Annual Report

2020

Bumitama Agri Ltd.

Excellence Through Discipline

CONTENTS

OUR VISION

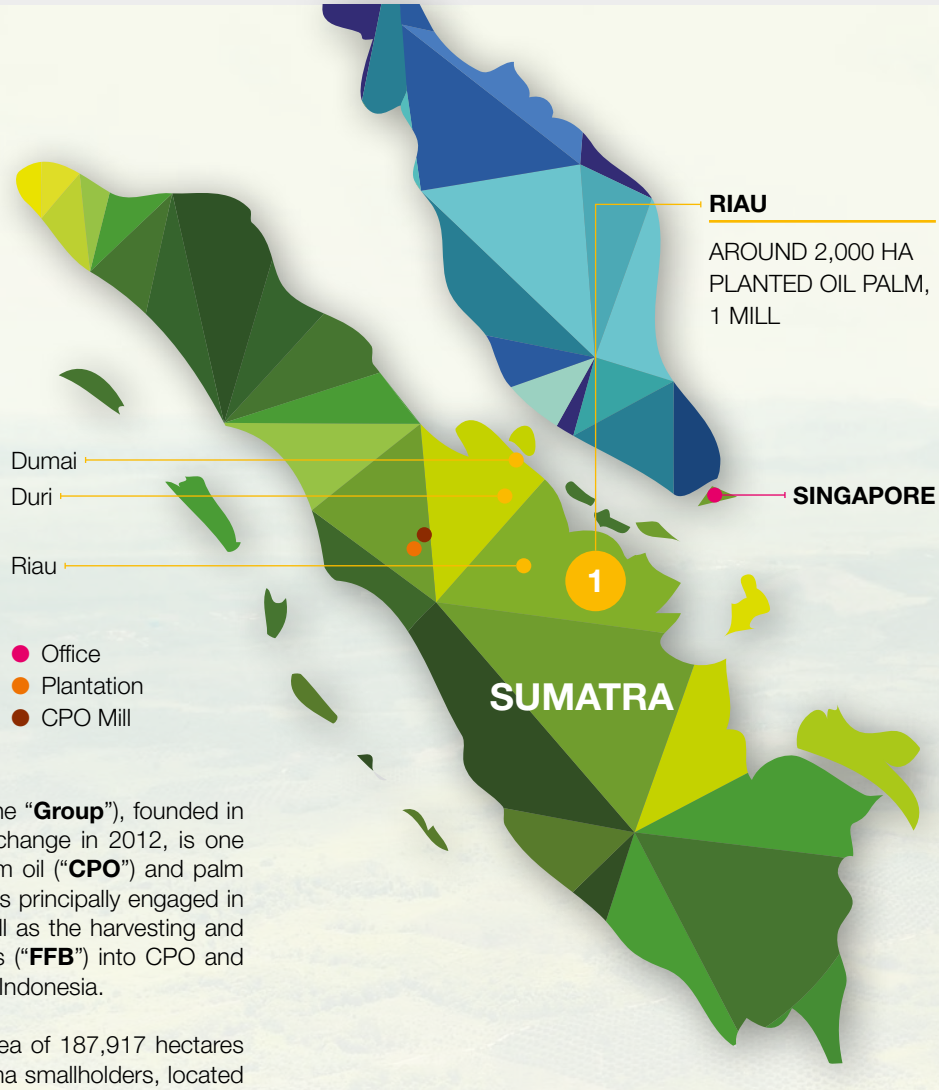
To be a leading CPO producer through continuous improvement; focus on productivity, cost efficiency, sustainability and growth.

OUR MISSION

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



Corporate Profile



Bumitama Agri Ltd. ("**Bumitama**" or the "**Group**"), founded in 1996 and listed on the Singapore Exchange in 2012, is one of the leading producers of crude palm oil ("**CPO**") and palm kernel ("**PK**") in Indonesia. The Group is principally engaged in the cultivation of oil palm trees, as well as the harvesting and processing of fresh palm fruit bunches ("**FFB**") into CPO and PK, which are then sold to refineries in Indonesia.

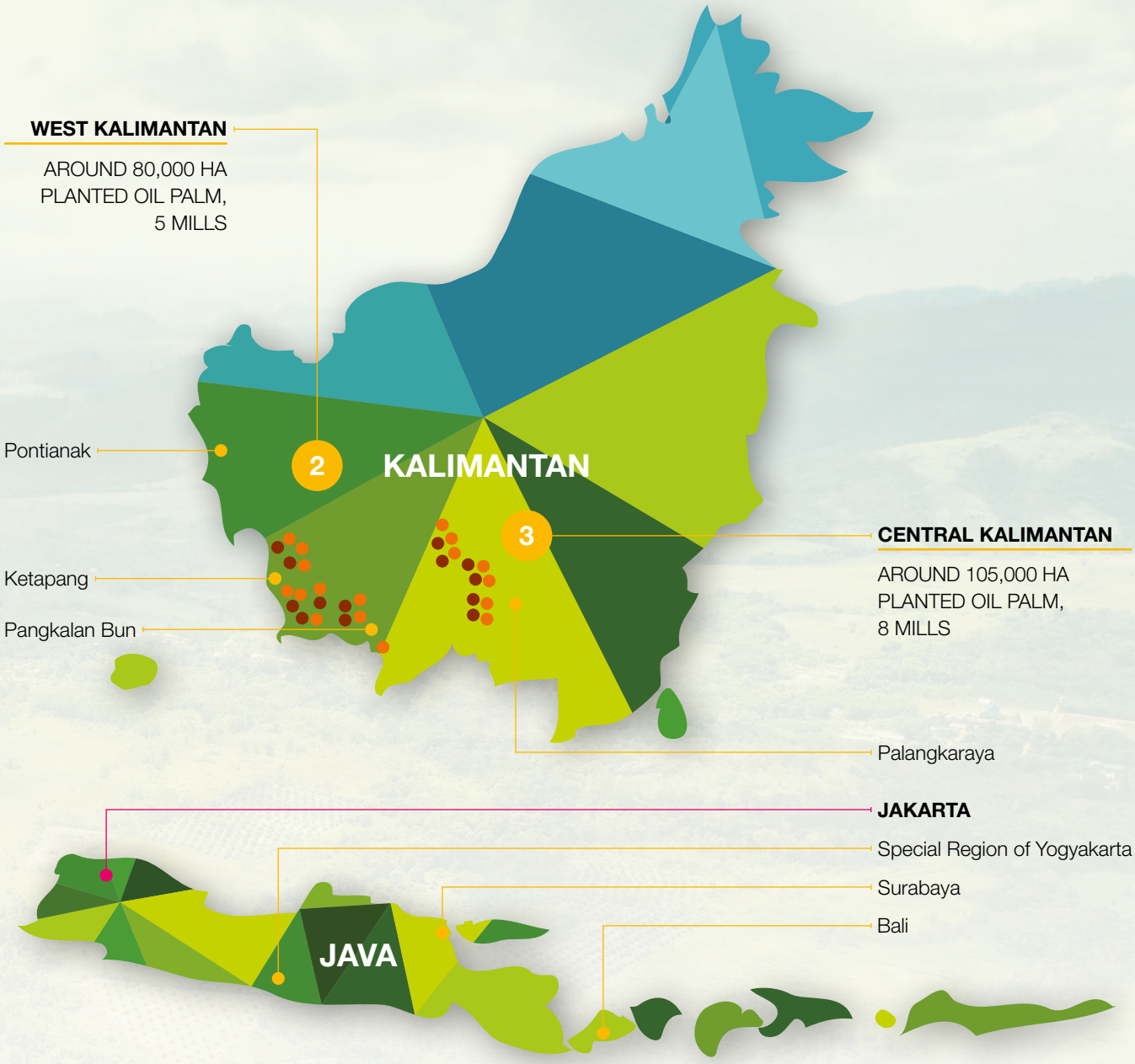
Bumitama manages a total planted area of 187,917 hectares of which 29.3% are allocated for plasma smallholders, located across the Indonesian provinces of Central Kalimantan, West Kalimantan and Riau. The Group's oil palm trees are relatively mature, with a weighted average age of 11.6 years as of 1 January 2021. With 92.3% of the planted area in the mature category as of 31 December 2020, Bumitama is poised to take advantage of production growth opportunities as the oil palm trees mature and achieve peak production.

The Group places strong emphasis on achieving better yields and extraction rates through investments in research and development, technology and effective agricultural practices. Bumitama operates 14 CPO mills that are strategically located in close proximity to its plantations, with a total FFB processing capacity of 6.03 million metric tonnes per annum. The advantageously-located CPO mills allow the Group to maintain high quality CPO output. But also, they bring about a reduction in transportation costs and CO_2 emissions, embodying Bumitama's sustainability objectives.

As one of the first few oil palm growers in Southeast Asia to adopt a "No Deforestation, No Peat and No Exploitation" policy, the Group remains firmly committed to sustainability. Bumitama is a member of the voluntary and internationally-recognised Roundtable on Sustainable Palm Oil ("**RSPO**"). Bumitama also adheres to the mandatory requirements of the Ministry of Agriculture's Indonesian Sustainable Palm Oil certification scheme. Bumitama has achieved eight RSPO certificates as of 31 December 2020, and is on track to securing RSPO certification for all mills and plasma smallholder schemes by 2024. Aside from achieving certification for its own plantations and mills, Bumitama actively engages and guides independent smallholders towards obtaining such certifications as part of its social responsibility efforts.

The Group is honoured to have received numerous awards and accolades over the years. These include:

- Being listed in Forbes Asia's 200 Best Under a Billion list (2013)
- Frost & Sullivan Indonesia Excellence Award (2014)
- The Edge Billion Dollar Club – Most Profitable Company (Agriculture Sector) (3 years in a row in 2017, 2018, 2019)



- Asiamoney Awards
  - Overall Most Outstanding Company in Singapore (2018)
  - Most Outstanding Company in Singapore (Small Cap) (2018, 2019)
  - Most Outstanding Company in Singapore (Consumer Staple) (2018, 2020)
  - Most Outstanding Company in Singapore for the decade (2010-2019) (2019)
  - Best Overall for Corporate Governance (2015, 2016)
  - Best for Investor Relations (2015, 2016)
  - Best for Corporate Social Responsibility (2015, 2016)
  - Best Managed Small Cap Company (2016)
  - Best for Disclosure and Transparency (2016)
  - Best for Shareholders' Rights and Equitable Treatment (2016)
  - Best for Responsibilities of Management and the Board of Directors (2016).

In 2020, the Group has also been accorded a certificate from The Straits Times under the category of – Distinguished member of Singapore's Fastest Growing Companies 2020 and an award from the Financial Times under the category of High-Growth Companies Asia-Pacific 2020.

Chairman's Message

Dear Shareholders,

On behalf of the Board of Directors, it is my pleasure to present the FY2020 Annual Report for Bumitama Agri Ltd. ("**Bumitama**" or the "**Group**").

FY2020 was an unprecedented year globally. The coronavirus ("**COVID-19**") pandemic reached almost every country in the world since China first locked-down its 3 cities on 23 January 2020. The global economy, already weighed down by geopolitical tensions and trade wars, was further crippled as economic activities across the world ground to a halt due to the outbreak.

When the COVID-19 pandemic broke out in early 2020, we moved swiftly to implement business continuity plans to mitigate its impact on our businesses and to ensure the health and safety of our workers and their families. Adopting guidelines provided by the Indonesian Government and the World Health Organisation (WHO), our Crisis Management Centre developed policies, protocols and procedures to ensure that our plantation operations could continue safely and securely. With the decisive pandemic measures implemented by the Group and the co-operation and esprit de corps manifested by the management and employees working together as one family has enabled us to navigate the pandemic with minimal disruptions to operations. While maintaining our discipline, we will continue to remain vigilant, and observe and abide with all the relevant guidelines to ensure a safe and healthy working environment.

> "While maintaining our discipline, we will continue to remain vigilant, and observe and abide with all the relevant guidelines to ensure a safe and healthy working environment."

Gunawan H. Lim
Executive Chairman
and Chief Executive Officer

The low supply of key edible oils has boosted palm oil prices. The Crude Palm Oil ("**CPO**") prices had recovered strongly for the full year of 2020. For the period from July 2020 to the end of December 2020, CPO prices (FOB Kumai) had moved from IDR 7,224 per kilogramme registered on 1 July 2020 to a high of IDR 9,726 per kilogramme on 21 September 2020, averaging IDR 8,989 per kilogramme compared to an IDR 7,662 per kilogramme in the first semester of 2020.

The Group's total planted area as of 31 December 2020 was at 187,917 hectares. Planted plasma area accounted for 55,101 hectares or 29.3% of the total. As of 1 January 2021, the weighted average age of our trees was at 11.6 years. The Group plans to replant about 500 hectares in FY2021 to maintain the young profile of our palm trees and to ensure the long-term sustainability of the business.

Weather conditions in 2018 and 2019 continued to negatively impact our business. In FY2020, internal Fresh Fruit Bunches ("**FFB**") production increased marginally by 1.5% year-on-year to 3.31 million metric tonnes ("**MT**"), mainly attributed to the El Nino effects. FFB yield was 0.5% lower year-on-year at 19.0 MT per hectare. CPO production dropped slightly to 1.02 million MT from 1.04 million MT in the previous year.

For FY2020, the Group achieved revenue of IDR 9,102 billion, an increase of 18.3% from IDR 7,691 billion in FY2019. The improved performance was largely attributed to higher CPO and Palm Kernel prices. In line with higher revenue, gross profit grew a significant 45.8% from IDR 1,733 billion in FY2019 to IDR 2,526 billion in FY2020. Consequently, EBITDA and Net Profit surged 52.0% and 62.1% year-on-year to IDR 2,575 billion and IDR 1,362 billion respectively.

The Company has agreed on a forward sales agreement for the first half of 2021 for 201,000 MT of CPO, which is less than 20% of 2020 production volume. Locked at a certain price, this forward sales agreement will be netted off by the CPO levy and export tax set by the Indonesian government, which increases or decreases in accordance with the market movements of the CPO price.

The Group continued to generate positive cash flow and to strengthen its balance sheet during the financial year. The Group's cash and cash equivalents as of 31 December 2020 increased by IDR 288 billion, bringing the cash and bank balances to IDR 792 billion, on the back of positive net cash flow generated by its operations.

Based on the Group's strong fundamentals and strong earnings outlook, RAM Ratings has reaffirmed Bumitama's sukuk rating at AA_3/Stable. The positive rating reflects the Group's FFB production growth prospects supported by its young tree profile and good plantation management.

We believe in sharing the fruits of our labour and in delivering value to shareholders. In this regard, the Group is proposing a final one-tier tax exempt cash dividend of S$0.02 per share, subject to the approval of shareholders at the forthcoming annual general meeting. Together with the interim one-tier tax exempt cash dividend of S$0.004 per share paid on 17 September 2020, total dividends will amount to S$0.024 per share for FY2020.

Chairman's Message

Although financially stronger, we will not be complacent and will remain vigilant and monitor risks in the ever-changing business environment. The global economic recovery in 2021 is uncertain and will most likely be drawn out. Thus, we will continue to enhance our capacity to create value by improving our performance across the value chain, from using the best seeds for replanting to good plantation management practices, increasing yield and extraction rates. We have expanded the capacity of our mills by an additional 60 MT per hour bringing total capacity in the end of FY2020 to 6.03 million MT. We will continue to invest in our plantation infrastructure. Instead of expanding into new planting, the Group will start to look into replanting areas with below average yields and higher than expected costs with the view of driving FFB production growth to ensure efficient use of the Company's assets. We will also continue to invest in Research and Development to reduce toxicity through the responsible use of pesticides and to raise the standards of good agricultural practices. Our new tissue culture laboratory, which will soon be commissioned, will be able to supply cultured seeds with better yield potential for our replanting programmes.

We are committed to being valued corporate citizens in the regions where we operate and contribute. We aim to strengthen our communities by protecting the environment and natural resources, by providing safe and secure employment, by respecting traditional rights and cultures and by supporting the aspirations of the local people through quality education, trainings and sources of alternative livelihoods.

Over the years, we have made steady progress in our sustainability journey. While remaining focused on our certification programme, we continue to work with suppliers on traceable and responsible sourcing, to engage experts on strengthening existing sustainable land use initiatives and to partner with communities in innovative ways of fire-prevention and socio-economic activities.

These initiatives closely align with our revised 2020-2025 Corporate Sustainability Responsibility ("**CSR**") Strategy, that aims to enhance the income generating capacity of the communities and to promote food security through the provision of education and vocational programmes. In our CSR activities, we are guided by our philosophy of pursuing the greater good for our employees, local communities and the citizens of the regions where we operate.

The International Monetary Fund (IMF) in its World Economic Outlook Update in January 2021 estimated that the global economy contracted by 3.5% in 2020, but expects that global economies could grow 5.5% in 2021. A report by The Council of Palm Oil Producing Countries (CPOPC) indicates that palm oil prices are projected to remain robust in the first half of 2021, supported by strong demand for edible oils and tighter supply of alternative oils such as soybean and sunflower oils. Nonetheless, the price outlook for 2021 will also depend on other factors such as weather conditions, although the La Nina effect is expected to remain neutral. On the whole, we remain positive on the longer-term fundamental strength of the palm oil industry.

> We will continue to enhance our capacity to create value by improving our performance across the value chain, from using the best seeds for replanting to good plantation management practices, increasing yield and extraction rates.

During the financial year under review, the Group continued to receive local and international recognition for excellence in management, financial reporting, investor relations and CSR initiatives. Bumitama won the Most Outstanding Company Award by Asia Money in the Asia's Outstanding Companies Poll 2020 – Singapore Consumer Staples Sector. The Group was recognised by the Financial Times with its inclusion in the 2020 FT's ranking of 500 High-Growth Companies in the Asia Pacific. The Group also gained recognition as a distinguished member in the Straits Times inaugural ranking of Singapore's Fastest Growing Companies 2020.

Acknowledgement

When the COVID-19 pandemic broke out in the beginning of FY2020, we were concerned about the safety and well-being of our employees and their families, and its impact on our operations. We are grateful for the support of our staff, partners and stakeholders that helped us to navigate the challenges and uncertainties with minimal impact to the Group's operations.

We would also like to express our appreciation to shareholders and the investment community for their faith and trust in us as we continue on our journey of sustainable growth.

Last but not least, I would like to thank members of the Board of Directors for their wisdom and insights in guiding the Group to another successful year. I look forward to working with them to drive Bumitama to greater heights.

Yours faithfully,
Gunawan H. Lim
Executive Chairman
and Chief Executive Officer

15 March 2021

Operational & Financial Highlights

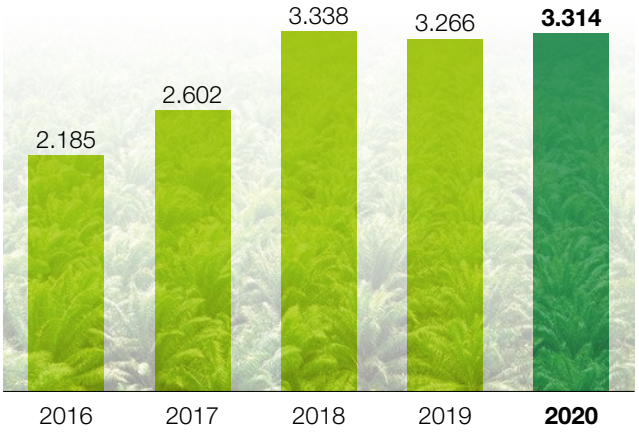
OPERATIONAL HIGHLIGHTS

FINANCIAL YEAR	2020	2019	2018	2017	2016
PLANTATION AREA (Hectares)					
Total Planted Area	**187,917**	187,567	185,165	182,675	175,243
Old & Mature	**173,464**	170,053	162,815	158,083	147,513
Immature	**14,453**	17,514	22,350	24,592	27,730
Nucleus Planted Area	**132,816**	132,643	132,431	131,421	128,966
Old & Mature	**120,643**	117,590	113,238	110,699	104,970
Immature	**12,173**	15,053	19,193	20,722	23,996
Plasma Planted Area	**55,101**	54,924	52,734	51,254	46,277
Old & Mature	**52,821**	52,463	49,577	47,384	42,543
Immature	**2,280**	2,461	3,157	3,870	3,734
Planted Area by Location					
Kalimantan	**185,608**	185,258	182,856	180,366	172,934
Riau	**2,309**	2,309	2,309	2,309	2,309
PRODUCTION VOLUME (Metric Tonnes)					
Fresh Palm Fruit Bunches ("FFB")	**3,314,128**	3,266,483	3,338,234	2,602,224	2,185,440
Nucleus	**2,270,745**	2,231,353	2,276,866	1,784,729	1,513,422
Plasma	**1,043,383**	1,035,130	1,061,368	817,495	672,018
Crude Palm Oil ("CPO")	**1,024,548**	1,035,201	1,043,045	818,835	701,304
Palm Kernel ("PK")	**215,691**	213,065	208,311	166,224	138,175
PRODUCTIVITY					
FFB Yield per Mature Hectare (metric tonnes)	**19.0**	19.1	20.4	16.4	14.6
CPO Yield per Mature Hectare (metric tonnes)	**4.3**	4.3	4.5	3.7	3.3
CPO Extraction Rate (%)	**22.6**	22.7	22.1	22.7	22.7
PK Extraction Rate (%)	**4.8**	4.7	4.4	4.6	4.5

FRESH FRUIT BUNCHES PRODUCTION

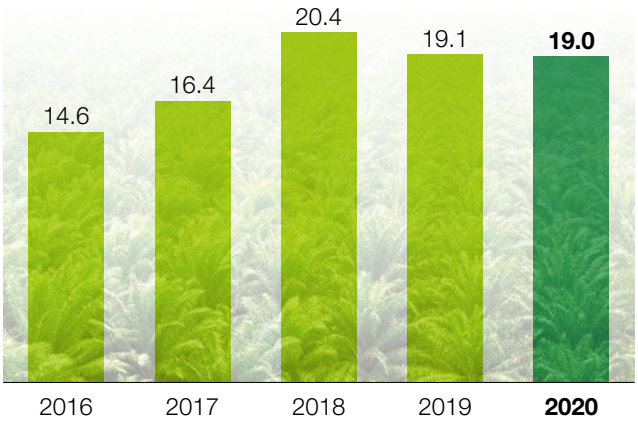
(Million Metric Tonnes)

CAGR ↗ 11.0%



FRESH FRUIT BUNCHES YIELD

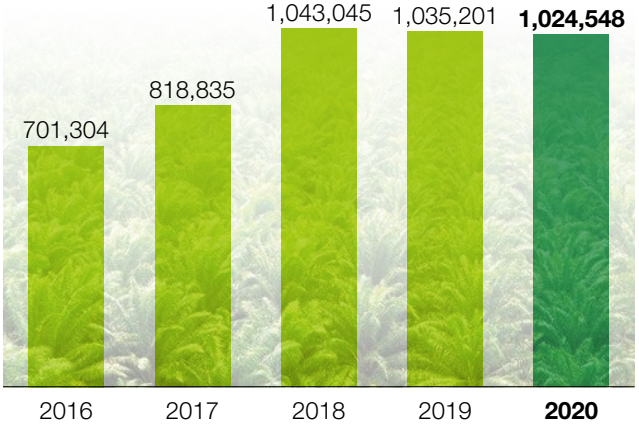
(Metric Tonnes/Mature Hectare)



CRUDE PALM OIL PRODUCTION

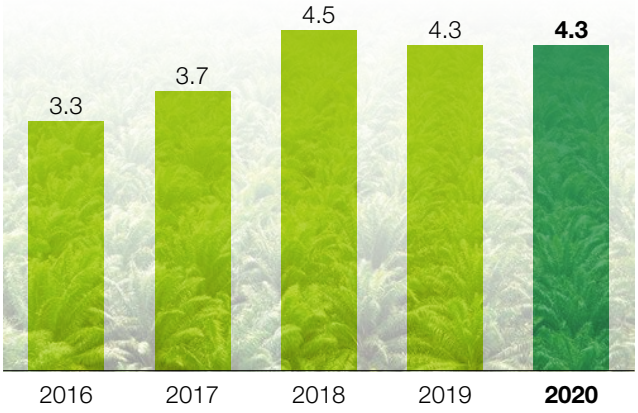
(Metric Tonnes)

CAGR ↗ 9.9%



CRUDE PALM OIL YIELD

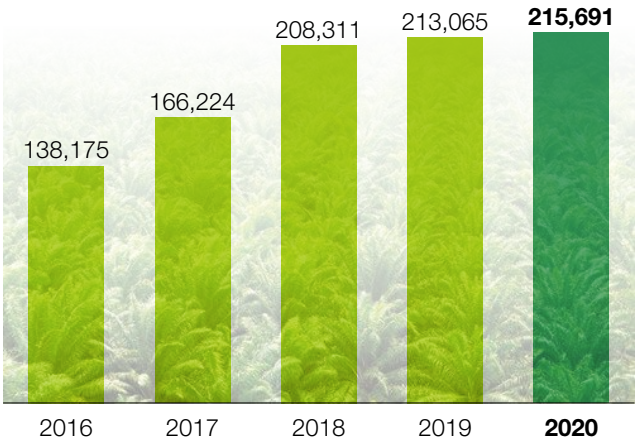
(Metric Tonnes/Mature Hectare)



PALM KERNEL PRODUCTION

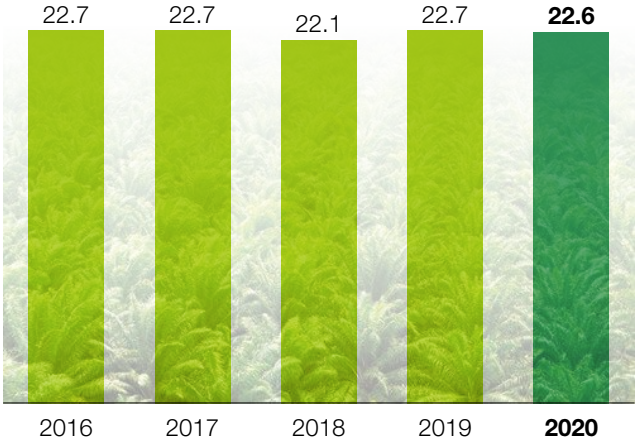
(Metric Tonnes)

CAGR ↗ 11.8%



CRUDE PALM OIL EXTRACTION RATE

(Metric Tonnes/Mature Hectare)



Operational & Financial Highlights

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR	2020	2019	2018	2017	2016
INCOME STATEMENT (IDR Billion)					
Revenue	**9,102**	7,691	8,377[1]	8,131	6,630
Gross Profit	**2,526**	1,733	2,387	2,389	1,976
Fair Value Change in Biological Assets	**26**	20	(48)	36	27
Profit before tax	**1,931**	1,193	1,705	1,894	1,551
EBITDA	**2,575**	1,694	2,395	2,427	1,925
Net Profit	**1,362**	840	1,295	1,424	1,188
Net Profit Attributable to Owners of the Company	**1,126**	686	1,097	1,193	1,005
EPS Attributable to Owners of the Company (IDR per Share)[2]	**645**	392	627	682	572
BALANCE SHEETS (IDR Billion)					
Total Assets	**18,233**	17,444	16,539	15,290	14,767
Total Current Assets	**2,618**	2,506	2,410	1,906	2,295
Total Current Liabilities	**1,722**	1,721	6,427	1,278	1,915
Total Non-current Liabilities	**5,977**	6,292	1,112	5,540	5,330
Total Equity	**10,534**	9,431	9,000	8,472	7,522
Equity Attributable to Owners of the Company	**9,017**	8,082	7,771	7,449	6,718
FINANCIAL STATISTICS					
Revenue Growth	**18.3%**	(8.2%)	3.0%	22.6%	19.6%
Gross Profit Margin	**27.8%**	22.5%	28.5%	29.4%	29.8%
Operating Profit Margin	**21.1%**	14.1%	22.0%	23.9%	23.9%
EBITDA Margin	**28.3%**	22.0%	28.6%	29.8%	29.0%
Net Profit Margin	**15.0%**	10.9%	15.5%	17.5%	17.9%
Return on Equity[3]	**12.5%**	8.5%	14.1%	16.0%	15.0%
Return on Assets[4]	**6.2%**	3.9%	6.6%	7.8%	6.8%
Net Debt[5]/Total Equity (Times)	**0.5**	0.7	0.6	0.5	0.6
Debt/Total Equity (Times)	**0.6**	0.7	0.6	0.6	0.6
Net Debt[5]/Total Assets (Times)	**0.3**	0.4	0.3	0.3	0.3

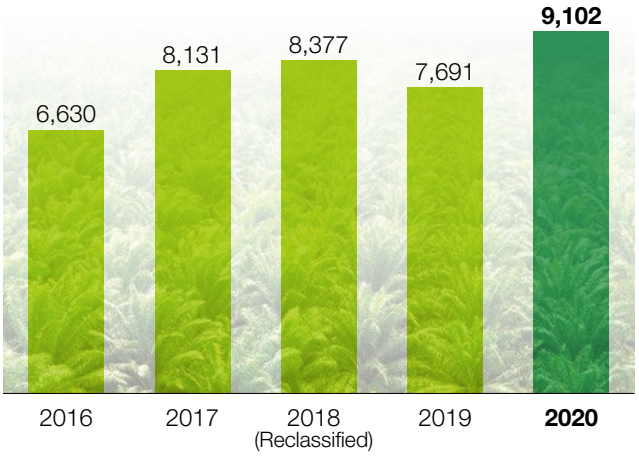
Remarks:

1 Reclassfied
2 The earnings per share has been computed based on the Company's total number of issued shares excluding treasury shares as at each balance sheet date
3 Return on Equity = Net Profit Attributable to Owners of the Company / Equity Attributable to Owners of the Company
4 Return on Assets = Net Profit Attributable to Owners of the Company / Total Assets
5 Net Debt = Interest bearing debts less cash and bank balances

REVENUE

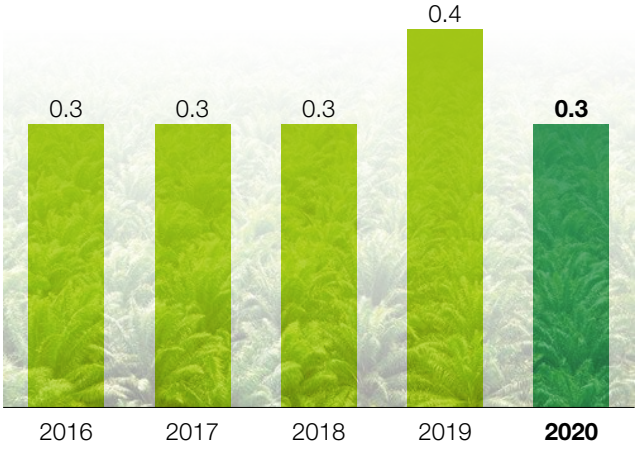
(IDR Billion)

CAGR ↗ 8.2%



NET DEBT PER TOTAL ASSETS

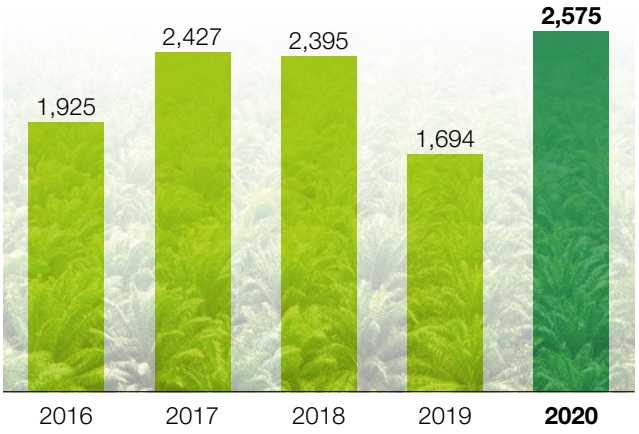
(Times)



EBITDA

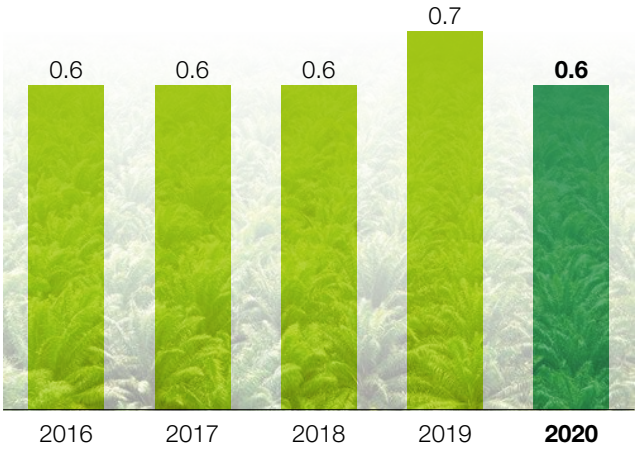
(IDR Billion)

CAGR ↗ 7.5%



DEBT PER TOTAL EQUITY

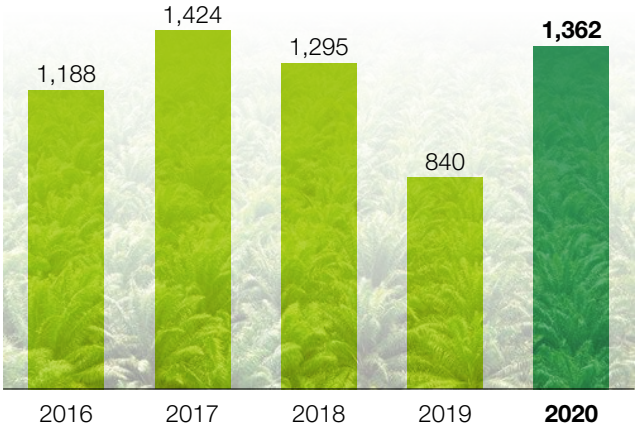
(Times)



NET PROFIT

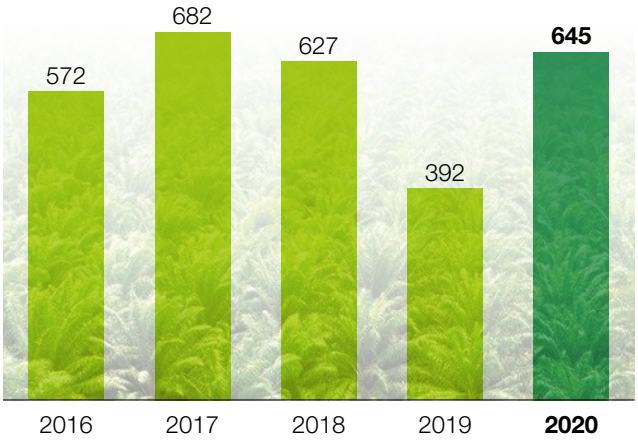
(IDR Billion)

CAGR ↗ 3.5%



BASIC EARNINGS PER SHARE

(IDR per Share)



Operational & Financial Review

OPERATIONAL REVIEW

The year 2020 saw the COVID-19 outbreak challenge and disrupt lives as well as businesses worldwide. The rapid transmission across the world has meant families, communities and businesses must adapt to new ways of living and working.

For Bumitama, the safety measures required by the Indonesian Government together with the protocols and procedures introduced by the Group's Crisis Management Centre (CMC) have been efficiently integrated to minimise the disruption to our operations. This has allowed for our business to continue effectively, and for our employees to be in a healthy and safe environment within our plantations and mills.

Total Fresh Palm Fruit Bunches ("**FFB**") production in FY2020 was 0.6% lower, weighing in at 4.53 million Metric Tonnes ("**MT**") compared to 4.56 million MT in FY2019. Production was impacted by the extreme dry weather brought by El Nino in 2019 and the abnormally wet weather in the second half of 2020.

Internal FFB increased by 1.5% to 3.31 million MT in FY2020. FFB Nucleus contributed 2.27 million MT, comprising over half of total internal FFB production, while FFB Plasma accounted for 1.04 million MT. On the other hand, output of external FFB decreased by 5.7% from 1.29 million MT in FY2019 to 1.22 million MT. Also, FFB output per hectare ("**Ha**") decreased marginally by 0.5% to 19.0 MT per Ha in the fiscal year under consideration from 19.1 MT per Ha the year before.

The production of Crude Palm Oil ("**CPO**") also decreased slightly by 1.0% to 1.02 million MT from 1.04 million MT the year before. CPO yield was flat at 4.3 MT per Ha and the extraction rate was at 22.6% in FY2020, 0.4% lower than 22.7% in FY2019. The Palm Kernel ("**PK**") extraction rate on the other hand improved 2.1% from 4.7% in FY2019 to 4.8% in the financial year under consideration.

Total planted area remained at a similar level to FY2019; as of 31 December 2020, the total area was 187,917 Ha with 350 Ha planted in 2020. The Group's mature planted

area increased by 2.0% year-on-year to 173,464 Ha during the same period, providing production expansion and yield improvement potential. The age profile of the Group's trees remains relatively matured and so Bumitama can optimise the long-term production and revenue-generating potential of the Group's plantations.

FINANCIAL REVIEW

For FY2020, the Group benefited from higher palm oil prices, arising from supply disruptions of key edible oils globally. The average selling price of CPO increased 24.5% from IDR 6,696 per kilogramme in FY2019 to IDR 8,334 per kilogramme. While for PK, the average selling price rose 27.8% to IDR 4,366 per kilogramme.

Total revenue increased to IDR 9,102 billion for the financial year ended 31 December 2020, up 18.3% compared to IDR 7,691 billion in FY2019. Despite lower sales volumes, the strong product prices allowed Bumitama to experience such an increase.

In FY2020, the Group sold 982,578 MT of CPO, a decrease of 5.3% and 209,084 MT of PK, 4.4% lower than the previous year, in line with lower FFB production. The cost of sales (comprising plantation maintenance, harvesting, milling, and other purchased products and services) rose by 10.4% to

> "The age profile of the Group's trees remains relatively matured and so Bumitama can optimise the long-term production and revenue-generating potential of the Group's plantations."

Operational & Financial Review

IDR 6,576 billion in FY2020, a lower rate of increase than the rise in revenue. In line with lower sales volumes, selling expenses (comprising mainly freight and loading charges) decreased by 16.2% to IDR 296 billion.

The Group recorded positive interest income growth of 8.3% to IDR 202 billion mainly due to income earned from advances extended to plasma farmers and fund placements in banks. The Group incurred significantly lower finance costs of IDR 179 billion in FY2020, down 25.5% from IDR 240 billion in the previous year attributed mainly to a lower London Interbank Offered Rate.

The Group also recorded a positive revaluation of its biological assets amounting to IDR 26 billion, up 29.1%, based on market valuation of the agriculture produce as of 31 December 2020, in accordance with Singapore Financial Reporting Standards (International) (SFRS)(I) 1-41.

The combination of higher revenue and lower expenses resulted in strong increased in net profit amounting to IDR 1,362 billion in FY2020, up 62.1% compared to IDR 840 billion in FY2019. EBITDA also registered a robust 52.0% increased to IDR 2,575 billion.

Our healthy financial performance contributed to the strengthening of the Group's balance sheet in FY2020. The total assets of the Group reached IDR 18,233 billion as of 31 December 2020, an increase of 4.5% from IDR 17,444 billion in the previous corresponding period. Similarly, total current and non-current assets increased to IDR 2,618 billion and IDR 15,615 billion respectively. The increase in current assets was attributed mainly to an increase in cash and short-term deposits, inventories, and biological assets. This was offset by a decrease in trade and other receivables due to an improvement in sales collection. On the other hand, the increase in non-current assets was due to an increase in plasma receivables, property, plant and equipment ("**PPE**") as well as bearer plants. The increase in plasma receivables, PPE and bearer plants was arising from advances given to plasma farmers for the maintenance of immature plasma plantations, the construction and extension of some mills,

and the development costs incurred for immature plantations respectively.

The Group's total liabilities decreased by 3.9% to IDR 7,699 billion as of 31 December 2020, from IDR 8,013 billion in the previous year. While current liabilities amounting to IDR 1,722 billion remained at a similar level to the previous year, non-current liabilities decreased by IDR 316 billion to IDR 5,977 billion. This was mainly due to the reclassification of bank loans based on their maturity date.

The Group's balance sheet was further reinforced by a stronger debt to equity ratio, mainly attributed to lower borrowings. In addition, the Group generated positive cash flows. Net cash flows from operating activities were supported by higher sales collection and reached IDR 2,446 billion. The Group recorded net cash flows used in financing activities of IDR 1,248 billion in FY2020, from paying down bank loans, dividends and interest. The net cash flows used in investing activities in FY2020 were IDR 931 billion and were predominantly accredited to the increased purchase of PPE related to construction and the extension of some mills.

> "Our healthy financial performance contributed to the strengthening of the Group's balance sheet in FY2020. The total assets of the Group reached IDR 18,233 billion as of 31 December 2020."

As a result of the higher cash flows generated during the year, the Group recorded a net increase in cash and cash equivalents of IDR 267 billion, a 28.9% increase from last year, bringing total cash and bank balances to IDR 792 billion as of 31 December 2020.

Corporate Milestones

1996

- Acquired first land bank of 17,500 hectares in Central Kalimantan

1998

- Commenced planting

2003

- Commissioned first CPO mill (in Central Kalimantan)

2004

- Planting programme of 7,719 hectares completed, bringing total planted area to 18,773 hectares

2007

- Surpassed 50,000 hectares planted area
- IOI Group acquired 33% stake

2010

- Surpassed 100,000 hectares planted area

2011

- Commissioned the sixth CPO mill, increasing mill processing capacity to 2.07 million tpa

2012

- Listed on the Mainboard of the Singapore Exchange in April

2013

- First dividend payment
- Received Forbes Asia 200 "Best Under A Billion" Award

2014

- Received "Frost & Sullivan Indonesia Excellence Award"

2015

- Received "Asiamoney Award" for 3 categories in Singapore:
  - Best Overall for Corporate Governance
  - Best for Investor Relations
  - Best for Corporate Social Responsibility

2016

- Received "Asiamoney Award" for all 7 categories in Singapore:
  - Best Managed Small Cap Company
  - Best Overall for Corporate Governance
  - Best for Disclosure and Transparency
  - Best for Shareholders' Rights and Equitable Treatment
  - Best for Responsibilities of Management and the Board of Directors
  - Best for Investor Relations
  - Best for Corporate Social Responsibility
- One of Bumitama's Management team, Ms. Christina Lim was awarded the "Best Executive in Singapore".

2018

- Received "Asiamoney Award" for 3 categories in Singapore:
  - Overall Most Outstanding Company in Singapore
  - Most Outstanding Company in Singapore (Small Cap)
  - Most Outstanding Company in Singapore (Consumer Staple)

2019

- Awarded the "Most Profitable Company" (Agriculture Sector) from The Edge Billion Dollar Club, 3 years in a row from 2017 till 2019
- Received "Asiamoney Award" for 2 categories in Singapore:
  - Most Outstanding Company in Singapore (Small Cap)
  - Most Outstanding Company in Singapore for the decade 2010 – 2019
- 14 CPO mills with processing capacity of 5.85 million tpa

Bumitama Agri Ltd.
Excellence Through Discipline

2020

- Received Distinguished Member of "Singapore's Fastest Growing companies 2020" from The Straits Times Certificate
- FT High-Growth Companies Asia-Pacific 2020 from the Financial Times
- Received "Asiamoney Award" for:
  - Most Outstanding Company in Singapore (Consumer Staple)

FT FINANCIAL TIMES
High-Growth Companies
Asia-Pacific
2020
statista

Board of Directors

LIM GUNAWAN HARIYANTO

Executive Chairman and Chief Executive Officer

Mr. Lim Gunawan Hariyanto, Executive Chairman and Chief Executive Officer of Bumitama, joined the Group in 1997 when he was appointed Director of PT Karya Makmur Bahagia. Mr. Gunawan was first appointed to the Board on 23 March 2012 and re-elected on 22 April 2019. He is responsible for the formulation and implementation of the Group's business and corporate policies as well as strategies for business development and operations management.

Mr. Gunawan has developed extensive expertise and knowledge in business operations and development based on his experience garnered in the palm oil industry over the past 23 years. Mr. Gunawan started his career in 1984 as the Vice President Director of PT Tirta Mahakam Resources Tbk., where he was in charge of the operational and business development of the company.

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

LIM CHRISTINA HARIYANTO

Executive Director

Ms. Lim Christina Hariyanto, Executive Director of the Company, joined the Group in 2012 as the Head of Investor Relations. Ms. Christina was first appointed to the Board on 1 June 2017 and re-elected on 24 April 2020. She is responsible for strengthening the communication channels between the Company and the financial industry. Through analyst meetings and investor conferences, she strives to heighten awareness and understanding of Bumitama's business among the investment and financial communities. Her efforts were recognised by Asiamoney who awarded Bumitama the "Best in Investor Relations in Singapore" in 2015 and 2016. Asiamoney also recognised Ms. Christina with the "Best Executive in Singapore" Award in 2016.

She started her career as an Investment Analyst at Nomura Securities. She subsequently developed Harita Kencana Sekuritas from a small brokerage house to a well-known medium-sized company that is actively involved in equities trading and advisory services. In 2000, her firm was voted in the top quartile in the rankings of brokerage firms in Indonesia by Investor Magazine. In 2005, 2006, and 2007, Asiamoney ranked Harita Kencana Sekuritas as the fourth best local brokerage in Indonesia. In 2009, Harita Kencana Sekuritas was awarded the Best Securities Company in its asset category by Investor Magazine.

Ms. Christina was a member of the Indonesia Stock Exchange (IDX) Discipline Committee from 2004 to 2009. She is currently the President Commissioner of Harita Kencana Sekuritas.

Ms. Christina graduated from the University of Southern California with a Bachelor of Business Administration in 1990.

DATO' LEE YEOW CHOR

Non-Executive Director

Dato' Lee Yeow Chor, a Non-Executive Director of Bumitama, was first appointed to our Board on 23 March 2012 and re-elected on 23 April 2018. He is presently the Group Managing Director and Chief Executive of IOI Corporation Berhad, a Malaysian company which is a leading global palm oil player, and a Board Member of IOI Properties Group Berhad. Dato' Lee was first appointed to the Board of IOI Corporation Berhad as Group Executive Director in 1996, and to the Board of IOI Properties Group Berhad in 2013.

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

Prior to joining IOI Group as a General Manager in 1994, Dato' Lee served in various capacities in the Attorney General's Chambers of Malaysia and the Malaysian Judiciary for about four years. He held the position of Magistrate when he left for the private sector.

Dato' Lee was elected Chairman of the Malaysian Palm Oil Association (MPOA) in June 2020. Prior to that, he was the Chairman of the Malaysian Palm Oil Council and served as a Council Member in the Malaysian Palm Oil Association. He was also a member of the Board of Directors of Bank Negara, the Central Bank of Malaysia, from 2015 to 2018.

LEE LAP WAH GEORGE

Lead Independent Director

Mr. Lee Lap Wah George, the Lead Independent Director of the Company, was appointed to our Board on 1 June 2017 and re-elected on 24 April 2020. Mr. Lee is also an Independent Director of RE&S Holdings Limited and Wearnes-Starchase Limited.

From April 2016 to July 2017, Mr. Lee was an advisor to the CEO and Management Committee at Oversea-Chinese Banking Corporation ("**OCBC**") Malaysia Bhd. Mr. Lee served as an Executive Vice President and Head of Global Corporate Banking at OCBC from February 2012 to April 2016. Prior to this, he was Executive Vice President and Head of Group Investment Banking of OCBC Limited since 2002. Mr. Lee started his career as a Finance Officer in the Group Treasury Department of Keppel Shipyard in 1978 and joined Marine Midland Bank in 1982 as Assistant Vice President. Subsequently, Mr. Lee held managerial positions in various merchant banking units based in Singapore. In 1989, he was appointed Country Manager for Security Pacific Asian Bank. In 1993, he joined Credit Suisse Singapore as Head of Corporate Banking for South East Asia and left as Director, Corporate Lending of Credit Suisse First Boston in 1998 before joining OCBC.

Mr. Lee was awarded the Chartered Financial Analyst (CFA) in 1987 and currently sits on the advisory panel of CFA Singapore. Mr. Lee obtained his Bachelor of Business Administration (Honours) from the University of Singapore in 1976.

Board of Directors

LIM HUNG SIANG

Independent Director

Mr. Lim Hung Siang, an Independent Director of Bumitama, was appointed to our Board on 1 June 2018 and re-elected on 22 April 2019.

In his professional career, Mr. Lim has extensive experience running several companies in the transport and engineering sectors, including the Singapore Automotive Engineering Group and the ComfortDelgro Corporation. He also has extensive experience in business development and mergers/acquisitions in Europe, Australia and China, as well as in setting up and operating new business units.

After his retirement as Senior Executive Vice President of ComfortDelgro Corporation in 2007, he was appointed as an advisor and consultant for several companies in Singapore, China and France.

Mr. Lim obtained both his Bachelor of Engineering (Mechanical) (First Class Honours) and Master of Science (Industrial Engineering) degrees from the University of Singapore in 1973 and 1979, respectively. He attended the Senior Executive Programme at Stanford University, USA, in 1989.

LAWRENCE LUA GEK PONG

Independent Director

Mr. Lawrence Lua Gek Pong, an Independent Director of Bumitama, was appointed to our Board on 1 January 2020 and re-elected on 24 April 2020. Mr. Lua joined DBS Bank in 2011 as Managing Director and Head of Private Bank for South East Asia. He was also a Member of the DBS Bank Singapore Management Committee. In December 2019, he stepped down as Group Head of the Private Bank to take on the role of Senior Advisor. Mr. Lua is also an Independent Director of SingHaiyi Group Ltd and a Non-Executive Director and Chairman of Miclyn Express Offshore Limited. He is also an Advisor to Maitri Asset Management.

Mr. Lua has over 35 years of banking experience and in 2014 was conferred a Fellow of the Institute of Banking and Finance. He started his banking and finance career with the Monetary Authority of Singapore after graduating with a Bachelor of Social Science (Honours in Economics) degree from the National University of Singapore in 1982. He went on to serve in the Corporate Banking Groups of various foreign banks until 1989. Thereafter, he moved into private banking where he held senior positions including that of the Global Market Head and Country Head for Citibank Private Bank Singapore and Managing Director (Investments) for Merrill Lynch International Bank Singapore.

In addition to the above roles, Mr. Lua serves on the Advisory Board for Wealth Management at the Singapore Management University and has been the Founding Chairman of a not-for-profit child development organization since 1991. He was recently appointed Chairman of the Nee Soon Link Citizens' Consultative Committee and is a mentor to a social enterprise involved in helping marginalized women and youth-at-risk. He was Chairman of the IBF Private Banking Industry Workgroup and a Member of the IBF Standards Committee from 2016 to 2020.

Key Management

ROEBIANTO

Chief Operating Officer

Mr. Roebianto is the Group's Chief Operating Officer. He joined the Group in 2003 as General Manager in the engineering division of Bumitama Gunajaya Agro ("BGA"). He oversees and controls the Group's overall operational activities, including the plantation, engineering and human resource departments.

Mr. Roebianto started his career as a Field Superintendent in the Planning Engineering Department of Indo Plywood (Salim Group) in 1982 and was subsequently promoted to various managerial positions within the Salim Group during his tenure with them. Mr. Roebianto left the Salim Group in 1999 and was appointed Director at Chua Sea Joo Plywood Industry Sdn Bhd, Malaysia from 1999 to 2003. He also spent four months in 2003 as General Manager in PT Tirta Mahakam Resources Tbk. prior to joining BGA.

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

SIE EDDY KURNIAWAN

Chief Financial Officer

Mr. Sie Eddy Kurniawan is the Group's Chief Financial Officer. He joined the Group in 2013 and is responsible for the Group's finance, accounting, and ICT department.

He started his career in 1994 as a financial auditor with Arthur Andersen and left as a senior auditor in 1996 to join the financial advisory services of PricewaterhouseCoopers where he rose to become Associate Director. In 2005, he was recruited by Sampoerna Strategic Group as Business Development Executive and in 2007, he was appointed Chief Financial Officer of PT Sampoerna Agro Tbk., a plantation company listed on the Indonesian Stock Exchange.

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

LIM SIAN CHOO

Chief Sustainability Officer

Ms. Lim Sian Choo is the Group's Chief Sustainability Officer. She joined the Group in 2011 as the Group Head of Corporate Secretarial Services and Corporate Social Responsibility. Since 2013, she has been actively working together with various stakeholders, including the RSPO on various initiatives. Ms. Lim Sian Choo has been an active member of the RSPO standing committee, working groups and task force and is also a member of the Complaint Panel.

Ms. Lim Sian Choo started her career in 1982, and as a chartered accountant was involved in the accounts and finance departments of various businesses. She joined the Hong Leong Group of Malaysia in 1991, where she held various appointments, such as Operations Manager and Group Financial Controller, before joining Bumitama in 2011. In January 2009, Ms. Lim Sian Choo was also appointed as a non-executive director and a member of the Audit Committee of Southern Steel Berhad. She stepped down from both of these positions at the end of 2009.

Ms. Lim Sian Choo obtained her Bachelor of Commerce and Administration degree in 1981 from Victoria University, Wellington, New Zealand. She is a member of the Malaysian Institute of Accountants.

Sustainability & Corporate Social Responsibility

> We have applied the latest technological innovations to accelerate and improve the quality of our initiatives while also promoting cost efficiency.

OUR COLLECTIVE EFFORT FOR SUSTAINABILITY AND CONTINUITY

The year 2020 marks the 6th year since the launch of our Sustainability Policy. Over this period, sustainability has become an integral part of our business strategy and operations. It has now provided us with the competitive advantage during this unprecedented times we face due to the COVID-19 pandemic.

Building on the principles of People, Planet and Prosperity that closely align with our focus on Production, Protection and Inclusion, we have continued steadfast in the implementation of our No Deforestation, No Peat and No Exploitation ("**NDPE**") commitments. We have been improving, intensifying and strengthening existing programmes while embarking on new initiatives with wider stakeholder participation.

Bumitama's approach to operating palm oil concession and mills has been inclusive and holistic, ensuring a productive and long lasting continuation of our plantation operations in co-existence with the local communities and biodiversity. We want to preserve the areas set-aside for conservation for generations to come. We have applied the latest technological innovations to accelerate and improve the quality of our initiatives while also promoting cost efficiency. Our fire management programme was reinforced with an automated system that shares up-to-date information from satellite monitoring, automatic weather stations and our patrolling teams via a mobile phone application. This allows for a much faster and effective response. Furthermore, our conservation department has deployed drones to disperse seeds of indigenous trees to rehabilitate forests. We have pioneered new approaches for paludiculture, restoring peatlands while providing local communities with a source of sustainable

livelihood. We have also developed a showcase farming site that teaches communities the benefits of land clearing without the use of fire.

In our sustainability efforts, we constantly engage with our main stakeholder groups comprising of governmental institutions, non-governmental organisations, certification bodies, as well as the local communities in their role of our suppliers, contractors and smallholders. To holistically plan our Corporate Social Responsibility ("**CSR**") partnerships for maximum impact and programme longevity, we strive for aligning and embedding ourselves with the landscape and its people. To advance the resilience of the neighbouring villages, we seek to instil our sustainable culture among the local communities, engage in long-term partnerships to improve their livelihoods, and provide education, trainings and the necessary skills for the establishment of a sustainable income.

In 2020, our strong corporate governance allowed us to swiftly adapt to the profound changes imposed by the COVID-19 pandemic. By putting the health of our workforce first and implementing company-wide preventive measures, we were able to mitigate the threats while securing the continuity of our production. As a part of our collective effort in implementing the health protocol, we introduced new sustainability-related initiatives including Personal Protective Equipment ("**PPE**") distribution, healthy lifestyle and hygiene education, growing of fresh crop on estate land which provides nutritious food-source for our employees, and securing continuation of education for our children.

Since its introduction, our Sustainability Policy has overcome many external and internal challenges. Our maturing into a leading player in the sustainable palm oil production industry means we need to continuously review and prepare for new standards and forward-looking commitments. We regularly review its effectiveness in order to implement necessary updates to ensure it consistently demonstrates and applies to our developing practice.

For more detailed insights on our Sustainability and CSR plans, programmes and performance, please refer to our Sustainability Report 2020.

Corporate Governance

Bumitama Agri Ltd. (the "**Company**" or "**Bumitama**") and its subsidiaries (the "**Group**") recognises the importance of, and is committed to observing and attaining high standards of corporate governance, business integrity and professionalism in its business and operations. The Board constantly reviews the Company's corporate governance practices and seeks to align its practices with the development and changes in the Code of Corporate Governance 2018 (the "**Code**") as well as inputs from the stakeholders. The Company has complied substantially with the principles and guidelines set out in the Code, where they are applicable, relevant and practicable. In so far as any principle and/or guideline has not been complied with, the reason has been provided.

This report sets out Bumitama key corporate governance practices with reference to the Code and with the Group's cultural pillar of morality, capability and integrity and its code of ethics which is captured by the Company's code of conduct policy, business ethics and anti-corruption policy.

ACHIEVEMENT

The Company has been accorded from the Straits Times and the Financial Times in 2020 the Distinguished member of Singapore's Fastest Growing Companies 2020 and the High-Growth Companies Asia-Pacific, respectively. The Asiamoney Corporate Governance Poll 2020 had also accorded to the Company the Most Outstanding Company in Singapore – Consumer Staples sector award.

(A) BOARD MATTERS

PRINCIPLE 1: THE BOARD'S CONDUCT OF AFFAIRS

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

- Formulate corporate strategies, financial objectives and direction for the Group;
- Ensure effective management leadership of the highest quality and integrity;
- Provide oversight in the proper code of conduct and business ethics of the Group;
- Oversee and/or evaluate the adequacy of the internal audit, risk management, financial reporting and compliance processes; and
- Oversee and ensure high standards of corporate governance for the Group.

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

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

The Committees are each chaired by an Independent Director and all members are Independent Directors. Each Board Committee is governed by clear terms of reference approved by the Board and its role is to assist the Board in the matters that the Board delegates to it. Each Board Committee has the authority to examine any issue that arises in their specific areas and report to the Board with their recommendations. The ultimate responsibility and the final decision on all matters, however, lies with the Board. Details of the scopes, responsibilities and functions of the various Board Committees are set out in this Report.

Corporate Governance

The Board and Board Committees meetings are scheduled in advance to coincide with the announcements of the Group's half yearly results and key summary production and financial indicators for first and third quarter of the financial year. The Board had on 30 April 2020 adopted this revised reporting, in line with the changes allowed by the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). Additional and ad hoc meetings and conference calls are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings. In addition to these meetings, Independent Directors meet without the presence of Management, as and when required. The Company's Constitution provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously.

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

The Board met four times during the financial year ended 31 December 2020 ("**FY2020**"). Since the outbreak of pandemic of Coronavirus 2019 ("**COVID-19**") in the beginning of 2020, Board and Board Committees Meetings were held in compliance to the health and safety procedures set by the Ministry of Health of Singapore. The attendance of each Director at the Board and Board Committees Meetings for FY2020 was as follows:

	Board	AC	RC	NC	CRC
Number of Meetings Held	4	4	1	1	1

Name	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended	No. of Meetings Attended
Lim Gunawan Hariyanto	4	NA	NA	NA	NA
Lim Christina Hariyanto	4	2[1]	NA	NA	1[1]
Dato' Lee Yeow Chor	4	4[1]	1[1]	NA	NA
Lee Lap Wah George	4	4	1	1	1
Lim Hung Siang	4	4	1	1	1
Lawrence Lua Gek Pong	4	4	1	1	1

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

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

Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore must undergo the necessary training and briefing as prescribed by the SGX-ST, especially organised by the Singapore Institute of Directors ("**SID**"). Directors also have the opportunity to visit the Group's operational facilities and meet with the Management to gain a better understanding of the Group's business operations. For FY2020, none of the Independent Directors and the Non-Executive Director had been able to travel to the Company's plantations in Indonesia, with safeguard measures undertaken by the Group on international travel, and all visitors needing to undergo isolation due to the COVID-19 pandemic.

Corporate Governance

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

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

- SID Listed Entity Director Programme
- SID Listed Company Director Essentials – Remuneration Committee
- SID Conference – Board Audit Committee
- Forbes Global CEO Conference
- Institutional Investor Council - Dialogue with Plantation Industry Key Players
- Asia Global Dialogue 2020 - Towards a New Multilateral Global Economy
- A Deep Dive into ASEAN Power Structures and Geopolitical Implications in a Post COVID-19 World
- Asia Leadership Forum
- Invest Malaysia Forum
- Fraud Risk Management Workshop
- Boston Consulting Group (BCG) Leadership Institute Seminar

All Directors are updated on an on-going basis via Board meetings and/or circulars on matters relating to, *inter alia*, changes to the regulations of the SGX-ST, Companies Act, accounting standards and/or other statutory requirements and/or new releases issued by the SGX-ST, Accounting and Corporate Regulatory Authority ("**ACRA**"), Monetary Authority of Singapore. The Directors may also seek independent professional advice on any Group matters, as they require, at the Group's expense.

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

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

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

Corporate Governance

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

The Board comprises six members and half of the Board are Independent Directors as follows:

Name	Board	AC	RC	NC	CRC	Years of Service
Lim Gunawan Hariyanto	Executive Chairman	–	–	–	–	8.8
Lim Christina Hariyanto	Executive Director	–	–	–	–	3.6
Dato' Lee Yeow Chor	Non-Executive Director	–	–	–	–	8.8
Lee Lap Wah George	Lead Independent Director	Chairman	Member	Chairman	Member	3.6
Lim Hung Siang	Independent Director	Member	Chairman	Member	Member	2.6
Lawrence Lua Gek Pong	Independent Director	Member	Member	Member	Chairman	1.3

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

The NC is tasked to determine on an annual basis and as and when the circumstances require whether or not a Director is independent, bearing in mind the guidelines set forth in the Code and any other salient factors which would render a Director to be deemed not independent. Each of the Independent Directors has provided a declaration of his independence to the NC. The NC has reviewed, determined and confirmed the independence of the Independent Directors.

None of the Independent Directors has served on the Board for a period exceeding nine years from the date of their first appointments.

The Board periodically conducts a review of its size and composition of the Board which comprises members of both genders and from different backgrounds whose core competencies, qualifications, skills and experiences, to ensure both aspects continue to meet the needs of the Group and to maintain the effectiveness of the Board. The Board, with the concurrence of the NC, is of the view that the Board can benefit from having an additional independent director preferably female candidate who have financial background and experience in palm oil industry and so as to ensure greater oversight and independence in view that the position of the Chairman and Chief Executive Officer ("**CEO**") is held by the same person. The Company is in the midst of sourcing potential candidate. Appointment of additional independent director will be approved and executed before the end of the calendar year of 2021.

In recognition of the importance and value of gender diversity in the composition of the Board, Ms Lim Christina Hariyanto, was appointed as Executive Director on 1 June 2017.

As the Board consists of professionals from various disciplines, it has yet to adopt a Board diversity policy. Nonetheless, the Board acknowledges and embraces the benefits of diversity on the Board and would look into setting board diversity objective and formalising and adopting of a Board diversity policy soon.

The current Board comprises Directors who as a group provide core competencies such as finance, legal, business management and industry knowledge. The profile of the Directors can be found on pages 18 to 20 of this Annual Report.

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

Corporate Governance

Where necessary or appropriate and at least once a year, the Non-Executive Director and Independent Directors on the Board will meet without the presence of the Management. The Independent Director communicates regularly to discuss matters related to the Group. Where appropriate, the Lead Independent Director provides feedback to the Executive Chairman after such meetings.

The Code provides that where the Chairman is, *inter alia*, part of the Management team or is not an Independent Director, the Independent Director should make up a majority of the Board. With 1 Non-Executive Director and 3 Independent Directors making up a majority of the Board, the Board is satisfied and assured that no individual or group of Directors has unfettered powers of decision that could create a potential conflict of interest. Nonetheless, the NC will source for a suitable candidate to be appointed as Independent Director in order to comply with provision 2.2 of the Code.

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

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

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

PRINCIPLE 4: BOARD MEMBERSHIP

The NC comprises three Directors, all three of whom are non-executive and are Independent Directors. The NC members are:

Mr. Lee Lap Wah George (NC Chairman)
Mr. Lim Hung Siang
Mr. Lawrence Lua Gek Pong

The NC met on one occasion in FY2020.

The NC performed the following functions in FY2020 in accordance with its terms of reference:

1. reviewed and recommended to the Board the structure, size and composition of the Board and Board Committees;

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

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

4. determined annually whether a Director is independent;

Corporate Governance

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

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

7. reviewed succession plans, in particular, the Chairman/CEO, key management; and

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

Pursuant to Regulation 91 of the Company's Constitution, one-third of the Directors will retire from office by rotation and submit themselves for re-nomination and re-election at every Annual General Meeting ("**AGM**"). Each Director is also required to retire at least once every three years. Pursuant to Regulation 97 of the Company's Constitution, any Director so appointed shall hold office until the next AGM. A retiring Director is eligible and may be nominated for re-election.

The NC has recommended to the Board that Dato' Lee Yeow Chor and Mr. Lim Hung Siang (retiring pursuant to Regulation 91 of the Company's Constitution) be nominated for re-election at the forthcoming AGM. Dato' Lee Yeow Chor and Mr. Lim Hung Siang have signified their consent to remain in office.

In reviewing the nomination of the retiring Directors, the NC considered the performance and contribution of each of the retiring Directors, having regards not only to their attendance and participation at Board and Board Committees meetings but also the time and efforts devoted to the Group's business and affairs. The Board has accepted the NC's recommendation.

Each member of the NC and the Board shall abstain from voting on any resolutions and/or participating in deliberations in respect of his/her re-election as Director. Accordingly, Dato' Lee Yeow Chor and Mr. Lim Hung Siang have abstained from the deliberation and decision in respect of their own re-election.

The NC conducts an annual review of Directors' independence adopting the Code's definition of an Independent Director and guidelines as to relationship in determining the independence of a Director. The NC and the Board are of the view that Mr. Lee Lap Wah George, Mr. Lim Hung Siang, and Mr. Lawrence Lua Gek Pong are considered independent while Dato' Lee Yeow Chor is considered a Non-Executive and Non-Independent Director in view of his association with Oakridge Investments Pte Ltd., a substantial shareholder of the Company.

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

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

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

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

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

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

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

As at 31 December 2020, there is no alternate Director on the Board.

PRINCIPLE 5: BOARD PERFORMANCE

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

The assessment process had been continuously improved upon, with feedback from the Board and the review incorporates factors such as attendance, Board composition, conduct, input and contributions of the Board and its various committees; keeping updated on latest trends in the industry and global market; and quality, availability and sufficiency of information. Each Director evaluates and assesses the Board and the Board Committees, the results of which are consolidated, analysed and discussed within the NC, which included a comparison with the results of the preceding financial year. The results and areas to be strengthened are identified and reported to the Board.

The Chairman, in consultation with the NC, would act on the results of the assessment; upon the endorsement of the report.

For FY2020, the NC is generally satisfied with the Board evaluation results, which indicated areas of strengths and areas that could be improved further. No significant problems had been identified. The NC had discussed the results with the Board and the Board has agreed to work on the areas where improvement is necessary as appropriate.

(B) REMUNERATION MATTERS

PRINCIPLE 6: PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The RC comprises three members, all of whom are non-executive and Independent Directors. The members of the RC are:

Mr. Lim Hung Siang (RC Chairman)
Mr. Lee Lap Wah George
Mr. Lawrence Lua Gek Pong

During FY2020, the RC met on one occasion.

The RC carried out the following activities during FY2020 in accordance with its terms of reference:

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

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

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

4. reviewed the service contracts of the CEO and Executive Directors.

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

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

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

PRINCIPLE 7: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 8: DISCLOSURE ON REMUNERATION

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

Only Non-Executive Directors (including Independent Directors) are paid Directors' fees. The Directors' fees are set in accordance with a framework comprising Board fees and additional fee(s) for serving on any of the Board Committees, and taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The payment of such fees is recommended for Shareholders' approval at the AGM of the Company.

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

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

Each member of the RC shall abstain from voting on any resolutions and/or participating in discussion regarding his own remuneration package or on matters in which he is interested.

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The Executive Directors' Service Agreements were for an initial period of 3 years from the date of appointment respectively and are renewable for successive periods of one year each. The Service Agreements may be terminated during such term either as provided in the Service Agreements or by either party giving to the other not less than six months' written notice. There are no onerous compensation commitments on the part of the Company or its subsidiaries in the event of an early termination of the service of the Executive Directors. The Executive Directors and key management personnel of the Group are rewarded based on their achievement of certain key performance indicators and the actual results of the Group, and not on any other assigned incentives, the "claw back" provisions in their employment contracts may therefore not be relevant or appropriate. The RC will when appropriate, review the need to adopt provisions allowing the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstance of misstatement of financial results or of misconduct which could result in financial loss to the Group.

The RC, with the concurrence of the Board, has recommended that an amount of S$317,500 as Directors' fees be paid to the Non-Executive Directors quarterly in arrears for FY2021. These fees will be tabled for Shareholders' approval at the forthcoming AGM.

The annual remuneration bands for the Directors and key management personnel and the proportion of variable bonus and fixed remuneration, fee and salary of the benefit for FY2020 are set out below:

Name	Total Directors' Fee	Fixed Salary	Variable Bonus and Benefit	Remuneration Band	Total
Directors					
Lim Gunawan Hariyanto[1]	–	60%	40%	S$2,250,001 – S$2,500,000	100%
Lim Christina Hariyanto[1]	–	63%	37%	S$250,001 – S$500,000	100%
Dato' Lee Yeow Chor	62,500	–	–	Below S$250,000	100%
Lee Lap Wah George	91,500	–	–	Below S$250,000	100%
Lim Hung Siang	82,500	–	–	Below S$250,000	100%
Lawrence Lua Gek Pong	81,000	–	–	Below S$250,000	100%
Key Management Personnel[2]					
1 Executive	–	63%	37%	S$1,500,001 – S$1,750,000	100%
1 Executive	–	50%	50%	S$1,000,001 – S$1,250,000	100%
1 Executive	–	68%	32%	S$250,001 – S$500,000	100%

Notes:
1 Payment partly by Indonesian subsidiaries and partly by Bumitama.
2 Fully paid by Indonesian subsidiaries.

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

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

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Having considered Provision 8.1 of the Code requiring the disclosure of the remuneration of at least the top 5 key management personnel (who are not directors or the CEO), the Group is only disclosing the above 3 individuals, who, besides the CEO, are considered as the Group's key management personnel and since they have supervisory roles over the other senior management of the Group.

There are two employees, who are immediate family members of a Director and/or the CEO and/or a substantial shareholder of the Company whose remuneration exceeded S$100,000, in bands no wider than S$100,000 during FY2020. The information is set out below:

Name of Executives[1]	Related to	Remuneration Band
Gunardi Hariyanto Lim	Brother of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S$1,700,001 – S$1,800,000
Lim Liana Sarwono	Sister of Lim Gunawan Hariyanto and Lim Christina Hariyanto	S$200,001 – S$300,000

Notes:
[1] Fully paid by Indonesian subsidiaries.

(C) ACCOUNTABILITY AND AUDIT

PRINCIPLE 9: RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management reviews all control policies and procedures and highlights all significant matters to the AC and the Board. The Group's financial risk factors and financial risk management objectives and policies are outlined under Note 34 of the "Notes to the Financial Statements" on pages 113 to 121. Risk management alone does not guarantee that business undertakings will not fail. However, by identifying and managing risks that may arise, the AC and the Board are in a position to make more informed decisions and will benefit from a better balance between risk and reward. This will assist in protecting the Group's assets.

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

ENTERPRISE RISK MANAGEMENT ("ERM")

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

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

The Management Committee comprises the Chief Operating Officer, CFO, Chief Sustainability Officer ("**CSO**") as well as the Head of the Internal Audit Department.

Risks are pro-actively identified and addressed. The ownership of these risks lies with the respective business and executive heads with stewardship residing with the Board. The Internal Audit Department, CSO, together with the ERM Secretariat review on the whole ERM system and the Board reviews the adequacy and effectiveness of the Group's risk management and internal control systems quarterly. As the Group continues to grow and taking into account the evolving nature of its business, the Management Committee will on a regular basis, conduct an assessment on the adequacy of the framework, processes and procedures and risk identified and measured.

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In 2020, the results of a review incorporating changing business dynamics especially taking into consideration of COVID-19 pandemic were tabled and the results and recommendations had been shared with AC and the Board. It was agreed that (1) business continuity in the COVID-19 pandemic emphasizes in ensuring the health and safety of workers, their families and communities near to our operations; (2) continuous training are needed and will be conducted in phases to ensure internalisation of the purpose and method of ERM assessment and risk management; (3) the risk map was improved and updated based on feedback from various departments and management; and (4) preparation of the internal audit plan for 2021 incorporating information drawn from this revised risk map.

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

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

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

The CEO and CFO have obtained similar assurance from the business and corporate executive heads in the Group.

Based on the ERM framework established, internal controls systems maintained by the Group, work performed by the internal and external auditors, and assurance from Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems addressing financial, operational, compliance and information technology controls and risk management system of the Group are adequate and effective during FY2020.

PRINCIPLE 10: AUDIT COMMITTEE

The AC comprises three members, all of whom are non-executive and Independent Directors. The AC members are:

Mr. Lee Lap Wah George (AC Chairman)
Mr. Lim Hung Siang
Mr. Lawrence Lua Gek Pong

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

The AC does not comprise former partners or directors of the Company's existing auditing firm, Ernst & Young LLP.

For FY2020, the AC has performed the following in accordance with its terms of reference:

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

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

3. reviewed the adequacy and effectiveness of the Group's internal audit controls and risk management systems;

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

5. reviewed the adequacy, independence and effectiveness of the external audit and the Group's internal audit function;

6. reviewed the assurance from the CEO and the CFO on the financial records and financial statements;

Corporate Governance

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

8. reviewed and discussed with the external auditors, any suspected fraud or irregularity, or suspected infringement of any law, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and Management's response;

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

10. reviewed any report or concern received via channel established by whistleblowing policy;

11. reviewed quarterly ERM report prepared by the Internal Audit Department, CSO, together with the ERM Secretariat;

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

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

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

15. reviewed the non-audit services provided by the external auditors of the Group, and the fees paid to them, to assess the independence and objectivity of the external auditors. The aggregate amount and breakdown of the audit and non-audit fees paid to the external auditors are found in Note 6 "General and Administrative Expenses" in the Financial Statements of this Annual Report. The AC is satisfied that the nature and extent of non-audit services had not prejudiced the independence and objectivity of the external auditors. The external auditors had also confirmed their independence in this respect; and

16. reviewed and confirmed the Group's compliance with Rules 712, 715 and 716(1) of the Listing Rules of the SGX-ST. The AC in their deliberation on the proposed appointment of Ernst & Young LLP have considered various factors, and was satisfied that the adequacy of resources and firm's experience, the audit engagement partner and his team assigned to the audit of the Group were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group. The accounts of the Company, its significant foreign-incorporated subsidiaries and its associates are audited by Ernst & Young LLP, an auditing firm registered with ACRA, and KAP Purwantono, Sungkoro & Surja (a member firm of Ernst & Young Global Indonesia).

    The rest of the Group's subsidiaries are audited by Anwar & Rekan ("**A&R**"), an auditing firm which is part of DFK International, a worldwide association of independent accounting firms and business advisers. The AC is satisfied that the appointment of A&R would not compromise the standard and effectiveness of the audit of the Group. The list of the Group's subsidiaries audited are disclosed on Note 9 of the "Investments in Subsidiaries" on pages 82 to 84 of this Annual Report.

The AC with the concurrence of the Board has recommended the nomination of Ernst & Young LLP for re-appointment as external auditors of the Company at the forthcoming AGM. Rule 713(1) of the Listing Rules of SGX-ST provides that the audit partner must not be in charge of more than 5 consecutive audit for a full financial year. The Company adheres to the regular rotation of audit partner once every five years.

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

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

During FY2020, the Group had received whistle-blowing reports which were also highlighted to the AC's attention. The whistle-blowing reports highlighted several incidents of impropriety carried out at the Group's plantations in Indonesia. These incidents were not material to the Group's financial statements and operations and remedial actions had been taken to address the issues.

INTERNAL AUDIT

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

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

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

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

(D) SHAREHOLDER RIGHTS AND ENGAGEMENT

PRINCIPLE 11 & PRINCIPLE 12:

SHAREHOLDERS RIGHTS AND CONDUCT OF GENERAL MEETINGS

ENGAGEMENT WITH SHAREHOLDERS

The Group is committed to disseminate information to Shareholders regularly and on a timely basis. It aims to provide Shareholders with clear, balanced, useful and material information to ensure that Shareholders receive a balanced and up-to-date view of the Group's strategic development, performance and business. The Company also takes input from stakeholders by considering and balancing the needs and interests of material stakeholders.

Shareholders are informed of general meetings through notices posted on the Company's website and the Company's announcement via SGXNET. The Company will dispatch the notice of AGM to shareholders, together with the explanatory notes or a circular on items of special business, at least 14 calendar days before the meeting.

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Pre-COVID-19 pandemic arrangement

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

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

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

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

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

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

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

The Company will put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages for general meetings. Electronic poll voting may be efficient in terms of speed but may not be cost effective. In this respect, the Company did not adopt electronic poll voting.

Post-COVID-19 pandemic arrangement

In view of the evolving COVID-19 situation in 2020 and heightened safe distancing measures, AGM of the Company held on 24 April 2020 was conducted partially via electronic means in accordance with the COVID-19 (Temporary Measures) Act 2020 and the related order on the conduct of alternative arrangements for general meetings (the "**COVID-19 Order**"). All directors of the Company attended AGM for FY2019 virtually and/or physically.

In 2020 and in accordance with the COVID-19 Order, shareholders attended the AGM via electronic means (i.e. live audiovisual webcast or live audio-only stream and submitted questions to the Chairman of the Meeting(s) in advance of the AGM). The Company addressed substantial and relevant questions received from shareholders and Securities Investors Association (Singapore) (SIAS) at the aforesaid meeting and published minutes of AGM including the responses to these questions on SGXNET and the Company's website.

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Shareholders who wish to exercise their right to vote on any or all of the resolutions at the general meeting were required to appoint the Chairman of the Meeting(s) as their proxy by submitting the duly completed and signed proxy forms to designated email address and mailing address. Persons who hold shares through relevant intermediaries who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or Supplementary Retirement Scheme (SRS) Operators to submit their votes.

Shareholders are encouraged to submit their questions relating to the agenda of the general meeting in advance prior to the general meeting to designated email address and mailing address.

An independent scrutineer was appointed to validate the proxy forms submitted by the shareholders and the votes of all such valid proxies were counted and verified. The voting results of all votes cast for or against each resolution will be screened at the meeting with respective percentages and these details will be announced through SGXNET after the meeting. The Company Secretary prepares the minutes of general meeting, which incorporate substantial and relevant comments or queries from shareholders and responses from the Board and Management. These minutes will be publicly available at SGX-ST's website and the Company's website.

Based on the News Releases issued by the Singapore Exchange Regulation (the "**SGX RegCo**") on 1 October 2020, issuer and non-listed companies may continue to conduct their general meetings to be held on or before 30 June 2021 via electronic means in order to keep physical interactions and COVID-19 transmission risks to a minimum, even as safe distancing regulations are gradually and cautiously relaxed. In this regard, the Company will convene the forthcoming AGM wholly by electronic means pursuant to the COVID-19 Order.

(E) MANAGING STAKEHOLDER RELATIONSHIPS

PRINCIPLE 13: ENGAGEMENT WITH STAKEHOLDERS

The Group has arrangements in place to identify and engage with its material shareholder groups and to manage its relationships with such groups. It undertakes formal and informal stakeholder engagement exercise, such as announcements, press releases, investor relations, publications, surveys and feedback with material stakeholder groups which include shareholders, suppliers, customers and employees. The Group has identified the environmental, social and governance factors that are important to its stakeholders. These factors form the materiality matrix upon which targets, metrics, programmes and progress are reviewed by and approved by the Board, before they are published annually in the Company's sustainability report. Further information in relation to details of the stakeholders engaged by the Group, areas of focus, approaches to stakeholders, including frequency of engagement by type and by stakeholder groups and key feedback or issues that have been raised though stakeholder engagement can be found in the sustainability report for FY2020 which is included in this annual report.

The Company has a dedicated investor relations team of whom contact details are available on the Company's corporate website which shareholders may contact the Company with questions and through which the Company respond to such questions.

DIVIDEND POLICY

The Group has a dividend policy to distribute up to 40% of its distributable income. The policy on distribution of dividend depends on the results of the Group's cash flow and financial position, capital expenditure plan, debt repayment schedule, dividends received from its subsidiaries, industry conditions and prospects, and other factors deemed relevant by the Board of Directors.

For FY2020, the Group had declared and paid interim dividend of S$0.004 per ordinary share on 17 September 2020. A final dividend of S$0.02 per ordinary share for FY2020 has been recommended by the Board and subject to the approval by Shareholders at the forthcoming AGM.

Corporate Governance

CONFLICTS RESOLUTION COMMITTEE

In light of the interest of the Group's controlling shareholders in the palm oil business outside of the Group, the Board has adopted certain procedures to address conflicts or potential conflicts of interest issues that may arise from time to time in the course of business conducted or carried on by the Group.

The CRC comprises three members, all of whom are non-executive and are Independent Directors. The members are:

Mr. Lawrence Lua Gek Pong (CRC Chairman)
Mr. Lee Lap Wah George
Mr. Lim Hung Siang

The CRC performs the following functions in accordance with its terms of reference for FY2020:

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

2. received quarterly report from internal auditors in relation to potential of conflict of interest for the Company; and

3. reviewed, if any, specific conflicts or potential conflicts of interests that may arise from time to time and to ensure that such conflicts are dealt with or resolved properly.

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

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

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

DEALINGS IN SECURITIES

The Group has adopted an internal compliance code on Securities Transaction ("**Compliance Code**") which provides guidance and internal regulation with regard to dealings in the Company's securities by the Company, its Directors and officers. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year (if the Company announces its quarterly results, whether required by the SGX-ST or otherwise) and/or one month before the date of announcement of the half year and full year financial results (if the Company does not announce its quarterly results), and ending on the date of the announcement of the relevant results. The Directors and employees of the Company are notified in advance of the commencement of each "closed period". The Compliance Code has been disseminated and made available to all employees.

The Group confirmed that it has adhered to its Compliance Code for FY2020 pursuant to Rule 1207(19) of the SGX-ST Listing Manual.

Corporate Governance

INTERESTED PERSON TRANSACTIONS

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

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

The aggregate value of interested person transactions entered into by the Group in FY2020 is as follows:

Name of interested person	Nature of the Relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S$100,000)
		in IDR million	**in IDR million**
Mr. Gunardi Hariyanto Lim[1]	Family relationship with the controlling shareholder of the Company	2,400	Nil
Goldwood Investments Ltd[2]	Related company	2,050	Nil
IOI Corporation Berhad[3]	Controlling shareholder of the Company	Nil	Nil
PT Lima Srikandi Jaya[4]	Related company	7,200	Nil
TOTAL		**11,650**	**Nil**

Notes:

* *For illustrative purpose the aggregate value of all interested person transactions, conducted under the Shareholders' Mandate during the financial year under review using the current period average rate.*

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

2 In respect of the aggregate rent paid by the Group to Goldwood Investments Ltd. for office space in Singapore pursuant to the lease agreement between Goldwood Investments Ltd. and the Company.

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

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

MATERIAL CONTRACTS

Save as disclosed above in the sections on "Interested Person Transactions" and Service Agreements entered into between the Company and the Executive Directors, there are no other material contracts of the Company or its subsidiaries involving the interest of the CEO, each Director or controlling shareholders, which are either still subsisting at the end of FY2020 or if not then subsisting, entered into since the end of FY2020.

Corporate Governance

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Dato' Lee Yeow Chor and Mr. Lim Hung Siang are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 12 April 2021 ("**AGM**") under Ordinary Resolutions 3 and 4 as set out in the Notice of AGM dated 26 March 2021 (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	Dato' Lee Yeow Chor	Lim Hung Siang
Date of Appointment	23 March 2012	1 June 2018
Date of Last Re-Appointment	23 April 2018	22 April 2019
Age	54	70
Country of principal residence	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board having considered among others, the recommendation of the Nominating Committee, contribution, qualifications and work experience of Dato' Lee Yeow Chor, is of the view that he is suitable for re-election as a Non-Executive Director of the Company.	The Board having considered among others, the recommendation of the Nominating Committee, contribution, qualifications and work experience of Mr. Lim Hung Siang, is of the view that he is suitable for re-election as an Independent Director of the Company. The Board considers Mr. Lim to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.
Whether appointment is executive, and if so, the area of responsibility	No.	No.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive Director.	Independent Director, Chairman of Remuneration Committee and a member of Audit Committee, Conflicts Resolution Committee and Nominating Committee.
Professional qualifications	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.
Working experience and occupation(s) during the past 10 years	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.	Please refer to Directors' Profile on pages 18 to 20 of Annual Report.
Shareholding interest in the listed issuer and its subsidiaries	Indirect interest – 556,672,070 ordinary shares	Direct interest – 50,000 ordinary shares

Corporate Governance

Name of Director	Dato' Lee Yeow Chor	Lim Hung Siang
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Dato' Lee is a substantial shareholder of the Company and presently the Group Managing Director and Chief Executive of IOI Corporation Berhad ("IOI"). Dato' Lee and Lee Yeow Seng are immediate family members are deemed to be interested in the shares held by Oakridge Investments Pte. Ltd. and Lynwood Capital Resources Pte Ltd, each a subsidiary of IOI, by virtue of their collective 100% shareholding interest in Progressive Holdings Sdn Bhd. IOI, Lee Yeow Seng, Oakridge Investments Pte. Ltd. and Progressive Holdings Sdn Bhd are substantial shareholders of the Company.	Nil
Conflict of interest (including any competing business)	IOI is engaged in the oil palm plantation business and is one of the largest palm oil players globally. Directors are of the view that IOI's engagement in the oil palm plantation business does not present a real conflict of interests as most of IOI's plantations are located in Malaysia. Furthermore, a substantial portion of IOI's CPO and PK are utilised in its downstream manufacturing processes to produce, amongst others, oleochemicals and specialty oils and fats. Also, most of IOI's CPO and PK are sold outside Indonesia. Despite the foregoing, in order to ensure that all potential conflict of interest issues are properly addressed, our Board has set up a conflicts resolution committee comprising not less than three members, all of whom are independent directors.	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Corporate Governance

Name of Director	Dato' Lee Yeow Chor	Lim Hung Siang
Other principal commitments including directorships		
Past (for the last 5 years)	• Subsidiaries of IOI Corporation Berhad and/ or IOI Properties Group Berhad	Nil
Present	• IOI Corporation Berhad and its subsidiaries • IOI Properties Group Berhad and its subsidiaries • Seaview (Sentosa) Pte Ltd • Pinnacle (Sentosa) Pte Ltd • Mergui Development Pte Ltd • Scottsdale Properties Pte Ltd and its subsidiaries • South Beach Consortium Pte Ltd and its subsidiaries • Fatty Chemical (Malaysia) Sdn Bhd • Kao Plasticizer (Malaysia) Sdn Bhd • Bunge Loders Croklaan Group B.V. and its subsidiaries • Adawan Development Sdn Bhd • Progressive Holdings Sdn Bhd • Summervest Sdn Bhd • Vertical Capacity Sdn Bhd and its subsidiaries • Yayasan Tan Sri Lee Shin Cheng • Aspen Assets Sdn Bhd	Nil

Name of Director	Dato' Lee Yeow Chor	Lim Hung Siang
The general statutory disclosures (items (a) to (k) of Appendix 7.4.1) of the Directors are as follows:		
(a) Whether at any time during the last 10 years, an application for a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner of at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

Corporate Governance

Name of Director	Dato' Lee Yeow Chor	Lim Hung Siang
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

Corporate Governance

Name of Director	Dato' Lee Yeow Chor	Lim Hung Siang
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No
in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Prior Experience as a Director of a Listed Company on the Exchange		
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
If yes, please provide details of prior experience.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable.	Not applicable.

ANNUAL FINANCIAL STATEMENTS

CONTENTS

Directors' Statement

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet of the Company for the financial year ended 31 December 2020.

1. OPINION OF THE DIRECTORS

In the opinion of the Directors,

(a) the consolidated financial statements of the Group and the balance sheet of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

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

2. DIRECTORS

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

Lim Gunawan Hariyanto
Lim Christina Hariyanto
Dato' Lee Yeow Chor
Lee Lap Wah George
Lim Hung Siang
Lawrence Lua Gek Pong

3. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES

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

	Direct interest		Deemed interest	
Name of director	**At the beginning of financial year or date of appointment**	**At the end of financial year**	**At the beginning of financial year or date of appointment**	**At the end of financial year**
Ordinary shares of the Company				
Lim Gunawan Hariyanto	–	–	905,557,774	906,557,774
Dato' Lee Yeow Chor	–	–	556,672,070	556,672,070
Lim Hung Siang	50,000	50,000	–	–

Directors' Statement

4. DIRECTORS' INTEREST IN SHARES AND DEBENTURES (continued)

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2021.

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Lim Gunawan Hariyanto and Dato' Lee Yeow Chor are deemed to have interests in shares of the subsidiaries of the Company to the extent that the Company has interest.

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

5. SHARE OPTIONS

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

6. AUDIT COMMITTEE

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

- Reviewed the audit plans of the internal and external auditors of the Group and the Company, and reviewed the internal auditors' evaluation of the adequacy of the Group's system of internal accounting controls and the assistance given by the Group and the Company's management to the external and internal auditors;
- Reviewed the quarterly and annual financial statements and the independent auditor's report on the annual financial statements of the Group and the Company before their submission to the Board of Directors;
- Reviewed effectiveness of the Group and the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- Met with the external auditor, other committees, and management in separate executive sessions to discuss any matters that these groups believe should be discussed privately with the AC;
- Reviewed legal and regulatory matters that may have a material impact on the financial statements, related compliance policies and programmes and any reports received from regulators;
- Reviewed the cost effectiveness and the independence and objectivity of the external auditor;
- Reviewed the nature and extent of non-audit services provided by the external auditor;
- Recommended to the Board of Directors the external auditor to be nominated, approved the compensation of the external auditor, and reviewed the scope and results of the audit;
- Reported actions and minutes of the AC to the Board of Directors with such recommendations as the AC considered appropriate; and
- Reviewed interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

Directors' Statement

6. AUDIT COMMITTEE (continued)

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

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

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

7. AUDITOR

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

On behalf of the Board of Directors,

Lim Christina Hariyanto
Director

Lee Lap Wah George
Lead Independent Director

Singapore
15 March 2021

Independent Auditor's Report

To the Members of Bumitama Agri Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, the statement of changes in equity, the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Goodwill impairment

SFRS(I) 1-36 requires goodwill to be assessed for impairment annually. The plantation estates are individually identified as a single CGU for impairment testing. Management engaged an independent valuer to assist them in their estimation of the recoverable value of the Cash Generating Unit ("CGU"), which the goodwill is part of, using the fair value less cost of disposal method. The audit procedures over management's annual goodwill impairment test is significant to our audit because the recoverable value is determined by a fair value less cost of disposal calculation using a discounted cash flow model which is complex, judgmental and subjective, particularly given the changes in market and economic conditions brought on by the COVID-19 pandemic.

The cash flow model estimates the relevant future cash flows which are expected to be generated in the future and are discounted to the present value by using a discount rate approximating the weighted cost of capital of the industry. The estimation of future cash flows requires the use of a number of significant operational and predictive assumptions, such as fresh fruit bunch yield rate, extraction rate, projected selling price, inflation rate, exchange rate and also factors in terminal value after the implicit period of 5 years.

Independent Auditor's Report

To the Members of Bumitama Agri Ltd.

Key Audit Matters (continued)

Goodwill impairment (continued)

We performed the following procedures, amongst others, in our audit of goodwill impairment assessment:

- reviewed the discounted cash flow model to assess the appropriateness of the methodology employed by management
- compared the operational assumptions against historical data and trend to assess their reasonableness
- evaluated and assessed reasonableness of the key assumptions used in the impairment analysis, in particular the inflation rate, projected crude palm oil price, terminal growth rate and the discount rate used in light of the economic and market conditions due to COVID-19
- reviewed adequacy of the disclosures relating to those key assumptions to which the outcome of the impairment test is most sensitive. The Group's disclosures on goodwill, which disclosed that any material changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future, are in Note 13 to the financial statements

Deferred Tax Assets

The recoverability of the deferred tax assets ("DTA") is significant to our audit because of the significant management judgement and complexity of the estimation process in forecasting the availability of future taxable profits.

We performed the following procedures, amongst others, in our audit of DTA:

- assessed and tested management's assumptions to determine if it is probable that sufficient taxable income will be available in the future to utilise the DTA
- compared the consistency of management's profit forecasts with those included in the financial budgets approved by the Board of Directors
- assessed the reasonableness of management's assumptions used in the estimation of future profitability by comparing past forecasted results against actual results and by comparing the key assumptions, such as projected crude palm oil price, Fresh Fruit Bunch ("FFB") yield and cost of production, against external sources and historical trends
- assessed the adequacy of the disclosure in Note 16 to the financial statements

Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

To the Members of Bumitama Agri Ltd.

Responsibilities of Management and Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

To the Members of Bumitama Agri Ltd.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Low Bek Teng.

Ernst & Young LLP
Public Accountants and Chartered Accountants
Singapore

15 March 2021

Consolidated Income Statement

For the financial year ended 31 December 2020

	Note	2020 IDR million	2019 IDR million
Revenue	4	9,101,746	7,691,341
Cost of sales	5	(6,575,599)	(5,958,249)
Gross profit		2,526,147	1,733,092
Other items of income:			
Other income		45,415	23,711
Interest income	6	202,205	186,669
Other items of expenses:			
Selling expenses	6	(295,770)	(352,861)
General and administrative expenses	6	(312,461)	(294,554)
Finance cost	6	(178,955)	(240,140)
Fair value changes in biological assets		25,690	19,906
Foreign exchange (loss)/gain		(49,028)	159,714
Other expenses		(32,703)	(42,371)
Profit before taxation		1,930,540	1,193,166
Taxation	7	(568,135)	(352,825)
Profit for the year		**1,362,405**	**840,341**
Attributable to:			
Owners of the Company		1,126,393	686,313
Non-controlling interests		236,012	154,028
		1,362,405	**840,341**
Earnings per share attributable to owners of the Company			
Basic and diluted (IDR per share)	8	645	392

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2020

	Note	2020 IDR million	2019 IDR million
Profit for the year		1,362,405	840,341
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation gain		10,666	71,266
Fair value reserve on derivative financial assets/liabilities		(2,223)	8,174
Item that will not be reclassified to profit or loss:			
Re-measurement loss on defined benefit plans	26	(10,722)	(6,586)
Other comprehensive income for the year, net of tax		(2,279)	72,854
Total comprehensive income for the year		**1,360,126**	**913,195**
Total comprehensive income attributable to:			
Owners of the Company		1,124,886	760,109
Non-controlling interests		235,240	153,086
		1,360,126	**913,195**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2020

	Note	Group 2020 IDR million	Group 2019 IDR million	Company 2020 IDR million	Company 2019 IDR million
ASSETS					
Non-current assets					
Investments in subsidiaries	9	–	–	2,075,776	2,045,754
Bearer plants	10	7,725,442	7,537,293	–	–
Property, plant and equipment	11	3,813,214	3,525,804	2,250	3,155
Land use rights	12	971,853	954,098	–	–
Intangible assets	13	182,606	177,948	–	–
Plasma receivables	14	2,639,567	2,441,886	–	–
Due from subsidiaries	15	–	–	6,467,014	7,319,619
Deferred tax assets	16	209,491	270,739	–	–
Derivative financial assets	27	72,763	30,442	72,763	30,442
Total non-current assets		15,614,936	14,938,210	8,617,803	9,398,970
Current assets					
Biological assets	17	294,010	268,320	–	–
Inventories	18	852,402	658,834	–	–
Deferred charges		7,831	7,312	–	–
Trade and other receivables	19	70,637	349,920	327	333
Due from related companies	20	50	50	–	–
Plasma receivables	14	64,496	118,974	–	–
Prepayments and advances		31,610	37,957	189	132
Dividend receivables		–	–	442,315	209,790
Prepaid taxes		504,875	560,838	58	53
Cash and short-term deposits	21(a)	791,953	503,753	274,427	35,293
Total current assets		2,617,864	2,505,958	717,316	245,601
Total assets		**18,232,800**	**17,444,168**	**9,335,119**	**9,644,571**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2020

	Note	Group 2020 IDR million	Group 2019 IDR million	Company 2020 IDR million	Company 2019 IDR million
LIABILITIES AND EQUITY					
Current liabilities					
Loans and borrowings	22	282,100	625,545	282,100	625,545
Trade and other payables	23	598,755	757,143	2,158	31
Accrued operating expenses	24	221,201	192,590	50,259	51,604
Dividend payable to non-controlling interests		54,595	22,015	–	–
Sales advances		281,120	57,289	–	–
Taxes payable		284,301	65,939	37	170
Total current liabilities		1,722,072	1,720,521	334,554	677,350
Net current assets/(liabilities)		895,792	785,437	382,762	(431,749)
Non-current liabilities					
Deferred tax liabilities	16	137,607	125,011	–	–
Loans and borrowings	22	3,282,436	3,720,255	3,282,436	3,720,255
Islamic medium term notes	25	2,443,238	2,376,514	2,443,238	2,376,514
Employee benefits liability	26	101,092	70,687	–	–
Derivative financial liabilities	27	12,512	–	12,512	–
Total non-current liabilities		5,976,885	6,292,467	5,738,186	6,096,769
Total liabilities		7,698,957	8,012,988	6,072,740	6,774,119
Net assets		**10,533,843**	**9,431,180**	**3,262,379**	**2,870,452**
Equity attributable to owners of the Company					
Share capital	28	1,807,045	1,807,045	1,807,045	1,807,045
Treasury shares	28	(161,366)	(147,449)	(161,366)	(147,449)
Other reserves	29	(213,435)	(201,717)	2,641	4,864
Retained earnings		7,764,128	6,814,530	561,915	223,151
Foreign currency translation reserve	30	(179,697)	(190,363)	1,052,144	982,841
		9,016,675	8,082,046	3,262,379	2,870,452
Non-controlling interests		1,517,168	1,349,134	–	–
Total equity		**10,533,843**	**9,431,180**	**3,262,379**	**2,870,452**
Total liabilities and equity		**18,232,800**	**17,444,168**	**9,335,119**	**9,644,571**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to owners of the Company							
	Share capital (Note 28) IDR million	Treasury shares (Note 28) IDR million	Retained earnings IDR million	Other reserves (Note 29) IDR million	Foreign currency translation reserves (Note 30) IDR million	Total share capital and reserves IDR million	Non-controlling interests IDR million	Total equity IDR million
2020								
Balance as of 1 January 2020	1,807,045	(147,449)	6,814,530	(201,717)	(190,363)	8,082,046	1,349,134	9,431,180
Profit for the year	–	–	1,126,393	–	–	1,126,393	236,012	1,362,405
Other comprehensive income:								
Fair value reserve on derivative financial assets/liabilities	–	–	–	(2,223)	–	(2,223)	–	(2,223)
Foreign currency translation gain	–	–	–	–	10,666	10,666	–	10,666
Re-measurement loss on defined benefit plan (Note 26)	–	–	(9,950)	–	–	(9,950)	(772)	(10,722)
Total comprehensive income for the year, net of tax	–	–	1,116,443	(2,223)	10,666	1,124,886	235,240	1,360,126
Contributions by and distributions to owners:								
Contribution from non-controlling interest (Note 9(c))	–	–	–	–	–	–	54,526	54,526
Buy-back of ordinary shares	–	(13,917)	–	–	–	(13,917)	–	(13,917)
Dividends on ordinary shares (Note 36)	–	–	(166,845)	–	–	(166,845)	–	(166,845)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(131,227)	(131,227)
Changes in ownership interest in subsidiaries:								
Decrease in ownership in subsidiaries without a change in control (Note 9(c))	–	–	–	(9,495)	–	(9,495)	9,495	–
Balance as at 31 December 2020	**1,807,045**	**(161,366)**	**7,764,128**	**(213,435)**	**(179,697)**	**9,016,675**	**1,517,168**	**10,533,843**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 December 2020

Group	Attributable to owners of the Company							
	Share capital (Note 28) IDR million	Treasury shares (Note 28) IDR million	Retained earnings IDR million	Other reserves (Note 29) IDR million	Foreign currency translation reserves (Note 30) IDR million	Total share capital and reserves IDR million	Non-controlling interests IDR million	Total equity IDR million
2019								
Balance as of 1 January 2019	1,807,045	(133,713)	6,569,298	(209,891)	(261,629)	7,771,110	1,228,618	8,999,728
Profit for the year	–	–	686,313	–	–	686,313	154,028	840,341
Other comprehensive income:								
Fair value reserve on derivative financial assets	–	–	–	8,174	–	8,174	–	8,174
Foreign currency translation gain	–	–	–	–	71,266	71,266	–	71,266
Re-measurement gain on defined benefit plan (Note 26)	–	–	(5,644)	–	–	(5,644)	(942)	(6,586)
Total comprehensive income for the year, net of tax	–	–	680,669	8,174	71,266	760,109	153,086	913,195
Contributions by and distributions to owners:								
Buy-back of ordinary shares	–	(13,736)	–	–	–	(13,736)	–	(13,736)
Dividends on ordinary shares (Note 36)	–	–	(435,437)	–	–	(435,437)	–	(435,437)
Dividends paid to non-controlling interests	–	–	–	–	–	–	(32,570)	(32,570)
Balance as at 31 December 2019	**1,807,045**	**(147,449)**	**6,814,530**	**(201,717)**	**(190,363)**	**8,082,046**	**1,349,134**	**9,431,180**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2020

	2020 IDR million	2019 IDR million
Cash flows from operating activities		
Cash receipts from customers	9,605,640	7,872,291
Cash payments to suppliers, employees and for other operating expenses	(6,996,857)	(6,278,395)
Net cash receipts from operations	2,608,783	1,593,896
Income tax paid	(162,986)	(387,985)
Net cash flows generated from operating activities (Note 21(b))	2,445,797	1,205,911
Cash flows from investing activities		
Increase in plasma receivables	(110,735)	(463,224)
Investment in intangible assets	(8,031)	(3,522)
Investment in bearer plants	(381,092)	(319,749)
Purchase of property, plant and equipment (Note 21(c))	(598,000)	(346,561)
Investment in land use rights	(35,050)	(34,186)
Proceeds from sale of shares and loan repayment from associate company	–	55,576
Interest received	202,205	181,520
Net cash flows used in investing activities	(930,703)	(930,146)
Cash flows from financing activities		
Proceeds from loans and borrowings	785,475	4,180,938
Repayment of loans and borrowings	(1,648,790)	(1,414,980)
Proceeds from issuance of Islamic Medium Term Notes	–	2,362,606
Repayment of Islamic Medium Term Notes	–	(4,454,303)
Dividends paid	(254,730)	(442,107)
Buy-back of ordinary shares	(13,917)	(13,736)
Contributions from non-controlling interests	54,526	–
Interest paid	(170,528)	(286,920)
Net cash flows used in financing activities	(1,247,964)	(68,502)
Net increase in cash and cash equivalents	267,130	207,263
Effect of exchange rate changes on cash and cash equivalents	21,070	(2,563)
Cash and cash equivalents at beginning of the year	503,753	299,053
Cash and cash equivalents at the end of the year (Note 21(a))	**791,953**	**503,753**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2020

1. CORPORATE INFORMATION

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised standards and SFRS(I) Interpretations ("SFRS(I) INT") which are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards and interpretations did not have any material effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16: *Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018 – 2020	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- De-recognises the carrying amount of any non-controlling interest;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations and goodwill

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations and goodwill (continued)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid/transferred and the equity of the acquired entity is reflected within the equity as merger reserve. The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place. Comparatives are presented as if the entities had always been consolidated since the date the entities had come under common control. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination.

2.5 Transactions with non-controlling interests

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

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

2.6 Foreign currency

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

Exchange differences arising on monetary items that form part of the Group's net investment in foreign operations are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Foreign currency (continued)

(b) Consolidated financial statements

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

2.7 Revenue and other income

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised 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 recognised is the amount allocated to the satisfied performance obligation.

(a) Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the buyer, usually on delivery of goods as performance obligation is judged to have been satisfied and revenue is therefore recognised.

Payments received from the buyer are recorded as sales advances until all of the criteria for acceptance of goods are met.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fee

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

2.8 Subsidiaries

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

In the Company's balance sheet, investments in subsidiaries are accounted for at cost less impairment losses.

2.9 Bearer plants

Bearer plants comprise mature and immature oil palm plantations and nurseries.

Bearer plants are measured at accumulated cost before maturity and at cost, less any subsequent accumulated depreciation and impairment after maturity, with changes recognised in profit or loss. Bearer plants at cost mainly consist of cost relating to development of the oil palm such as land clearing, planting, fertilising, upkeeping/maintaining the plantations, and allocations of indirect overhead costs up to the time the trees become commercially productive and available for harvest.

Depreciation is computed on a straight-line basis over the estimated useful lives of 25 years.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Bearer plants (continued)

Bearer plants which are not matured are not depreciated as these are not yet available for use.

The carrying values of the bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the bearer plant is included in profit or loss in the year the asset is derecognised.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.13. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Depreciation of property, plant and equipment begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

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

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

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use. Accumulated cost is transferred to the related asset when the asset is completed and ready for use and is then depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Note 2.14.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Property, plant and equipment (continued)

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

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

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis according to the rights period, which are over the period of 20 to 35 years to its estimated residual value.

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

2.12 Intangible assets

(a) Goodwill

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

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

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

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed 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 fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Intangible assets (continued)

(b) Other intangible assets (continued)

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

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

2.13 Borrowing costs

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

2.14 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Plasma receivables

Plasma receivables represent loans to Plasma farmers under the Indonesian Government policy – Kredit Koperasi Primer untuk Anggota ("KKPA") scheme for the development of plasma plantations and its infrastructures, covering costs incurred for seedling, land clearing, cultivating, fertilising, maintenance and other indirect expenses. Under the KKPA scheme, when bearer plants are transferred to the Plasma farmers, plasma receivables will be recorded.

Plasma receivables are either immediately claimed from the financing banks, temporarily self-funded by the Group for those awaiting bank's funding, or shall be reimbursed by the Plasma farmers. Plasma receivables include advances to Plasma farmers for loan installments paid to banks. This account is presented at net amount after funding received from the banks. Bank financing are soft loans obtained by cooperatives whose agreements were signed by Plasma farmers and the respective bank for which the Group acts as guarantors for the loans repayment.

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

Plasma receivables are classified as financial assets carried at amortised cost under SFRS(I) 9 *Financial Instruments*. The accounting policy for financial instruments is set out in Note 2.17.

2.16 Biological assets

Biological assets comprise fresh fruit bunches ("FFB").

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

The fair value of the biological assets is measured by reference to projected harvest quantities and estimated index price of FFB.

In determining the projected harvest quantities, the Group considers the estimated yield of the bearer plants which is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

2.17 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Financial instruments (continued)

(b) Financial liabilities (continued)

Subsequent measurement

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

(i) Financial liabilities at amortised cost

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

(ii) Financial liabilities at fair value through profit or loss

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

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

Derivatives

The Group uses derivative financial instruments such as cross currency interest rate swaps and interest rate swaps to hedge its risks associated with foreign currency and interest rate fluctuations. Such derivative financial instruments are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value at each balance sheet date. The Group had applied hedge accounting on its cross currency interest rate swaps and interest rate swaps. The accounting policy for hedge accounting is set out in Note 2.31.

Any gains or losses arising from changes in fair value on derivative financial instruments are taken to the statement of comprehensive income for the year.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.18 Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.18 Impairment of financial assets (continued)

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.19 Cash and cash equivalents

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

2.20 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted-average method. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

– Raw materials (comprising fertilisers and chemicals and other supplies): purchase costs

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

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

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

FFB are initially recognised at fair value less estimated costs to sell and subsequently at the lower of net realisable value and initial recognition value.

2.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group applies the short-term lease recognition exemption to its short-term leases of office space and barge (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.22 Taxes

(a) Current income tax

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Taxes (continued)

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Taxes (continued)

(c) Sales tax

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

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

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

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

2.23 Provisions

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

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

2.24 Employee benefits

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

Defined benefit costs comprise the following:

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Employee benefits (continued)

(b) Defined benefit plans (continued)

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

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

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

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

2.25 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.26 Share capital and share issuance expenses

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

2.27 Treasury shares

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Related parties

A related party is defined as follows:

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

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

(ii) Has significant influence over the Company; or

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

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

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

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

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

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

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

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

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

2.29 Segment reporting

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

(a) Plantations and Palm Oil Mills

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

(b) Downstream Biodiesel Refinery

Processing biodiesel plant and sells biodiesel products from the refinery.

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Financial guarantee

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

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.18 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.31 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

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 recognised asset or liability or an unrecognised firm commitment;

– cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

– hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item, 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.

The Group does not have any fair value hedges or hedges of net investment in foreign operations in 2020 and 2019.

Cash flow hedges which meet the criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

Notes to the Financial Statements

For the financial year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management did not make any judgements that have effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, 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.

(a) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 2.12(a). As disclosed in Note 13, the recoverable amounts of the cash-generating units which goodwill have been allocated to have been determined based on fair value less cost of disposal calculations. The fair value less cost of disposal are determined based on discounted cash flow models. The recoverable amount is most sensitive to the discount rate, the expected future cash inflows and the growth rate used for extrapolation purposes used in the discounted cash flow model. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 13.

(b) Deferred tax assets

Deferred tax assets are recognised for all unused tax credits to the extent that it is probable that taxable profit will be available against which the tax credits can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the timing and level of future taxable profits. In determining the timing and level of future taxable profits, the Group assessed the probability of expected future cash inflows based on estimated taxable profit for the next 5 years.

Details of unutilised tax losses and unused tax credits are disclosed in Note 16.

(c) Fair value of biological assets ("FFB")

Biological assets are measured at fair value less estimated costs to sell. The fair value of FFB is measured by reference to projected harvest quantities and estimated index price of FFB set by the Government of Indonesia. In determining the fair value of the FFB, the Company considers the estimated yield of the bearer plants which is dependent on the age of the oil palm tree, the location, soil type and infrastructure.

Details of assumptions used and sensitivity analysis are disclosed in Note 17.

(d) Income tax

Significant estimate and judgement are involved in determining provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income which requires future adjustments to tax income and expense already recorded. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected income tax issues based on estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax in the year in which such decision is made by the taxation authority. The carrying amount of the Group's tax payables as at 31 December 2020 is IDR 284,301 million (2019: IDR 65,939 million). The details of deferred tax assets and liabilities are dislosed in Note 16.

Notes to the Financial Statements

For the financial year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(e) Impairment of investments in subsidiaries

The Company assess whether there are any indicators of impairment for its investments in subsidiaries at each reporting date. Investments in subsidiaries are tested for impairment when there are indicators that the carrying value of investments exceed its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The fair value less costs of disposal assessment is based on available market data from recent transactions of similar assets, recent acquisition prices or observable market prices less costs for disposing the asset. When using value in use, management estimates the expected future cash flows from the asset or cash-generating unit and applies a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount of the Company's investments in subsidiaries as at 31 December 2020 is IDR 2,075,776 million (2019: IDR 2,045,754 million).

4. REVENUE

	Group	
	2020 IDR million	**2019 IDR million**
Disaggregation of revenue by major product:		
Crude Palm Oil ("CPO")	8,188,808	6,944,502
Palm Kernel ("PK")	912,938	746,839
Total revenue recognised at a point in time	**9,101,746**	**7,691,341**

For further disaggregation of revenue by business and geographical segments, refer to Note 2.29.

All sales advances at the beginning of each financial year have been recognised as revenue during the financial year.

5. COST OF SALES

	Group	
	2020 IDR million	**2019 IDR million**
Cost of inventories recognised as an expense (Note 18)	3,547,954	2,992,393
Depreciation of mature bearer plants, property, plant and equipment and amortisation of land use rights (Notes 10, 11 and 12)	622,697	575,909
Plantation costs	2,073,988	2,036,794
Mill and processing costs	330,960	353,153
Total cost of sales	**6,575,599**	**5,958,249**

Notes to the Financial Statements

For the financial year ended 31 December 2020

6. PROFIT BEFORE TAXATION

Profit before taxation is stated after (charging)/crediting the following income and expenses:

	Group	
	2020 IDR million	2019 IDR million
Interest income		
Interest income from financial assets carried at amortised cost	202,205	186,669
Selling expenses		
Freight	(273,798)	(321,004)
Loading expense	(21,972)	(31,857)
Total selling expenses	**(295,770)**	**(352,861)**
General and administrative expenses		
Audit fees:		
– Auditor of the Company	(1,618)	(1,546)
– Affiliates of auditor of the Company	(4,005)	(3,794)
– Other auditors	(216)	(174)
Non-audit fees:		
– Other consultants	(114)	(76)
Employees' benefit expense:		
– Salaries, wages and other staff related expenses	(179,490)	(165,979)
– Defined benefit plan (Note 26)	(23,062)	(19,539)
– Defined contribution plan	(450)	(531)
Transportation	(3,577)	(5,811)
Training	(13,722)	(12,497)
Depreciation of property, plant and equipment (Note 11)	(10,084)	(10,263)
Amortisation of intangible assets (Note 13)	(3,373)	(2,998)
Maintenance	(4,076)	(4,228)
Rental	(3,576)	(3,854)
Professional fees	(7,272)	(9,000)
Insurance	(2,535)	(2,271)
Security	(747)	(1,408)
Electricity, water and telephone	(598)	(605)
Licences and taxes	(45,005)	(38,320)
Office expenses	(6,498)	(6,645)
Others	(2,443)	(5,015)
Total general and administrative expenses	**(312,461)**	**(294,554)**
Finance cost		
Interest expense and amortisation on loans and borrowings carried at amortised cost	(200,970)	(274,214)
Less: Capitalised to bearer plants (Note 10)	22,015	34,074
Total finance cost	**(178,955)**	**(240,140)**

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For the financial year ended 31 December 2020

7. TAXATION

Major components of tax expense

	Group	
	2020 IDR million	2019 IDR million
Current income tax:		
- Current income taxation	(413,000)	(316,408)
- Underprovision in respect of previous years	(2,002)	(8,090)
Deferred income tax:		
- Origination and reversal of temporary differences	(73,844)	42,780
Withholding tax on interest income and dividend from subsidiaries	(79,289)	(71,107)
Tax expense recognised in profit or loss	**(568,135)**	**(352,825)**

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020 IDR million	2019 IDR million
Profit before taxation	1,930,540	1,193,166
Tax at the domestic rates applicable to profits in the countries where the Group operates	(423,279)	(306,286)
Non-deductible expenses	(49,792)	(18,695)
Deferred tax adjustment on revaluation of mature plantation	22,989	29,915
Withholding tax on interest income and dividend from subsidiaries	(79,289)	(71,107)
Underprovision in respect of previous years	(2,002)	(8,090)
Reduction in tax rate	(24,726)	–
Others	(12,036)	21,438
Tax expense recognised in profit or loss	**(568,135)**	**(352,825)**

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

	2020	2019
Singapore	17%	17%
Indonesia	22%	25%

Notes to the Financial Statements

For the financial year ended 31 December 2020

8. EARNINGS PER SHARE

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

Diluted earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. No dilutive potential ordinary share was noted for the Company as at 31 December 2020 and 2019.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2020	2019
Profit for the year attributable to owners of the Company (IDR million)	1,126,393	686,313
Weighted average number of ordinary shares for basic earnings per share computation (No.of shares)*	1,746,621,047	1,749,227,435
Earnings per share (IDR)		
– Basic and diluted	645	392

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 IDR million	2019 IDR million
Unquoted equity shares, at cost	2,075,776	2,045,754

Details of the subsidiaries are as follows:

Subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
Held by the Company:				
PT Bumitama Gunajaya Agro (“BGA”)[1]	Indonesia	Investment holding and business and management consultancy services	90.00	90.00
PT Bumitama Sawit Lestari (“BSL”)[1]	Indonesia	Investment holding	95.00	95.00
PT Bumitama Energi Lestari (“BEL”)[1]	Indonesia	Investment holding	99.77	99.77
PT Bumitama Oleo Sentosa (“BOS”)[3]	Indonesia	Investment holding	95.00	95.00

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For the financial year ended 31 December 2020

9. INVESTMENTS IN SUBSIDIARIES (continued)

Subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
Held via BGA:				
PT Karya Makmur Bahagia ("KMB")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Windu Nabatindo Lestari ("WNL")[1]	Indonesia	Oil palm plantation and mill	81.00	81.00
PT Rohul Sawit Industri ("RSI")[1]	Indonesia	Palm oil mill	81.00	81.00
PT Bumitama Gunajaya Abadi ("BG Abadi")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Windu Nabatindo Abadi ("WNA")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Masuba Citra Mandiri ("MCM")[1]	Indonesia	Oil palm plantation	85.50	85.50
PT Windu Nabatindo Sejahtera ("WNS")[3]	Indonesia	Oil palm plantation	85.50	85.50
PT Agro Manunggal Sawitindo ("AMS")[1]	Indonesia	Oil palm plantation	85.50	85.50
PT Lestari Gemilang Intisawit ("LGI")[1]	Indonesia	Oil palm plantation	81.00	81.00
PT Ladang Sawit Mas ("LSM")[1]	Indonesia	Oil palm plantation and mill	85.50	85.50
PT Agriplus ("AGP")[2]	Indonesia	Oil palm plantation	85.50	85.50
PT Hungarindo Persada ("HPE")[3]	Indonesia	Oil palm plantation	85.50	85.50
Held via BSL:				
PT Tanah Tani Lestari ("TTL")[1]	Indonesia	Oil palm plantation	90.25	90.25
PT Nabatindo Karya Utama ("NKU")[1]	Indonesia	Oil palm plantation	76.00	76.00
PT Andalan Sukses Makmur ("ASMR")[2]	Indonesia	Oil palm plantation	90.25	90.25
PT Inti Sawit Lestari ("ISL")[1]	Indonesia	Investment holding and business and management consultancy services	90.25	90.25
PT Sukses Manunggal Sawitindo ("SMS")[2]	Indonesia	Investment holding and business and management consultancy services	90.25	90.25
PT Langgeng Makmur Sejahtera ("LMS")[1]	Indonesia	Oil palm plantation	90.25	90.25
PT Investa Karya Bakti ("IKB")[3]	Indonesia	Oil palm plantation	90.25	90.25
PT Gemilang Makmur Subur ("GMS")[2]	Indonesia	Oil palm plantation	90.25	90.25
PT Sejahtera Sawit Lestari ("SSL")[2]	Indonesia	Oil palm plantation	90.25	90.25
PT Fajar Bumi Nabati ("FBI")[3]	Indonesia	Oil palm plantation	90.25	90.25
PT Gemilang Subur Maju ("GSM")[3]	Indonesia	Oil palm plantation	90.25	90.25
PT Damai Agro Sejahtera ("DAS")[2]	Indonesia	Oil palm plantation	90.25	90.25

Notes to the Financial Statements

For the financial year ended 31 December 2020

9. INVESTMENTS IN SUBSIDIARIES (continued)

Subsidiaries	Country of incorporation/ Principal place of business	Principal activities	Proportion of ownership interest	
			2020 %	2019 %
Held via KMB:				
PT Hatiprima Agro ("HPA")[3]	Indonesia	Oil palm plantation	85.73	85.73
Held via AMS:				
PT Gunajaya Karya Gemilang ("GKG")[1]	Indonesia	Oil palm plantation and mill	81.24	85.52
PT Gunajaya Ketapang Sentosa ("GKS")[1]	Indonesia	Oil palm plantation	81.24	85.52
PT Karya Bakti Agro Sejahtera ("KBAS")[1]	Indonesia	Oil palm plantation and mill	81.24	85.52
Held via LGI:				
PT Agro Sejahtera Manunggal ("ASM")[1]	Indonesia	Oil palm plantation and mill	78.25	82.37
PT Karya Makmur Langgeng ("KML")[1]	Indonesia	Oil palm plantation	78.25	82.37
PT Nabati Agro Subur ("NAS")[3]	Indonesia	Oil palm plantation	76.95	76.95
Held via BEL:				
PT Energi Baharu Lestari ("EBL")[1]	Indonesia	Trading in edible oils and its related products	99.63	99.63
Held via ISL:				
PT Sentosa Prima Agro ("SPA")[1]	Indonesia	Oil palm plantation and mill	85.74	85.74
PT Wahana Hijau Indah ("WHI")[1]	Indonesia	Oil palm plantation	85.74	85.74
PT Raya Sawit Manunggal ("RSM")[1]	Indonesia	Oil palm plantation	85.74	85.74
Held via SMS:				
PT Gunajaya Harapan Lestari ("GHL")[2]	Indonesia	Oil palm plantation	85.74	85.74

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

9. INVESTMENTS IN SUBSIDIARIES (continued)

(a) *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period IDR million	Accumulated NCI at the end of reporting period IDR million	Dividends paid to NCI IDR million
31 December 2020:					
BGA	Indonesia	10%	134,506	766,502	131,227
31 December 2019:					
BGA	Indonesia	10%	104,061	697,043	32,570

(b) *Summarised financial information about subsidiary with material NCI*

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiary with material NCI are as follows:

Summarised balance sheet

	BGA	
	2020 IDR million	2019 IDR million
Current		
Assets	1,912,675	1,909,420
Liabilities	(2,212,218)	(1,463,156)
Net current (liabilities)/assets	(299,543)	446,264
Non-current		
Assets	16,233,870	15,418,326
Liabilities	(6,615,615)	(7,409,565)
Net non-current assets	9,618,255	8,008,761
Net assets	**9,318,712**	**8,455,025**

Notes to the Financial Statements

For the financial year ended 31 December 2020

9. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Summarised financial information about subsidiary with material NCI (continued)

Summarised statement of comprehensive income

	BGA	
	2020 IDR million	**2019 IDR million**
Revenue	8,699,420	7,418,958
Profit before taxation	1,905,541	1,369,551
Income tax expense	(466,092)	(266,143)
Profit after taxation	1,439,449	1,103,408
Other comprehensive income	(7,247)	(2,720)
Total comprehensive income	**1,432,202**	**1,100,688**

Other summarised information

	BGA	
	2020 IDR million	**2019 IDR million**
Net cash flows from operations	2,476,758	1,634,934
Acquisition of significant property, plant and equipment	475,824	318,919

(c) Decrease in ownership interest in subsidiaries without a change in control

In 2020, the Group's NCI increased its equity interest in its subsidiaries, KBAS, KML, GKG, GKS and ASM, by subscribing the entire additional shares issued by the aforementioned subsidiaries through cash payment totalling to IDR 54,526 million. As a result, the Group's equity interests in these subsidiaries have decreased accordingly.

The following summarises the effect of changes in the Group's ownership interest in KBAS, KML, GKG, GKS and ASM on the equity attributable to owners of the Company:

	IDR million
Consideration paid for acquisition by NCI	54,526
Increase in equity attributable to NCI	(64,021)
Decrease in equity attributable to owners of the Company	**(9,495)**

The decrease in equity attributable to owners of the Company had been recognised as "Premium paid on acquisition of non-controlling interest" (Note 29) within equity.

Notes to the Financial Statements

For the financial year ended 31 December 2020

10. BEARER PLANTS

Bearer plants are classified into mature plantations, immature plantations and nurseries.

	Group	
	2020 IDR million	2019 IDR million
Mature plantations		
Cost		
At 1 January	7,806,120	7,075,273
Reclassification from immature plantations	615,826	753,883
Reclassification from plasma receivables (Note 14)	10,281	–
Reclassification to plasma receivables (Note 14)	–	(23,036)
At 31 December	**8,432,227**	**7,806,120**
Accumulated depreciation		
At 1 January	1,623,985	1,300,142
Charge for the year (Note 5)	350,336	323,843
At 31 December	**1,974,321**	**1,623,985**
Net carrying amount	**6,457,906**	**6,182,135**
Immature plantations		
Cost		
At 1 January	1,341,273	1,686,484
Development costs	537,422	487,766
Reclassification from land use rights (Note 12)	10,103	19,528
Reclassification from nurseries	2,279	18,316
	1,891,077	2,212,094
Reclassification to mature plantations	(615,826)	(753,883)
Reclassification to plasma receivables (Note 14)	(21,262)	(116,938)
At 31 December	**1,253,989**	**1,341,273**
Nurseries		
Cost		
At 1 January	13,885	41,919
Development costs	5,348	3,459
Deduction	(3,407)	(13,177)
	15,826	32,201
Reclassification to immature plantations	(2,279)	(18,316)
At 31 December	**13,547**	**13,885**
Total carrying amount	**7,725,442**	**7,537,293**

Notes to the Financial Statements

For the financial year ended 31 December 2020

10. BEARER PLANTS (continued)

Depreciation of property, plant and equipment capitalised to immature plantations for the financial year ended 31 December 2020 amounted to IDR 5,145 million (2019: IDR 6,688 million) (Note 11).

Borrowing costs capitalised to immature plantations for the financial year ended 31 December 2020 amounted to IDR 22,015 million (2019: IDR 34,074 million) (Note 6).

The cash outflow on additions in bearer plants amounted to IDR 381,092 million (2019: IDR 319,749 million).

Total nucleus planted area for the year ended 31 December 2020 accounted for approximately 133 thousand hectares (2019: 133 thousand hectares).

11. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings IDR million	Renovation IDR million	Infrastructure IDR million	Machinery and equipment IDR million	Vehicles and heavy equipment IDR million	Furniture and fixtures IDR million	Assets under construction IDR million	Total IDR million
Cost								
At 1 January 2019	1,558,441	2,551	789,509	2,041,329	480,946	132,290	117,324	5,122,390
Additions (Note 21(c))	5,709	–	37,302	63,971	40,312	6,589	204,596	358,479
Disposals	(7,280)	–	(7)	(1,141)	(18,770)	(223)	(3,230)	(30,651)
Reclassifications	27,747	–	50,211	127,490	11,504	1,926	(218,878)	–
At 31 December 2019 and 1 January 2020	1,584,617	2,551	877,015	2,231,649	513,992	140,582	99,812	5,450,218
Additions (Note 21(c))	5,673	–	2,776	74,592	66,662	25,951	430,523	606,177
Disposals	(512)	–	–	(1,537)	(9,919)	–	(12,208)	(24,176)
Reclassifications	91,483	–	53,155	46,508	1,531	6,757	(199,434)	–
At 31 December 2020	1,681,261	2,551	932,946	2,351,212	572,266	173,290	318,693	6,032,219
Accumulated depreciation and impairment								
At 1 January 2019	485,696	2,551	184,237	521,746	356,517	112,850	–	1,663,597
Charge for the year	78,304	–	39,698	112,483	39,059	10,006	–	279,550
Disposals	(1,881)	–	–	(1,094)	(16,594)	(188)	–	(19,757)
Impairment	–	–	–	1,024	–	–	–	1,024
At 31 December 2019 and 1 January 2020	562,119	2,551	223,935	634,159	378,982	122,668	–	1,924,414
Charge for the year	81,259	–	50,558	121,471	36,491	8,607	–	298,386
Disposals	(259)	–	–	(783)	(2,835)	–	–	(3,877)
Impairment	–	–	–	82	–	–	–	82
At 31 December 2020	643,119	2,551	274,493	754,929	412,638	131,275	–	2,219,005
Net carrying amount								
At 31 December 2019	1,022,498	–	653,080	1,597,490	135,010	17,914	99,812	3,525,804
At 31 December 2020	1,038,142	–	658,453	1,596,283	159,628	42,015	318,693	3,813,214

Notes to the Financial Statements

For the financial year ended 31 December 2020

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Renovation IDR million	Furniture and fixtures IDR million	Vehicles and heavy equipment IDR million	Total IDR million
Cost				
At 1 January 2019	2,551	286	3,991	6,828
Additions	–	–	2,075	2,075
Disposals	–	(26)	(1,598)	(1,624)
At 31 December 2019 and 2020	2,551	260	4,468	7,279
Accumulated depreciation				
At 1 January 2019	2,551	280	529	3,360
Charge for the year	–	4	893	897
Disposals	–	(26)	(107)	(133)
At 31 December 2019 and 1 January 2020	2,551	258	1,315	4,124
Charge for the year	–	2	903	905
At 31 December 2020	2,551	260	2,218	5,029
Net carrying amount				
At 31 December 2019	**–**	**2**	**3,153**	**3,155**
At 31 December 2020	**–**	**–**	**2,250**	**2,250**

Impairment of assets

An impairment loss of IDR 82 million (2019: IDR 1,024 million) representing the write-down of a set of machinery and equipment to the recoverable amount was recognised in "Other expenses" line item of profit or loss in the current financial year.

Depreciation

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

	Group	
	2020 IDR million	**2019 IDR million**
Cost of sales (Note 5)	255,984	235,689
General and administrative expenses (Note 6)	10,084	10,263
Immature plantations (Note 10)	5,145	6,688
Plasma receivables	21,485	21,802
Other expenses	5,688	5,108
Total depreciation	**298,386**	**279,550**

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12. LAND USE RIGHTS

	Group	
	2020 IDR million	2019 IDR million
Cost		
At 1 January	1,012,624	997,966
Additions	47,255	34,186
Reclassification to immature plantation (Note 10)	(10,103)	(19,528)
At 31 December	1,049,776	1,012,624
Accumulated amortisation		
At 1 January	58,526	39,129
Amortisation for the year	19,397	19,397
At 31 December	77,923	58,526
Net carrying amount	**971,853**	**954,098**
Amounts to be amortised:		
– Not later than one year	19,397	19,397
– Later than one year but not later than five years	77,588	77,588
– Later than five years	874,868	857,113
	971,853	**954,098**

Land use rights represent the cost of land use rights owned by the Group and cost associated with the legal transfer or renewal for titles of land use rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Land use rights are amortised on a straight-line basis over their terms of 20 to 35 years. The terms can be extended up to a period of 35 years from the initial recognition.

As at 31 December 2020, the land use rights have remaining tenure ranging from 10 years to 31 years (2019: 11 years to 32 years).

During the financial year, amortisation of land use rights allocated to cost of sales and other expenses amounts to IDR 16,377 million (2019: IDR 16,377 million) and IDR 3,020 million (2019: IDR 3,020 million), respectively.

The cash outflow on additions in land use rights amounted to IDR 35,050 million (2019: IDR 34,186 million).

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13. INTANGIBLE ASSETS

Group	Goodwill IDR million	Software IDR million	Total IDR million
Cost			
At 1 January 2019	174,464	32,388	206,852
Additions	–	3,522	3,522
At 31 December 2019 and 1 January 2020	174,464	35,910	210,374
Additions	–	8,031	8,031
At 31 December 2020	174,464	43,941	218,405
Accumulated amortisation and impairment losses			
At 1 January 2019	6,563	22,865	29,428
Amortisation for the year (Note 6)	–	2,998	2,998
At 31 December 2019 and 1 January 2020	6,563	25,863	32,426
Amortisation for the year (Note 6)	–	3,373	3,373
At 31 December 2020	6,563	29,236	35,799
Net carrying amount			
At 31 December 2019	**167,901**	**10,047**	**177,948**
At 31 December 2020	**167,901**	**14,705**	**182,606**

Goodwill

Impairment testing of goodwill

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

	Group	
	2020 IDR million	2019 IDR million
Carrying values:		
– KMB	22,885	22,885
– LGI	48,809	48,809
– NKU	96,207	96,207
	167,901	**167,901**

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For the financial year ended 31 December 2020

13. INTANGIBLE ASSETS (continued)

Goodwill (continued)

Impairment testing of goodwill (continued)

The recoverable amounts of the CGUs have been determined based on fair value less cost of disposal ("FVLCOD") calculations using cash flow projections from financial budgets approved by Board of Directors. The calculations were based on the following key assumptions:

	2020	2019
Discount rate	11.39% – 11.49%	10.99%
Inflation rate	2.1% – 2.9%	3.0% – 3.4%
Projected CPO price (IDR/Kg)	8,178 – 8,711	7,582 – 8,554

The FVLCOD calculations applied a discounted cash flow model using cash flow projections and projected CPO price of IDR 8,178 – IDR 8,711 (2019: of IDR 7,582 – IDR 8,554) per kg. The cash flows calculated is based on a professional valuer's judgement with reference to monetary policy report published by Bank Indonesia, International Monetary Fund data and World Economic Outlook database.

Key assumptions used in FVLCOD calculations

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

Discount rate – The discount rate applied to the cash flow projection is post-tax derived from the weighted average cost of capital of the oil palm plantation sectors on the assumption that funds are available at the prevailing rates and will continue to be available throughout the forecast period.

Inflation rate – The inflation rate is based on the International Monetary Fund data.

Projected CPO price – The CPO price was based on the international market price retrieved from Economist Intelligence Unit, World Bank and local market price retrieved from Badan Pengawas Perdagangan Berjangka Komoditi ("Bappebti").

Based on the above analysis, management has assessed that the goodwill is not impaired as at 31 December 2020 and 31 December 2019.

Sensitivity to changes in assumptions

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

Software

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

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14. PLASMA RECEIVABLES

Plasma receivables represent costs incurred for plasma plantations development which are financed by the Group and will be repaid using the investment credit given to plasma farmers by banks or reimbursed directly by the plasma farmers. Plasma receivables also include advances to plasma farmers for payments of loan installments to the banks.

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

As the guarantors for the loan repayments, the Group will deduct the plasma farmers' sales of FFB based on bank loan installments until the plasma farmers' loans to the bank are fully paid. The amount deducted will be paid by the Group as the plasma farmers' loan installments to the bank. Deficits from the difference between deductions from sales of FFB with bank loan installments must be paid by the Group as guarantors for the loan repayments and are recorded as plasma receivables until reimbursed by plasma farmers.

Plasma receivables bear interest at rates determined based on negotiation between the Group and the Cooperatives.

The net cash outflows on additions in plasma receivables amounted to IDR 110,735 million (2019: IDR 463,224 million).

As of 31 December 2020, the Company has developed plasma plantations through bank partnerships covering a total area of approximately 55,101 hectares (2019: 54,924 hectares).

Details of plasma receivables are as follows:

	Group	
	2020 IDR million	**2019 IDR million**
As at 1 January	2,560,860	1,935,861
Additional development cost, net of collections	(103,117)	371,307
Financing from banks	(57,728)	(125,135)
Advances to plasma farmers	293,067	238,853
Reclassification from bearer plants (Note 10)	10,981	139,974
As at 31 December	**2,704,063**	**2,560,860**
Less: Current portion of plasma receivables	(64,496)	(118,974)
Non-current portion of plasma receivables	**2,639,567**	**2,441,886**

15. DUE FROM SUBSIDIARIES

	Company	
	2020 IDR million	**2019 IDR million**
Loans to subsidiaries	**6,467,014**	**7,319,619**

As at 31 December 2019, loans to subsidiaries are non-trade, unsecured and bear interest at rates of 3.55% (2019: 3.55%) above the one month USD London Interbank Offered Rate ("LIBOR") per annum. The loans include IDR 2,328 billion (2019: IDR 2,708 billion) that are equity in nature and the settlement are neither planned nor likely to occur in the foreseeable future as they are, in substance, a part of the Company's net investments in the subsidiaries. These amounts are denominated in USD.

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16. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

	Group			
	Consolidated balance sheet		Consolidated income statement	
	2020 IDR million	2019 IDR million	2020 IDR million	2019 IDR million
Deferred tax assets:				
Property, plant and equipment	3,901	9,499	(5,598)	(2,237)
Unutilised tax losses	163,568	232,466	(68,898)	57,288
Bearer plants	129,199	157,550	(28,351)	11,929
Remeasurement on defined benefit plan	7,176	4,152	–	–
Gross deferred tax assets	**303,844**	**403,667**	**(102,847)**	**66,980**
Deferred tax liabilities:				
Property, plant and equipment	(24,393)	(26,341)	1,948	(6,044)
Bearer plants	(106,442)	(118,175)	11,733	(18,041)
Biological assets	(63,560)	(67,080)	3,520	(5,806)
Fair value adjustments on acquisition of subsidiaries	(37,565)	(46,343)	8,778	3,256
Gross deferred tax liabilities	**(231,960)**	**(257,939)**	**25,979**	**(26,635)**
Net deferred tax assets	71,884	145,728		
Deferred tax (expenses)/benefits			(76,868)	40,345
Presented in balance sheet				
Deferred tax assets	209,491	270,739		
Deferred tax liabilities	(137,607)	(125,011)		
Net deferred tax assets	71,884	145,728		

Unrecognised tax losses and tax credits

At the end of reporting period, the Group has unutilised tax losses and tax credits of approximately IDR 83,000 million and IDR 241 billion (2019: IDR 41,028 million and IDR 330 billion) respectively, that are available for offset against future taxable profits of the companies in which these arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses and tax credits are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

If the Group was able to recognise all unrecognised unutilised tax losses and tax credits, profit would increase by the same amount of the unutilised tax losses and tax credits as described above. Under Indonesian taxation laws, tax losses may be carried forward for a period of 5 years.

Notes to the Financial Statements

For the financial year ended 31 December 2020

16. DEFERRED TAX (continued)

Unrecognised temporary differences relating to investments in subsidiaries

At the end of the reporting period, no deferred tax liability (2019: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately IDR 13,141,332 million (2019: IDR 11,799,860 million). The deferred tax liability is estimated to be IDR 1,314,133 million (2019: IDR 1,179,986 million).

17. BIOLOGICAL ASSETS

	Group	
	2020 IDR million	**2019 IDR million**
Biological assets	294,010	268,320

As at 31 December 2020, the Group recognised fair value gain of IDR 25,690 million (2019: IDR 19,906 million).

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

	Group	
	2020	**2019**
Nucleus volume (tonnes)		
FFB	172,121	187,503
Nucleus planted area (hectares)		
Mature	120,643	117,590
Average FFB price (IDR/Kg) as at 31 December	2,038	1,760

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

	Increase/ (decrease)	**Changes in fair values IDR million**
2020		
Index price	+10%	35,081
	-10%	(35,081)
2019		
Index price	+10%	33,001
	-10%	(33,001)

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For the financial year ended 31 December 2020

18. INVENTORIES

	Group	
	2020 IDR million	2019 IDR million
Balance sheet:		
At lower of cost and net realisable value		
Finished goods:		
CPO	338,794	113,254
PK	41,095	16,146
	379,889	129,400
Consumables:		
Fertilisers and chemicals	210,279	315,770
Spare parts and other consumables	262,234	213,664
	472,513	529,434
Total inventories	**852,402**	**658,834**
Income statement:		
Inventories recognised as an expense in cost of sales (Note 5)	3,547,954	2,992,393

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 IDR million	2019 IDR million	2020 IDR million	2019 IDR million
Trade receivables	47,293	323,668	–	–
Other receivables	23,344	26,252	327	333
Total trade and other receivables	70,637	349,920	327	333
Due from subsidiaries (Note 15)	–	–	4,138,889	4,611,360
Due from related companies (Note 20)	50	50	–	–
Dividend receivables	–	–	442,315	209,790
Plasma receivables (Note 14)	2,704,063	2,560,860	–	–
Cash and short-term deposits (Note 21(a))	791,953	503,753	274,427	35,293
Total financial assets carried at amortised cost	**3,566,703**	**3,414,583**	**4,855,958**	**4,856,776**

Trade receivables

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

19. TRADE AND OTHER RECEIVABLES (continued)

Receivables that are past due

The Group has trade receivables as at 31 December 2020 amounting to IDR 7,457 million (2019: IDR 49,140 million) that are past due. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2020 IDR million	**2019 IDR million**
Trade receivables past due:		
Less than 30 days	4,907	29,546
30 to 60 days	1,999	18,754
More than 61 days	551	840
	7,457	49,140

There is no expected credit loss provided as at the end of each reporting period.

Other receivables

Other receivables are non-trade related, non-interest bearing, unsecured, repayable upon demand and are to be settled in cash.

20. DUE FROM RELATED COMPANIES

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

21. CASH AND SHORT-TERM DEPOSITS

(a) Cash and short-term deposits

	Group		Company	
	2020 IDR million	**2019 IDR million**	**2020 IDR million**	**2019 IDR million**
Cash at bank and on hand	760,670	427,070	274,427	35,293
Time deposits	31,283	76,683	–	–
Total cash and cash equivalents	**791,953**	**503,753**	**274,427**	**35,293**

Cash at bank earns interest at floating rates based on daily bank deposit rate. Time deposits are made for varying periods of not more than three months depending on the immediate cash requirements of the Group, and earn interests ranging from 2.0% to 6.75% (2019: 2.4% to 7.5%) per annum.

Notes to the Financial Statements

For the financial year ended 31 December 2020

21. CASH AND SHORT-TERM DEPOSITS (continued)

(a) *Cash and short-term deposits* (continued)

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

	Group		Company	
	2020 IDR million	2019 IDR million	2020 IDR million	2019 IDR million
USD	52,363	66,347	–	–
SGD	12,914	9,781	12,914	9,781

(b) *Cash flow from operating activities*

	Group	
	2020 IDR million	2019 IDR million
Profit before taxation	1,930,540	1,193,166
Adjustments:		
Depreciation and amortisation	644,862	597,297
Finance cost	178,955	240,140
Interest income	(202,205)	(186,669)
Post employment benefits	22,842	19,575
Foreign exchange loss/(gain)	82,271	(125,553)
Other expenses	–	29,589
Fair value changes in biological assets	(25,690)	(19,906)
Operating cash flows before working capital changes	2,631,575	1,747,639
Decrease in trade and other receivables	279,721	128,597
Increase in inventories	(193,568)	(66,434)
Decrease/(increase) in prepaid taxes	55,963	(17,361)
Decrease/(increase) in prepayment and advances	6,349	(19,340)
(Increase)/decrease in deferred charges	(519)	1,223
Decrease in trade and other payables	(159,146)	(15,047)
Decrease in accrued operating expenses	(101,948)	(147,986)
Decrease in other taxes payable	(127,171)	(55,381)
Increase in sales advances	223,832	44,361
Cash flows from operations	2,615,088	1,600,271
Income tax paid	(162,986)	(387,985)
Employee defined benefits paid	(6,305)	(6,375)
Net cash flows generated from operating activities	**2,445,797**	**1,205,911**

(c) *Notes to the consolidated statement of cash flows*

During the financial year, the total addition in property, plant and equipment was IDR 606,177 million (2019: IDR 358,479 million), of which IDR 8,177 million (2019: IDR 11,918 million) have not been paid.

Notes to the Financial Statements

For the financial year ended 31 December 2020

22. LOANS AND BORROWINGS

	Maturity date	Group and Company 2020 IDR million	2019 IDR million
Current:			
USD floating revolving loan facilities	January 2021	282,100	625,545
Non-current:			
USD floating revolving and term loan facilities	February 2022, January 2023, and March 2024	3,282,436	3,720,255
Loans and borrowings		**3,564,536**	**4,345,800**

The Company and the Group have bilateral facility agreements and term loan facility agreements with an aggregate principal amount of up to USD 245 million (2019: USD 245 million) and USD 175 million (2019: USD 175 million) respectively, with DBS Bank Ltd., United Overseas Bank Ltd., OCBC Bank Ltd., Sumitomo Mitsui Banking Corporation Singapore branch and Maybank Berhad Singapore branch.

As at 31 December 2020, the aggregate outstanding balances of the above facilities amounted to USD 253 million (equivalent to approximately IDR 3,564,536 million) (31 December 2019: USD 313 million or equivalent to approximately IDR 4,345,800 million), of which USD 233 million (equivalent to approximately IDR 3,282,436 million) (31 December 2019: USD 268 million or equivalent to approximately IDR 3,720,255 million) of these facilities was presented as a non-current liability.

These facilities bear average floating interest rate as at reporting date of 2.26% per annum (2019: 3.71% per annum).

The revolving loan facilities is renewed for a further same term with prior written notice of its intention to extend the facility before the maturity date of the facility. For the non-current portion, the loan is repayable up to 24 months after reporting date as the Company has the discretion to exercise the rights under the facility agreements to extend the facility.

A reconciliation of liabilities arising from the Group's and Company's financing activities is as follows:

	2019 IDR million	Cash inflows IDR million	Cash outflows IDR million	Non-cash changes: Foreign exchange IDR million	Non-cash changes: Amortisation of issuance costs IDR million	Non-cash changes: Other IDR million	2020 IDR million
Loans and borrowings:							
– current	625,545	73,925	(791,305)	21,310	–	352,625	282,100
– non-current	3,720,255	711,550	(857,485)	59,480	1,261	(352,625)	3,282,436
	4,345,800	**785,475**	**(1,648,790)**	**80,790**	**1,261**	**–**	**3,564,536**
Islamic Medium Term Notes (Note 25)							
– non-current	2,376,514	–	–	66,531	193	–	2,443,238
	2,376,514	**–**	**–**	**66,531**	**193**	**–**	**2,443,238**

Notes to the Financial Statements

For the financial year ended 31 December 2020

22. LOANS AND BORROWINGS (continued)

	2018 IDR million	Cash inflows IDR million	Cash outflows IDR million	Non-cash changes: Foreign exchange IDR million	Non-cash changes: Amortisation of issuance costs IDR million	Non-cash changes: Other IDR million	2019 IDR million
Loans and borrowings:							
– current	796,455	500,740	(777,250)	36,095	–	69,505	625,545
– non-current	934,900	3,680,198	(637,730)	(188,503)	895	(69,505)	3,720,255
	1,731,355	**4,180,938**	**(1,414,980)**	**(152,408)**	**895**	**–**	**4,345,800**
Islamic Medium Term Notes (Note 25)							
– current	3,492,597	–	(4,454,303)	961,125	581	–	–
– non-current	–	2,362,606	–	13,827	81	–	2,376,514
	3,492,597	**2,362,606**	**(4,454,303)**	**974,952**	**662**	**–**	**2,376,514**

The "other" column relates to reclassification of current and non-current portion of loans and borrowings due to passage of time and extension of the maturity date of the facility agreements.

23. TRADE AND OTHER PAYABLES

	Group 2020 IDR million	Group 2019 IDR million	Company 2020 IDR million	Company 2019 IDR million
Trade payables	487,470	612,032	–	–
Other payables	111,285	145,111	2,158	31
Total trade and other payables	598,755	757,143	2,158	31
Loans and borrowings (Note 22)	3,564,536	4,345,800	3,564,536	4,345,800
Dividend payables to non-controlling interests	54,595	22,015	–	–
Accrued operating expenses (Note 24)	221,201	192,590	50,259	51,604
Islamic medium term notes (Note 25)	2,443,238	2,376,514	2,443,238	2,376,514
Total financial liabilities carried at amortised cost	**6,882,325**	**7,694,062**	**6,060,191**	**6,773,949**

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled within 30 to 90 days from date of invoice while other payables have an average term of 1 month.

Notes to the Financial Statements

For the financial year ended 31 December 2020

24. ACCRUED OPERATING EXPENSES

	Group		Company	
	2020 IDR million	2019 IDR million	2020 IDR million	2019 IDR million
Accrued salaries and wages	155,106	128,556	808	784
Accrued interests	54,330	55,184	46,252	47,106
Professional fees	8,415	6,186	1,404	1,421
Others	3,350	2,664	1,795	2,293
Total accrued operating expenses	**221,201**	**192,590**	**50,259**	**51,604**

25. ISLAMIC MEDIUM TERM NOTES

On 10 January 2014, the Group and the Company were granted approval by the Securities Commission of Malaysia to establish a Ringgit-denominated Islamic Medium Term Note ("IMTN") Programme ("Programme") of up to MYR 2.0 billion under the laws of Malaysia.

The tenure of the Programme shall be up to fifteen years from the date of the first issuance. Under the Programme, the Group may issue IMTN from time to time in Malaysian Ringgit in various amounts and tenures of more than a year and up to a maximum tenure of fifteen years as determined by the Group and the Company, provided always that the maturity of the IMTN shall not exceed the tenure of the Programme.

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

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

The Company had repaid the first and second issuance on 18 March 2019 and 2 September 2019, respectively.

The third issuance amounting to MYR 300 million was completed on 22 July 2019 with 5-year tenure and coupon of 4.10% per annum.

The fourth issuance amounting to MYR 400 million was completed on 22 July 2019 with 7-year tenure and coupon of 4.20% per annum.

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

25. ISLAMIC MEDIUM TERM NOTES (continued)

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

			Group and Company	
	Maturity date	Distribution rate (per annum)	2020 IDR million	2019 IDR million
Third issuance	22 July 2024	4.10%	1,047,532	1,019,012
Fourth issuance	22 July 2026	4.20%	1,396,712	1,358,682
			2,444,244	2,377,694
Less:				
Issuance costs			1,280	1,261
Accumulated amortisation			(274)	(81)
			1,006	1,180
Islamic medium term notes, net			2,443,238	2,376,514

26. EMPLOYEE BENEFITS LIABILITY

Defined benefit plans

The Group recognised post-employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003 and the Group has set-up plan assets. The provision for post employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method.

The principal assumptions used in determining the provision for post-employment benefits are as follows:

	2020	2019
Normal Pension Age	55 years	55 years
Salary Increment Rate per annum	6.0 %	6.0 %
Discount Rate per annum	6.7 % – 6.9%	7.6 % – 8.5%
Mortality Rate	Indonesia – IV	Indonesia – III
Resignation Level per annum	2% – 4% of 18 – 44 years	2% – 4% of 18 – 44 years

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

	Group	
	2020 IDR million	2019 IDR million
Present value of defined benefit obligation	145,161	124,599
Fair value of plan assets	(44,081)	(55,444)
Restriction on asset recognised	12	1,532
Net liability arising from defined benefit obligation	**101,092**	**70,687**

Notes to the Financial Statements

For the financial year ended 31 December 2020

26. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

Remeasurement on defined benefit plans recognised in other comprehensive income are as follows:

	Group	
	2020 IDR million	**2019 IDR million**
Actuarial loss arising from changes in financial assumptions	13,746	8,781
Deferred tax effect from actuarial changes	(3,024)	(2,195)
	10,722	**6,586**

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

	Group	
	2020 IDR million	**2019 IDR million**
As at 1 January	124,599	104,875
Interest cost	9,667	8,914
Current service cost	17,748	15,433
Actuarial loss arising from changes in assumptions	11,647	6,167
Past service cost	494	–
Benefits paid	(18,994)	(10,790)
As at 31 December	**145,161**	**124,599**

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

	Group	
	2020 IDR million	**2019 IDR million**
As at 1 January	55,444	56,571
Expected return on plan assets	4,847	4,808
Contribution during the year	5,928	5,760
Benefits paid	(18,617)	(10,176)
Actuarial loss on plan assets	(3,521)	(1,519)
As at 31 December	**44,081**	**55,444**

Notes to the Financial Statements

For the financial year ended 31 December 2020

26. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

The allocation of the plan assets by each classes as at the end of the reporting period comprise the following:

	Group	
	2020	**2019**
Interest-bearing cash/bank deposits	80%	80%
Debt instruments:		
Bank Indonesia Certificates	10%	10%
Indonesia Government Bonds	10%	10%

All debt instruments held have quoted prices in active market. The remaining plan assets do not have quoted market prices in active market.

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

	Group	
	2020 IDR million	**2019 IDR million**
Current service cost	17,748	15,433
Interest cost on defined benefit obligation	9,667	8,914
Expected return on plan assets	(4,847)	(4,808)
Past service cost	494	–
Post-employment benefits expense	**23,062**	**19,539**

Post-employment benefits expense is recognised in the “General and administrative expenses” line item in the consolidated income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2020

26. EMPLOYEE BENEFITS LIABILITY (continued)

Defined benefit plans (continued)

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

	Sensitivity analysis	
	Increase/ (decrease)	**Changes in present value of defined benefit obligation IDR million**
2020		
Discount rates	+1%	(15,098)
	–1%	17,788
Salary increment rate per annum	+1%	16,881
	–1%	(14,624)
2019		
Discount rates	+1%	(12,526)
	–1%	14,719
Salary increment rate per annum	+1%	14,760
	–1%	(12,766)

The Group has no specific matching strategies between the retirement plan assets and the defined benefit obligation under the retirement plans.

The average duration of the defined benefit obligation at the end of the reporting period is 13.55 years (2019: 13.89 years).

Shown below is the maturity analysis of the undiscounted benefit payments:

	Group	
	2020 IDR million	**2019 IDR million**
Not later than one year	3,849	4,925
Later than one year but not later than five years	31,971	28,231
Later than five years	1,911,947	1,822,031
Total	**1,947,767**	**1,855,187**

Notes to the Financial Statements

For the financial year ended 31 December 2020

27. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

Cross currency swaps and Interest rate swaps

The Company has entered into cross currency swap agreements with financial institutions to swap its Ringgit-denominated IMTN indebtedness (Note 25) into USD liabilities. Based on the agreements, the financial institutions will swap the principal as well as the profit distribution amounts of the Company's IMTN from Malaysian Ringgit into United States Dollar. In 2020, the Company also entered into interest rate swap agreements with financial institutions to swap its floating interest rate of term loan facilities into fixed interest rate. Cash flow hedge accounting has been applied to these cross currency swap and interest rate swap agreements as they have been assessed by management to be effective hedging instruments. For the financial year ended 31 December 2020, fair value reserve adjustment loss of IDR 2,223 million (2019 fair value reserve adjustment gain of IDR 8,174 million) had been included in other comprehensive income in respect of these contracts.

	Group and Company			
	2020		2019	
	Contract/ Notional Amount MYR million	Assets IDR million	Contract/ Notional Amount MYR million	Assets IDR million
Cross currency swaps	700	72,763	700	30,442

	Group and Company			
	2020		2019	
	Contract/ Notional Amount USD million	Liabilities IDR million	Contract/ Notional Amount USD million	Liabilities IDR million
Interest rate swaps	100	12,512	–	–

28. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2020		2019	
	No. of shares	IDR million	No. of shares	IDR million
Issued and fully paid ordinary shares				
As at 1 January and 31 December	1,757,531,844	1,807,045	1,757,531,844	1,807,045

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

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28. SHARE CAPITAL AND TREASURY SHARES (continued)

	Group and Company			
	2020		2019	
	No. of shares	IDR million	No. of shares	IDR million
Treasury shares as at 31 December	23,387,800	161,366	20,034,800	147,449

During the financial year, the Company purchased a total of 3,353,000 (2019: 1,911,800) ordinary shares from the public, and held them as treasury shares. Other than these buy backs, there were no other changes in the Company's share capital. Treasury shares relate to ordinary shares of the Company that is held by the Company.

29. OTHER RESERVES

Other reserves comprise:

	Group		Company	
	2020 IDR million	2019 IDR million	2020 IDR million	2019 IDR million
Premium paid on acquisition of non-controlling interest	(216,076)	(206,581)	–	–
Fair value reserve from derivative financial liabilities	2,641	4,864	2,641	4,864
	(213,435)	**(201,717)**	**2,641**	**4,864**

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

Fair value reserve from derivative financial assets/liabilities resulted from mark-to-market cross currency swap and interest rate swap.

30. FOREIGN CURRENCY TRANSLATION RESERVE

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

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For the financial year ended 31 December 2020

31. RELATED PARTY TRANSACTIONS

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

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

	Group	
	2020 IDR million	**2019 IDR million**
Rental to related parties	11,650	11,652

The Group has entered into office premise lease agreements with Mr. Gunardi Hariyanto Lim and Goldwood Investments Ltd for an amount of IDR 4,450 million for the year ended 31 December 2020 (2019: IDR 4,452 million).

The Group has also entered into barge lease agreement with PT Lima Srikandi Jaya, a related party, amounting to IDR 7,200 million for the year ended 31 December 2020 (2019: IDR 7,200 million).

(b) Compensation of key management personnel

	Group	
	2020 IDR million	**2019 IDR million**
Directors' fee	3,362	3,302
Short-term employee benefits	72,506	85,195
	75,868	88,497
Comprise amounts paid/payable to:		
Directors of the Company	33,776	36,549
Other key management personnel	42,092	51,948
	75,868	88,497

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly.

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32. CONTINGENCIES AND COMMITMENTS

(a) *Contingent liabilities*

In relation to agreements between some local banks and several cooperatives, certain subsidiaries act as guarantors of plasma credits until full settlement of the outstanding credits.

As at 31 December 2020, these credits are secured by land certificates held by the plasma farmers who participate in the plasma programme and certain subsidiaries' corporate guarantees of IDR 1,412,816 million (2019: IDR 1,648,155 million). The harvested FFB will be sold to the Group and repayment of the credit facilities are through deduction of plasma farmers' sales of FFB to the Group (Note 14).

(b) *Leases – as lessee*

The short-term leases recognised as an expense in the Group's profit or loss for the financial year ended 31 December 2020 amounted to IDR 11,650 million (2019: IDR 11,652 million).

(c) *Capital commitments*

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

	Group	
	2020 IDR million	**2019 IDR million**
Capital commitment in respect of property, plant and equipment	91,052	275,108

Capital commitments comprise amounts related to committed cost for land clearing, infrastructures and construction of employees' houses and offices.

33. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

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

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

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

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33. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(b) Assets and liabilities measured at fair value

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

Group	Quoted prices in active markets for identical instruments (Level 1) IDR million	Significant other observable inputs (Level 2) IDR million	Significant unobservable inputs (Level 3) IDR million	Total IDR million
2020				
Asset measured at fair value				
Non-financial assets:				
Biological assets	–	–	294,010	294,010
Financial assets:				
Derivative financial assets	–	72,763	–	72,763
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	12,512	–	12,512
2019				
Asset measured at fair value				
Non-financial assets:				
Biological assets	–	–	268,320	268,320
Financial assets:				
Derivative financial assets	–	30,442	–	30,442

Notes to the Financial Statements

For the financial year ended 31 December 2020

33. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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

Company	Quoted prices in active markets for identical instruments (Level 1) IDR million	Significant other observable inputs (Level 2) IDR million	Significant unobservable inputs (Level 3) IDR million	Total IDR million
2020				
Assets measured at fair value				
Financial assets:				
Derivative financial assets	–	72,763	–	72,763
Liabilities measured at fair value				
Financial liabilities:				
Derivative financial liabilities	–	12,512	–	12,512
2019				
Assets measured at fair value				
Financial assets:				
Derivative financial assets	–	30,442	–	30,442

(c) Level 2 fair value measurements

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

Derivative financial assets/liabilities

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

33. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

(d) Level 3 fair value measurements

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

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

Description	Fair value IDR million	Valuation techniques	Unobservable inputs	Value
2020				
Recurring fair value measurements				
Biological assets	294,010	Income approach	Projected harvest quantities	172,121 Tonnes
			Average market price of FFB as at 31 December	2,038 IDR/kg
2019				
Recurring fair value measurements				
Biological assets	268,320	Income approach	Projected harvest quantities	187,503 Tonnes
			Average market price of FFB as at 31 December	1,760 IDR/kg

For biological assets, a significant increase/(decrease) in the market price of FFB and projected harvest quantities would result in a significantly higher/(lower) fair value measurement.

Movements in Level 3 assets measured at fair value

The movements in biological assets measured at fair value are disclosed in Note 17.

Valuation policies and procedures

To determine the fair value of biological assets, the corporate finance team obtained the projected harvest quantities and the market price of the FFB from the physical census reports and from the publicly available index price set by the local government, net of estimated cost to sell.

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

33. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

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

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

	Fair value measurements at the end of the reporting period using				
Group and Company	**Quoted prices in active market for identical instruments (Level 1) IDR million**	**Significant other observable inputs (Level 2) IDR million**	**Significant unobservable inputs (Level 3) IDR million**	**Total IDR million**	**Carrying amount IDR million**
2020					
Liabilities					
Islamic medium term notes	–	2,549,422	–	2,549,422	2,443,238
2019					
Liabilities					
Islamic medium term notes	–	2,405,738	–	2,405,738	2,376,514

Determination of fair value of Islamic medium term notes

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

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

(a) *Interest rate risk*

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

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

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(a) *Interest rate risk* (continued)

Sensitivity analysis for interest rate risk

At the balance sheet date, if interest rates had been 2% (2019: 2%) lower/higher with all other variables held constant, the Group's profit before taxation would have been IDR 1,176 million (2019: IDR 2,829 million) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

Cash flow hedges

The Group manages its interest rate risk arising from its term loan facilities by entering into interest rate swaps to swap from floating interest rates to fixed interest rates.

The terms (notional amount and timing) of the interest rate swaps have been negotiated to match the terms of the term loan facilities. The hedge ratio (the ratio between the notional amount of the interest rate swaps to the amount of the term loan facilities being hedged) is determined to be 1:1. Accordingly, the hedges are assessed to be highly effective.

There were no expected sources of ineffectiveness on the Group's hedges as the critical terms of the derivatives match exactly with the terms of the hedged item.

The effects of applying hedge accounting for its interest rate swaps on the Group's balance sheet and profit or loss are as follows:

Cash flow hedge **Hedged item**	**2020** **USD floating rate term loan facilities**
Line item in the balance sheet that includes the hedged item	Non-current loans and borrowings
Carrying amount of hedged item	IDR 1,408,517 million
Balances in the cash flow hedge reserve	IDR (12,512 million)
Hedging instrument	**Receive variable/pay fixed interest rate swap**
Line item in the balance sheet that includes the hedging instrument	Derivative financial liabilities
Maturity dates	13 March 2024 and 28 March 2024
Notional amount	USD 100 million
Hedging loss for the period recognised in OCI	IDR 12,512 million
Weighted average hedged rate at maturity date	2.0625

(b) *Foreign currency risk*

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

As at 31 December 2020, the Group's costs denominated in foreign currencies amounted to approximately 0.50% (2019: 0.01%).

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

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

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

Sensitivity analysis for foreign currency risk

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

	Group	
	2020 Profit before taxation IDR million	**2019 Profit before taxation IDR million**
IDR/USD		
– Strengthened by 5%	2,618	3,317
– Weakened by 5%	(2,618)	(3,317)

Cash flow hedges

The Group manages its foreign currency risk arising from its expected redemption of Ringgit-denominated IMTN by entering into cross currency swap to swap into USD liabilities.

The terms (notional amount and timing) of the cross currency swaps have been negotiated to match the terms of the IMTN. The hedge ratio (the ratio between the notional amount of the cross currency swaps to the amount of the IMTN being hedged) is determined to be 1:1. Accordingly, the hedges are assessed to be highly effective.

There were no expected sources of ineffectiveness on the Group's hedges as the critical terms of the derivatives match exactly with the terms of the hedged item.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

Cash flow hedges (continued)

The effects of applying hedge accounting for expected future redemption of Ringgit-denominated IMTN on the Group's balance sheet and profit or loss are as follows:

Cash flow hedge	**2020**
Hedged item	**Islamic Medium Term Notes**
Carrying amount of hedged item	IDR 2,443,238 million
Balances in the cash flow hedge reserve	IDR 15,153 million
Hedging instrument	**Cross currency swap contracts**
Line item in the balance sheet that includes the hedging instrument	Derivative financial assets
Maturity dates	22 July 2024 and 22 July 2026
Notional amount	MYR 700 million
Hedging gains for the period recognised in OCI	IDR 10,289 million
Weighted average hedged MYR/USD rate at maturity date	4.1370

(c) Commodity price risk

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

Sensitivity analysis for commodity price risk

During the reporting period, had the average selling prices of palm based products been 10% higher/lower, ceteris paribus, profit before taxation for the financial year ended 31 December 2020 would have been IDR 910,175 million (2019: IDR 769,134 million) higher/lower.

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group conducts business by the requirement of payment in advance, cash on delivery terms or may grant customers credit terms, where appropriate.

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

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk (continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- credit rating of the counterparty;
- significant actual or expected adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations;
- significant increases in credit risk on other financial instruments of the counterparty; and
- significant changes in the actual or expected performance of the counterparty, including changes in the payment status and changes in the operating results of the counterparty.

The Group determined that its financial assets are credit-impaired when:

- there is significant difficulty of the issuer or the counterparty;
- there is a breach of contract, such as a default or past due event;
- it is becoming probable that the counterparty will enter bankruptcy or other financial reorganisation; and
- there is a disappearance of an active market for that financial asset because of financial difficulty.

Regardless of the above, the Group provides ECL on its financial assets by applying the default risk rating of the counterparties based on external benchmarks. As the Group's exposure to creditors is monitored on an ongoing basis, the Group has determined that the ECL on trade and other receivables (including plasma receivables) is insignificant.

Exposure to credit risk

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

- The carrying amount of each class of financial assets recognised in the balance sheets; and
- The nominal amount of financial guarantees provided by the Group for repayment of plasma farmers' loans to the banks (Note 32).

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring individual customers' outstanding balances on an ongoing basis.

As at 31 December 2020, approximately 98.5% (2019: 94.6%) of the Group's trade receivables were due from 3 major customers in 2020 (2019: 3 major customers) who are multi-industry conglomerates.

The Group's customers are concentrated in Indonesia.

Information on major customers

Revenues from 2 major customers (2019: 2 major customers) contribute approximately 84.0% (2019: 84.0%) of the Group's total revenues for the year ended 31 December 2020.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 19.

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As at 31 December 2020, approximately 4.7% (2019: 9.3%) of the Group's and Company's total debt, comprising loans and borrowings (Note 22) and IMTN (Note 25), will mature in less than one year based on the carrying amounts reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The following table summarises the Group's and the Company's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Group				
2020				
Financial assets:				
Derivative financial assets:				
– Cross currency swaps (gross receipts)	102,207	1,393,770	1,429,336	2,925,313
– Cross currency swaps (gross payments)	(72,701)	(1,269,527)	(1,387,153)	(2,729,381)
Trade and other receivables	70,637	–	–	70,637
Due from related companies	50	–	–	50
Plasma receivables	64,496	2,639,567	–	2,704,063
Cash and short-term deposits	791,953	–	–	791,953
Total undiscounted financial assets	956,642	2,763,810	42,183	3,762,635
Financial liabilities:				
Derivative financial liabilities:				
– Interest rate swaps (gross receipts)	24,597	54,215	–	78,812
– Interest rate swaps (gross payments)	(29,092)	(64,121)	–	(93,213)
Loans and borrowings	336,496	3,383,928	–	3,720,424
Islamic medium term notes	101,611	1,392,242	1,429,336	2,923,189
Dividend payable to non-controlling interests	54,595	–	–	54,595
Trade and other payables	598,755	–	–	598,755
Accrued operating expenses	221,201	–	–	221,201
Total undiscounted financial liabilities	1,308,163	4,766,264	1,429,336	7,503,763
Total net undiscounted financial liabilities	**(351,521)**	**(2,002,454)**	**(1,387,153)**	**(3,741,128)**

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Group				
2019				
Financial assets:				
Derivative financial assets:				
– Cross currency swaps (gross receipts)	99,697	1,398,186	1,447,488	2,945,371
– Cross currency swaps (gross payments)	(71,847)	(1,281,419)	(1,408,487)	(2,761,753)
Trade and other receivables	349,920	–	–	349,920
Due from related companies	50	–	–	50
Plasma receivables	118,974	2,441,886	–	2,560,860
Cash and short-term deposits	503,753	–	–	503,753
Total undiscounted financial assets	1,000,547	2,558,653	39,001	3,598,201
Financial liabilities:				
Loans and borrowings	751,376	3,988,154	–	4,739,530
Islamic medium term notes	99,115	1,396,120	1,447,488	2,942,723
Dividend payable to non-controlling interests	22,015	–	–	22,015
Trade and other payables	757,143	–	–	757,143
Accrued operating expenses	192,590	–	–	192,590
Total undiscounted financial liabilities	1,822,239	5,384,274	1,447,488	8,654,001
Total net undiscounted financial liabilities	**(821,692)**	**(2,825,621)**	**(1,408,487)**	**(5,055,800)**

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Company				
2020				
Financial assets:				
Due from subsidiaries	–	4,138,889	–	4,138,889
Derivative financial assets				
– Cross currency swaps (gross receipts)	102,207	1,393,770	1,429,336	2,925,313
– Cross currency swaps (gross payments)	(72,701)	(1,269,527)	(1,387,153)	(2,729,381)
Dividend receivables	442,315	–	–	442,315
Cash and short-term deposits	274,427	–	–	274,427
Total undiscounted financial assets	746,248	4,263,132	42,183	5,051,563
Financial liabilities:				
Derivative financial liabilities:				
– Interest rate swaps (gross receipts)	24,597	54,215	–	78,812
– Interest rate swaps (gross payments)	(29,092)	(64,121)	–	(93,213)
Trade and other payables	2,158	–	–	2,158
Loans and borrowings	336,496	3,383,928	–	3,720,424
Islamic medium term notes	101,611	1,392,242	1,429,336	2,923,189
Accrued operating expenses	50,259	–	–	50,259
Total undiscounted financial liabilities	486,029	4,766,264	1,429,336	6,681,629
Total net undiscounted financial assets/(liabilities)	**260,219**	**(503,132)**	**(1,387,153)**	**(1,630,066)**

Notes to the Financial Statements

For the financial year ended 31 December 2020

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

	1 year or less IDR million	More than 1 year to 5 years IDR million	More than 5 years IDR million	Total IDR million
Company				
2019				
Financial assets:				
Due from subsidiaries	–	4,611,360	–	4,611,360
Derivative financial assets				
– Cross currency swaps (gross receipts)	99,697	1,398,186	1,447,488	2,945,371
– Cross currency swaps (gross payments)	(71,847)	(1,281,419)	(1,408,487)	(2,761,753)
Dividend receivables	209,790	–	–	209,790
Cash and short-term deposits	35,293	–	–	35,293
Total undiscounted financial assets	272,933	4,728,127	39,001	5,040,061
Financial liabilities:				
Trade and other payables	31	–	–	31
Loans and borrowings	751,376	3,988,154	–	4,739,530
Islamic medium term notes	99,115	1,396,120	1,447,488	2,942,723
Accrued operating expenses	51,604	–	–	51,604
Total undiscounted financial liabilities	902,126	5,384,274	1,447,488	7,733,888
Total net undiscounted financial liabilities	**(629,193)**	**(656,147)**	**(1,408,487)**	**(2,693,827)**

Notes to the Financial Statements

For the financial year ended 31 December 2020

35. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. The Group's policy is to maintain the gearing ratio within the range of gearing ratios of leading companies in similar industry in order to secure access to finance at a reasonable cost. The Group includes within net debt, loans and borrowings, Islamic medium term notes, less cash and short-term deposits. Capital includes equity attributable to the owners of the Company.

The Group's net debt to adjusted equity ratio at the end of the financial years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020 IDR million	**2019 IDR million**
Loans and borrowings (Note 22)	3,564,536	4,345,800
Islamic medium term notes (Note 25)	2,443,238	2,376,514
Less:		
Cash and short-term deposits (Note 21(a))	(791,953)	(503,753)
Net debt	**5,215,821**	**6,218,561**
Equity attributable to owners of the Company	**9,016,675**	**8,082,046**
Gearing ratio	**57.8%**	**76.9%**

The Group monitors its key financial ratios that form part of its obligations under its loans and borrowings and Islamic medium term notes covenants to ensure compliance with them.

Notes to the Financial Statements

For the financial year ended 31 December 2020

36. DIVIDENDS

	Group and Company	
	2020 IDR million	2019 IDR million
Declared and paid during the financial year:		
Dividend on ordinary shares:		
– Final exempt (one-tier) dividend for 2019: SGD 0.005 (2018: SGD 0.02) per share	91,127	368,397
– Interim tax exempt (one-tier) dividend for 2020: SGD 0.0040 (2019: SGD 0.0038) per share	75,718	67,040
	166,845	435,437

The Directors have recommended for the Company to pay a final tax-exempt dividend of SGD 0.02 per ordinary share in respect of the financial year ended 31 December 2020. The payment of the dividend will be subject to the approval by shareholders at the forthcoming Annual General Meeting.

37. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 2 February 2021, the Indonesian 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.

At the date of this report, the Group is still assessing the impact of the implementation of PP 35/2021 which will be reflected in the Group's financial reporting for the next period.

38. IMPACT OF COVID-19

The Group's and the Company'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 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 the Group's and the Company's are unclear at this time.

Nevertheless, as at the date of this report, management of the Group and the Company is of the opinion that the outbreak of the COVID-19 has no significant impact to the operational activities of the Group and the Company.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the years ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 15 March 2021.

Shareholders' Information

As at 1 March 2021

Class of shares	:	Ordinary Shares
Issued and fully paid-up capital (including Treasury Shares and subsidiary holdings)	:	S$255,242,545
Issued and fully paid-up capital (excluding Treasury Shares and subsidiary holdings)	:	S$239,066,772
Number of shares issued (including Treasury Shares and subsidiary holdings)	:	1,757,531,844
Number of shares issued (excluding Treasury Shares and subsidiary holdings)	:	1,734,144,044
Number/Percentage of Treasury Shares	:	23,387,800 (1.35%)
Number/Percentage of Subsidiary Holdings	:	Nil (0%)
Voting rights (excluding Treasury Shares and subsidiary holdings)	:	One vote for per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
1 – 99	7	0.43	154	0.00
100 – 1,000	187	11.45	165,600	0.01
1,001 – 10,000	751	45.99	4,591,645	0.27
10,001 – 1,000,000	666	40.78	48,460,014	2.79
1,000,001 – and above	22	1.35	1,680,926,631	96.93
	1,633	100.00	1,734,144,044	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Wellpoint Pacific Holdings Ltd	749,157,774	43.20
2.	Oakridge Investments Pte Ltd	535,050,070	30.85
3.	DBS Nominees Pte Ltd	171,060,021	9.86
4.	HSBC (Singapore) Nominees Pte Ltd	43,758,324	2.52
5.	Citibank Nominees Singapore Pte Ltd	39,483,791	2.28
6.	Raffles Nominees (Pte) Limited	39,205,599	2.26
7.	Lynwood Capital Resources Pte Ltd	21,622,000	1.25
8.	DBSN Services Pte Ltd	13,294,692	0.77
9.	UOB Kay Hian Pte Ltd	12,839,000	0.74
10.	OCBC Securities Private Ltd	11,588,100	0.67
11.	Phillip Securities Pte Ltd	10,513,200	0.61
12.	Kong Goon Siong or Kong Goon Khing	7,737,000	0.45
13.	BPSS Nominees Singapore (Pte.) Ltd.	5,471,000	0.32
14.	DBS Vickers Securities (S) Pte Ltd	4,638,000	0.27
15.	Maybank Kim Eng Securities Pte. Ltd	3,656,100	0.21
16.	CGS-CIMB Securities (Singapore) Pte Ltd	3,125,760	0.18
17.	IFast Financial Pte Ltd	2,143,700	0.12
18.	Chong Gong Gong	1,660,000	0.10
19.	BNP Paribas Nominees Singapore Pte Ltd	1,421,700	0.08
20.	Asdew Acquisitions Pte Ltd	1,370,800	0.08
	Total	1,678,796,631	96.82

Shareholders' Information

As at 1 March 2021

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

	Direct Interest		Deemed Interest	
Substantial Shareholders	**No. of Shares**	**%[1]**	**No. of Shares**	**%[1]**
Wellpoint Pacific Holdings Ltd[2][4]	906,557,774	52.277	–	–
Lim Hariyanto Wijaya Sarwono[2]	–	–	906,557,774	52.277
Lim Gunawan Hariyanto[2]	–	–	906,557,774	52.277
Fortune Corp Limited[2]	–	–	906,557,774	52.277
Fortune Holdings Limited[2]	–	–	906,557,774	52.277
Oakridge Investments Pte Ltd[3]	535,050,070	30.854	–	–
IOI Corporation Berhad[3]	–	–	556,672,070	32.101
Progressive Holdings Sdn Bhd[3]	–	–	556,672,070	32.101
Dato' Lee Yeow Chor[3]	–	–	556,672,070	32.101
Lee Yeow Seng[3]	–	–	556,672,070	32.101

Notes:

(1) Percentages are based on the issued share capital of the Company of 1,734,144,044 Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date.

(2) Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto is deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd, a wholly owned subsidiary of Fortune Holdings Limited, by virtue of his joint interest in Fortune Holdings Limited and in Fortune Corp Limited, the fund management company that manages Fortune Holdings Limited. Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto are the only directors of Fortune Corp Limited. Under the discretionary fund management mandate, Fortune Corp Limited is vested with the power to manage the voting rights of Fortune Holdings Limited. Fortune Holdings Limited is in turn deemed to be interested in the Shares held by Wellpoint Pacific Holdings Ltd by virtue of its 100% shareholding interest in Wellpoint Pacific Holdings Ltd. Mr. Lim Gunawan Hariyanto, Executive Chairman and CEO of the Company, is the son of Dr. Lim Hariyanto Wijaya Sarwono.

(3) Dato' Lee Yeow Chor, a non-executive director of the Company, is presently the Group Managing Director and Chief Executive of IOI Corporation Berhad, the sole shareholder of Oleander Capital Resources Pte Ltd. Dato' Lee Yeow Chor and Lee Yeow Seng are immediate family members and are deemed to be interested in the Shares held by Oakridge Investments Pte Ltd (535,050,070 Shares) and Lynwood Capital Resources Pte Ltd (21,622,000 Shares), each a subsidiary of IOI Corporation Berhad, by virtue of their collective 100% shareholding interest in Progressive Holdings Sdn Bhd through intermediate entities.

(4) Includes 157,400,000 Shares which are held through bank nominees.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available and to the best knowledge of the Company, as at 1 March 2021, approximately 15.619% of the issued ordinary shares of the Company is held by the public. The Company is therefore in compliance with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of BUMITAMA AGRI LTD. (the "**Company**") will be held by way of electronic means on Monday, 12 April 2021 at 10.00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Auditors' Report thereon.

   (Resolution 1)

2. To declare a final dividend of S$0.02 per ordinary share (one-tier tax exempt) for the financial year ended 31 December 2020 (2019: final dividend of S$0.005).

   (Resolution 2)

3. To re-elect the following directors of the Company retiring pursuant to Regulation 91 of the Company's Constitution:

   Dato' Lee Yeow Chor **(Resolution 3)**
   Mr. Lim Hung Siang **(Resolution 4)**

   Mr. Lim Hung Siang will, upon re-election as a director of the Company, remain as Chairman of the Remuneration Committee and a member of the Audit Committee, the Nominating Committee and the Conflicts Resolution Committee. Mr. Lim Hung Siang will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

   [See Explanatory Note (i)]

4. To approve the payment of directors' fees of S$317,500 for the financial year ending 31 December 2021, to be paid quarterly in arrears (2020: S$317,500)

   (Resolution 5)

5. To re-appoint Ernst & Young LLP as the Company's auditors and to authorise the directors to fix their remuneration.

   (Resolution 6)

6. To transact any other ordinary business which may be transacted at an annual general meeting of the Company.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider, and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

7. **RENEWAL OF THE SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION BERHAD AND ITS ASSOCIATES**

That for the purposes of Chapter 9 ("**Chapter 9**") of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"):

(a) approval be and is hereby given for the renewal of the mandate for the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into any of the transactions falling within the types of interested person transactions, the particulars of which are as set out in Annexure I to the Appendix dated 26 March 2021 to the Annual Report (the "**Appendix**"), with any party who is named in Annexure I to the Appendix, provided that such interested person transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such interested person transactions as set out in Annexure I to the Appendix (the "**Shareholders' Mandate for IOI Transactions**");

(b) the Shareholders' Mandate for IOI Transactions shall, unless revoked or varied by the Company in a general meeting, continue in force until the date that the next annual general meeting of the Company is held or is required by law or the Constitution of the Company to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures described in Annexure I to the Appendix and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 which may be prescribed by the SGX-ST from time to time; and

(d) authority be given to the directors of the Company to complete and do all such acts and things (including executing all such documents as may be required) as they, or each of them, may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for IOI Transactions and/or this resolution as they may think fit.

[See Explanatory Note (ii)]

(Resolution 7)

Notice of Annual General Meeting

8. **SHARE ISSUE MANDATE**

That pursuant to Section 161 of the Companies Act (Cap. 50) of Singapore (the "**Companies Act**"), the Constitution of the Company and in accordance with Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), approval be and is hereby given to the directors of the Company to issue:

(a) shares in the capital of the Company (whether by way of rights, bonus or otherwise); or

(b) convertible securities; or

(c) additional convertible securities arising from adjustments made to the exercise price or conversion price and, where appropriate, the number of convertible securities previously issued in the event of a rights issue, bonus issue or subdivision or consolidation of shares pursuant to Rule 829 of the Listing Manual of the SGX-ST; or

(d) shares arising from the conversion of convertible securities,

at any time and upon such terms and conditions and for such purposes as the directors of the Company may in their absolute discretion deem fit provided that:

(i) the aggregate number of shares and convertible securities that may be issued shall not be more than 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, or such other limit as may be prescribed by the SGX-ST, as at the date this resolution is passed;

(ii) the aggregate number of shares and convertible securities that may be issued other than on a pro-rata basis to existing shareholders shall not be more than 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, or such other limit as may be prescribed by the SGX-ST, as at the date this resolution is passed;

(iii) for the purpose of determining the aggregate number of shares and convertible securities that may be issued under sub-paragraphs (i) and (ii) above, the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date this resolution is passed shall be calculated after adjusting for: (1) new shares arising from the conversion or exercise of convertible securities; (2) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual of the SGX-ST; and (3) any subsequent bonus issue, consolidation or subdivision of the Company's shares, provided that any adjustments made under sub-paragraphs (1) and (2) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting as at the date this resolution is passed; and

(iv) unless earlier revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company ("**AGM**") or the date by which the next AGM is required by law or the Constitution of the Company to be held, whichever is earlier.

[See Explanatory Note (iii)]

(Resolution 8)

Notice of Annual General Meeting

9. **RENEWAL OF THE SHARE BUYBACK MANDATE**

That:

(a) for the purposes of the Companies Act (Cap. 50) of Singapore (the "**Companies Act**") and the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the directors of the Company be and are hereby authorised to exercise all the powers of the Company to purchase or otherwise acquire the issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Prescribed Limit (as hereafter defined) during the Relevant Period (as hereafter defined), at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases transacted through the SGX-ST's trading system or on another stock exchange on which the issuer's equity securities are listed ("**Market Acquisitions**"); or

(ii) off-market acquisitions in accordance with an equal access scheme as defined in Section 76C of the Companies Act ("**Off-Market Acquisitions**"),

and otherwise in accordance with all other provisions of the Constitution of the Company, the Companies Act and the Listing Manual of the SGX-ST as may for the time being be applicable (the "**Share Buyback Mandate**");

(b) the authority conferred on the directors of the Company pursuant to the Share Buyback Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company ("**AGM**") is held or is required by law or the Constitution of the Company to be held, whichever is earlier;

(ii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Buyback Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority contained in the Share Buyback Mandate is varied or revoked by the shareholders of the Company in a general meeting;

Notice of Annual General Meeting

(c) in this resolution:

"**Prescribed Limit**" means that number of issued Shares representing 10% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) as at the date of passing of this resolution unless: (i) the Company has, at any time during the Relevant Period, reduced its share capital by a special resolution under Section 78C of the Companies Act; or (ii) the court has, at any time during the Relevant Period, made an order under Section 78I of the Companies Act confirming the reduction of share capital of the Company, in which event, the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be taken to be the total number of issued Shares (excluding treasury shares and subsidiary holdings) as altered;

"**Relevant Period**" means the period commencing from the date on which the AGM at which this resolution is passed is held and expiring on the date on which the next AGM is held or is required by law or the Constitution of the Company to be held, whichever is earlier, after the date of this resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Acquisition: 105% of the Average Closing Price;

(ii) in the case of an Off-Market Acquisition pursuant to an equal access scheme: 120% of the Average Closing Price, where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five market days, on which transactions in the Shares were recorded, immediately preceding the day of the Market Acquisition or, as the case may be, the day of the making of the offer pursuant to the Off-Market Acquisition, and deemed to be adjusted for any corporate action that occurs during such five-market day period and the day on which the purchases are made; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Acquisition; and

(d) any of the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this resolution.

[See Explanatory Note (iv)]

(Resolution 9)

By Order of the Board

Chiang Wai Ming
Company Secretary

Singapore, 26 March 2021

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be passed:

(i) Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, further information on Dato' Lee Yeow Chor and Mr. Lim Hung Siang is set out in the Corporate Governance Report titled "Additional Information on Directors seeking re-election pursuant to Rule 720(6) of the Listing Manual of the SGX-ST" on page 42 of the Annual Report.

(ii) The Ordinary Resolution 7 proposed in item 7 above, if passed, will renew the Shareholders' Mandate for IOI Transactions to authorise the Company, its subsidiaries and associated companies that are entities at risk (as that term is used in Chapter 9 of the Listing Manual of the SGX-ST), or any of them, to enter into any of the mandated transactions with any party who is named in Annexure I to the Appendix, and will empower the directors of the Company to do all acts necessary to give effect to the Shareholders' Mandate for IOI Transactions and/or Ordinary Resolution 7. Such authority will, unless previously revoked or varied by the Company in a general meeting, continue in force until the date that the next AGM is held or is required by law or the Constitution of the Company to be held, whichever is earlier. Information relating to this proposed resolution is set out in the Appendix dated 26 March 2021 to the Annual Report.

(iii) The Ordinary Resolution 8 proposed in item 8 above, if passed, will empower the directors of the Company from the date of this AGM until the date of the next AGM, to allot and issue shares and convertible securities in the Company up to an aggregate amount not exceeding fifty percent (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company, of which an aggregate number up to twenty percent (20%) may be issued other than on a pro rata basis.

(iv) The Ordinary Resolution 9 proposed in item 9 above, if passed, will empower the directors of the Company from the date of this AGM until the next AGM to repurchase fully-paid ordinary shares of the Company by way of market acquisitions or off-market acquisitions of up to ten percent (10%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any as at that date) in the capital of the Company at such price(s) as may be determined by the directors of the Company from time to time up to the Maximum Price. Information relating to this proposed resolution is set out in the Appendix dated 26 March 2021 to the Annual Report.

Notice of Annual General Meeting

Notes:

1. The AGM is being convened, and will be held, by electronic means to minimise physical interactions and COVID-19 transmission risks pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 and the press release by the Ministry of Law on 7 September 2020 on the extension of the alternative arrangements from 30 September 2020 to 30 June 2021. Printed copies of this Notice of AGM will be sent to members and will also be available on the Company's website at the URL https://ir.bumitama-agri.com/news-releases and SGXNet at the URL https://www.sgx.com/securities/company-announcements.

2. In view thereof, members will not be able to attend the AGM in person. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio feed, are set out in the accompanying Company's announcement dated 26 March 2021. This announcement may be accessed at the Company's website at the URL https://ir.bumitama-agri.com/news-releases and SGXNet at the URL https://www.sgx.com/securities/company-announcements. Any reference to a time of day is made by reference to Singapore time.

3. Members will be able to observe and/or listen to the AGM proceedings through a live audio-visual webcast or audio feed via their mobile phones, tablets or computers. In order to do so, Members must pre-register at the Company's pre-registration website at the URL https://agm.bumitama.com/ by 9 April 2021, 10.00 a.m. ("**Registration Deadline**"), to enable the verification of members' status.

   Following the verification, authenticated members will receive email instructions on how to register and access the live audio-visual webcast or audio feed of the AGM proceedings, by 1.00 p.m. on 10 April 2021. Members who do not receive an email by 1.00 p.m. on 10 April 2021, but have registered by the Registration Deadline, should email the Company's Share Registrar, B.A.C.S Private Limited at *main@zicoholdings.com* or our Investor Relations team at *register@bumitama-agri.com* for assistance.

   Members must not forward the abovementioned link to other persons who are not shareholders of the Company and who are not entitled to attend the AGM to avoid any technical disruptions or overload to the live audio-visual webcast or audio feed.

4. Members may also submit questions related to the resolutions to be tabled for approval at the AGM, in advance of the AGM. In order to do so, their questions must be submitted via email to our Investor Relations team at *glenn.ho@bumitama-agri.com* by 5 April 2021.

   The Company will endeavour to address all substantial and relevant questions and publish its responses to those questions on the SGXNet and the Company's website prior to the AGM. The Company will publish the minutes of the AGM on the SGXNet and the Company's website within one month from the date of AGM.

5. A member (including a Relevant Intermediary*) must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.

6. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specify his/her/its instructions as to voting, or abstentions from voting, for the respective resolutions in the instrument appointing the Chairman of the AGM as proxy ("**Proxy Form**"). Failing which, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. The accompanying Proxy Form for the AGM may be accessed at the Company's website and on SGXNet and the printed copies will also be sent to members.

Notice of Annual General Meeting

7. The Proxy Form must be under the hand of the appointor or of his attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

8. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the Registered Office of the Company at Anson Road #11-19, International Plaza, Singapore 079903, or

   (b) if submitted electronically, email it to *register@bumitama-agri.com*.

   in either case, by the Registration Deadline, 9 April 2021, 10.00 a.m., being no later than 72 hours before the time appointed for holding the AGM.

   A Member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

9. Central Provident Fund Investment Scheme ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors who wish to appoint the Chairman of the AGM as their proxy in respect of the Company's Shares should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM, by 10.00 a.m. on 31 March 2021.

10. The Company's Annual Report FY2020 dated 26 March 2021 has been published and may be accessed at the Company's website at the URL https://ir.bumitama-agri.com/news-releases and SGXNet at the URL https://www.sgx.com/securities/company-announcements.

11. The Chairman of the AGM, as proxy, need not be a member of the Company.

12. Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change its AGM arrangements at short notice. Members are advised to check the SGX website at the URL https://www.sgx.com/securities/company-announcements for the latest updates on the status of the AGM, If any.

* A Relevant intermediary is:

(a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

(b) a capital markets services license holder who provides custodial services under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

(c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

Notice of Annual General Meeting

Personal data privacy:

By submitting an instrument appointing the Chairman of the AGM to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

IMPORTANT

1. The AGM (as defined below) is being convened, and will be held, by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or audio feed, submission of questions to the Chairman of the AGM in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the Notice of AGM and Important Notice Relating to AGM.
3. To minimise physical interactions and COVID-19 transmission risks, Members will not be able to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM.
4. If a CPF or SRS investor wishes to appoint the Chairman of the AGM as proxy, he/she should approach their respective CPF Agent Banks or SRS Operators to submit his/her votes by 31 March 2021, being seven (7) working days before the date of the AGM.
5. Please read the AGM notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the as a Member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

BUMITAMA AGRI LTD.
(Incorporated in Singapore)
(Co. Reg. No: 200516741R)

PROXY FORM

(Please see notes overleaf before completing this Form)

*I/We, _____ NRIC/Passport/Co. Registration No. _____

of _____

being a *member/members of BUMITAMA AGRI LTD. (the "**Company**"), hereby appoint:

Chairman of the AGM	**Proportion of Shareholdings**	
	No. of Shares	**%**

as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Annual General Meeting (the "**AGM**") of the Company to be held by way of electronic means on Monday, 12 April 2021 at 10.00 a.m. and at any adjournment thereof. *I/We direct *my/our proxy to vote for, against or to abstain from voting the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given in respect of a resolution, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

* *delete as applicable*

(Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against	Abstain
1	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2020			
2	Payment of a final dividend			
3	Re-election of Dato' Lee Yeow Chor as Director			
4	Re-election of Mr. Lim Hung Siang as Director			
5	Approval of Directors' fees amounting to S$317,500 for the financial year ending 31 December 2021			
6	Re-appointment of Ernst & Young LLP as Auditors			
7	Renewal of Shareholders' Mandate for Interested Person Transactions with IOI Corporation Berhad and its Associates			
8	Share Issue Mandate			
9	Renewal of Share Buyback Mandate			

Voting would be conducted by poll. Please indicate your vote "For" or "Against" or "Abstain" with a tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing the Chairman of the AGM not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2021

Total number of Shares held:

_____

Signature of Shareholder(s)/
and Common Seal of Corporate Shareholder

IMPORTANT: PLEASE READ THE NOTES OVERLEAF

NOTES

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, (Cap 289)), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. To minimise physical interactions and COVID-19 transmission risks, members will not be able to attend the AGM in person. If a Member (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. The Chairman of the AGM, as proxy, need not be a member of the Company. In appointing the Chairman of the AGM as proxy, a member must give specific instructions as to voting, or abstentions from voting, for the respective resolutions in the instrument appointing the Chairman of the AGM as proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

3. Members who hold shares through relevant intermediaries, including Central Provident Fund Investment Scheme ("**CPF**") and Supplementary Retirement Scheme ("**SRS**") investors, and who wish to participate in the AGM by (a) observing and/or listening to the AGM proceedings through live audio-visual webcast or audio feed; (b) submitting questions in advance of the AGM; and/ or (c) appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM, should contact the relevant intermediary (which would include, in the case of CPF and SRS investors, their respective CPF Agent Banks or SRS Operators) through which they hold such shares as soon as possible in order to make the necessary arrangements for them to participate in the AGM.

   CPF and SRS investors who wish to appoint the Chairman of the AGM as their proxy in respect of the Company's shares should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 10.00 a.m. on 31 March 2021, being seven (7) working days before the date of the AGM.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50:

   (a) a banking corporation licensed under the Banking Act (Cap. 19) or its wholly-owned subsidiary who provides nominee services and holds shares in that capacity;

   (b) a capital markets services licence holder who provides custodial services under the Securities and Futures Act (Cap. 289) and holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

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Affix postage stamp

Bumitama Agri Ltd.
10 Anson Road
#11-19 International Plaza
Singapore 079903

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4. The Chairman of the AGM, as proxy, need not be a Member of the Company.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the AGM as proxy is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument, failing which the instrument may be treated as invalid.

6. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

7. The instrument appointing the Chairman of the AGM as proxy must be deposited in the following matter:

   (a) if submitted by post, be lodged at the registered office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903; or

   (b) if submitted electronically, email it to *register@bumitama-agri.com*

   in either case, being no later than seventy-two (72) hours before the time appointed for the AGM.

   A Member who wishes to submit a Proxy Form must complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

PERSONAL DATA PRIVACY

By submitting an instrument appointing the Chairman of the AGM as the proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 26 March 2021.

GENERAL

The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as the proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as the proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as the proxy lodged if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

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Corporate Information

BOARD OF DIRECTORS

Executive:
Lim Gunawan Hariyanto
(Executive Chairman and Chief Executive Officer)
Lim Christina Hariyanto
(Executive Director)

Non-Executive & Non-Independent:
Dato' Lee Yeow Chor

Independent:
Lee Lap Wah George
(Lead Independent Director)
Lim Hung Siang
Lawrence Lua Gek Pong

AUDIT COMMITTEE

Lee Lap Wah George
(Chairman)
Lim Hung Siang
Lawrence Lua Gek Pong

NOMINATING COMMITTEE

Lee Lap Wah George
(Chairman)
Lim Hung Siang
Lawrence Lua Gek Pong

REMUNERATION COMMITTEE

Lim Hung Siang
(Chairman)
Lee Lap Wah George
Lawrence Lua Gek Pong

CONFLICTS RESOLUTION COMMITTEE

Lawrence Lua Gek Pong
(Chairman)
Lee Lap Wah George
Lim Hung Siang

COMPANY SECRETARY

Chiang Wai Ming

REGISTERED OFFICE

10 Anson Road
#11-19 International Plaza
Singapore 079903
Tel: (65) 6222 1332
Fax: (65) 6222 1336
www.bumitama-agri.com

SHARE REGISTRARS

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-In-Charge: **Low Bek Teng**
(with effect from the financial year ended 2016)

INVESTOR RELATIONS

Christina Lim
clim@bumitama-agri.com
Glenn Ho
glenn.ho@bumitama-agri.com

Bumitama Agri Ltd.

Excellence Through Discipline

REGISTERED OFFICE

10 Anson Road
#11-19 International Plaza
Singapore 079903
Tel: (65) 6222 1332
Fax: (65) 6222 1336

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