Perjanjian diperpanjang otomatis untuk 5 (lima) tahun berikutnya
- f. Pada tanggal 27 Juni 2019, Perusahaan menandatangani *The Services Agreement* dengan Annona Technical Services Pte Ltd (ATS), pihak berelasi, yang merupakan entitas anak dari Annona Pte Ltd. Dalam perjanjian ini ATS menyetujui untuk memberikan jasa solusi keuangan, hukum, dan sumber daya manusia untuk Perusahaan. Perjanjian ini berlaku hingga 30 Juni 2024. Diakhir jangka waktu, apabila kedua pihak tidak mengajukan pembatalan Perjanjian ini, maka Perjanjian diperpanjang otomatis untuk 5 (lima) tahun berikutnya
- g. Pada bulan Maret 2011, PT Santosa Agrindo (SA), entitas anak, memperoleh fasilitas *foreign exchange* dari PT Bank Danamon Indonesia Tbk untuk memfasilitasi kebutuhan transaksi valuta asing dan untuk lindung nilai. Sejak 6 September 2017, fasilitas ini juga dapat digunakan oleh PT Austasia Stockfeed (ASF), entitas anak. Perjanjian ini tidak memerlukan perpanjangan. Rugi yang belum terealisasi dari nilai wajar terkait dengan transaksi forward contract pada tanggal 31 Desember 2019 adalah sebesar Rp295 dan dicatat sebagai bagian dari "liabilitas derivatif" dalam laporan posisi keuangan konsolidasian dan "Rugi neto selisih kurs atas aktivitas operasi" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- e. On October 20, 2010, the Company entered into a Supply Agreement with Annona Pte Ltd (Annona), a related party, which is a subsidiary of Japfa Ltd., main shareholder of the Company. Annona is a global trader company which can provide credit facility for purchase of raw materials for the Company. In this agreement, Annona agreed to restrict their sales margin at maximum of 5% per annum. At end of period, if neither parties elects not to extend the agreement, the agreement is extended automatically for 5 (five) years.
- f. On June 27, 2019, the Company entered into a Supply Agreement with Annona Technical Services Pte Ltd (ATS), a related party, which is a subsidiary of Annona Pte Ltd. In this agreement, ATS agreed to provide financial, legal, and human resource solution services for the Company. This agreement is valid until June 30, 2024. At end of period, if neither party elects not to extend the agreement, the agreement is extended automatically for 5 (five) years.
- g. In March 2011, PT Santosa Agrindo (SA), a subsidiary, obtained Foreign Exchange facility from PT Bank Danamon Indonesia Tbk to facilitate SA's requirement for foreign currency transaction and hedging. Since September 6, 2017, this facility can also be used by PT Austasia Stockfeed (ASF), subsidiary. This agreement doesn't require extension. Unrealized loss on the fair value related to aforementioned forward contract transaction as of December 31, 2019 amounted to Rp295 and is presented as part of "derivative liabilities" in the consolidated statement of financial position and "Net loss on foreign exchange attributable to operating activities" in the consolidated statement of profit.

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40. PERJANJIAN DAN IKATAN PENTING (lanjutan)

- h. Pada bulan April 2017, PT Santosa Agrindo (SA) dan PT Austasia Stockfeed (ASF), entitas anak, memperoleh fasilitas *foreign exchange* dari PT Bank OCBC NISP Tbk dengan jumlah maksimum masing-masing sebesar AS\$1.000.000 untuk memfasilitasi kebutuhan transaksi valuta asing dan untuk lindung nilai. Pada tahun 2019, ASF tidak memperpanjang fasilitas ini. Sedangkan fasilitas *foreign exchange* untuk SA berlaku sampai dengan 27 April 2020 dan SA tidak memperpanjang fasilitas ini.
- i. Pada tanggal 29 Februari 2000, PT Multibreeder Adirama Indonesia Tbk (MBAI), entitas anak yang bergabung ke dalam Perusahaan tahun 2012, menandatangani perjanjian dengan Lohmann Tierzucht GmbH mengenai pembelian ayam induk petelur (*layer grand parent*) untuk pembibitan anak ayam, yang berlaku sampai dengan tahun 2010. Perjanjian ini diperpanjang sampai dengan tanggal 31 Desember 2019. Sejak 1 Juli 2012 dengan telah efektifnya penggabungan usaha dari MBAI ke Perusahaan, maka perjanjian ini telah beralih kepada Perusahaan.
- j. Pada tanggal 16 Mei 2002, MBAI menandatangani perjanjian dengan Aviagen Limited mengenai pembelian ayam induk pedaging (*broiler grand parent*) untuk pembibitan anak ayam. Sejak 1 Juli 2012 dengan telah efektifnya penggabungan usaha dari MBAI ke Perusahaan, maka perjanjian ini telah beralih kepada Perusahaan. Perjanjian telah diperbaharui pada tanggal 30 Oktober 2013 untuk jangka waktu 5 tahun dan secara otomatis akan diperpanjang untuk 5 tahun berikutnya, kecuali salah satu pihak memilih untuk tidak memperpanjangnya dalam waktu 12 bulan sebelum jangka waktu perjanjian berakhir.

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- h. In April 2017, PT Santosa Agrindo (SA) and PT Austasia Stockfeed (ASF), subsidiaries, obtained foreign exchange facility from PT Bank OCBC NISP Tbk with maximum amount of US\$1,000,000 each for foreign exchange transaction and hedging. In 2019, ASF did not extend the facility. Foreign exchange facility for SA is valid up to April 27, 2020 and SA did not extend the facility.
- i. On February 29, 2000, PT Multibreeder Adirama Indonesia Tbk (MBAI), a subsidiary merged into the Company in 2012, entered into an agreement with Lohmann Tierzucht GmbH to purchase layer grandparent livestock for parent livestock breeding which is valid until 2010. This agreement has been extended until December 31, 2019. Since July 1, 2012, effective date of merger of MBAI to the Company, this agreement has been transferred to the Company.
- j. On May 16, 2002, MBAI entered into an agreement with Aviagen Limited concerning the purchase of broiler grand parent livestock for parent livestock breeding. Since July 1, 2012, effective date of merger of MBAI to the Company, this agreement has been transferred to the Company. The agreement has been renewed on October 30, 2013 for a period of 5 years and will be automatically extended for 5 years, unless either party choose at least 12 months prior to the termination of the current term, not to extend the agreement.

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40. PERJANJIAN DAN IKATAN PENTING (lanjutan)

- k. Pada tanggal 20 Oktober 2010, Perusahaan memperoleh fasilitas *Letter of Credit* dan *Forex Line* masing-masing sebesar AS\$20.000.000 dan AS\$3.000.000 dari PT Bank Central Asia Tbk dengan tujuan untuk memfasilitasi kebutuhan pembelian bahan baku dan transaksi valuta asing. Pada tanggal 22 September 2015, jumlah fasilitas *Forex Line* ditingkatkan menjadi AS\$20.000.000 dan pada tanggal 15 Februari 2016, jumlah fasilitas *Forex Line* ditingkatkan menjadi AS\$40.000.000. Pada tanggal 16 Mei 2018, jumlah fasilitas *Forex Line* ditingkatkan menjadi AS\$50.000.000, dan fasilitas *Letter of Credit* menjadi fasilitas Kredit Multi (*Letter of Credit* dan/atau SKBDN dan Bank Garansi) yang juga dapat digunakan oleh PT Suri Tani Pemuka (STP), entitas anak. Pada tanggal 11 Januari 2019, fasilitas *Forex Line* dapat juga digunakan oleh PT Suri Tani Pemuka (STP), entitas anak, dengan nilai maksimum sebesar AS\$10.000.000. Pada tanggal 15 April 2020, jumlah fasilitas *Forex Line* ditingkatkan menjadi AS\$100.000.000 yang juga dapat digunakan oleh PT Santosa Agrindo (SA), PT Austasia Stockfeed (ASF), dan PT Multi Makanan Permai (MMP), entitas anak. Perjanjian ini telah beberapa kali diperpanjang dan terakhir berlaku sampai dengan tanggal 20 April 2021. Rugi yang belum terealisasi dari nilai wajar terkait dengan transaksi forward contract pada tanggal 31 Desember 2020, 2019 dan 2018 masing-masing adalah sebesar Rp11.454, Rp4.335 dan Rp11.804, dan dicatat sebagai bagian dari "liabilitas derivatif" dalam laporan posisi keuangan konsolidasian dan "laba neto selisih kurs atas aktivitas operasi" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- k. On October 20, 2010, the Company obtained *Letter of Credit* and *Forex Line* facilities with maximum loanable amount of US\$20,000,000 and US\$3,000,000 from PT Bank Central Asia Tbk with purpose to facilitate purchasing of raw materials and for foreign exchange transaction. On September 22, 2015, the maximum loanable amount of *Forex Line* facility was increased to US\$20,000,000 and on February 15, 2016, the maximum loanable of *Forex Line* facility was increased to US\$40,000,000. On May 16, 2018, the maximum loanable amount of *Forex Line* facility was increased to US\$50,000,000, and *Letter of Credit* facility has changed to *Multi Credit* facility which can also be used by PT Suri Tani Pemuka (STP), a subsidiary. On January 11, 2019, the *Forex Line* facility can also be used by PT Suri Tani Pemuka (STP), a subsidiary, with maximum loanable amount of US\$10,000,000. On April 15, 2020, the maximum loanable amount of *Forex Line* facility was increased to US\$100,000,000 and the facility can also be used by PT Santosa Agrindo (SA), PT Austasia Stockfeed (ASF), and PT Multi Makanan Permai (MMP), subsidiaries. This agreement has been extended several times and the latest will be valid until April 20, 2021. Unrealized loss on the fair value related to aforementioned forward contract transaction as of December 31, 2020, 2019 and 2018 amounted to Rp11,454, Rp4,335 and Rp11,804 respectively, and is presented as part of "derivative liabilities" in the consolidated statement of financial position and "net gain on foreign exchange attributable to operating activities" in the consolidated statement of profit or loss and other comprehensive income.

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40. PERJANJIAN DAN IKATAN PENTING (lanjutan)

- i. Pada tanggal 3 Mei 2011, Perusahaan dan PT Suri Tani Pemuka (STP), entitas anak, memperoleh fasilitas Pinjaman Bersama (*Joint Borrower*) dari PT Bank Pan Indonesia Tbk yang terdiri dari *Letter of Credit* (LC) sublimit Pinjaman Berulang (PB) dengan jumlah maksimum Rp150.000. Pada tanggal 13 Oktober 2015, Perusahaan memperoleh fasilitas kredit Pinjaman Rekening Koran (PRK) dengan jumlah maksimum Rp10.000, peningkatan jumlah maksimum fasilitas LC sublimit PB menjadi Rp190.000, dan juga memperoleh fasilitas *Foreign Exchange* untuk memfasilitasi kebutuhan transaksi valuta asing sebesar AS\$10.000.000. Pada tanggal 26 April 2016, jumlah fasilitas *Forex Line* ditingkatkan menjadi AS\$50.000.000. Pada tanggal 21 November 2016, Perusahaan melakukan penutupan fasilitas PRK dan PB dan menurunkan jumlah maksimum fasilitas LC menjadi AS\$1.000.000. Fasilitas LC telah dilunasi pada tanggal 27 September 2017. Fasilitas *Forex Line* akan jatuh tempo pada 20 November 2021. Rugi yang belum terealisasi dari nilai wajar terkait dengan transaksi forward contract pada tanggal 31 Desember 2019 dan 2018 adalah Rp778 dan Rp2.470 dan dicatat sebagai bagian dari "liabilitas derivatif" dalam laporan posisi keuangan konsolidasian dan "rugi neto selisih kurs atas aktivitas operasi" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.
- m. Pada tanggal 18 November 2014, Perusahaan memperoleh fasilitas *Forex Line* dari PT Bank Maybank Indonesia Tbk untuk memfasilitasi kebutuhan transaksi valuta asing sebesar AS\$5.000.000. Pada tanggal 17 September 2015, jumlah fasilitas *Forex Line* ditingkatkan menjadi sebesar AS\$20.000.000 dan pada tanggal 16 Mei 2016 fasilitas ini menjadi dapat digunakan juga oleh PT Santosa Agrindo dan PT Austasia Stockfeed, entitas anak. Pada tanggal 20 Desember 2016, fasilitas *Forex Line* ditingkatkan menjadi sebesar AS\$40.000.000. Pada tanggal 24 Oktober 2019, fasilitas *Forex Line* ditingkatkan menjadi sebesar AS\$70.000.000, dan dapat digunakan juga oleh PT Vaksindo Satwa Nusantara. Pada tanggal 27 April 2020, fasilitas *FX Line* menjadi dapat digunakan juga oleh entitas anak PT Multi Makanan Permai (MMP). Perjanjian ini telah diperpanjang beberapa kali dan terakhir berlaku sampai dengan tanggal 24 Oktober 2021.

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- i. On May 3, 2011, the Company and PT Suri Tani Pemuka (STP), a subsidiary, obtained a *Joint Borrower* facility from PT Bank Pan Indonesia Tbk consisting of *Letter of Credit* (LC) sublimit *Revolving Loan* (PB) with maximum amount of Rp150,000. On October 13, 2015, the Company obtained an *Overdraft Loan Credit* facility (PRK) with maximum loanable amount of Rp10,000, and the maximum loanable of LC sublimit PB facilities was increased to Rp190,000, and *Foreign Exchange Facilities* to facilitate foreign exchange transaction with maximum loanable amount of US\$10,000,000. On April 26, 2016, *Forex Line Facilities* was increased to US\$50,000,000. On November 21, 2016, the Company has closed PRK and PB facility and reduced LC facility to US\$1,000,000. The LC facility has been fully paid on September 27, 2017. *Forex Line* facility will be due on November 20, 2021. Unrealized loss on the fair value related to aforementioned forward contract transaction as of December 31, 2019 and 2018 amounted Rp778 and Rp2,470 and is presented as part of "derivative liabilities" in the consolidated statement of financial position and "Net loss on foreign exchange attributable to operating activities" in the consolidated statement of profit or loss and other comprehensive income.
- m. On November 18, 2014, the Company obtained *Forex Line* facility from PT Bank Maybank Indonesia Tbk to facilitate foreign exchange transaction with maximum loanable amount of US\$5,000,000. On September 17, 2015, the maximum loanable *Forex Line* facility was increased to US\$20,000,000 and on May 16, 2016, this facility can also be used by PT Santosa Agrindo and PT Austasia Stockfeed, subsidiaries. On December 20, 2016, *Forex Line* facility was increased to US\$40,000,000, respectively. On October 24, 2019, *FX Line* was increased to US\$70,000,000 and can also be used by PT Vaksindo Satwa Nusantara. On April 27, 2020, *FX Line* facility can also be used by PT Multi Makanan Permai (MMP), a subsidiary. This agreement has been extended several times and the latest will be valid until October 24, 2021.

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40. PERJANJIAN DAN IKATAN PENTING (lanjutan)

- m. Rugi yang belum terealisasi dari nilai wajar terkait dengan transaksi forward contract pada tanggal 31 Desember 2019 dan 2018 masing-masing adalah sebesar Rp1.823 dan Rp15.229 dan dicatat sebagai bagian dari "liabilitas derivatif" dalam laporan posisi keuangan konsolidasian dan "rugi neto selisih kurs atas aktivitas operasi" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian
- n. Pada tanggal 17 Desember 2014, Perusahaan memperoleh fasilitas *foreign exchange* dari PT Bank DBS Indonesia untuk memfasilitasi kebutuhan transaksi valuta asing dan untuk lindung nilai. Perjanjian ini bersifat *uncommitted* dan tidak memerlukan perpanjangan. Rugi yang belum terealisasi dari nilai wajar terkait dengan transaksi forward contract pada tanggal 31 Desember 2020, 2019 dan 2018 masing-masing adalah sebesar Rp982, Rp613 dan Rp703, dan dicatat sebagai bagian dari "liabilitas derivatif" dalam laporan posisi keuangan konsolidasian dan "rugi neto selisih kurs atas aktivitas operasi" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.
- o. Pada tanggal 21 Desember 2018, PT Indojoya Agrinusa (IAG), entitas anak, memperoleh fasilitas *Non-Cash Loan* dan *Treasury Line* dengan jumlah maksimum sebesar AS\$1.000.000 dan AS\$20.000.000 dari PT Bank Mandiri (Persero) Tbk. Fasilitas ini bersifat *uncommitted dan revolving*. Fasilitas ini akan digunakan untuk pembelian bahan baku impor dan lindung nilai (*hedging*). Fasilitas ini akan berakhir pada tanggal 20 September 2021.
- p. Pada tanggal 6 Maret 2019, PT Indojoya Agrinusa (IAG), entitas anak, memperoleh fasilitas *Forex Line* dengan jumlah maksimum sebesar AS\$20.000.000 dari PT Bank Central Asia Tbk. Fasilitas ini akan digunakan untuk memfasilitasi kebutuhan transaksi valuta asing dan untuk lindung nilai. Fasilitas ini akan berakhir pada tanggal 20 April 2021.

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- m. *Unrealized loss on the fair value related to aforementioned forward contract transaction as of December 31, 2019 and 2018 amounted to Rp1,823 and Rp15,229 respectively, and is presented as part of "derivative liabilities" in the consolidated statement of financial position and "net loss on foreign exchange attributable to operating activities" in the consolidated statement of profit or loss and other comprehensive income.*
- n. *On December 17, 2014, the Company obtained foreign exchange facility form PT Bank DBS Indonesia for foreign exchange transaction and hedging. This agreement is uncommitted and doesn't require an extension. Unrealized loss on the fair value related to aforementioned forward contract transaction as of December 31, 2020, 2019 and 2018 amounted to Rp982, Rp613 and Rp703 respectively, and is presented as part of "derivative liabilities" in the consolidated statement of financial position and "net loss on foreign exchange attributable to operating activities" in the consolidated statement of profit or loss and other comprehensive income.*
- o. *On December 21, 2018, PT Indojoya Agrinusa (IAG), a subsidiary, obtained Non Cash Loan and Treasury Line facilities with maximum loanable amount of US\$1,000,000 and US\$20,000,000 from PT Bank Mandiri (Persero) Tbk. These facilities are uncommitted and revolving. These facilities will be used for import purchase of raw material and hedging purposes. These facilities will expire on September 20, 2021.*
- p. *On March 6, 2019, PT Indojoya Agrinusa (IAG), a subsidiary, obtained Forex Line facility with maximum loanable amount of US\$20,000,000 from PT Bank Central Asia Tbk. This facility will be used for foreign exchange transaction and hedging purposes. This facility will expire on April 20, 2021.*

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40. PERJANJIAN DAN IKATAN PENTING (lanjutan)

- q. Untuk mengelola dampak dari perubahan nilai tukar mata uang asing dalam operasi perusahaan, Perusahaan menandatangani *forward contract* pertukaran Rupiah Indonesia terhadap Dolar AS dengan JP Morgan Chase Bank, N.A. Rugi yang belum terealisasi dari nilai wajar terkait dengan transaksi *forward contract* pada tanggal 31 Desember 2020, 2019 dan 2018 masing-masing sebesar Rp4.538, Rp5.832 dan Rp18.759, dan dicatat sebagai bagian dari "liabilitas derivatif" dalam laporan posisi keuangan konsolidasian dan "rugi neto selisih kurs atas aktivitas operasi" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.
- r. Pada tanggal 19 April 2011, Perusahaan memperoleh fasilitas *Treasury Line* (TL) dari PT Bank Mandiri (Persero) Tbk dengan jumlah maksimum sebesar AS\$5.000.000. Pada tanggal 8 April 2015, fasilitas TL meningkat menjadi AS\$20.000.000 dan dapat digunakan oleh PT Santosa Agrindo (SA) dan PT Austasia Stockfeed (ASF), entitas anak. Pada tanggal 22 April 2016, fasilitas TL meningkat menjadi AS\$25.000.000. Fasilitas ini akan jatuh tempo tanggal 20 September 2021. Rugi yang belum terealisasi dari nilai wajar terkait dengan transaksi *forward contract* pada tanggal 31 Desember 2019 dan 2018 masing-masing sebesar Rp957 dan Rp1.611, dan dicatat sebagai bagian dari "liabilitas derivatif" dalam laporan posisi keuangan konsolidasian dan "rugi neto selisih kurs atas aktivitas operasi" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.
- s. Pada tanggal 2 September 2019, Perusahaan dan PT Santosa Utama Lestari (SUL), entitas anak, memperoleh Fasilitas *Treasury Line* (TL) dari PT Bank UOB Indonesia dengan jumlah maksimum sebesar AS\$15.000.000. Pada tanggal 27 April 2020, fasilitas TL meningkat menjadi AS\$50.000.000 dan dapat digunakan juga oleh PT Multi Makanan Permai (MMP), entitas anak. Fasilitas ini akan jatuh tempo tanggal 27 April 2021. Rugi yang belum terealisasi dari nilai wajar terkait dengan transaksi *forward contract* pada tanggal 31 Desember 2020 dan 31 Desember 2019 masing-masing sebesar Rp300 dan Rp2.187 dan dicatat sebagai bagian dari "liabilitas derivatif" dalam laporan posisi keuangan konsolidasian dan "rugi neto selisih kurs atas aktivitas operasi" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- n. To manage the adverse effect of the exchange rate fluctuations on the Company's operation, the Company entered into short-term Indonesian Rupiah to US Dollar forward contract with JP Morgan Chase Bank, N.A. Unrealized loss on the fair value related to aforementioned forward contract transaction as of December 31, 2020, 2019 and 2018 amounted to Rp4,538, Rp5,832 and Rp18,759 respectively, and is presented as part of "derivative liabilities" in the consolidated statement of financial position and "net loss on foreign exchange attributable to operating activities" in the consolidated statement of profit or loss and other comprehensive income.
- o. On April 19, 2011, the Company obtained Treasury Line (TL) facility from PT Bank Mandiri (Persero) Tbk with maximum loanable amount of US\$5,000,000. On April 8, 2015, TL facility was increased to US\$20,000,000 and can be used by PT Santosa Agrindo (SA) and PT Austasia Stockfeed (ASF), subsidiaries. On April 22, 2016, TL facility was increased to US\$25,000,000. This facility will be due on September 20, 2021. Unrealized loss on the fair value related to aforementioned forward contract transaction as of December 31, 2019 and 2018 amounted to Rp957 and Rp1,611 respectively, and is presented as part of "derivative liabilities" in the consolidated statement of financial position and "net loss on foreign exchange attributable to operating activities" in the consolidated statement of profit or loss and other comprehensive income.
- p. On September 2, 2019, the Company and PT Santosa Utama Lestari (SUL), a subsidiary, obtained Treasury Line (TL) facility from PT Bank UOB Indonesia with maximum loanable amount of US\$15,000,000. On April 27, 2020, TL facility was increased to US\$50,000,000 and also can be used by PT Multi Makanan Permai (MMP), a subsidiary. This facility will be due on April 27, 2021. Unrealized loss on the fair value related to aforementioned forward contract transaction as of December 31, 2020 and December 31, 2019 amounted to Rp300 and Rp2,187 respectively, and is presented as part of "derivative liabilities" in the consolidated statement of financial position and "net loss on foreign exchange attributable to operating activities" in the consolidated statement of profit or loss and other comprehensive income.

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40. PERJANJIAN DAN IKATAN PENTING (lanjutan)

- t. Pada tanggal 21 Oktober 2019, Perusahaan memperoleh Fasilitas Lindung Nilai dari HSBC dengan jumlah limit paparan terhadap resiko (tertimbang) maksimum sebesar AS\$5.000.000. Fasilitas ini tanpa jaminan dan akan jatuh tempo tanggal 31 Juli 2021.
- u. Pada tanggal 27 Maret 2020, PT Indojoya Agrinusa (IAG), entitas anak, memperoleh Fasilitas *Forex Line (FX Line)* sebesar AS\$10.000.000 dari BRI. Fasilitas ini dijamin dengan piutang usaha, persediaan, tanah, bangunan, prasarana, mesin dan peralatan (Catatan 6, 8 dan 13). Fasilitas *FX Line* akan jatuh tempo tanggal 27 Maret 2021.
- v. Pada tanggal 3 Mei 2016, PT So Good Food (SGF), entitas anak, yang bergabung ke dalam Perusahaan pada 30 November 2020, memperoleh Fasilitas *Forex Line (FX Line)* sebesar AS\$5.000.000 dari PT Bank Central Asia Tbk. Pada tanggal 27 November 2017, fasilitas *FX Line* menjadi dapat digunakan juga oleh PT So Good Food Manufacturing (SGFM), entitas anak, yang bergabung ke dalam Perusahaan pada 30 November 2020. Fasilitas ini akan digunakan untuk memfasilitasi kebutuhan transaksi valuta asing dan untuk lindung nilai. Fasilitas ini akan berakhir pada tanggal 28 Oktober 2021.
- w. Pada tanggal 11 Desember 2020, PT Suri Tani Pemuka (STP), anak perusahaan, menandatangani Perjanjian Pemasokan dengan PT Kona Bay Indonesia (KBI), pihak berelasi. Dalam perjanjian ini, KBI setuju untuk memasok Udang Putih Pasifik yang bebas patogen spesifik kepada STP. Perjanjian ini berlaku sampai dengan 11 Desember 2023 dan akan secara otomatis diperbaharui untuk tiga tahun selanjutnya secara berturut-turut.

40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (continued)

- q. On October 21, 2019, the Company obtained a Hedging Facility from HSBC with maximum exposure risk limit (weighted) amounting US\$5,000,000. This facility is not secured by any collateral and will be due on July 31, 2021.
- r. On March 27, 2020 PT Indojoya Agrinusa (IAG), a subsidiary, obtained a *Forex Line (FX Line)* amounting to US\$10,000,000 from BRI. This facility is collateralized with trade receivables, inventories, land, building, infrastructures, machinery and equipment (Notes 6, 8 and 13). *FX Line* facility will be due on March 27, 2021.
- s. On May 3, 2016, PT So Good Food (SGF), a subsidiary, acquired by the Company on November 30, 2020, obtained a *Forex Line* facility amounting to US\$5,000,000 from PT Bank Central Asia Tbk. On November 27, 2017, the *Forex Line* facility can also be used by PT So Good Food Manufacturing (SGFM), a subsidiary, acquired by Company on November 30, 2020. This facility will be used for foreign exchange transaction and hedging purposes. This facility will expire on October 28, 2021.
- t. On December 11, 2020, PT Suri Tani Pemuka (STP), a subsidiary of Company, entered into a *Supply Agreement* with PT Kona Bay Indonesia (KBI), a related party. In this agreement, KBI agreed to supply specific-pathogen-free Pacific White Shrimp to STP. This agreement is valid until December 11, 2023 and will be automatically renewed for successive periods of three years each.

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41. NILAI WAJAR DARI INSTRUMEN KEUANGAN

Tabel berikut menyajikan nilai tercatat dan estimasi nilai wajar dari instrumen keuangan Grup pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018:

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following table presents the carrying values and estimated fair values of the Group's financial instruments as of December 31, 2020, 2019 and 2018:

<u>31 Desember 2020</u>	<u>Nilai Tercatat/ Carrying Values</u>	<u>Nilai Wajar/ Fair Values</u>	<u>December 31, 2020</u>
Aset keuangan			Financial assets
Kas dan setara kas	1.335.911	1.335.911	Cash and cash equivalents
Piutang usaha			Trade receivables
Pihak berelasi	12.674	12.674	Related parties
Pihak ketiga, neto	1.867.342	1.867.342	Third parties, net
Piutang lain-lain	102.315	102.315	Other receivables
Aset keuangan lancar lainnya	1.568	1.568	Other current financial assets
Investasi saham, neto	46.000	46.000	Investment in shares, net
Aset derivatif	224.015	224.015	Derivative assets
Aset keuangan tidak lancar lainnya	20.313	20.313	Other non-current financial assets
Total	3.610.138	3.610.138	Total
Liabilitas keuangan			Financial liabilities
Utang bank jangka pendek	423.271	423.271	Short-term bank loans
Utang usaha			Trade payables
Pihak berelasi	1.608.063	1.608.063	Related parties
Pihak ketiga	895.753	895.753	Third parties
Utang lain-lain			Other payables
Pihak berelasi	849.892	849.892	Related party
Pihak ketiga	639.893	639.893	Third parties
Liabilitas derivatif	17.274	17.274	Derivative liabilities
Beban akrual	429.018	429.018	Accrued expenses
Liabilitas imbalan kerja			Short-term employee
jangka pendek	128.639	128.639	benefits liability
Utang jangka panjang yang			Current maturity of
jatuh tempo dalam satu tahun			long-term debts
Utang bank jangka panjang	494.631	494.631	Long-term bank loans
Utang pembiayaan atas perolehan			Loans to finance acquisitions of
aset tetap	3.258	3.258	fixed assets
Liabilitas sewa	29.777	29.777	Lease liabilities
Utang obligasi	149.421	149.421	Bonds payable
Liabilitas jangka panjang lainnya	3.488	3.488	Other non-current liabilities
Utang jangka panjang setelah			Long-term debts,
dikurangi bagian yang jatuh			net of current maturity
tempo dalam satu tahun			Long-term bank loans
Utang bank jangka panjang	2.292.412	2.292.412	Loans to finance acquisitions of
Utang pembiayaan atas perolehan			fixed assets
aset tetap	1.388	1.388	Lease liabilities
Liabilitas sewa	33.883	33.883	Bonds payable
Utang obligasi	4.491.717	4.491.717	
Total	12.491.778	12.491.778	Total

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**41. NILAI WAJAR DARI INSTRUMEN KEUANGAN
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Tabel berikut menyajikan nilai tercatat dan estimasi nilai wajar dari instrumen keuangan Grup pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018: (lanjutan)

**41. FAIR VALUE OF FINANCIAL INSTRUMENTS
(continued)**

The following table presents the carrying values and estimated fair values of the Group's financial instruments as of December 31, 2020, 2019 and 2018: (continued)

<u>31 Desember 2019</u>	<u>Nilai Tercatat/ Carrying Values</u>	<u>Nilai Wajar/ Fair Values</u>	<u>December 31, 2019</u>
Aset keuangan			Financial assets
Kas dan setara kas	1.004.280	1.004.280	Cash and cash equivalents
Piutang usaha			Trade receivables
Pihak berelasi	29.692	29.692	Related parties
Pihak ketiga, neto	2.158.897	2.158.897	Third parties, net
Piutang lain-lain	71.377	71.377	Other receivables
Piutang dari pihak berelasi	112.762	112.762	Due from a related party
Aset keuangan lancar lainnya	1.162	1.162	Other current financial assets
Investasi saham, neto	56.000	56.000	Investment in shares, net
Aset derivatif	182.792	182.792	Derivative assets
Aset keuangan tidak lancar lainnya	137.660	137.660	Other non-current financial assets
Total	3.754.622	3.754.622	Total
Liabilitas keuangan			Financial liabilities
Utang bank jangka pendek	3.277.953	3.277.953	Short-term bank loans
Utang usaha			Trade payables
Pihak berelasi	1.637.430	1.637.430	Related parties
Pihak ketiga	1.128.538	1.128.538	Third parties
Utang lain-lain	620.273	620.273	Other payables
Liabilitas derivatif	16.820	16.820	Derivative liability
Beban akrual	331.136	331.136	Accrued expenses
Liabilitas imbalan kerja jangka pendek	240.967	240.967	Short-term employee benefits liability
Utang jangka panjang yang jatuh tempo dalam satu tahun			Current maturity of long-term debts
Utang bank jangka panjang	241.668	241.668	Long-term bank loans
Utang pembiayaan atas perolehan aset tetap	3.365	3.365	Loans to finance acquisitions of fixed assets
Liabilitas jangka panjang lainnya	3.388	3.388	Other non-current liabilities
Utang jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu tahun			Long-term debts, net of current maturity
Utang bank jangka panjang	1.107.169	1.107.169	Long-term bank loans
Utang pembiayaan atas perolehan aset tetap	3.285	3.285	Loans to finance acquisitions of fixed assets
Utang obligasi	4.563.819	4.563.819	Bonds payable
Total	13.175.811	13.175.811	Total

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**41. NILAI WAJAR DARI INSTRUMEN KEUANGAN
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Tabel berikut menyajikan nilai tercatat dan estimasi nilai wajar dari instrumen keuangan Grup pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018: (lanjutan)

**41. FAIR VALUE OF FINANCIAL INSTRUMENTS
(continued)**

The following table presents the carrying values and estimated fair values of the Group's financial instruments as of December 31, 2020, 2019 and 2018: (continued)

<u>31 Desember 2018</u>	<u>Nilai Tercatat/ Carrying Values</u>	<u>Nilai Wajar/ Fair Values</u>	<u>December 31, 2018</u>
Aset keuangan			Financial assets
Kas dan setara kas	1.160.393	1.160.393	Cash and cash equivalents
Piutang usaha			Trade receivables
Pihak berelasi	16.390	16.390	Related parties
Pihak ketiga, neto	1.940.815	1.940.815	Third parties, net
Piutang lain-lain	130.743	130.743	Other receivables
Piutang dari pihak berelasi	220.274	220.274	Due from a related party
Aset keuangan lancar lainnya	1.212	1.212	Other current financial assets
Investasi saham, neto	76.520	76.520	Investment in shares, net
Aset derivatif	224.215	224.215	Derivative assets
Aset keuangan tidak lancar lainnya	93.222	93.222	Other non-current financial assets
Total	3.863.784	3.863.784	Total
Liabilitas keuangan			Financial liabilities
Utang bank jangka pendek	1.451.403	1.451.403	Short-term bank loans
Utang usaha			Trade payables
Pihak berelasi	1.881.432	1.881.432	Related parties
Pihak ketiga	1.751.970	1.751.970	Third parties
Utang lain-lain	495.247	495.247	Other payables
Liabilitas derivatif	50.576	50.576	Derivative liability
Beban akrual	299.340	299.340	Accrued expenses
Liabilitas imbalan kerja jangka pendek	253.590	253.590	Short-term employee benefits liability
Utang jangka panjang yang jatuh tempo dalam satu tahun			Current maturity of long-term debts
Utang bank jangka panjang	146.995	146.995	Long-term bank loans
Utang pembiayaan atas perolehan aset tetap	1.061	1.061	Loans to finance acquisitions of fixed assets
Liabilitas sewa	1.723	1.723	Lease liabilities
Utang obligasi	846.742	846.742	Bonds payable
Liabilitas jangka panjang lainnya	3.388	3.388	Other non-current liabilities
Utang jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu tahun			Long-term debts, net of current maturity
Utang bank jangka panjang	478.406	478.406	Long-term bank loans
Utang pembiayaan atas perolehan aset tetap	310	310	Loans to finance acquisitions of fixed assets
Liabilitas sewa	3.136	3.136	Lease liability
Utang obligasi	4.684.246	4.684.246	Bonds payable
Total	12.349.565	12.349.565	Total

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**41. NILAI WAJAR DARI INSTRUMEN KEUANGAN
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Nilai wajar didefinisikan sebagai jumlah dimana instrumen tersebut dapat dipertukarkan di dalam transaksi jangka pendek antara pihak yang berkeinginan dan memiliki pengetahuan yang memadai melalui suatu transaksi yang wajar, selain di dalam penjualan terpaksa atau penjualan likuidasi. Nilai wajar didapatkan dari kuotasi harga pasar, model arus kas diskonto dan model penentuan harga opsi yang sewajarnya.

- Instrumen keuangan dengan jumlah tercatat yang mendekati nilai wajarnya

Nilai wajar untuk kas dan setara kas, piutang usaha, piutang lain-lain, aset keuangan lancar lainnya, utang bank jangka pendek, utang usaha, utang lain-lain dan beban akrual mendekati nilai tercatatnya karena bersifat jangka pendek. Jumlah tercatat utang sewa pembiayaan, utang pembiayaan atas perolehan aset tetap, utang bank jangka panjang dan utang obligasi dengan suku bunga mengambang mendekati nilai wajarnya karena selalu dinilai ulang secara berkala.

- Instrumen keuangan dengan nilai tercatat pada biaya perolehan

Aset dan liabilitas keuangan yang tidak memiliki kuotasi pasar yang dipublikasikan pada pasar aktif dan nilai wajarnya tidak dapat diukur secara andal (penyertaan saham biasa yang tidak memiliki kuota pasar dengan kepemilikan saham di bawah 20% - uang jaminan) dicatat pada biaya perolehan.

Aset derivatif

Grup menggunakan kontrak forward valuta asing dan opsi kontrak valuta untuk mengelola sebagian dari eksposur transaksi. Opsi valuta asing dimasukkan ke dalam periode konsisten dengan eksposur mata uang asing dari transaksi yang mendasari.

Liabilitas derivatif

Derivatif yang tidak ditetapkan sebagai instrumen lindung nilai mencerminkan perubahan dalam nilai wajar dari kontrak forward valuta asing yang tidak ditetapkan dalam hubungan lindung nilai, tetapi, bagaimanapun, dimaksudkan untuk mengurangi tingkat risiko mata uang asing untuk penjualan dan pembelian yang diharapkan.

**41. FAIR VALUE OF FINANCIAL INSTRUMENTS
(continued)**

Fair value is defined as the amount at which an instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced or liquidation sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

- *Financial instruments with carrying amounts that approximate their fair values*

The fair value of cash and cash equivalents, trade receivables, other receivables, other current financial assets, short-term bank loans, trade payables, other payables and accrued expenses approximate their carrying values due to their short-term nature. The carrying values of finance lease payables, loans to finance acquisitions of fixed assets, long-term bank loans and bonds payable with floating interest rates approximate their fair values as they are re-priced periodically.

- *Financial instruments with carrying amounts at cost*

Financial assets and liabilities which do not have quoted prices in actual market and their fair value could not be measured reliably (investment in unquoted ordinary shares representing equity ownership interest of below 20% - security deposits) are measured at cost.

Derivative assets

The Group uses foreign exchange forward contracts and foreign exchange option contracts to manage some of its transaction exposures. The foreign exchange option contracts are entered into for periods consistent with foreign currency exposure of the underlying transactions.

Derivative liabilities

Derivatives not designated as hedging instruments reflect the change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for expected sales and purchases.

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**41. NILAI WAJAR DARI INSTRUMEN KEUANGAN
(lanjutan)**

Informasi nilai wajar

Tabel berikut menyediakan hierarki pengukuran nilai wajar dari aset Grup:

**41. FAIR VALUE OF FINANCIAL INSTRUMENTS
(continued)**

Fair value information

The following table provides the fair value measurement hierarchy of the Group's assets:

**Pengukuran nilai wajar pada akhir periode pelaporan menggunakan/
Fair value measurement at the end of the reporting period using**

	Total/Total	Harga kuotasian dalam pasar aktif untuk aset yang identik (Level 1)/ Quoted prices in active markets (Level 1)	Input yang dapat diobservasi lain yang signifikan (Level 2)/ Significant observable inputs (Level 2)	Input yang tidak dapat diobservasi yang signifikan (Level 3)/ Significant unobservable inputs (Level 3)	
Pada 31 Desember 2020					At December 31, 2020
Aset keuangan tidak lancar					Non-current financial assets
Investasi saham, net	46.000	-	-	46.000	Investment in shares of stock, net
Non-aset keuangan					Non-financial assets
Persediaan biologis	1.190.124	-	5.716	1.184.408	Biological inventories
Aset biologis - lancar	1.127.633	-	-	1.127.633	Biological assets - current
Aset biologis - tidak lancar	108.236	-	77.191	31.045	Biological assets - non-current
Pada 31 Desember 2019					At December 31, 2019
Aset keuangan tidak lancar					Non-current financial assets
Investasi saham, net	56.000	-	-	56.000	Investment in shares of stock, net
Non-aset keuangan					Non-financial assets
Persediaan biologis	1.708.532	-	28.151	1.680.381	Biological inventories
Aset biologis - lancar	1.179.943	-	-	1.179.943	Biological assets - current
Aset biologis - tidak lancar	156.268	-	88.342	67.926	Biological assets - non-current
Pada 31 Desember 2018					At December 31, 2018
Aset keuangan tidak lancar					Non-current financial assets
Investasi saham, net	76.520	-	-	76.520	Investment in shares of stock, net
Non-aset keuangan					Non-financial assets
Persediaan biologis	1.531.491	-	33.003	1.498.488	Biological inventories
Aset biologis - lancar	1.058.969	-	-	1.058.969	Biological assets - current
Aset biologis - tidak lancar	222.532	-	158.273	64.259	Biological assets - non-current

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42. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING

Tabel berikut mengungkapkan jumlah aset dan liabilitas moneter konsolidasian:

	31 Desember 2020/ December 31, 2020		31 Desember 2019/ December 31, 2019		31 Desember 2018/ December 31, 2018				
	Mata Uang Asing/ Original Currency	Ekuivalen/ Equivalent	Mata Uang asing Original Currency	Ekuivalen/ Equivalent	Mata Uang Asing/ Original Currency	Ekuivalen/ Equivalent			
Aset									
Kas dan setara kas	AS\$	45.119.239	636.407	34.338.051	477.334	46.849.108	678.422	US\$	Cash and cash equivalents
	EUR	776.857	13.463	181.391	2.828	336.379	5.570	EUR	
	SGD	336.493	3.582	696.284	7.186	784.931	8.322	SGD	
	INR	11.151.025	2.153	768.419	150	912.743	189	INR	
	CNY	79.764	172	-	-	-	-	CNY	
	AUD	1.900	20	1.900	19	1.900	19	AUD	
Piutang usaha	AS\$	4.141.805	58.420	5.002.849	69.545	2.300.519	33.314	US\$	Trade receivables
	EUR	-	-	-	-	128.321	2.125	EUR	
	AS\$	-	-	8.111.806	112.762	15.211.250	220.274	US\$	Due from a related party
Piutang dari pihak berelasi Rekening bank yang dibatasi penggunaannya	AS\$	12.880	182	12.896	179	5.365	78	US\$	Restricted cash in banks
Total aset			714.399		670.003		948.313		Total assets
Liabilitas									
Utang bank jangka pendek	AS\$	-	-	35.053.304	487.276	34.319.015	496.974	US\$	Short-term bank loans
Utang usaha	AS\$	115.856.505	1.634.157	128.339.237	1.784.044	136.711.225	1.979.715	US\$	Trade payables
	EUR	142.772	2.475	187.598	2.924	884.431	14.646	EUR	
	CNY	4.215.506	9.112	1.680.962	3.347	-	-	CNY	
	GBP	8.400	160	8.400	154	-	-	GBP	
	INR	12.960	3	-	-	6.362	117	INR	
	SGD	-	-	9.516	98	173.575	1.840	SGD	
	AUD	-	-	27.310	266	109.099	1.114	AUD	
Liabilitas sewa	AS\$	149.319	2.106	-	-	-	-	US\$	Lease liabilities
Utang obligasi	AS\$	247.704.551	3.493.876	245.925.442	3.418.609	244.519.648	3.540.889	US\$	Bonds payable
Total liabilitas			5.141.889		5.696.718		6.035.295		Total liabilities
Liabilitas moneter neto			(4.427.490)		(5.026.715)		(5.086.982)		Net monetary liabilities

42. MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following table shows consolidated monetary assets and liabilities:

Pada tanggal 31 Desember 2020, 2019 dan 2018, kurs konversi yang digunakan Perusahaan diungkapkan pada Catatan 2 pada laporan keuangan konsolidasian.

Apabila posisi liabilitas neto pada mata uang selain Rupiah pada tanggal 31 Desember 2020 dinyatakan dengan menggunakan kurs tengah nilai tukar mata uang asing pada tanggal 26 Februari 2021, maka liabilitas dalam mata uang asing neto akan meningkat dan menurun masing-masing sebesar lebih kurang Rp8.408.

Seperti yang dijelaskan pada Catatan 40, risiko terkait dengan perubahan nilai tukar utang usaha, utang bank, dan utang obligasi dalam mata uang asing di atas telah ditutup dengan instrumen *forward* dan *option* yang didapatkan menggunakan kontrak-kontrak dengan berbagai bank dan institusi keuangan.

At December 31, 2020, 2019 and 2018, the conversion rates used by the Group were disclosed in Note 2 to the consolidated financial statements.

If the net position of liabilities in currencies other than Rupiah as December 31, 2020, is reflected using the middle rate of exchange as of February 26, 2021, the net liabilities in foreign currencies will increase and decrease by approximately Rp8,408.

As discussed in Note 40, the risks of exchange rate fluctuations associated with the above trade payables, bank loans, and bonds payable, have been mitigated by the Group using the foreign exchange forwards and options acquired under contracts with various banks and financial institutions.

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43. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN

Aset keuangan utama Grup terdiri dari kas dan setara kas, piutang usaha, piutang lain-lain, dan aset tidak lancar lainnya. Grup juga mempunyai liabilitas keuangan utama seperti utang dan pinjaman yang dikenakan bunga dan utang usaha.

Risiko utama instrumen keuangan Grup adalah risiko tingkat suku bunga, risiko mata uang asing, risiko kredit, risiko likuiditas, dan risiko harga komoditas. Penelaahan manajemen dan kebijakan yang disetujui untuk mengelola masing-masing risiko ini dijelaskan secara detail sebagai berikut:

a. Risiko Tingkat Suku Bunga

Risiko tingkat suku bunga Grup terutama timbul dari pinjaman untuk tujuan modal kerja dan investasi. Pinjaman pada berbagai tingkat suku bunga variabel menunjukkan Grup kepada nilai wajar risiko tingkat suku bunga.

Grup meminimalkan risiko suku bunga dengan cara memastikan bawah perjanjian pinjaman yang dilakukan dengan mitra perbankan memberikan fleksibilitas yang cukup terkait dengan penyesuaian persyaratan dan kondisi, serta penyelesaian lebih awal, pengambilalihan, dan opsi pengakhiran lainnya. Selain itu, Grup secara berkelanjutan menambah opsi pendanaan berupa utang, dengan mendapatkan fasilitas pinjaman yang memberikan syarat dan kondisi yang paling kompetitif di pasar.

Pada tanggal 31 Desember 2020, berdasarkan simulasi yang rasional, jika tingkat suku bunga utang bank jangka pendek dan utang obligasi lebih tinggi/lebih rendah 50 basis poin, dengan seluruh variabel-variabel lain tidak berubah, maka laba sebelum pajak untuk tahun yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018 akan lebih rendah/lebih tinggi sebesar Rp39.996, Rp37.608 dan Rp28.056, terutama akibat biaya bunga utang bank jangka pendek dan utang obligasi dengan tingkat bunga mengambang yang lebih tinggi/lebih rendah.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICES

The Group's principal financial assets comprise cash and cash equivalents, trade receivables, other receivables, and other non-current assets. The Group has various other financial liabilities such as interest-bearing loans and borrowings and trade payables.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk, and commodity price risk. The management reviews and approves policies for managing each of these risks, which are described in more detail as follows:

a. Interest Rate Risk

The Group's interest rate risk mainly arises from loans for working capital and investment purposes. Loans at variable rates expose the Group to fair value interest rate risk.

The Group minimizes the interest rates risks by ensuring the loan agreements entered into with partner banks provide sufficient flexibility in regards to adjustments to terms and conditions, as well as early repayment, take-over, and other exit options. In addition, the Group is continuously expanding its choices of debt financing by obtaining loan facilities offering the most competitive terms and conditions in the market.

At December 31, 2020, based on a sensitivity simulation, if the interest rates of short-term bank loans and bonds payable had been 50 basis points higher/lower, with all other variables held constant, profit before income tax expense for the year ended December 31, 2020, 2019 and 2018 would have been Rp39,996, Rp37,608 and Rp28,056 lower/higher, mainly as a result of higher/lower interest charges on floating rate short-term bank loans and bonds payable.

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**43. TUJUAN DAN KEBIJAKAN MANAJEMEN
RISIKO KEUANGAN (lanjutan)**

b. Risiko Mata Uang Asing

Mata uang pelaporan Grup adalah Rupiah. Grup dapat menghadapi risiko nilai tukar mata uang asing karena penjualan dan biaya beberapa pembelian dalam mata uang asing (terutama Dolar AS) atau harga yang secara signifikan dipengaruhi oleh tolak ukur perubahan harganya dalam mata uang asing seperti yang dikutip dari pasar internasional. Grup memiliki kebijakan lindung nilai yang formal untuk laju pertukaran mata uang asing atas utang obligasi. Bagaimanapun, terkait dengan hal-hal dan utang usaha yang telah dijelaskan pada paragraf di atas, fluktuasi dalam nilai tukar antara Rupiah dan Dolar AS lainnya menghasilkan lindung nilai natural untuk laju nilai tukar mata uang asing Grup.

Pada tanggal 31 Desember 2020, berdasarkan simulasi yang rasional, jika nilai tukar Rupiah terhadap Dolar AS melemah/menguat sebesar 5%, dengan seluruh variabel-variabel lain tidak berubah, maka laba sebelum pajak pada tanggal 31 Desember 2020, 2019 dan 2018 akan lebih rendah/tinggi sebesar Rp2.886, Rp12.610 dan Rp1.159, terutama sebagai akibat dari kerugian selisih kurs atas penjabaran kas dan setara kas, piutang usaha, rekening bank yang dibatasi penggunaannya, utang bank jangka pendek, utang usaha dan utang obligasi dalam Dolar AS, dengan memperhitungkan potensi pergerakan nilai instrumen derivatif yang dimiliki Grup.

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICES (continued)**

b. Foreign Currency Risk

The Group's reporting currency is Rupiah. The Group faces foreign exchange risk as its sales and the costs of certain purchases are either denominated in foreign currencies (mainly US Dollar) or whose price is significantly influenced by their benchmark price movements in foreign currencies as quoted in the international markets.

The Group has formal hedging policies for foreign exchange exposure for bonds payable. However, in relation to the matters discussed and trade payable in the preceeding paragraph, the fluctuations in the exchange rates between the Rupiah and US Dollar provide some degree of natural hedge of the Group's foreign exchange exposure.

At December 31, 2020, based on a sensitivity simulation, had the exchange rate of Rupiah against the US Dollar depreciated/appreciated by 5%, with all other variables held constant, profit before income tax expense on December 31, 2020, 2019 and 2018 would have been Rp2,886, Rp12,610 and Rp1,159 lower/higher, mainly as a result of foreign exchange losses on the translation of cash and cash equivalents, trade receivables, restricted cash in banks, short-term bank loans, trade payables and bonds payable denominated in US Dollar, taking into account the potential value movement of the Group's derivative instruments.

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**43. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO
KEUANGAN (lanjutan)**

c. Risiko Kredit

Risiko kredit adalah risiko bahwa Grup akan mengalami kerugian yang timbul dari pelanggan atau pihak lawan akibat gagal memenuhi liabilitas kontraktualnya. Risiko kredit terutama timbul dari kas dan setara kas, aset keuangan lancar lainnya - investasi jangka pendek, piutang usaha dan piutang lain-lain.

Grup mengelola risiko kredit yang terkait dengan kas dan setara kas dan investasi jangka pendek - deposito berjangka dengan memonitor reputasi, peringkat kredit, dan membatasi risiko agregat dari masing-masing pihak dalam kontrak.

Sehubungan dengan kredit yang diberikan kepada pelanggan, Grup mengendalikan risiko kredit dengan cara melakukan hubungan usaha dengan pihak lain yang memiliki kredibilitas, menetapkan kebijakan verifikasi dan otorisasi kredit, serta memantau kolektibilitas piutang secara berkala untuk mengurangi jumlah piutang tak tertagih. Manajemen berpendapat bahwa tidak terdapat risiko kredit yang terkonsentrasi secara signifikan.

Mengacu pada Catatan 6 atas laporan keuangan konsolidasian untuk informasi piutang yang belum jatuh tempo dan tidak mengalami penurunan nilai, serta piutang yang telah jatuh tempo namun tidak mengalami penurunan nilai.

Kualitas kredit dari aset keuangan baik yang belum jatuh tempo atau tidak mengalami penurunan nilai dapat dinilai dengan mengacu pada peringkat kredit eksternal (jika tersedia) atau mengacu pada informasi historis mengenai tingkat gagal bayar debitur.

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICES (continued)**

c. Credit Risk

Credit risk is the risk that the Group will incur a loss arising from the customers or counterparties which fail to fulfill their obligations. Credit risk arises mainly from cash and cash equivalents, other current financial liabilities - short-term investment, trade receivables and other receivables.

The Group manages credit risk exposure from cash and cash equivalents and short-term investment - time deposit by monitoring reputation, credit ratings and limiting the aggregate risk to any individual counterparty.

With regards to credit risk exposures from customers, the Group manages and controls the credit risk by dealing only with recognized and credit worthy parties, setting internal policies on verifications and authorizations of credit, and regularly monitoring the collectibility of receivables to reduce the exposure for bad debts. Management believes that there are no significant concentrations of credit risk.

Refer to Note 6 to the consolidated financial statements for the information regarding not past due and unimpaired receivables and also past due receivables but not impaired.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

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**43. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO
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d. Risiko Likuiditas

Risiko likuiditas adalah risiko kerugian yang timbul karena Perusahaan tidak memiliki arus kas yang cukup untuk memenuhi liabilitasnya.

Dalam pengelolaan risiko likuiditas, manajemen memantau dan menjaga jumlah kas dan setara kas yang dianggap memadai untuk membiayai operasional Grup dan untuk mengatasi dampak fluktuasi arus kas. Manajemen juga melakukan evaluasi berkala atas proyeksi arus kas dan arus kas aktual, termasuk jadwal jatuh tempo utang, dan terus-menerus melakukan penelaahan pasar keuangan untuk mendapatkan sumber pendanaan yang optimal.

Tabel di bawah ini menganalisa liabilitas keuangan Grup yang diselesaikan secara neto yang dikelompokkan berdasarkan periode yang tersisa sampai dengan tanggal jatuh tempo kontraktual. Jumlah yang diungkapkan dalam tabel merupakan arus kas kontraktual yang tidak didiskontokan:

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICES (continued)**

d. *Liquidity Risk*

Liquidity risk is a risk arising when the cash flow position of the Group is not enough to cover the liabilities which become due.

In managing the liquidity risk, management monitors and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuation in cash flows. Management also regularly evaluates the projected and actual cash flows, including loan maturity profiles, and continuously assess conditions in the financial markets for opportunities to obtain optimal funding sources.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

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**43. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO
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d. Risiko Likuiditas (lanjutan)

	Total/ Total	Sewaktu-waktu dan dalam waktu 1 tahun/ On Demand and Within 1 Year	Dalam Waktu 1 sampai dengan 5 Tahun/ Within 1 to 5 Years	Lebih dari 5 Tahun/ More than 5 Years
Pada tanggal 31 Desember 2018				
Utang bank jangka pendek	1.451.403	1.451.403	-	-
Utang usaha				
Pihak berelasi	1.881.432	1.881.432	-	-
Pihak ketiga	1.751.970	1.751.970	-	-
Utang lain-lain				
Pihak ketiga	495.247	495.247	-	-
Beban akrual	299.340	299.340	-	-
Utang bank jangka panjang				
Pokok pinjaman	625.401	146.995	478.406	-
Beban bunga masa depan	231.059	51.975	179.084	-
Utang pembiayaan atas perolehan aset tetap				
Pokok pinjaman	1.371	1.061	310	-
Beban bunga masa depan	160	112	48	-
Liabilitas sewa				
Pokok pinjaman	4.859	1.723	3.136	-
Beban bunga masa depan	542	319	223	-
Utang obligasi				
Pokok pinjaman	5.530.988	846.742	4.684.246	-
Beban bunga masa depan	1.041.127	370.839	670.288	-

e. Risiko Komoditas

Risiko komoditas adalah risiko adanya fluktuasi pada harga bahan baku produksi pakan ternak yaitu jagung dan bungkil kacang kedelai yang merupakan barang komoditas. Kebijakan manajemen untuk mengurangi risiko ini adalah dengan menggunakan formula yang memungkinkan untuk menggunakan bahan baku pengganti bahan baku komoditas tanpa mengurangi kualitas produk yang dihasilkan dan mengalihkan kenaikan harga kepada pelanggan.

Disamping itu, Grup secara terus menerus mengawasi tingkat persediaan yang optimal dengan cara melakukan kontrak pembelian pada saat harga murah dengan mengacu kepada rencana produksi dan kebutuhan bahan baku.

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICES (continued)**

d. Liquidity Risk (continued)

	Dalam Waktu 1 sampai dengan 5 Tahun/ Within 1 to 5 Years	Lebih dari 5 Tahun/ More than 5 Years
As of December 31, 2018		
Short-term bank loans	-	-
Trade payables	-	-
Related parties	-	-
Third parties	-	-
Other payable	-	-
Third parties	-	-
Accrued expenses	-	-
Long-term bank loans		
Principal	478.406	-
Future imputed interest charges	179.084	-
Loans to finance acquisition of fixed assets		
Principal	310	-
Future imputed interest charges	48	-
Lease liabilities		
Principal	3.136	-
Future imputed interest charges	223	-
Bonds payable		
Principal	4.684.246	-
Future imputed interest charges	670.288	-

e. Commodity Risk

Commodity risk is the risk of fluctuations in the price of raw material feed production such as corn and soybean, which are commodities. Management's policies to mitigate this risk are to use a formula that allows the use of raw material substitute for the raw materials commodity without reducing the quality of the product, and pass on the impact of price increases to customers.

Furthermore, the Group is continuously aiming at establishing optimal inventory level by entering into purchase agreements when there with low prices prices by referring to the production plan and material requirements.

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**43. TUJUAN DAN KEBIJAKAN MANAJEMEN
RISIKO KEUANGAN (lanjutan)**

**43. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICES (continued)**

f. Perubahan Pada Liabilitas Yang Timbul Dari
Aktivitas Pendanaan

f. Changes In Liabilities Arising From Financing
Activities

31 Desember 2020/December 31, 2020

	1 Januari/ January 1	Arus Kas/ Cash Flow	Mata Uang Asing/ Foreign Exchange	Beban tanggungan atas utang bank/ Deferred charges on bank loans	Lain-lain/ Others	31 Desember/ December 31	
Utang bank jangka pendek	3.277.953	(2.877.708)	-	23.026	-	423.271	Short-term bank loans
Bagian lancar atas utang bank jangka panjang	241.668	(297.649)	-	(15.392)	566.004	494.631	Current maturities of long-term bank loan
Bagian lancar atas liabilitas sewa	-	(23.006)	-	-	52.783	29.777	Current maturities of lease liabilities
Bagian lancar atas pembiayaan atas perolehan aset tetap	3.365	(3.083)	-	-	2.976	3.258	Current maturities of loans to finance acquisition of fixed asset
Bagian lancar atas utang obligasi	-	-	-	-	149.421	149.421	Current maturities of bonds payable
Utang bank jangka panjang	1.107.169	1.738.000	-	13.247	(566.004)	2.292.412	Long-term bank loans
Liabilitas sewa	-	-	-	-	33.883	33.883	Lease liabilities
Pembiayaan atas perolehan aset tetap jangka panjang	3.285	-	-	-	(1.897)	1.388	Long-term of loans to finance acquisition of fixed asset
Utang obligasi jangka panjang	4.563.819	-	51.003	26.316	(149.421)	4.491.717	Long-terms of bonds payables
Total liabilitas dari aktivitas pendanaan	9.197.259	(1.463.446)	51.003	47.197	87.745	7.919.758	Total liabilities from financing activities

31 Desember 2019/December 31, 2019

	1 Januari/ January 1	Arus Kas/ Cash Flow	Mata Uang Asing/ Foreign Exchange	Beban tanggungan atas utang bank/ Deferred charges on bank loans	Lain-lain/ Others	31 Desember/ December 31	
Utang bank jangka pendek	1.451.403	1.829.983	-	(3.433)	-	3.277.953	Short-term bank loans
Bagian lancar atas utang bank jangka panjang	146.995	(180.245)	-	(105)	275.023	241.668	Current maturities of long-term bank loan
Bagian lancar atas liabilitas sewa	1.723	-	-	-	(1.723)	-	Current maturities of lease liabilities
Bagian lancar atas pembiayaan atas perolehan aset tetap	1.061	(3.631)	-	-	5.935	3.365	Current maturities of loans to finance acquisition of fixed asset
Bagian lancar atas utang obligasi	846.742	(850.000)	-	3.258	-	-	Current maturities of bonds payable
Utang bank jangka panjang	478.406	966.000	-	(62.214)	(275.023)	1.107.169	Long-term bank loans
Liabilitas sewa	3.136	-	-	-	(3.136)	-	Lease liabilities
Pembiayaan atas perolehan aset tetap jangka panjang	310	-	-	-	2.975	3.285	Long-term of loans to finance acquisition of fixed asset
Utang obligasi jangka panjang	4.684.246	-	(145.000)	24.573	-	4.563.819	Long-terms of bonds payables
Total liabilitas dari aktivitas pendanaan	7.614.022	1.762.107	(145.000)	(37.921)	4.051	9.197.259	Total liabilities from financing activities

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**43. TUJUAN DAN KEBIJAKAN MANAJEMEN
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**43. FINANCIAL RISK MANAGEMENT OBJECTIVES
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f. Perubahan Pada Liabilitas Yang Timbul Dari
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f. *Changes In Liabilities Arising From Financing
Activities (continued)*

31 Desember 2018/December 31, 2018

	1 Januari/ January 1	Arus Kas/ Cash Flow	Mata Uang Asing/ Foreign Exchange	Beban tanggung atas utang bank/ Deferred charges on bank loans	Lain-lain/ Others	31 Desember/ December 31	
Utang bank jangka pendek	1.060.603	395.350	12.231	(16.781)	-	1.451.403	Short-term bank loans
Bagian lancar atas utang bank jangka panjang	92.538	(142.060)	-	-	196.517	146.995	Current maturities of long-term bank loan
Bagian lancar atas liabilitas sewa	147	(2.405)	-	-	3.981	1.723	Current maturities of lease liabilities
Bagian lancar atas pembiayaan atas perolehan aset tetap	1.043	(1.375)	-	-	1.393	1.061	Current maturities of loans to finance acquisition of fixed asset
Bagian lancar atas utang obligasi	-	-	-	(3.258)	850.000	846.742	Current maturities of bonds payable
Utang bank jangka panjang	381.062	293.470	-	391	(196.517)	478.406	Long-term bank loans
Liabilitas sewa	10	-	-	-	3.126	3.136	Lease liabilities
Pembiayaan atas perolehan aset tetap jangka panjang	870	-	-	-	(560)	310	Long-term of loans to finance acquisition of fixed asset
Utang obligasi jangka panjang	5.271.496	-	233.250	28.123	(848.623)	4.684.246	Long-terms of bonds payables
Total liabilitas dari aktivitas pendanaan	6.807.769	542.980	245.481	8.475	9.317	7.614.022	Total liabilities from financing activities

Kolom 'Lainnya' mencakup efek penambahan aset tetap melalui utang pembiayaan atas perolehan aset tetap dan efek reklasifikasi ke bagian lancar atas utang bank jangka panjang. Grup mengklasifikasikan bunga yang dibayarkan sebagai arus kas dari aktivitas operasi.

The 'Others' column includes the effect of additions of fixed assets through loans to finance acquisition of fixed assets and effect reclassification to current maturities of long-term bank loans. The Group classifies interest paid as cash flows from operating activities.

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44. KEWAJIBAN KONTINJENSI

- a. Berdasarkan putusan Perkara Komisi Pengawas Persaingan Usaha (KPPU) No. 10/KPPU-I/2015 tanggal 1 April 2016, berkaitan dengan dugaan pelanggaran Undang-undang No. 5 Tahun 1999 (UU No. 5/1999), sehubungan dengan perdagangan sapi impor di Jakarta, Bogor, Depok, Tangerang, Bekasi (Jabodetabek) ("Putusan KPPU"), PT Austasia Stockfeed (ASF) dan PT Santosa Agrindo (SA), entitas anak, dijatuhi denda administratif masing-masing sebesar Rp8.826.692.000 (dalam Rupiah penuh) dan Rp5.454.925.000 (dalam Rupiah penuh). Atas Putusan KPPU ini, ASF dan SA pada tanggal 9 Juni 2016 mengajukan keberatan atas Putusan KPPU ke Pengadilan Negeri Jakarta Selatan dengan nomor register 359/Pdt.G.KPPU/2016/PN.JKT.Sel. Pada tanggal 1 Agustus 2017 Pengadilan Negeri Jakarta Pusat telah memberikan Putusan menguatkan keputusan KPPU tersebut. Atas Keputusan Pengadilan Negeri Jakarta Pusat tersebut ASF dan SA pada tanggal 14 Agustus 2017 telah mengajukan kasasi ke Mahkamah Agung. Berdasarkan Putusan Mahkamah Agung No. 715 K/Pdt.Sus-KPPU/2017 tanggal 17 September 2018 yang diterima oleh SA dan ASF pada tanggal 7 Januari 2019, Mahkamah Agung menolak kasasi SA dan ASF terhadap Putusan Pengadilan Negeri Jakarta Pusat tersebut dan karenanya Putusan KPPU adalah sah, mengikat dan telah memiliki kekuatan hukum yang tetap. ASF dan SA telah membayar lunas denda administratif yang dikenakan KPPU.

44. CONTINGENT LIABILITIES

- a. Pursuant to the Business Competition Supervisory Commission (KPPU) decision No. 10/KPPU-I/2015 dated April 1, 2016, in relation to alleged violation of Law No. 5 Year 1999 (Law No. 5/1999), with respect to the sale of imported cattle in Jakarta, Bogor, Depok, Tangerang, Bekasi (Jabodetabek) (KPPU's Decision), PT Austasia Stockfeed (ASF) and PT Santosa Agrindo (SA), the subsidiaries, were imposed with administrative fines amounting to Rp8,826,692,000 (in full Rupiah) and Rp5,454,925,000 (in full Rupiah), respectively. On June 9, 2016, ASF and SA filed an objection against KPPU's Decision at South Jakarta District Court with register number 359/Pdt.G.KPPU/2016/ PN.JKT.Sel. On August 1, 2017, the Central Jakarta District Court has issued a verdict which affirmed KPPU's Decision. On August 14, 2017, ASF and SA have filed an appeal to Supreme Court against the Central Jakarta District Court Decision. Based on the Supreme Court Decision No. 715 K/Pdt.Sus-KPPU/2017 dated September 17, 2018 that was received by SA and ASF on January 7, 2019, the Supreme Court rejected the appeal of SA and ASF and therefore making the KPPU Decision valid, binding and with permanent legal force. Both ASF and SA have fully paid the administrative fine imposed by KPPU.
- b.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

- b. Berdasarkan putusan Mahkamah Agung No. 444 K/Pdt.SUs-KPPU/2018 tertanggal 15 Mei 2018 yang diterima Perusahaan pada tanggal 12 September 2018, Mahkamah Agung menolak Kasasi KPPU terhadap Putusan Pengadilan Negeri Jakarta Barat No.01/PDt.Sus-KPPU/2017/PN.Jkt.Brt tanggal 29 November 2017 terkait dugaan pelanggaran atas Undang-undang No 5/1999 sehubungan dengan Pengaturan Produksi Bibit Ayam Pedaging (Broiler) di Indonesia kepada 12 perusahaan perunggasan termasuk Perusahaan ("Perkara DOC"). Dengan Putusan tersebut berarti Putusan Pengadilan Negeri Jakarta Barat yang antara lain membatalkan Putusan KPPU dan menyatakan 12 perusahaan perunggasan termasuk Perusahaan, tidak melakukan pelanggaran pasal 11 UU No.5/1999, adalah sah, mengikat dan berkekuatan hukum tetap, sehingga membatalkan denda administratif Rp25.000.000.000 (dalam Rupiah penuh) dari KPPU kepada Perusahaan.

Berdasarkan pemberitahuan pernyataan peninjauan kembali perkara perdata No. 01/PDT.SUS-KPPU/2017/PN.JKT.BAR tanggal 01 Maret 2019, KPPU telah mengajukan upaya hukum luar biasa Peninjauan Kembali kepada Mahkamah Agung untuk Perkara DOC. Pada tanggal 29 Maret 2019, Perusahaan telah mengajukan kontra memori Peninjauan Kembali atas upaya hukum luar biasa dari KPPU tersebut ke Mahkamah Agung. Berdasarkan putusan Mahkamah Agung Nomor: 79 PK/PDT.SUS-KPPU/2019 Jo. Nomor 01/PDT. SUSKPPU/2017/PN.JKT.BAR yang diterima Perusahaan pada tanggal 29 Oktober 2019, Mahkamah Agung telah memutuskan untuk menolak permintaan peninjauan kembali dari KPPU, dan oleh karena itu Putusan Pengadilan Negeri Jakarta Barat, yang antara lain membatalkan Putusan KPPU di atas adalah sah, mengikat dan telah memiliki kekuatan hukum yang tetap.

44. CONTINGENT LIABILITIES (continued)

- b. Pursuant to the Supreme Court decision No. 444 K/Pdt.Sus-KPPU/2018 dated May 15, 2018 which was received by the Company on September 12, 2018, the Supreme Court rejected KPPU's appeal against the West Jakarta District Court Decision No.01/PDt.Sus-PPU/2017/PN.Jkt.Brt dated November 29, 2017 in relation to alleged violation of Law No. 5/1999 with respect to the Production Arrangement/ Control of Day Old Chicken Parent Stock (DOC PS) in Indonesia towards 12 poultry companies including the Company ("DOC Case"). This means that the Decision of West Jakarta District Court which among others cancelled the KPPU's Decision and stated that the 12 poultry companies including the Company did not violate article 11 of Law No. 5 year 1999, is valid, binding and has permanent legal force, and therefore nullified the KPPU's Rp25,000,000,000 (in full Rupiah) fine to the Company.

Based on the notification on the statement of review of civil case No. 01/PDT.SUS-KPPU/2017/PN.JKT.BAR dated March 01, 2019, KPPU has filed a civil review as extraordinary legal remedies to Supreme Court for the DOC Case. On March 29, 2019, the Company submitted a contra-memory of civil review on the extraordinary legal remedy submitted by KPPU to Supreme Court. Based on the notification of the Supreme Court's decision Number: 79PK/PDT.SUS-KPPU/2019 Jo. Number 01/PDT.SUSKPPU/2017/PN.JKT.BAR, which was received on October 29, 2019, the Supreme Court decided to reject the request for civil review, and therefore the former decision was deemed valid, binding and with permanent legal force.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

- c. Pada tanggal 21 Maret 2017, PT Indojoya Agrinusa (Indojoya) entitas anak digugat sebagai Tergugat I dan PT Bangun Sari Gemilang sebagai Tergugat II atas gugatan yang diajukan oleh Ade Rahayu Susanti Siregar dan kawan-kawan (karyawan kontrak) berkaitan pengakhiran kontrak kerja. Gugatan ini telah didaftarkan di Pengadilan Hubungan Industrial pada Pengadilan Negeri Kelas I.A Khusus Medan dengan No. 82/Pdt.Sus.PHI/2017/PN.Mdn. Nilai gugatan adalah Rp6.815.739.455 (dalam Rupiah penuh). Berdasarkan Putusan Pengadilan Hubungan Industrial pada Pengadilan Negeri Kelas I.A Khusus Medan No. 82/Pdt.Sus.PHI/2017/PN.Mdn. tanggal 24 Agustus 2017, Pengadilan Hubungan Industrial pada Pengadilan Negeri Kelas I.A Khusus Medan mengabulkan sebagian gugatan Penggugat dan menghukum Tergugat II (PT Bangun Sari Gemilang) untuk mempekerjakan Para Penggugat di tempat semula dan membayar biaya perkara sebesar Rp1.036.000 (dalam Rupiah penuh). Merujuk Putusan Pengadilan Hubungan Industrial pada Pengadilan Negeri Kelas I.A Khusus Medan tersebut, Penggugat telah mengajukan kasasi ke Mahkamah Agung. Berdasarkan Putusan Mahkamah Agung No. 370 K/Pdt.Sus-PHI/2018 tanggal 3 Mei 2018 yang diterima oleh Indojoya pada tanggal 12 Juni 2019, Mahkamah Agung menolak kasasi Ade Rahayu Susanti Siregar dan kawan-kawan.

44. CONTINGENT LIABILITIES (continued)

- c. On March 21, 2017, PT Indojoya Agrinusa (Indojoya), a subsidiary was sued for lawsuit filed by Ade Rahayu Susanti Siregar and friends (contract worker) whereby Indojoya is the First Defendant and PT Bangun Sari Gemilang as the Second Defendant in relation with termination of working contract. This lawsuit has been registered at the Industrial Court on Medan District Court Class I.A No. 82/Pdt.Sus.PHI/2017/PN.Mdn. The value of the lawsuit is Rp6,815,739,455 (in full Rupiah). Based on decision from the Industrial Court on the Industrial Court on Medan District Court Class I.A No. 82/Pdt.Sus.PHI/2017/PN.Mdn. dated August 24, 2017, the Industrial Court on Medan District Court Class I.A has granted part of the Plaintiff's claim and punished the Second Defendant (PT Bangun Sari Gemilang) to reemploy the Plaintiffs in the original place and to pay the cost of the case amounting to Rp1,036,000 (in full Rupiah). Toward the decision of the Industrial Court on Medan District Court Class I.A, the Plaintiff has appealed to the Supreme Court. Based on the Supreme Court Decision No. 370 K/Pdt.Sus-PHI/2018 dated May 3, 2018 that was received by Indojoya on June 12, 2019, the Supreme Court rejected the appeal of Ade Rahayu Susanti Siregar and friends.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

- d. Pada tanggal 7 Agustus 2018, Majelis Hakim Pengadilan Negeri Jakarta Pusat mengeluarkan putusan sela dalam perkara gugatan perdata yang diajukan oleh Yayasan Pecinta Danau Toba (YPDT) dalam perkara No. 413/Pdt.G/2017/ PN.Jkt.Pst, sehubungan dengan usaha budidaya ikan nila yang dilakukan PT Suri Tani Pemuka ("STP"), entitas anak, di Danau Toba di Sumatra ("Perkara Danau Toba"), dimana pada putusan sela tersebut, Majelis Hakim memutuskan bahwa pengadilan negeri tidak memiliki kewenangan untuk memeriksa karena perkara ini merupakan kewenangan Pengadilan Tata Usaha Negara. Oleh karena itu, pengadilan menolak perkara tersebut dengan menyatakan bahwa gugatan penggugat (YPDT) tidak dapat diterima. Para pihak diberikan waktu 14 hari sejak Putusan untuk mengajukan banding ke Pengadilan Tinggi Jakarta, sampai waktu yang ditentukan, tidak ada pihak (termasuk YPDT) yang mengajukan banding, oleh karena itu Putusan atas perkara ini mengikat secara hukum. Perkara Danau Toba berkaitan dengan tuduhan bahwa usaha budidaya perairan yang dilakukan di Danau Toba melanggar hukum lingkungan yang ada. Gugatan diajukan untuk memulihkan kerusakan sebesar Rp905.667.000.000.000 (dalam Rupiah penuh) secara renteng dengan pihak perusahaan lainnya.

44. CONTINGENT LIABILITIES (continued)

- d. On August 7, 2018, the Judges at Central Jakarta District Court issued an interlocutory decision on the lawsuit lodged by Yayasan Pecinta Danau Toba (YPDT) under case No. 413/Pdt.G/2017/PN.Jkt.Pst with respect to PT Suri Tani Pemuka ("STP"), a subsidiary, tilapia farming business at Lake Toba in Sumatra ("Toba Lake Case"), where the Judges ruled that the district court has no jurisdiction to examine the case, since the case shall be adjudicated by administrative court. Therefore, the court dismissed the case by declaring that lawsuit of the plaintiff (YPDT) not acceptable. The parties are given 14 days, since the ruling, to file an appeal with the high court of Jakarta, neither parties (including YPDT) filed an appeal until the given time and therefore the case is legally binding. Toba Lake Case related to allegation that the aquaculture operations conducted at Lake Toba violated existing environmental law. The lawsuit seeks to recover damages of Rp905,667,000,000,000 (in full Rupiah) jointly from STP and other corporate parties.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

- e. Pada tanggal 10 Juli 2018, PT Ciomas Adisatwa, entitas anak, menerima surat panggilan atas gugatan perdata yang diajukan oleh PT Berkah Cold Storage terkait pembayaran sewa cold storage. Gugatan ini telah didaftarkan di Pengadilan Negeri Purwakarta No. 20/Pdt.G/2018/PN Pwk. Gugatan ini merupakan gugatan wanprestasi atas kerjasama dengan PT Ciomas Adisatwa. Nilai gugatan adalah Rp2.534.444.440 (dalam Rupiah penuh). Berdasarkan putusan sidang Pengadilan Negeri Purwakarta tanggal 16 April 2019 menyatakan Gugatan Penggugat Tidak Diterima (NO). Terhadap Putusan Pengadilan Negeri Purwakarta tersebut, sesuai dengan Surat Pemberitahuan No. W.11.U/3710/HK.02/IX/2019 tanggal 9 September 2019, PT Berkah Cold Storage telah mengajukan banding kepada Pengadilan Tinggi Bandung. Berdasarkan Putusan Pengadilan Tinggi Bandung No. 453/PDT/2019/PT.BDG, tertanggal 4 November 2019, Pengadilan Tinggi Bandung menguatkan Putusan Pengadilan Negeri Purwakarta. Terhadap Putusan Pengadilan Tinggi Bandung tersebut, Penggugat telah mengajukan Kasasi ke Mahkamah Agung. Sampai dengan tanggal laporan keuangan konsolidasi ini, Perkara ini masih dalam proses kasasi di Mahkamah Agung.

44. CONTINGENT LIABILITIES (continued)

- e. On July 10, 2018, PT Ciomas Adisatwa, a subsidiary, received summons with respect to a civil lawsuit filed by PT Berkah Cold Storage. The lawsuit is related to the lease payment of cold storage. This lawsuit has been registered at the District Court Purwakarta No. 20/Pdt.G/2018/PN Pwk. In the lawsuit, the Plaintiff claimed default towards cooperation with PT Ciomas Adisatwa. The value of the lawsuit is Rp2,534,444,440 (in full Rupiah). Based on the order of District Court Purwakarta dated April 16, 2019, the lawsuit was unacceptable. Towards the Decision of the Purwakarta District Court above, pursuant to the notification letter No. W.11.U/3710/HK.02/IX/2019 dated September 9, 2019, PT Berkah Cold Storage has appealed to the Bandung High Court. Based on the order of Bandung High Court No. 453/PDT/2019/PT.BDG dated November 4, 2019, the Bandung High Court has issued a verdict which affirmed Purwakarta District Court's Decision. Toward the decision of the Bandung High Court, the Plaintiff has appealed to the Supreme Court. As of the date of the consolidated financial statements, the case is still in process in the Supreme Court.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

- f. Pada Putusan KPPU No. 06/KPPU-M/2017 tanggal 6 September 2018 tentang Dugaan Pelanggaran Pasal 29 UU No.5/1999 dan Pasal 5 Peraturan Pemerintah No. 57/2010 terkait keterlambatan Notifikasi pengambilalihan PT Multi Makanan Permai ("Putusan Perkara Notifikasi), Perseroan dijatuhi denda administratif sebesar Rp3.750. Pada tanggal 10 Oktober 2018, Perseroan mengajukan keberatan atas Putusan Perkara Notifikasi ke Pengadilan Negeri Jakarta Selatan dengan nomor register No. 797/Pdt.G.KPPU/2018/ PN.Jkt.Sel. Pada tanggal 18 Desember 2018, Pengadilan Negeri Jakarta Selatan telah mengeluarkan Putusannya yang mengurangi denda dari Rp3.750.000.000 (dalam Rupiah penuh) menjadi Rp2.000.000.000 (dalam Rupiah penuh). Terhadap Putusan Pengadilan Negeri Jakarta Selatan tersebut KPPU dan Perseroan mengajukan kasasi ke Mahkamah Agung. Berdasarkan Putusan Mahkamah Agung No. 589 K/Pdt.Sus-KPPU/2019 tertanggal 31 Juli 2019 yang diterima Perseroan tanggal 22 Januari 2020, Mahkamah Agung menolak Kasasi yang diajukan KPPU dan Perseroan, dan oleh karena itu Putusan Pengadilan Negeri Jakarta Selatan adalah sah, mengikat dan telah memiliki kekuatan hukum yang tetap. Perseroan telah membayar denda tersebut pada tanggal 21 February 2020.

44. CONTINGENT LIABILITIES (continued)

- f. Pursuant to KPPU Decision Number 06/KPPU-M/2017 dated September 6, 2018, in relation to Alleged Violation of article 29 of Law No. 5 Year 1999 and article 5 of Government Regulation No. 57/2010 related to the late notification of PT Multi Makanan Permai's acquisition by the Company (Notification Case Decision). The Company was imposed with administrative fine amounting to Rp3,750. On October 10, 2018, the Company filed an objection against the Notification Case Decision at South Jakarta District Court with register number No. 797/Pdt.G.KPPU/2018/ PN.Jkt.Sel. The South Jakarta District Court has issued its Decision on 18 December 2018, whereby the South Jakarta District Court reduced the fine from Rp3,750,000,000 (in full Rupiah) to Rp2,000,000,000 (in full Rupiah). Towards the Decision of the South Jakarta District Court above, KPPU and the Company submitted an appeal to the Supreme Court. Based on the Supreme Court's decision No. 589 K/Pdt.Sus-KPPU/2019 dated July 31, 2019, which was received on January 22, 2020, the Supreme Court decided to reject the appeal of KPPU and the Company, and therefore the decision of the South Jakarta District Court is valid, binding and has permanent legal force. The Company has paid the fine on February 21, 2020.

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- g. Pada tanggal 2 Januari 2019, PT Austasia Stockfeed (Austasia), entitas anak, digugat sebagai Tergugat I dan Kepala Badan Pertanahan Kabupaten Lampung Timur sebagai Tergugat II atas gugatan yang diajukan oleh Pukuk Ratu Umar alias Umar Ali. Gugatan ini telah didaftarkan di Pengadilan Negeri Kelas 1A Tanjung Karang dengan No. 2/Pdt.G/2019/PN.Tjk. Gugatan ini terjadi terkait kepemilikan sebagian tanah milik Austasia seluas 17,0147 Hektar. Nilai gugatan adalah Rp9.358.085.000 (dalam Rupiah penuh). dengan rincian perhitungan luas 17,0147 Ha x Rp55.000 per m² dan ganti rugi Immaterial Rp1.000.000.000 (dalam Rupiah penuh). Berdasarkan Putusan Pengadilan Negeri Klas 1 A Tanjung Karang tertanggal 31 Juli 2019, Pengadilan Negeri Klas 1 A Tanjung Karang tidak berwenang mengadili perkara tersebut. Pada tanggal 31 Oktober 2019, Austasia digugat sebagai Tergugat I dan Kepala Badan Pertanahan Kabupaten Lampung Timur sebagai Tergugat II atas gugatan yang diajukan oleh Pukuk Ratu Umar. Gugatan ini telah didaftarkan di Pengadilan Negeri Sukadana dengan No. 45/Pdt.G/2019/PN.Sdnk. Berdasarkan putusan Pengadilan Negeri Sukadana tanggal 14 Mei 2020 menyatakan Gugatan Penggugat Tidak Diterima. Sampai waktu yang ditentukan, Pukuk Ratu Umar alias Umar Ali tidak mengajukan banding dan oleh karena itu kasus ini telah mengikat dan memiliki kekuatan hukum yang tetap.

44. CONTINGENT LIABILITIES (continued)

- g. On January 2, 2019, PT Austasia Stockfeed (Austasia), a subsidiary, was sued in the lawsuit filed by Pukuk Ratu Umar whereby Austasia is the First Defendant and Head of the East Lampung Land Office as the Second Defendant. This lawsuit has been registered at Tanjung Karang District Court Class 1A No. 2/Pdt.G/2019/PN.Tjk. This lawsuit is related to the ownership of part Austasia's land with an area of 17.0147 hectares. The value of the lawsuit is Rp9,358,085,000 (in full Rupiah) with detail of Area calculation 17.0147 Ha x Rp55,000 per m² and immaterial compensation Rp1,000,000,000 (in full Rupiah). Based on Tanjung Karang District Court Class 1A Decision dated July 31, 2019, that Tanjung Karang District Court Class 1 A has no jurisdiction to examine the case. On October 31, 2019, Austasia received a lawsuit filed by Pukuk Ratu Umar to Austasia as the First Defendant and Head of the East Lampung Land Office as the Second Defendant. The lawsuit was registered at Sukadana District Court No. 45/Pdt.G/2019/PN.Sdnk. Based on the order of Sukadana District Court dated May 14, 2020, the lawsuit was unacceptable. Pukuk Ratu Umar did not file an appeal until the given time and therefore the case is binding and with permanent legal force.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

- h. Pada tanggal 9 Mei 2019, PT Ciomas Adisatwa (Ciomas), entitas anak, digugat sebagai Tergugat IV oleh Forum Masyarakat Cikaum (FORMAC), sehubungan dengan usaha budidaya ayam pedaging yang dilakukan oleh Ciomas di Desa Cikaum Barat, Kecamatan Cikaum, Kabupaten Subang. Gugatan ini telah didaftarkan di Pengadilan Negeri Klas I.B. Subang dengan No. 20/Pdt.G/2019/PN.Sbg tanggal 9 Mei 2019. Gugatan juga diajukan kepada beberapa perusahaan lain yang bergerak dalam kegiatan usaha sejenis di Desa Kawunganten, Desa Sindangsari dan Desa Cikaum Barat, serta pejabat pemerintah daerah setempat. Gugatan itu menuduh bahwa usaha budidaya ayam pedaging yang dilakukan di daerah tersebut bertentangan dengan Peraturan Daerah tentang Tata Ruang. Gugatan diajukan agar Ciomas dan perusahaan lainnya menghentikan kegiatan usaha budidaya ayam pedaging di lokasi tersebut dan membongkar kandang-kandang yang telah didirikan. Berdasarkan Putusan Pengadilan Negeri Kelas I B, Subang No. 20/Pdt.G/2019/PN.Sng tertanggal 12 Agustus 2019 Majelis Hakim memutuskan bahwa Pengadilan Negeri Subang tidak memiliki kewenangan untuk memeriksa perkara ini. Sampai waktu yang ditentukan, FORMAC tidak mengajukan banding dan oleh karena itu kasus ini telah mengikat dan memiliki kekuatan hukum yang tetap.

44. CONTINGENT LIABILITIES (continued)

- h. On May 9, 2019, PT Ciomas Adisatwa (Ciomas), a subsidiary, was sued as IV Defendant in the lawsuit filed by Forum Masyarakat Cikaum (FORMAC) in relation to the business of broiler cultivation which is conducted by Ciomas in the West Cikaum Village, Cikaum District, Subang Regency. This lawsuit has been registered at the Subang District Court Class I.B. No. 20/Pdt.G/2019/PN.Sbg dated May 9, 2019. The lawsuit is also submitted for several other companies engaged in similar business activities in Kawunganten Village, Sindangsari Village and West Cikaum Village, as well as local government officials. The lawsuit alleged that broiler cultivation in the area is contrary to the Regional Regulation on Spatial Layout. The lawsuit was filed with a purpose that Ciomas and other companies shall stop the broiler cultivation at the location and dismantle the cages that had been built. Based on the Decision of the Subang District Court Class I.B No. 20/Pdt.G/2019/ PN.Sng, dated August 12, 2019, the Judges ruled that the Subang District Court has no jurisdiction to examine the case. FORMAC did not file an appeal until the given time and therefore the case is binding and with permanent legal force.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

- i. Pada tanggal 2 Maret 2020, Perusahaan digugat atas gugatan yang diajukan oleh Bobi Suargani sebagai Tergugat I, Pemerintah Negara Indonesia Cq. Direktorat Jenderal Kekayaan Negara, Kementerian Keuangan Negara Republik Indonesia sebagai Tergugat II dan Kantor Jasa Penilai Publik Toto Suharto, sebagai Tergugat III atas gugatan yang diajukan oleh Bobi Suargani terkait pelaksanaan lelang tanah dan bangunan atas nama Bobi Suargani yang dijadikan jaminan atas hutang Bobi Suargani kepada Perseroan. Gugatan ini telah didaftarkan di Pengadilan Negeri Pariaman Kelas 1B No. 21/Pdt.G/2020/PN.PRM tanggal 2 Maret 2020. Nilai gugatan adalah Rp3.874.592.300 (dalam Rupiah penuh) secara renteng dengan tergugat lainnya. Sampai dengan tanggal laporan keuangan konsolidasian ini, perkara ini masih dalam proses di Pengadilan Negeri Pariaman Kelas 1B.
- j. Pada tanggal 28 Agustus 2020, PT Austasia Stockfeed (Austasia), entitas anak dan Kepala Balai Besar Wilayah Sungai Mesuji Sekampung digugat sebagai Tergugat I, Tuan Dalom Paksi Moh. Nur dan Kepala Badan Pertanahan Kabupaten Lampung Timur sebagai Tergugat II dan Tuan MK Nyabau Dullah sebagai Tergugat III atas gugatan yang diajukan oleh Herwan Gunawan. Gugatan ini telah didaftarkan di Pengadilan Negeri Sukadana dengan No. 24/Pdt.G/2020/PN.Sdnk. Gugatan ini terjadi terkait kepemilikan tanah seluas ± 8.500 M² dan ganti rugi atas Pembangunan Bendungan Gerak Jabung. Nilai gugatan adalah Rp656.684.000 (dalam Rupiah penuh). Sampai dengan tanggal laporan keuangan konsolidasian ini, perkara ini masih dalam proses di Pengadilan Negeri Sukadana.

44. CONTINGENT LIABILITIES (continued)

- i. On March 2, 2020, the Company was sued as 1 Defendant in the lawsuit filed by Bobi Suargani, the Government of the Republic of Indonesia Cq. Directorate General of State Assets, Ministry of Finance of the Republic of Indonesia as the Second Defendant and Toto Suharto's Public Appraisal Services Office as the Third Defendant concerning the auction sale of land and building under the name of Bobi Suargani which is a collateral for Bobi Suargani's debt to the Company. This lawsuit has been registered at the Pariaman District Court Class 1B. No. 21/Pdt.G/2020/PN.PRM dated March 2, 2020. The value of the lawsuit is Rp3,874,592,300 (in full Rupiah) jointly with other parties. As of the completion date of these consolidated financial statements, the case is still in process in Pariaman District Court Class 1B.
- j. On August 28, 2020, PT Austasia Stockfeed (Austasia), a subsidiary, and Head of Mesuji Sekampung River Basin Organization as the First Defendant., Mr. Dalom Paksi Moh. Nur and Head of the East Lampung Land Office as the Second Defendant and Mr. MK Nyabau as Third Defendant were sued in the lawsuit filed by Herwan Gunawan. The lawsuit was registered at Sukadana District Court No. 24/Pdt.G/2020/PN.Sdnk. This lawsuit is related to the ownership of land with an area of ± 8,500 M² and compensation for the construction of Gerak Jabung Dam. The value of the lawsuit is Rp656,684,000 (in full Rupiah). As of the completion date of these consolidated financial statements, the case is still in process on Sukadana District Court.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

44. CONTINGENT LIABILITIES (continued)

- k. Pada tanggal 28 Agustus 2020, PT Austasia Stockfeed (Austasia), entitas anak dan Kepala Balai Besar Wilayah Sungai Mesuji Sekampung digugat sebagai Tergugat I, Tuan MK. RD Abu dan Kepala Badan Pertanahan Kabupaten Lampung Timur sebagai Tergugat II dan Tuan Marjuna sebagai Tergugat III atas gugatan yang diajukan oleh Tuan Jaru Nur Bin Ibrahim. Gugatan ini telah didaftarkan di Pengadilan Negeri Sukadana dengan No. 25/Pdt.G/2020/PN.Sdnk. Gugatan ini terjadi terkait kepemilikan tanah seluas ± 3,5 hektar dan ganti rugi atas Pembangunan Bendungan Gerak Jabung. Nilai gugatan adalah Rp1.536.017.000 (dalam Rupiah penuh). Sampai dengan tanggal laporan keuangan konsolidasian ini, perkara ini masih dalam proses di Pengadilan Negeri Sukadana.
- l. Pada tanggal 2 Desember 2020, Perusahaan menerima gugatan perlawanan (Verzet) yang diajukan oleh H Nurhimat selaku Penggugat yang telah didaftarkan pada Pengadilan Negeri Bale Endah Bandung No. 266/Pdt.Plw/Excurt 2020/PN.Blb, terkait dengan Penetapan Pelaksanaan Eksekusi oleh Pengadilan Negeri Bale Endah Bandung No. 27/Pdt.Eks /2020/PN.Blb, sebagai pelaksanaan atas Putusan Pengadilan Negeri Bale Endah Bandung No. 122/Pdt.G/2014/PN.BLB tanggal 29 Januari 2015, Putusan Pengadilan Tinggi Bandung No. 272 Pdt/ 2015/PT.Bdg tanggal 2 Juli 2015, dan Putusan Mahkamah Agung No. 603/ K/ Pdt /2016 tanggal 14 Maret 2017. Sampai dengan tanggal laporan keuangan konsolidasian ini, perkara ini masih dalam proses di Pengadilan Negeri Bale Endah Bandung.
- m. Pada tanggal 18 November 2020, PT. Ciomas Adisatwa (Ciomas), entitas anak digugat sebagai Tergugat atas gugatan Siti Maesaroh dan kawan-kawan terkait pemutusan kontrak kerja. Gugatan ini telah didaftarkan di Pengadilan Hubungan Industrial pada Pengadilan Negeri Bandung No. 245/Pdt.Sus-PHI/2020/PN. Bdg. Nilai gugatannya adalah Rp137.438.724 (dalam Rupiah penuh). Sampai dengan tanggal laporan keuangan konsolidasian, perkara ini masih dalam proses di Pengadilan Hubungan Industrial pada Pengadilan Negeri Bandung.
- k. On August 28, 2020, PT Austasia Stockfeed (Austasia), a subsidiary, and Head of Mesuji Sekampung River Basin Organization as the First Defendant, Mr. MK RD Abu and Head of the East Lampung Land Office as the Second Defendant and Mr. Marjuna as Third Defendant were sued in the lawsuit filed by Mr. Jaru Nur Bin Ibrahim. The lawsuit was registered at Sukadana District Court No. 25/Pdt.G/2020/PN.Sdnk. This lawsuit is related to the ownership of land with an area of ± 3.5 hectares and compensation for the construction of Gerak Jabung Dam. The value of the lawsuit is Rp1,536,017,000 (in full Rupiah). As of the date completion of these consolidated financial statements, the case is still in process on Sukadana District Court.
- l. On December 2, 2020, the Company received a resistance note (Verzet) filed by H Nurhimat as Plaintiff which was registered at Bale Endah Bandung District Court No. 266/Pdt.Plw/Excurt/2020/PN.Blb which relates to Execution Decree of Bale Endah Bandung District Court No. 27/Pdt.Eks/2020/PN.Blb, to implement Bale Endah Bandung District Court Decision No. 122/Pdt.G/2014/PN.BLB dated January 29, 2015, Bandung High Court Decision No. 272/Pdt/2015/PT.Bdg dated July 2, 2015, and Supreme Court Decision No. 603/K/Pdt/2016 dated March 14, 2017. As of the completion date of these consolidated financial statements, the case is still in process in Bale Endah Bandung District Court.
- m. On November 18, 2020, PT Ciomas Adisatwa (Ciomas), a subsidiary, was sued as defendant in the lawsuit filed by Siti Maesaroh and friends in relation with termination of working contract. This lawsuit has been registered at Industrial Court on Bandung District Court No. 245/Pdt.Sus-PHI/2020/PN. Bdg. The value of the lawsuit is Rp137,438,724 (in full Rupiah). As of the completion date of these consolidated financial statements, the Case is still in process in the Industrial Court on Bandung District Court.

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44. KEWAJIBAN KONTINJENSI (lanjutan)

- n. Pada tanggal 22 Februari 2021, Perseroan digugat sebagai Tergugat atas gugatan Pindo Wahyu Bagustian terkait pemutusan kontrak kerja. Gugatan ini telah didaftarkan di Pengadilan Hubungan Industrial pada Pengadilan Negeri Tanjung Karang No. 13/Pdt.Sud-PHI/2021/PN. Tjk. Nilai gugatannya adalah Rp54.435.000 (dalam Rupiah penuh) Sampai dengan tanggal laporan keuangan konsolidasi perkara ini masih dalam proses di Pengadilan Hubungan Industrial pada Pengadilan Negeri Tanjung Karang.

44. CONTINGENT LIABILITIES (continued)

- n. On February 22, 2021, the Company was sued as the defendant in the lawsuit filed by Pindo Wahyu Bagustian in relation with termination of working contract. This lawsuit has been registered at the Industrial Court on Tanjung Karang District Court No. 13/Pdt.Sus-PHI/2021/PN. Tjk. The value of the lawsuit is Rp54,435,000 (in full Rupiah). As of the completion date of these consolidated financial statements, the Case is still in process in the Industrial Court on Tanjung Karang District Court.

45. TRANSAKSI NONKAS

45. NON-CASH TRANSACTIONS

	Tahun yang Berakhir pada Tanggal 31 Desember/ Year Ended December 31,			
	2020	2019	2018	
Penambahan aset tetap melalui utang pembiayaan atas perolehan aset tetap	1.079	4.051	1.077	Additions of fixed assets through loans to finance acquisition of fixed assets
Reklasifikasi aset tetap ke properti investasi	13.744	-	-	Reclassification of fixed assets to investment properties
Reklasifikasi properti investasi ke aset tetap	-	1.341	-	Reclassification of investment properties to fixed assets
Penambahan aset tetap melalui liabilitas sewa	-	-	4.702	Additions of fixed assets through lease liabilities

46. STANDAR AKUNTANSI YANG TELAH DITERBITKAN NAMUN BELUM BERLAKU EFEKTIF

Standar akuntansi yang telah diterbitkan sampai tanggal penerbitan laporan keuangan konsolidasian Grup namun belum berlaku efektif diungkapkan berikut ini. Manajemen bermaksud untuk menerapkan standar tersebut yang dipertimbangkan relevan terhadap Grup pada saat efektif. Grup tidak mengharapkan bahwa adopsi pernyataan tersebut di masa depan memiliki dampak signifikan terhadap laporan keuangan konsolidasiannya.

Berlaku efektif pada atau setelah 1 Januari 2021

- Amendemen IFRS 3: Definisi Bisnis

Amendemen PSAK 22 Kombinasi Bisnis menjelaskan bahwa untuk dianggap sebagai suatu bisnis, rangkaian aktivitas dan aset yang terintegrasi harus mencakup, minimal, suatu masukan dan proses substantif yang, bersama-sama, secara signifikan berkontribusi pada kemampuan untuk menghasilkan keluaran. Lebih jauh, ini menjelaskan bahwa bisnis dapat eksis tanpa menyertakan semua *input* dan proses yang diperlukan untuk menciptakan *output*.

46. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The accounting standards that have been issued up to the date of issuance of the Group's consolidated financial statements, but not yet effective are disclosed below. The management intends to adopt these standards that are considered relevant to the Group when these standard become effective. The Group does not expect that the future adoption of the said pronouncements to have a significant impact on its consolidated financial statements.

Effective beginning on or after January 1, 2021

- Amendments to IFRS 3: Definition of a Business

The amendment to PSAK 22 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

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**46. STANDAR AKUNTANSI YANG TELAH
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**Berlaku efektif pada atau setelah 1 Januari 2021
(lanjutan)**

- Amendemen PSAK 71: Instrumen Keuangan, Amendemen PSAK 55: Instrumen Keuangan: Pengakuan dan Pengukuran, Amendemen PSAK 60: Instrumen Keuangan: Pengungkapan, Amendemen PSAK 62: Kontrak Asuransi dan Amendemen PSAK 73: Sewa tentang Reformasi Acuan Suku Bunga – Tahap 2

Amendemen PSAK 71, Amendemen PSAK 55, Amendemen PSAK 60, Amendemen PSAK 62 dan Amendemen PSAK 73 tentang Reformasi Acuan Suku Bunga – Tahap 2 diadopsi dari IFRS tentang *Interest Rate Benchmark Reform – Phase 2*.

Reformasi acuan suku bunga tersebut mengacu pada reformasi global yang menyepakati penggantian IBOR dengan acuan suku bunga alternatif. Adapun isu akuntansi yang timbul dari penggantian IBOR dibagi menjadi dua tahap yaitu:

1. Tahap 1 (*pre-replacement issues*)
Merupakan isu atas ketidakpastian yang muncul menjelang periode transisi yang mempengaruhi pelaporan keuangan pada periode sebelum penggantian acuan suku bunga. Untuk mengatasi isu tersebut IASB telah mengeluarkan *Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7* pada tahun 2019 yang telah diadopsi dan disahkan oleh DSAK IAI menjadi Amendemen PSAK 71: Instrumen Keuangan, Amendemen PSAK 55: Instrumen Keuangan: Pengakuan dan Pengukuran dan Amendemen PSAK 60: Instrumen Keuangan: Pengungkapan tentang Reformasi Acuan Suku Bunga.

**46. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

**Effective beginning on or after January 1, 2021
(continued)**

- *Amendments to PSAK 71: Financial Instruments, Amendments to PSAK 55: Financial Instruments: Recognition and Measurement, Amendments to PSAK 60: Financial Instruments: Disclosures, Amendments to PSAK 62: Insurance Contracts and Amendments to PSAK 73: Leases on Interest Rate Reference Reform - Stage 2*

Amendments to PSAK 71, Amendments to PSAK 55, Amendments to PSAK 60, Amendments to PSAK 62 and Amendments to PSAK 73 concerning Interest Rate Reference Reform - Phase 2 were adopted from IFRS concerning Interest Rate Benchmark Reform - Phase 2.

The interest rate reference reform refers to the global reform which agrees to replace IBOR with an alternative interest rate reference. The accounting issues that arise from replacing IBOR are divided into two stages, namely:

1. *Stage 1 (pre-replacement issues)*
Is an issue of uncertainty that arises before the transition period that affects financial reporting in the period before the replacement of the reference interest rate. To overcome this issue the IASB has issued Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7 in 2019 which have been adopted and ratified by DSAK IAI to become Amendments to PSAK 71: Financial Instruments, Amendments to PSAK 55: Financial Instruments: Recognition and Measurement and Amendments to PSAK 60: Financial Instruments: Disclosures on Interest Rate Reference Reforms.

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**46. STANDAR AKUNTANSI YANG TELAH
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EFEKTIF (lanjutan)**

**Berlaku efektif pada atau setelah 1 Januari 2021
(lanjutan)**

- Amendemen PSAK 71: Instrumen Keuangan, Amendemen PSAK 55: Instrumen Keuangan: Pengakuan dan Pengukuran, Amendemen PSAK 60: Instrumen Keuangan: Pengungkapan, Amendemen PSAK 62: Kontrak Asuransi dan Amendemen PSAK 73: Sewa tentang Reformasi Acuan Suku Bunga – Tahap 2 (lanjutan)

2. Tahap 2 (replacement issues)

Reformasi Acuan Suku Bunga – Tahap 2 membahas isu yang mungkin mempengaruhi pelaporan keuangan selama reformasi acuan suku bunga, termasuk dampak perubahan arus kas kontraktual atau hubungan lindung nilai yang timbul dari penggantian acuan suku bunga dengan acuan alternatif yang baru. Amendemen ini mengubah persyaratan dalam PSAK 71: Instrumen Keuangan, PSAK 55: Instrumen Keuangan: Pengakuan dan Pengukuran, PSAK 60: Instrumen Keuangan: Pengungkapan, PSAK 62: Kontrak Asuransi dan PSAK 73: Sewa yang terkait dengan:

- perubahan dasar untuk menentukan arus kas kontraktual dari aset keuangan, liabilitas keuangan dan liabilitas sewa;
- akuntansi lindung nilai; dan
- pengungkapan.

Reformasi Acuan Suku Bunga – Tahap 2 hanya berlaku untuk perubahan yang disyaratkan oleh reformasi acuan suku bunga untuk instrumen keuangan dan hubungan lindung nilai. Amendemen ini berlaku efektif per 1 Januari 2021 dengan penerapan dini diperkenankan.

**46. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

**Effective beginning on or after January 1, 2021
(continued)**

- *Amendments to PSAK 71: Financial Instruments, Amendments to PSAK 55: Financial Instruments: Recognition and Measurement, Amendments to PSAK 60: Financial Instruments: Disclosures, Amendments to PSAK 62: Insurance Contracts and Amendments to PSAK 73: Leases on Interest Rate Reference Reform - Stage 2 (continued)*

2. Stage 2 (replacement issues)

Interest Rate Reference Reform - Stage 2 addresses issues that may affect financial reporting during the benchmark interest rate reform, including the impact of changes in contractual cash flows or hedging relationships that arise from replacing the benchmark interest rate with a new alternative reference. These amendments amend the requirements of PSAK 71: Financial Instruments, PSAK 55: Financial Instruments: Recognition and Measurement, PSAK 60: Financial Instruments: Disclosures, PSAK 62: Insurance Contracts and PSAK 73: Leases related to:

- *changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities;*
- *hedge accounting; and*
- *disclosure.*

Interest Rate Reference Reform - Stage 2 applies only to changes required by the benchmark interest rate reform for financial instruments and hedge relationships. These amendments are effective as of January 1, 2021 with earlier application permitted.

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Berlaku efektif pada atau setelah 1 Januari 2022

- Amendemen PSAK 22: Kombinasi Bisnis tentang Referensi ke Kerangka Konseptual

Amendemen PSAK 22 Kombinasi Bisnis tentang Referensi ke Kerangka Konseptual ini mengklarifikasi interaksi antara PSAK 22, PSAK 57, ISAK 30 dan Kerangka Konseptual Pelaporan Keuangan.

Secara umum Amendemen PSAK 22 ini:

- Menambahkan deskripsi terkait "liabilitas dan liabilitas kontinjensi dalam ruang lingkup PSAK 57 atau ISAK 30" yang dinyatakan dalam paragraf 21A-21C.
- Mengubah paragraf 23 dengan mengklarifikasi liabilitas kontinjensi yang diakui pada tanggal akuisisi.
- Menambahkan paragraf 23A terkait definisi aset kontinjensi dan perlakuan akuntansinya.

Amendemen PSAK 22 Kombinasi Bisnis tentang Referensi ke Kerangka Konseptual ini berlaku efektif pada 1 Januari 2022 dengan penerapan dini diperkenankan.

- Amendemen PSAK 57: Provisi, Liabilitas Kontinjensi, dan Aset Kontinjensi tentang Kontrak Mengganggu - Biaya Pemenuhan Kontrak

Amendemen ini mengklarifikasi biaya untuk memenuhi suatu kontrak dalam kaitannya untuk menentukan apakah suatu kontrak merupakan kontrak memberatkan.

Amendemen PSAK 57 mengatur bahwa biaya untuk memenuhi kontrak terdiri dari biaya yang berhubungan langsung dengan kontrak. Biaya yang berhubungan langsung dengan kontrak terdiri dari:

1. biaya inkremental untuk memenuhi kontrak tersebut, dan
2. alokasi biaya lain yang berhubungan langsung untuk memenuhi kontrak.

**46. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

Effective beginning on or after January 1, 2022

- *Amendments to PSAK 22: Business Combinations regarding Reference to Conceptual Frameworks*

The amendments to PSAK 22 Business Combinations regarding Reference to Conceptual Frameworks clarify the interactions between PSAK 22, PSAK 57, ISAK 30 and the Conceptual Framework of Financial Reporting.

In general, the amendments to PSAK 22:

- *Add a description regarding "liabilities and contingent liabilities within the scope of PSAK 57 or ISAK 30" stated in paragraphs 21A-21C.*
- *Amend paragraph 23 by clarifying the contingent liabilities recognized at the acquisition date.*
- *Adds paragraph 23A regarding the definition of a contingent asset and its accounting treatment.*

The amendments to PSAK 22 Business Combinations regarding References to Conceptual Frameworks will become effective on January 1, 2022 with earlier application permitted.

- *Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets regarding Aggravating Contracts - Contract Fulfillment Costs*

This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contract is a burdensome contract.

The amendments to PSAK 57 provide that costs to fulfill a contract consist of costs that are directly related to the contract. Costs that are directly related to the contract consist of:

1. *incremental costs to fulfill the contract, and*
2. *allocation of other costs that are directly related to fulfilling the contract.*

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**46. STANDAR AKUNTANSI YANG TELAH
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EFEKTIF (lanjutan)**

**Berlaku efektif pada atau setelah 1 Januari 2022
(lanjutan)**

- Amendemen PSAK 57: Provisi, Liabilitas Kontinjensi, dan Aset Kontinjensi tentang Kontrak Mengganggu - Biaya Pemenuhan Kontrak (lanjutan)

Amendemen PSAK 57 berlaku efektif pada 1 Januari 2022 dengan penerapan dini diperkenankan.

- Penyesuaian Tahunan 2020 - PSAK 71: Instrumen Keuangan - Imbalan dalam pengujian '10 persen' untuk penghentian pengakuan liabilitas keuangan

Amendemen tersebut mengklarifikasi biaya yang termasuk dalam entitas ketika menilai apakah persyaratan liabilitas keuangan baru atau yang dimodifikasi secara substansial berbeda dari persyaratan liabilitas keuangan asli. Biaya ini hanya mencakup yang dibayarkan atau diterima antara peminjam dan pemberi pinjaman, termasuk biaya yang dibayarkan atau diterima baik oleh peminjam atau pemberi pinjaman atas nama pihak lain. Entitas menerapkan amendemen atas liabilitas keuangan yang dimodifikasi atau dipertukarkan pada atau setelah awal periode pelaporan tahunan di mana entitas pertama kali menerapkan amendemen tersebut.

Amendemen ini berlaku efektif untuk periode pelaporan tahunan yang dimulai pada atau setelah 1 Januari 2022 dengan penerapan lebih awal diizinkan. Grup akan menerapkan amendemen atas liabilitas keuangan yang dimodifikasi atau dipertukarkan pada atau setelah awal periode pelaporan tahunan di mana entitas pertama kali menerapkan amendemen tersebut.

Amendemen tersebut diperkirakan tidak akan berdampak material pada Grup.

**46. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

**Effective beginning on or after January 1, 2022
(continued)**

- Amendments to PSAK 57: Provisions, Contingent Liabilities, and Contingent Assets regarding Aggravating Contracts - Contract Fulfillment Costs (continued)

Amendments to PSAK 57 is effective on January 1, 2022 with earlier application permitted

- 2020 Annual Improvements – PSAK 71: Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Group.

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**46. STANDAR AKUNTANSI YANG TELAH
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EFEKTIF (lanjutan)**

**Berlaku efektif pada atau setelah 1 Januari 2022
(lanjutan)**

- Penyesuaian Tahunan 2020 - PSAK 69: Agrikultur

PSAK 69 (Penyesuaian 2020) mengklarifikasi pengakuan dan pengukuran pada paragraf 22 yang sebelumnya "entitas tidak memperhitungkan arus kas untuk pembiayaan aset, perpajakan atau penumbuhan kembali aset biologis setelah panen", menjadi "entitas tidak memperhitungkan arus kas untuk pembiayaan aset, atau penumbuhan kembali aset biologis setelah panen".

Entitas menerapkan amendemen secara prospektif terhadap pengukuran nilai wajar pada atau setelah awal periode pelaporan tahunan pertama yang dimulai pada atau setelah 1 Januari 2022 dengan penerapan lebih awal diizinkan.

Amendemen tersebut diperkirakan tidak akan berdampak material pada Grup.

Berlaku efektif pada atau setelah 1 Januari 2023

- Amendemen PSAK 1: Penyajian Laporan Keuangan tentang Klasifikasi Liabilitas sebagai Jangka Pendek atau Jangka Panjang efektif 1 Januari 2023, dan penerapan lebih awal diizinkan

Amendemen menentukan persyaratan untuk mengklasifikasikan kewajiban sebagai lancar atau tidak lancar. Amendemen tersebut menjelaskan:

- Apa yang dimaksud dengan hak untuk menunda penyelesaian
- Bahwa hak untuk menunda harus ada pada akhir periode pelaporan
- Klasifikasi tersebut tidak terpengaruh oleh kemungkinan bahwa entitas akan menggunakan hak penangguhannya
- Bahwa hanya jika derivatif melekat dalam liabilitas konversi itu sendiri merupakan instrumen ekuitas, ketentuan liabilitas tidak akan memengaruhi klasifikasinya

Amendemen tersebut berlaku efektif untuk periode pelaporan tahunan yang dimulai pada atau setelah 1 Januari 2023 dan harus diterapkan secara retrospektif. Grup saat ini sedang menilai dampak amendemen terhadap praktik saat ini dan apakah perjanjian pinjaman yang ada mungkin memerlukan negosiasi ulang.

**46. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

**Effective beginning on or after January 1, 2022
(continued)**

- 2020 Annual Improvements – PSAK 69: Agriculture

PSAK 69 (Improvement 2020) clarifies the recognition and measurement in paragraph 22 that previously "the entity does not take into account cash flows for financing assets, taxation or regeneration of biological assets after harvest", to "the entity does not account for cash flows for financing assets or regeneration. biological assets after harvest".

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PSAK 1: Classification of Liabilities as Current or Non-current, effective January 1, 2023, and earlier application is permitted

The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

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47. PERISTIWA SETELAH TANGGAL PELAPORAN

Peraturan Pemerintah Nomor 35 Tahun 2021

Pada tanggal 2 Februari 2021, Pemerintah mengundang dan memberlakukan Peraturan Pemerintah Nomor 35 Tahun 2021 (PP 35/2021) untuk melaksanakan ketentuan Pasal 81 dan Pasal 185 (b) UU No. 11/2020 mengenai Cipta Kerja yang bertujuan untuk menciptakan lapangan kerja yang seluas-luasnya bagi rakyat Indonesia secara merata, dalam rangka memenuhi penghidupan yang layak. PP 35/2021 mengatur mengenai perjanjian kerja waktu tertentu (karyawan tidak tetap), alih daya, waktu kerja, waktu istirahat dan pemutusan hubungan kerja, yang dapat mempengaruhi manfaat imbalan minimum yang harus dibayar kepada karyawan-karyawan.

Grup menetapkan estimasi tambahan atas cakupan program dana pensiun untuk mengakui liabilitas imbalan kerja pada tanggal 31 Desember 2020 yang disyaratkan dalam PSAK 24: *Imbalan Kerja* menggunakan manfaat imbalan minimum yang diatur dalam UU 13/2003 (Catatan 2y) yang berlaku pada tanggal tersebut. Sampai dengan tanggal 24 Februari 2021, Grup masih mempelajari dampak dari penerapan PP 35/2021 tersebut yang akan direfleksikan dalam pelaporan keuangan konsolidasian Grup periode berikutnya.

48. HAL LAINNYA

COVID-19

Operasi Grup telah dan mungkin terus dipengaruhi oleh penyebaran virus *Covid-19*. Dampak virus *Covid-19* terhadap ekonomi global dan Indonesia termasuk dampak terhadap pertumbuhan ekonomi, penurunan pasar modal, peningkatan risiko kredit, depresiasi nilai tukar mata uang asing dan gangguan operasi bisnis. Dampak masa depan dari virus *Covid-19* terhadap Indonesia dan Grup masih belum dapat ditentukan saat ini. Peningkatan jumlah infeksi *Covid-19* yang signifikan atau penyebaran yang berkepanjangan dapat mempengaruhi Indonesia dan Grup.

Meskipun demikian, setelah tanggal laporan keuangan konsolidasian, manajemen Grup berpendapat bahwa sampai saat ini wabah *Covid-19* tidak berdampak signifikan terhadap kegiatan operasi Kelompok Usaha.

47. EVENT AFTER THE REPORTING DATE

Government Regulation Number 25 Year 2021

On February 2, 2021, the Government promulgated and enforced Government Regulation Number 35 Year 2021 (PP 35/2021) to implement the provisions of Article 81 and Article 185 (b) of Law no. 11/2020 concerning Job Creation (Cipta Kerja), which aims to create the widest possible employment opportunities for the Indonesian people evenly, in order to fulfill a decent living. PP 35/2021 regulates the work agreement for a certain time (non-permanent employees), outsourcing, working time, rest time and termination of employment, which can affect the minimum benefits that must be paid to employees.

The Group determined an additional provision on top of the coverage of the pension fund program to recognize employee benefits liabilities at December 31, 2020 as required in PSAK 24: *Employee Benefits* using the minimum benefit benefits stipulated in Law 13/2003 (Note 2y) effective at that date. As of February 24, 2021, the Group is still studying the impact of the implementation of PP 35/2021 which will be reflected in the Group's consolidated financial reporting for the next period.

48. OTHER MATTER

COVID-19

The Group's operation has and may continue to be impacted by the outbreak of *Covid-19* virus. The effects of *Covid-19* virus to the global and Indonesian economy include effect to economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation. The future effects of the outbreak of *Covid-19* virus to Indonesia and the Group are unclear at this time. A significant rise in the number of *Covid-19* virus infections or prolongation of the outbreak may affect Indonesia and the Group.

Nevertheless, after the consolidated financial statements date, management of the Group is of the opinion that the outbreak of the *Covid-19* has no significant impact to the operational activities of the Group.

The original consolidated financial statements included herein are in Indonesian language.

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**49. TUJUAN PENYUSUNAN DAN PENERBITAN
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Laporan keuangan konsolidasian ini disusun dan diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran efek utang Perusahaan diluar Amerika Serikat berdasarkan *Regulation S* dari *United States Securities Act of 1933*.

**49. THE PURPOSE OF THE PREPARATION AND
ISSUANCE OF THE CONSOLIDATED FINANCIAL
STATEMENTS**

These consolidated financial statements were prepared and issued solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company outside the United States of America in reliance Regulation S of United States Securities Act of 1933.

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