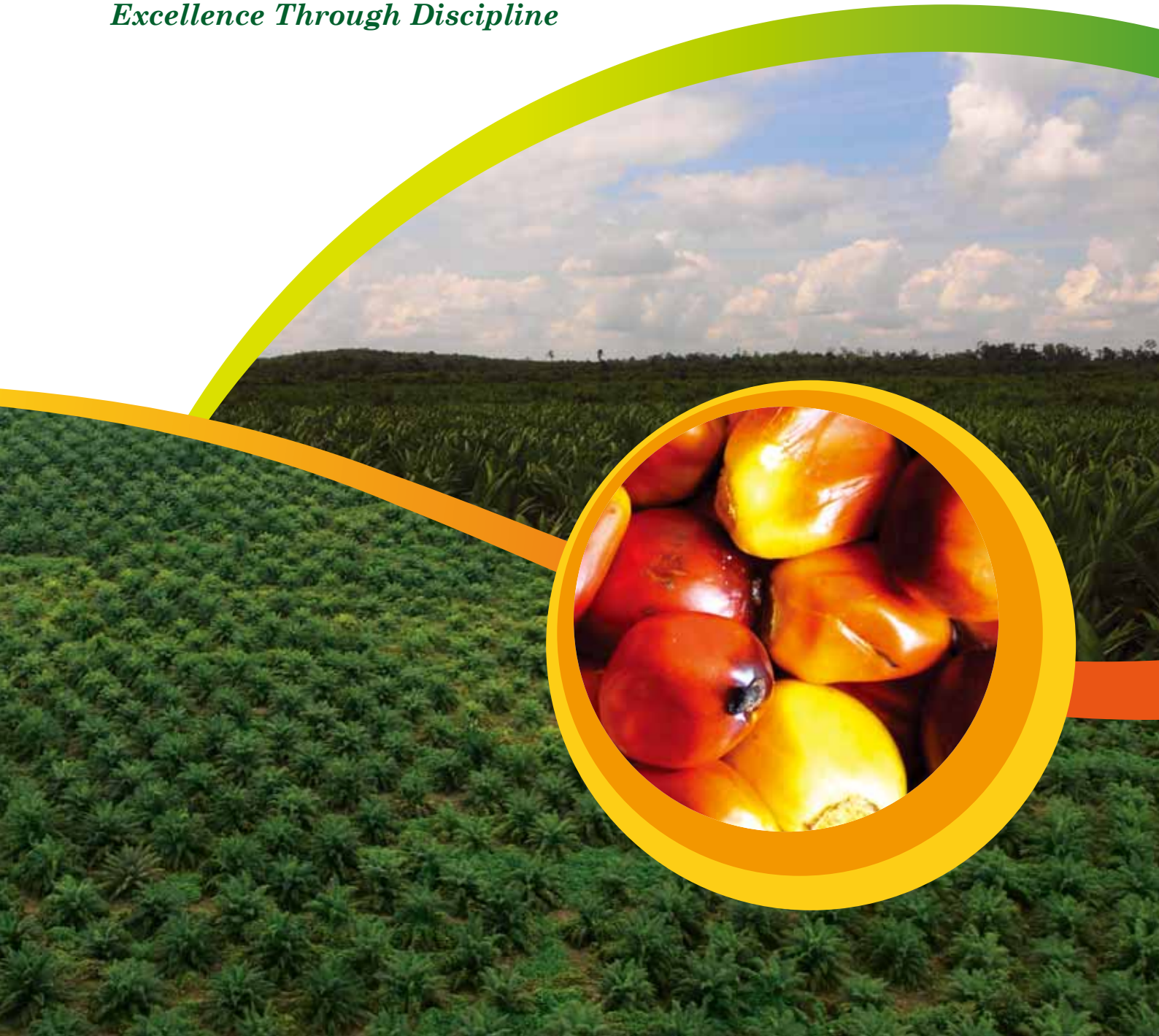
ANNUAL REPORT 2012

Bumitama Agri Ltd.

Excellence Through Discipline



Pursuing a policy of aggressive planting has helped us surpassed milestones after milestones, turning us into a young and fast-growing palm oil player today.

Contents

Our Vision

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

Our Mission

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

Corporate Profile

Listed on the Singapore Exchange on 12 April 2012, Bumitama Agri Ltd. ("Bumitama" or the "Group") is a young and fast-growing crude palm oil ("CPO") and palm kernel ("PK") producer with sizeable oil palm plantations in Indonesia. Our core business activities are cultivating oil palm trees, harvesting and processing fresh palm fruit bunches ("FFB") into CPO and PK, which we sell to refineries in the country.

Since commencing planting in 1998, Bumitama has increased its total land bank to about 200,000 hectares in primarily three provinces: Central Kalimantan, West Kalimantan and Riau, areas which are well-suited for oil palm industry.

Of our current land bank, 33% is uncultivated land available for future planting, representing significant potential for growth. As a young plantation player, the weighted average of our oil palm trees is about five years, and only about 25.1% of the planted area has reached peak production age.

Plantation

CPO mill

The Group also has six CPO mills that are strategically located in close proximity to our plantations for efficient logistics support. Together, the mills have a total FFB processing capacity of 2.34 million tpa (metric tonnes per annum).

We are committed to sustainable palm oil development as a member of the internationally-recognised Roundtable on Sustainable Palm Oil ("RSPO"). We are also committed to improving the social and economic welfare of local communities, as we strive to become a leading palm oil producer.

Corporate Milestones

2012
Listed on the Mainboard of the Singapore Exchange in April

2011
Commissioned the sixth CPO mill, bringing total processing capacity to 2,070,000 tpa

2010
Surpassed 100,000 ha planted area

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

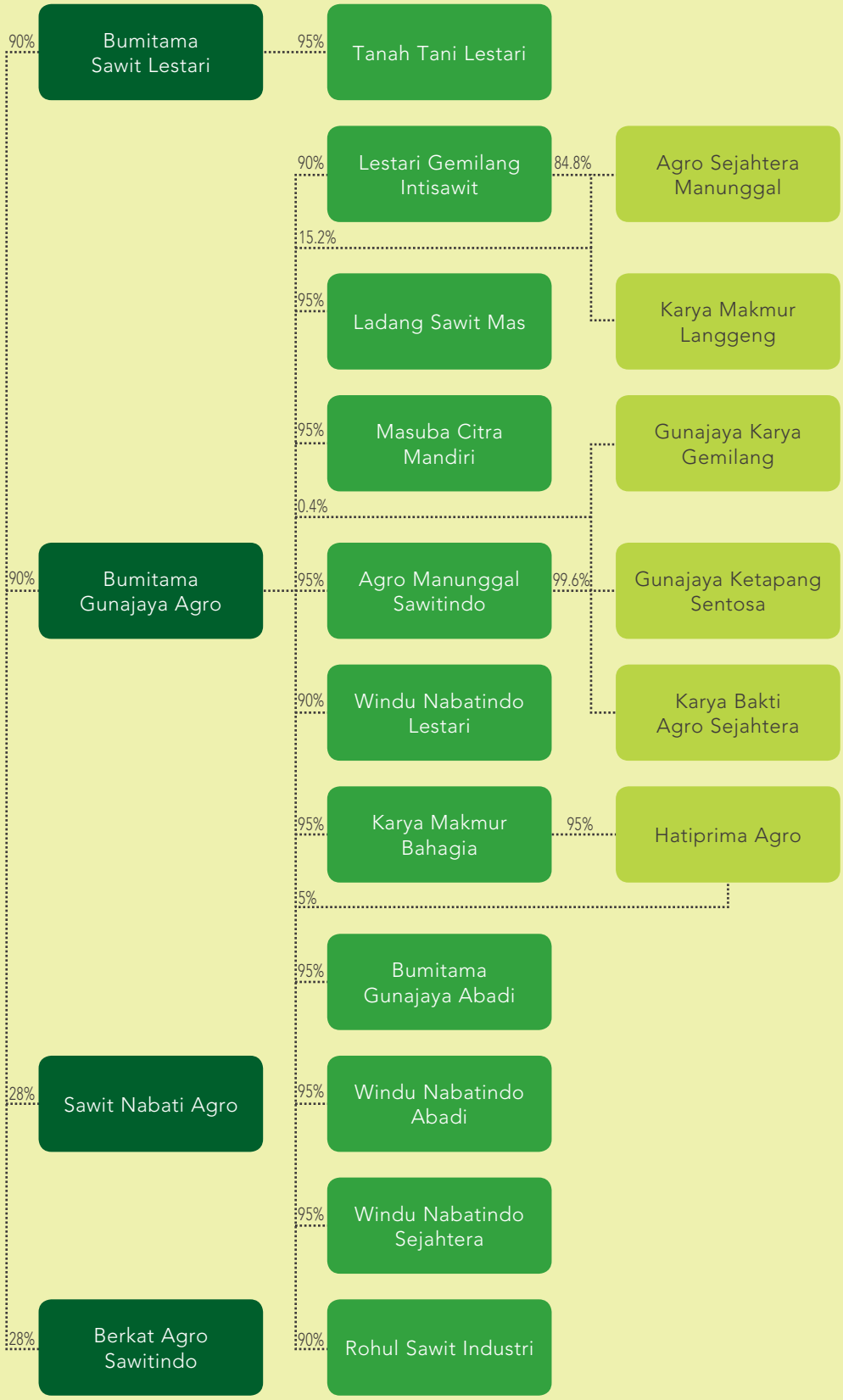
2004
Commenced aggressive planting programme with 7,719 ha planted, bringing total planted area to 18,773 ha

2003
Commissioned first CPO mill (in Central Kalimantan)

1998
Commenced planting

1996
Acquired first land bank (in Central Kalimantan)

Group Structure



Chairman's Message

DEAR VALUED SHAREHOLDERS,

On behalf of the Board, I am pleased to present the maiden Annual Report for Bumitama Agri Ltd. ("Bumitama" or "the Group"). We have achieved several major milestones during the year ended 31 December 2012 ("FY2012"), starting with our successful listing on the Mainboard of the Singapore Exchange on 12 April 2012, where, on debut trading, our share price soared to close with a gain of 31.5%. Over the course of the year, we continued on a growth trajectory, achieving new plantings that exceeded our target; strategic land acquisitions that boosted our land bank; and strong operational and financial performance.

ACHIEVEMENTS IN FY2012

Last year, we achieved strong operational results.

FFB production increased by 35.9% to 1,448,016 metric tonnes ("MT") and CPO output increased by 34.0% to 462,291 MT from the year ended 31 December 2011 ("FY2011"). Coupled with the impressive production growth, FFB yield increased by 15.3% to 18.8 MT per hectare, while our CPO yield increased by 15.4% to 4.5 MT per hectare. Our CPO extraction rate remained high at 23.8%.

We planted 14,907 hectares, bringing our total to 133,367 hectares of planted area. One of the main reasons we were able to surpass our stated goal of 13,000 hectares new planting was due to our successful integration efforts with the local communities through our Plasma Programme and other Corporate Social Responsibility ("CSR") initiatives. Our total land bank increased by 7,257 hectares to 198,818 hectares as of 31 December 2012 through two acquisitions.

FINANCIAL PERFORMANCE

We recorded four consecutive quarters of revenue growth, resulting in a 25.7% increase to IDR 3,526 billion in FY2012 from IDR 2,805 billion in FY2011. This was mainly due to the 35.0% increase in aggregate sales volume of both CPO and PK combined.

Our revenue growth was however partially offset by the lower average selling prices of CPO and PK and increase in cost of sales, which was attributable mainly to an increase in the costs of FFB purchased from external parties, fertiliser, labour and maintenance cost. Despite the 3.8 percentage point decline of our gross profit margin, our margin remained at a healthy level of 40.4% in FY2012.

"One of the main reasons we were able to surpass our stated goal of 13,000 hectares was due to our successful integration efforts with the local communities..."

Lower gains from the fair value assessment of our biological assets and higher losses from the foreign exchange resulted in our net profit increasing only marginally by 1.0% to IDR 902 billion. However, earnings before interest, tax, depreciation and amortisation ("EBITDA") registered a 13.6% increase to IDR 1,285 billion in FY2012 from IDR 1,132 billion in FY2011.

As at 31 December 2012, the Group had a strong cash position, with cash and short term deposits of IDR 887 billion, and healthy leverage ratios. Total assets grew by 39.7% to IDR 9,089 billion, while total liabilities increased 6.2% to IDR 3,802 billion.

As the Group is in a growth and expansion phase, a dividend has not been declared for FY2012. This will allow us to retain resources and ensure that we have sufficient liquidity to take advantage of new opportunities that will generate future growth for stakeholders. However, we are always mindful to reward shareholders and will constantly assess and balance our working capital needs with the interests of our shareholders.

SUSTAINABILITY, ENVIRONMENTAL AND CORPORATE SOCIAL RESPONSIBILITY

Sustainability and CSR form an integral part of the Group's Identity, Vision and Mission. We are aware that in our industry, certain aspects of our operations may create an environmental impact on the surrounding landscape. As such, the Group's Sustainability Programmes are particularly aimed at conserving and preserving the

Chairman's Message

health of our surrounding environment by applying both the RSPO and Indonesian Sustainable Palm Oil ("ISPO") principles to our operations. We have been a member of the RSPO since 2007 and aim to achieve RSPO and ISPO certifications for one of our palm oil mills in Central Kalimantan in FY2013. We are working towards adhering to the mandatory deadline for ISPO certification of all our mills.

To protect the environment, we have a "zero-burning" policy that prohibits the "slash and burn" method during land clearing. We also have a "zero-waste management" policy that recycles waste products such as Empty Fruit Bunches ("EFB") and Palm Oil Mill Effluent ("POME") as organic fertiliser and compost in our plantations respectively.

We are a strong supporter of the Indonesian government's Plasma Programme, which allows the local communities to share in the growth of our company and become economically independent. By FY2012, we have partnerships with more than 14,500 smallholders covering an area of 32,185 hectares, which makes up 24.1% of our total planted area.

In addition to the Plasma Programme, we have CSR activities in Community Development, Education and Health. Some examples of Community Development include improving the accessibility of an area, providing clean water and creating higher economic turnover through employment and purchasing of supplies from the local communities. By FY2012, 24 schools have been built in the provinces where we operate, from kindergarten to vocational school. The total intake of students has grown to more than 3,000 in FY2012 from 1,600 in FY2011.

The Group provides free basic healthcare services to all our employees through the establishment of 24-hour clinics with emergency and delivery room facilities, in-patient room hospitalisation, pharmacies and ambulances. We also provide family planning services to our employees and local communities. In recognition to our efforts, we won the National Competition Award for Family Planning in 2012.

FUTURE PROSPECTS

We target to plant 15,000 hectares per year to achieve a total of 200,000 hectares planted area by 2017. Although challenges such as land and social issues are not uncommon in this industry and can affect our planting target, we mitigate these factors by taking precautions to safeguard and protect the interests of the Group and shareholders. We recognise the importance of social relations with all stakeholders and compliance to sustainability practices.

In anticipation of bigger harvesting volume and estimated 20% growth in CPO production, we are building two new CPO mills in Central Kalimantan which are scheduled to be completed in FY2013. These will bring the total number of our mills to eight. The new mills are expected to increase the Group's FFB processing capacity to 3.06 million tpa in FY2013, from its current capacity of 2.34 million tpa. Overall, investments in our plantations and mills would total to approximately IDR 2 trillion for FY2013.

Although the future of palm oil is uncertain like any other commodity, world demand for palm oil remains resilient. We foresee renewed industrial demand from China and Europe this year, rising Indonesian consumption and the reinstatement of US bio-diesel subsidies as positive fundamental factors.

Whatever the outcome of these external factors will be, it is safest for us to position Bumitama as a low-cost CPO producer through the improvement of productivity and efficiency, continuous planting to maintain a young age profile of trees, which is currently 5 years on weighted average, as well as maximising yields of the trees that have reached peak production age, which represents only 25.1% of our total planted area as of FY2012.

ACKNOWLEDGEMENTS

In closing, the Board and Management would like to thank the Directors for their contributions, as well as our employees of more than 12,600, whose commitment, hard work and dedication to excellence form the solid foundation of this company, helping us to rise above all challenges.

Last but not least, we would like to thank our business partners, clients and our loyal shareholders for their unwavering support and trust.

We look forward to your continued support in the years ahead, as we work towards our Vision of becoming a leading CPO producer, while remaining faithful to our ethos of "*Excellence through Discipline*".

Yours faithfully,
Lim Gunawan Hariyanto
Executive Chairman and CEO

Pursuing excellence in every area underscores our growth strategies, as we strive to become a leading palm oil producer.

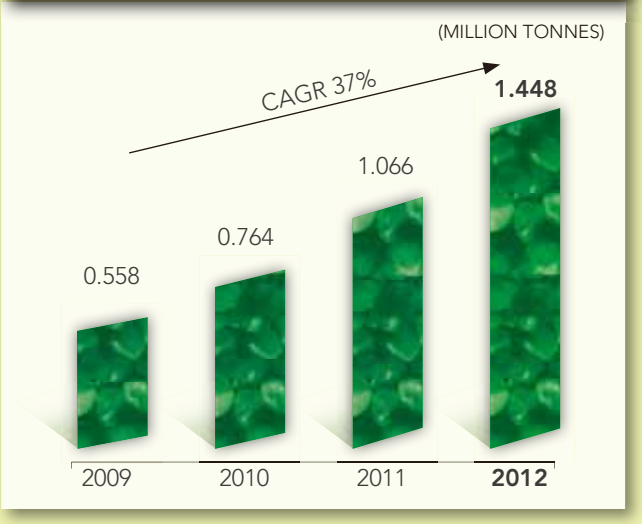
Pursuing a disciplined approach to our operations entails hard work, much sweat and toil, but through it all, we bear the sweet fruits of our labour.

Operational & Financial Highlight

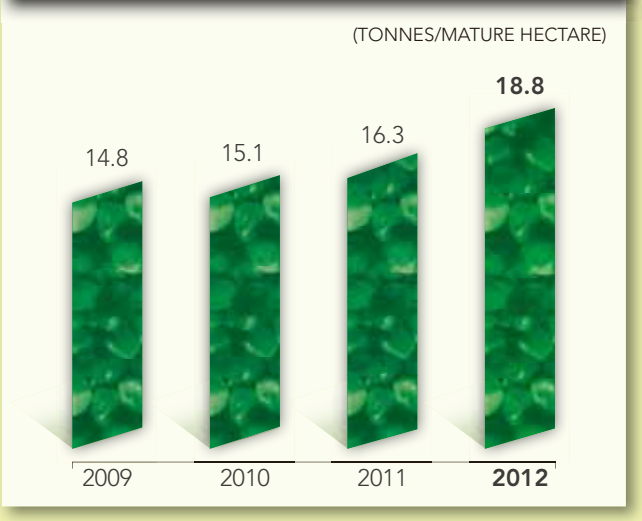
OPERATIONAL HIGHLIGHT

FINANCIAL YEAR	2012	2011	2010	2009
PLANTATION AREA (Hectares)				
Total Planted Area	**133,367**	**118,460**	**107,502**	**84,755**
Mature	**75,420**	61,562	45,857	33,438
Immature	**57,947**	56,898	61,645	51,317
Nucleus Planted Area	**101,182**	**87,581**	**76,987**	**59,013**
Mature	**51,532**	41,084	28,252	20,415
Immature	**49,650**	46,497	48,735	38,598
Plasma Planted Area	**32,185**	**30,879**	**30,515**	**25,742**
Mature	**23,888**	20,478	17,605	13,023
Immature	**8,297**	10,401	12,910	12,719
Planted Area by Location				
Central Kalimantan	**92,183**	86,858	77,174	70,603
West Kalimantan	**38,875**	29,294	28,023	11,869
Riau	**2,309**	2,308	2,305	2,283
PRODUCTION VOLUME (Tonnes)				
Fresh Fruit Bunches ("FFB")	**1,448,016**	**1,065,644**	**764,241**	**558,240**
Nucleus	**948,603**	678,330	473,576	332,373
Plasma	**499,413**	387,314	290,665	225,867
Crude Palm Oil ("CPO")	**462,291**	**345,111**	**256,883**	**222,985**
Palm Kernel ("PK")	**87,252**	**64,875**	**52,989**	**45,267**
PRODUCTIVITY				
FFB Yield per Mature Hectare (tonnes)	**18.8**	**16.3**	**15.1**	**14.8**
CPO Yield per Mature Hectare (tonnes)	**4.5**	**3.9**	**3.3**	**3.3**
CPO Extraction Rate (%)	**23.8**	**24.0**	**22.0**	**22.3**
PK Extraction Rate (%)	**4.5**	**4.5**	**4.5**	**4.5**

FRESH FRUIT BUNCHES PRODUCTION



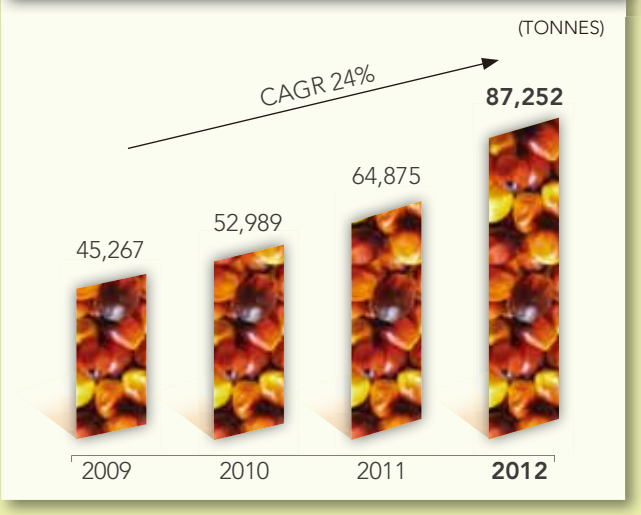
FRESH FRUIT BUNCHES YIELD



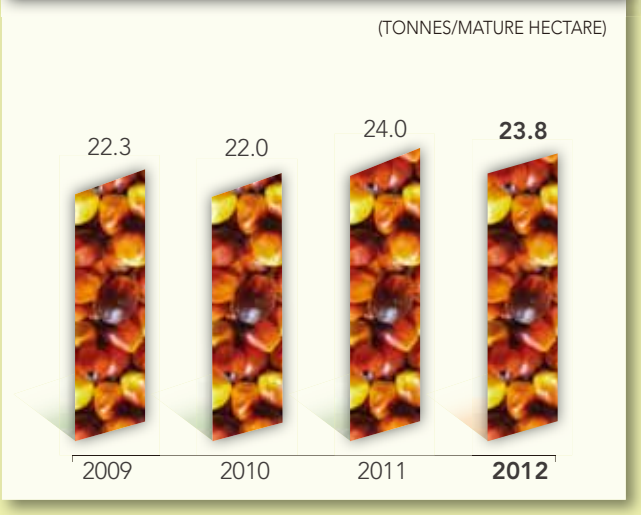
CRUDE PALM OIL PRODUCTION

CRUDE PALM OIL YIELD

PALM KERNEL PRODUCTION



CRUDE PALM OIL EXTRACTION RATE



Operational & Financial Highlight

FINANCIAL HIGHLIGHT

	2012	2011	2010	2009
INCOME STATEMENT (IDR' Billion)				
Revenue	**3,526**	2,805	1,961	1,431
Gross Profit	**1,423**	1,240	717	475
Gain/(Loss) arising from Changes in Fair Value of Biological Assets	**58**	181	831	94
Profit before Tax	**1,164**	1,190	1,355	469
EBITDA	**1,285**	1,132	637	420
Net Profit	**902**	893	1,026	349
Net Profit Attributable to Owners of the Parent	**788**	762	893	320
EPS Attributable to Owners of the Company (IDR per Share)[1]	**448**	513	601	215
BALANCE SHEET (IDR' Billion)				
Total Assets	**9,089**	6,507	5,562	3,340
Total Current Assets	**1,509**	663	593	250
Total Current Liabilities	**1,492**	1,293	721	654
Total Long Term Liabilities	**2,310**	2,288	2,568	1,408
Total Equity	**5,287**	2,925	2,273	1,278
Equity Attributable to Owners of the Parent	**4,888**	2,681	2,008	1,158
FINANCIAL STATISTICS				
Revenue Growth	**25.7%**	43.1%	37.0%	36.3%
Gross Profit Margin	**40.4%**	44.2%	36.6%	33.2%
Operating Profit Margin	**33.8%**	37.3%	29.2%	25.8%
EBITDA Margin	**36.5%**	40.4%	32.5%	29.3%
Net Profit Margin	**25.6%**	31.8%	52.3%	24.4%
Return on Equity[2]	**16.1%**	28.4%	44.5%	27.6%
Return on Assets[3]	**8.7%**	11.7%	16.0%	9.6%
Net Debt[4]/Total Equity (Times)	**0.3**	0.7	0.9	1.1
Net Debt[4]/Total Assets (Times)	**0.2**	0.3	0.4	0.4
Net Debt[4]/EBITDA (Times)	**1.3**	1.8	3.2	3.3

Remarks:

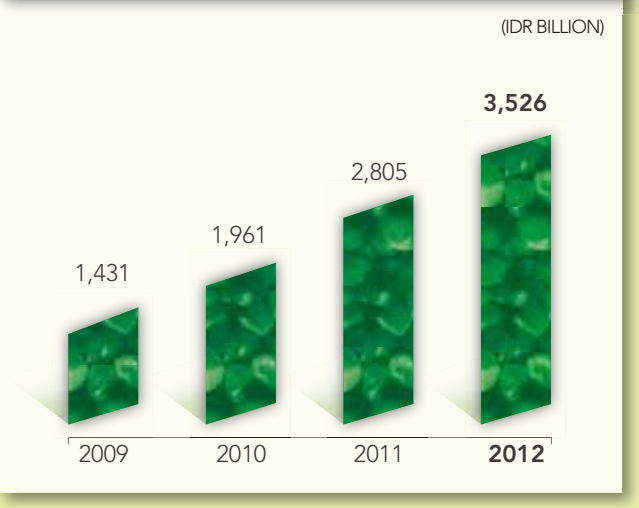
(1) The Earning per Share has been computed based on the Company's post offering share capital of 1,757,531,844 shares for FY2012 and pre-offering share capital of 1,484,197,844 shares for FY2009-FY2011

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

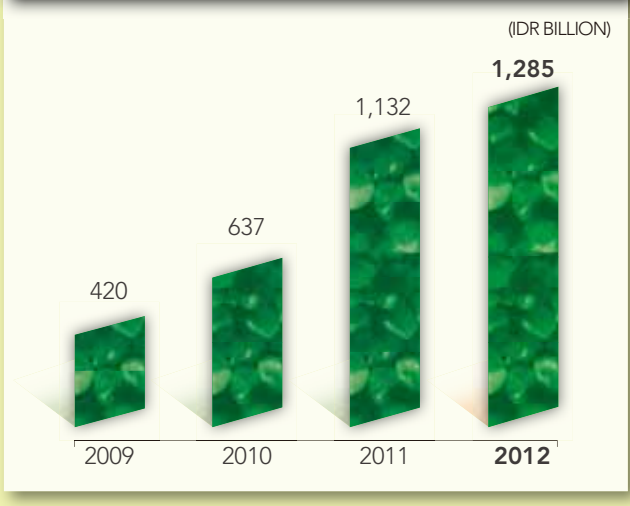
(3) Return on Assets = Net Profit Attributable to Owners of the Parent/Total Assets

(4) Interest bearing debts less cash and bank balances

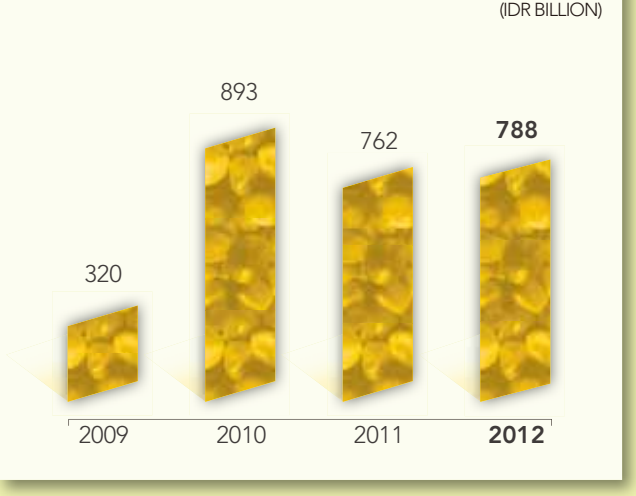
REVENUE



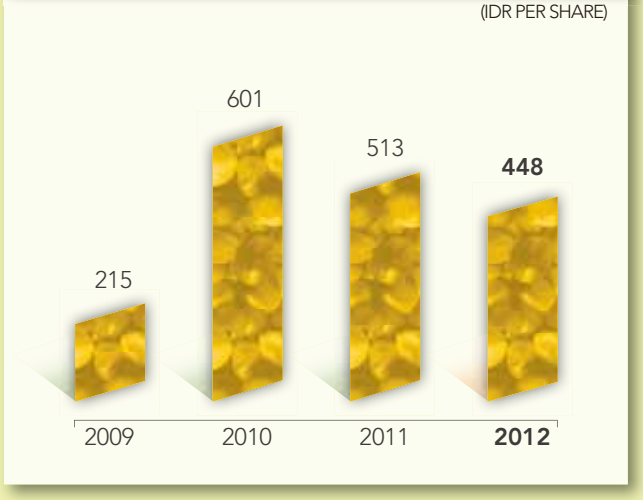
EBITDA



NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY



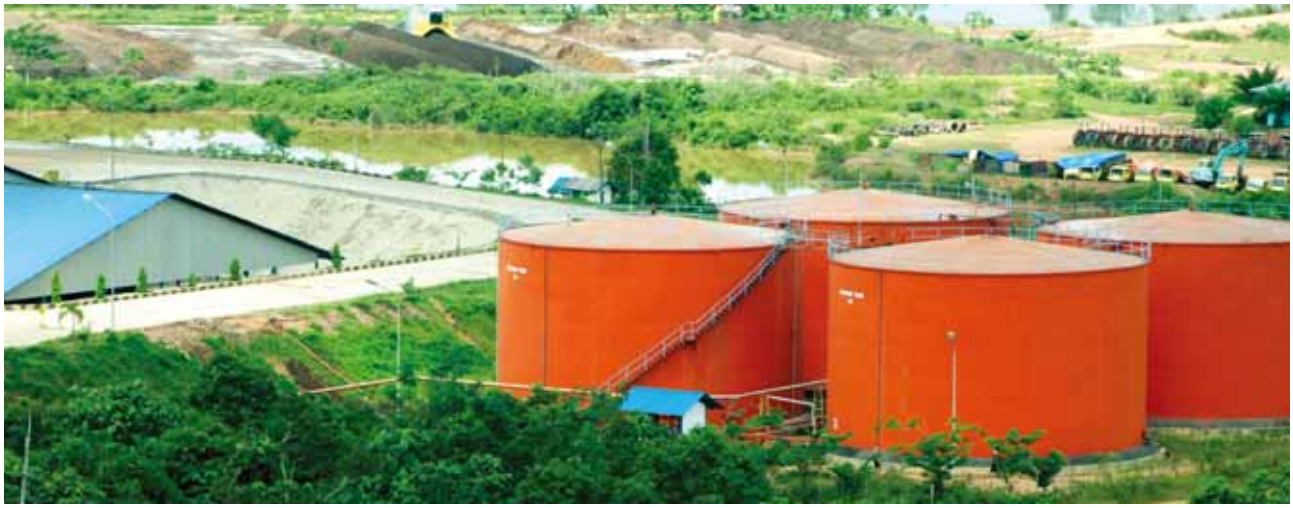
BASIC EARNINGS PER SHARE



NET DEBT PER TOTAL EQUITY

NET DEBT PER EBITDA

Operational & Financial Review



OPERATIONAL REVIEW

OUR PLANTATIONS

We had a remarkable year, where the Group achieved record volumes in FFB, CPO and PK productions in FY2012, derived from increased productivity as our young palms mature into their prime years, as well as improved agronomy practices and ground management. Our oil extraction rate remains strong and our FFB yield per hectare improved significantly to reach the higher end of the industry's average. This was accompanied by new plantings of nearly 15,000 hectares – undertaken entirely on Bumitama's existing plantations, and not from acquisitions – enabling us to become a fast-growing player in the industry.

Starting from the very beginning, where we use high quality oil palm seeds, the adoption and application of industry best practices for our plantations is imbued in our relentless pursuit of excellence in all aspects of our operations.

Key to our successful planting is our strong socialisation programme with the local communities, which ensures their cooperation and a smooth planting process with the proper licenses in place. In addition, we carry out soil surveys and soil analysis before development for all new areas, ensure that seedlings are properly prepared and that contractors are available to prepare the ground.

With good planting practices in place, we reaped impressive results. As at 31 December 2012, the total planted area under the Group's management was 133,367 hectares and mature trees (ages 4-18 years) covered 56.6% of it, compared to 52.0% as at 31 December 2011, when the total planted area was 118,460 hectares. This represented an increase of 14,907 hectares in total planted area, which surpassed the targeted area of 13,000 hectares of new plantings per year as stated in our prospectus dated 3 April 2012. The age profile of the Group's palm trees remains favourable, averaging five years of age.

During the year under review, we expanded our mature areas by 13,858 hectares. As our mature hectarage increases, enhancing our operational efficiency becomes increasingly important. The cultivation of an oil palm plantation is multi-faceted and requires careful coordination and management of the various processes. To streamline our key control processes and provide focus, we created two separate senior management positions – one in West Kalimantan (which has younger plantations) and one in Central Kalimantan. The two senior general managers have key competencies best suited for the different stages (and thus, needs) of our plantations, and are able to manage the issues arising from the different plantations in achieving our targets.

A key component of our effective operational practices is the adequate and balanced use of fertiliser applications. We believe in the 4Rs for fertiliser application, that the optimum use of fertilisers involves the *right* application of the *right* type of fertiliser at the *right* time and in the *right*

dosage. To achieve this, we implement best management practices that maintain or even enhance soil fertility. Furthermore, we integrated this stringent process with nutrient recycling (empty fruit bunches mulching) and cover crop management.

Other key components of operational efficiency include ensuring efficient logistics by locating our plantations in close proximity to our mills; rotation of harvesting; increasing the number of trees per hectare planted; ensuring fruit ripeness and that every fruit harvested does not go to waste, for example, workers are trained to pick up fruits that had dropped to the ground.

By successfully implementing the above operational measures, we were able to achieve high growth of FFB in FY2012. Total FFB processed grew by 34.9% from the previous corresponding year ("FY2011") to hit a high of 1,943,233 MT. Of the total production, our nucleus estates produced 48.8%, or 948,603 MT, which represented an increase of 39.8% from FY2011 and once again validates our efficient operations. Meanwhile, our plasma estates produced 25.7% of the total FFB, or 499,413 MT, a 28.9% increase from a year ago. To increase profitability as we also derive positive margins from our purchase of FFB from external parties, we increased this portion by 32.1%, from 374,744 MT in FY2011 to 495,217 in FY2012.

In line with the growth in FFB production volume, our CPO production volume also grew by 34.0% to 462,291 MT, another record high for the Group. Similarly, PK production volume jumped 34.5% to 87,252 MT.

Our total FFB yield increased from 16.3 MT per hectare in FY2011 to 18.8 MT per hectare in FY2012. For both FY2011 and FY2012, the yield for our young oil palms was 14.0 MT per hectare. But as they reach their prime-producing age, the yield increases from 20.7 MT per hectare in FY2011 to 24.7 MT per hectare in FY2012, which helped to boost the overall yield by 15.3%. But more importantly, in the improvement of our operational efficiency, we were able to push our yield closer to the top of the industry's average.

CPO yield also registered an increase of 15.4%, from 3.9 MT per hectare to 4.5 MT per hectare. Again, this is a reflection of our best-in-class agronomy practices, which produce quality CPO with low levels of free fatty acid, enabling us to achieve a high CPO extraction rate. In FY2012, the extraction rate was 23.8%, maintaining at around the same level as the year before, which was 24.0%. PK extraction rate remained the same as FY2011, at 4.5%.

OUR MILLS

To meet our growing FFB volume, we embarked on an expansion plan for our mills, which are designed to ensure effectiveness, efficiency and safety. In FY2012, we completed extension of one CPO mill in Central Kalimantan, bringing our total capacity to 2.34 million tpa.

Operational & Financial Review

FINANCIAL REVIEW

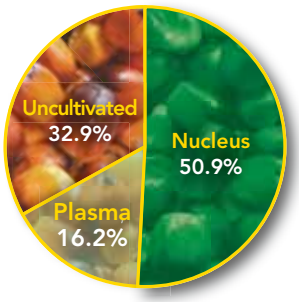
REVENUE, COSTS AND PROFITS

During the year in review, the Group was able to achieve healthy financials, despite challenging circumstances that saw average selling prices of the Group's CPO and PK decrease 4.5% and 27.5% respectively. Despite a weak commodities market, overall revenue from CPO and PK increased by 25.7% to IDR 3,526 billion in FY2012, driven by the increase in aggregate sales volume of CPO and PK. Sales revenue was IDR 2,805 billion in FY2011.

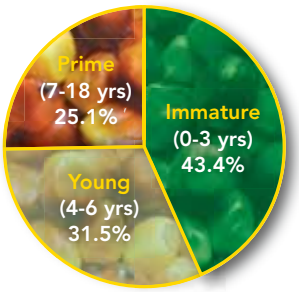
Cost of sales increased by 34.3% to IDR 2,103 billion in FY2012, mainly attributable to an increase in the cost of FFB purchased from external parties, fertiliser and labour for the maintenance and harvesting of the plantations. But as the Group's plantations mature, the percentage contribution of internally-sourced FFB is expected to increase and improve the Group's overall margins.

In line with higher revenue, the Group's gross profit for FY2012 increased 14.8% from IDR 1,240 billion in FY2011 to IDR 1,423 billion in FY2012. Gross margin was maintained at a healthy level of 40.4% in FY2012, albeit a marginal decline from FY2011's 44.2%, as a result of higher cost of sales.

Total Land Bank



Age Profile of Trees



Gains arising from fair value changes in biological assets are computed on an annual basis. In FY2012, despite lower CPO price assumptions, the amount recorded was IDR 58 billion, due mainly to growth in the Group's planted hectarage. In FY2011, the amount recorded was higher at IDR 181 billion because of higher CPO prices, as well as the new planting carried out in 2011.

Sales, general and administration expenses increased by 19.0% to IDR 230 billion in FY2012, due mainly to additional headcount and remuneration adjustments, and increase in logistic costs.

The Group realised a gain of IDR 46 billion on forward sale contracts of CPO entered into by the Group to hedge a portion of its CPO. In

addition, the Group recorded a net foreign exchange loss of IDR 38 billion in FY2012, compared to a net loss of IDR 9 billion in FY2011. This was mainly due to conversion losses on the US dollar-denominated bank loans as the IDR depreciated against the US dollar.

The Group recorded a share of loss of associated companies of IDR 8 billion that resulted primarily from a share of losses from investments in two plantation companies, PT Sawit Nabati Agro and PT Berkat Agro Sawitindo, which have young tree profiles.

Consequently, EBITDA for FY2012 was IDR 1,285 billion, representing a 13.6% increase year-on-year. Profit for the year for FY2012 was IDR 902 billion, an increase of 1.0% from IDR 893 billion in FY2011. Profit for the year attributable to the Owners of the Company for FY2012 was IDR 788 billion, an increase of 3.4% from IDR 762 billion in FY2011.

BALANCE SHEET

As of 31 December 2012, the Group's total assets amounted to IDR 9,089 billion, an increase of 39.7% from IDR 6,507 billion from the previous year. Non-current assets increased from IDR 5,844 billion to IDR 7,580 billion, primarily due to an increase in the value of biological asset by IDR 943 billion that included capital expenditure on new planting for 13,601 hectares of nucleus plantation and maintenance of 49,650 hectares of immature nucleus plantation in FY2012. An increase of IDR 330 billion in property, plant and equipment, attributed to the expansion and constructions of mills, also contributed to the increase in non-current assets.

The Group's total current asset increased by IDR 847 billion to IDR 1,509 billion due mainly to: Increase in prepayment and advances for investments in PT Sukses Manunggal Sawitindo ("SMS") and PT Nabatindo Karya Utama ("NKU"); advances for seed procurement; and increase in inventories of IDR 60 billion that resulted from the delay in collection of stock by buyers due to adverse sea conditions and shortage of vessels.

The Group's total liabilities increased 6.2%, from IDR 3,581 billion to IDR 3,802 billion. The increase in current and non-current liabilities of IDR 221 billion was due mainly to the refinancing of syndication loan and additional revolving facilities with the purpose of reducing interest rate from SIBOR+3.5% p.a. to SIBOR+2.15% p.a. on term loan facilities and SIBOR+2% p.a. on revolving facilities. The new loan of US$170 million was obtained from a syndication of seven lenders with loan tenure of five years for term loan and three years for revolving loan, mainly to term out the previous loans, and for extra liquidity for acquisition and working capital purposes.

At the core of our growth is a leadership team that exemplifies the three cultural pillars – morality, capability and integrity – that define us, keeping us grounded as we grow into an industry leader.

Board of Directors

LIM GUNAWAN HARIYANTO

Executive Chairman
and Chief Executive Officer

Mr. Lim Gunawan Hariyanto, Executive Chairman and Chief Executive Officer ("CEO") of the Company, joined the Group in 1997 when he was appointed as a director of PT Karya Makmur Bahagia ("KMB"). Mr. Gunawan was appointed to the Board on 23 March 2012 and re-elected* on 29 March 2012. He is responsible for: (i) the formulation of the overall business and corporate policies and strategies of the Group; (ii) the overall management of the business and operations of the Group; and (iii) the overall business development of the Group.

Mr. Gunawan has developed his expertise in business operations and development based on his knowledge and experience gained in the oil palm plantation industry for the past 15 years. Mr. Gunawan started his career in 1984 as the Vice President Director of PT Tirta Mahakam Resources, where he was in charge of the operational and business development of the company. Mr. Gunawan served as a director in various other companies, including the subsidiaries of the Group.

Mr. Gunawan graduated from the University of Southern California in 1981 with a Bachelor of Business Administration and obtained his Masters of Business Administration from the University of Beverly Hills, California, in 1983.

GUNARDI HARIYANTO LIM

Deputy Chief Executive Officer

Mr. Gunardi Hariyanto Lim, Deputy Chief Executive Officer of the Company, joined the Group in 1996 when he was appointed as a director of PT Bumitama Gunajaya Agro ("BGA"). Mr. Gunardi was appointed to the Board on 23 March 2012 and re-elected* on 29 March 2012. He is responsible for assisting the Chief Executive Officer in all aspects pertaining to the Group, including the formulation of overall business and corporate policies and strategies, overall management of business and operations, and overall business development.

Mr. Gunardi started his career in 1989 as a Commissioner of Harita Jayaraya, where he was in charge of supervising its operations and aligning the direction of the Harita Group. Mr. Gunardi has also been appointed as a director of various Indonesian companies, including PT Roda Mas Timber Kalimantan in 1990, PT Tirta Mahakam Resources in 1995, and the subsidiaries of the Group.

Mr. Gunardi obtained his Bachelor of Business Administration in 1989 from the Loyola Marymount University, Los Angeles, California.

DATO' LEE YEOW CHOR

Non-executive Director

Dato' Lee Yeow Chor, a non-executive Director of the Company was appointed to our Board on 23 March 2012 and re-elected* on 29 March 2012. He is also one of the Commissioners for BGA, a subsidiary of the Group since 22 February 2008. He is presently the Group Executive Director of the IOI Group and is responsible for overseeing the operations of the IOI Group's core business segments. He was appointed to the Board of IOI Corporation Berhad in 1996.

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

Dato' Lee is the Chairman of the Malaysian Palm Oil Council and serves as a Council Member in the Malaysian Palm Oil Association. He is also a Board member of the Malaysian Green Technology Corporation.

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

TAN BOON HOO
Lead Independent Director

Mr. Tan Boon Hoo, the Lead Independent Director of the Company, was appointed to our Board on 23 March 2012 and re-elected* on 29 March 2012.

Mr. Tan is currently the Corporate Advisor at TBH International Consulting, specialising in finance, securities and corporate consultation matters. Mr. Tan is also a director of Ren Ci Hospital, and a management committee member of Ren Ci Hospital and Medicare Centre.

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

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

CHUA CHUN GUAN CHRISTOPHER
Independent Director

Mr. Christopher Chua Chun Guan, an Independent Director of the Company, was appointed to our Board on 8 February 2012 and re-elected* on 29 March 2012.

Mr. Chua joined the Singapore Armed Forces in 1973, where he served for more than 30 years until his retirement in 2004 with the rank of Colonel. During his career in the Singapore Armed Forces, Mr. Chua served in various command and staff appointments. Some of his key appointments included Commanding Officer of the 6th Singapore Infantry Regiment, Brigade Commander of the 15th Singapore Infantry Brigade, Division Operations Officer of 6th Division and Senior Medical Staff Officer in Headquarters Medical Corps. The last appointment he held before his retirement was Defense Attaché in the Singapore Embassy in Jakarta, where he served for three and a half years. Besides his military appointments, Mr. Chua also served as Honorary Aide de Camp to the President of Singapore from 1995 till 2000. For his meritorious service to the Singapore Armed Forces, Mr. Chua was bestowed two State Awards, namely the Public Administration Medal (Bronze) (Military) and the Long Service Award (25 years).

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

Mr. Chua obtained his GCE "A" Levels in 1973.

ONG CHAN HWA
Independent Director

Mr. Ong Chan Hwa, an Independent Director of the Company, was appointed to our Board on 23 March 2012 and re-elected* on 29 March 2012. Mr. Ong has more than 35 years of experience in the palm oil and vegetable oils and fats industry, and had been engaged in various managerial positions along the palm oil value chain.

Mr. Ong started his career in 1975 in the Palmco Group, where his responsibilities included overseeing the trading and product development of, and exploring new markets for, palm oil products. He then moved to Socoil Corporation Bhd in 1980 as a Commercial Development Manager, and was subsequently promoted to Vice-President, Manufacturing. Mr. Ong was engaged by Phoenix Saguaro (M) Sdn. Bhd., a dealer in PK expeller cakes, as a General Manager in 1984, and by Karlshamns (Malaysia) Sdn. Bhd., a specialty oils and fats manufacturer, as a Managing Director in 1989. Mr. Ong acted as an advisor to the General Manager of Kosma Plantations from 2002 to 2003, and as a director of Malaysian Vegetable Oil Refinery from 2003 to 2005. He was engaged from 2005 to 2007 as a Managing Director of AAA Oils & Fats Pte. Ltd, an Indonesian oil palm plantation company. Mr. Ong acted as the Managing Director of GateTrade (M) Sdn. Bhd. from 2008 to 2010. Since 2008, Mr. Ong has also been engaged as an arbitrator on the Panel of Arbitrators of the Palm Oil Refiners Association of Malaysia and in March 2012 he was appointed as Commissioner of BGA.

Mr. Ong Chan Hwa obtained his Bachelor of Economics (Hons.) in Business Administration from the University of Malaya in 1975.

* *The Directors were re-elected at the last Annual General Meeting of the Company before its 12 April 2012 listing on the Mainboard of the Singapore Exchange.*

Key Management

JOHANNES TANUWIJAYA
Chief Strategy Officer

Mr. Johannes Tanuwijaya is the Group's Chief Strategy Officer ("CSO"). As part of the re-organisation of our top management to meet challenges ahead, Mr. Johannes was re-designated from Chief Financial Officer to the newly-created role of CSO in January 2013. Mr Johannes joined the Group in 2003 as a director and Chief Financial Officer of PT Windu Nabatindo Abadi ("WNA"), a subsidiary of the Group. He is now responsible for the oversight of the Group's strategic and commercial activities and reports to our Chief Executive Officer.

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

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

ROEBIANTO
Chief Operating Officer

Mr. Roebianto is the Group's Chief Operating Officer. He joined the Group in 2003 as a general manager in the engineering division of PT Bumitama Gunajaya Agro ("BGA"). He is responsible for the oversight and control of the Group's overall operational activities, including our plantation, engineering and human resource departments. Mr. Roebianto started his career as a Field Superintendent in the Planning Engineering Department of Indo Plywood (Salim Group) in 1982, and was subsequently promoted to various managerial positions within the Salim Group during his tenure with them. Mr. Roebianto left the Salim Group in 1999, and was appointed as a director at Chua Sea Joo Plywood Industry Sdn Bhd, Malaysia, from 1999 to 2003. Mr. Roebianto spent four months in 2003 as a 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, taking over from Mr. Johannes in January 2013 as part of the strategic re-organisation of our top management structure. He is responsible for the oversight of the Group's finance, accounting and IT departments. He started his career in 1994 as a financial auditor with Arthur Andersen, Bandung, and left as a senior auditor in 1996 to join the Financial Advisory Services of PricewaterhouseCoopers, Jakarta, where he rose to become an associate director. In 2005, he was recruited by Sampoerna Strategic Group as a business development executive, and in 2007, he was appointed as Chief Financial Officer of PT Sampoerna Agro Tbk, a plantation company listed in the Indonesian Stock Exchange.

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

PRIYANTO PUJI SULISTYO
Coordinating Head of Plantations

Mr. Priyanto Puji Sulistyo is the Group's Coordinating Head of Plantations and was first appointed in 2010. He is responsible for the operational management of the Group's plantation in Central Kalimantan and partnership departments. He reports to our Chief Operating Officer, Mr. Roebianto.

Mr. Priyanto joined the Group in 2004 as a Regional Controller, and was promoted to General Manager Plantation in 2008. He was subsequently promoted to Associate Director Plantation in 2011. Mr. Priyanto has more than 26 years of experience in the oil palm plantation industry. His previous appointments include Division Assistant and Estate Manager in PT Wirya Perca from 1984 to 1988 and in PT Sadang Mas from 1988 to 1992. Before joining the Group, Mr. Priyanto was also the Area Manager (1993 to 1997) and Deputy Director Plantation (1997 to 2003) in PT Harapan Sawit Lestari.

Mr. Priyanto obtained his Bachelor of Agronomy degree in 1983 from Sekolah Tinggi Perkebunan.

MUBARAK AHMAD

Senior General Manager of Plantations

Mr. Mubarak Ahmad is the Group's Senior General Manager of Plantations and currently appointed in 2013. He is responsible for the operational management of the Group's plantation departments in West Kalimantan and reports to our Chief Operating Officer, Mr. Roebianto.

Mr. Mubarak has more than 22 years of experience in the palm oil plantation industry. He started his career in Salim Agro Plantation as an agronomy assistant in 1990 and rose to become Senior Estate Manager in 2001. Mr. Mubarak then worked in PT Minamas Plantation from 2002 to 2007 as General Manager for Estates. He joined the Group in 2008 as General Manager of Plantation.

Mr. Mubarak obtained his Bachelor of Agriculture degree in 1987 from Bogor Agricultural University (IPB) of Indonesia.

LIM SIAN CHOO

Head of Corporate Secretarial Services and Corporate Social Responsibility

Ms. Sian Choo joined the Group in 2011 as the Group's Head of Corporate Secretarial Services and Head of Corporate Social Responsibility. She is responsible for the oversight and control of the Group's corporate actions and corporate social responsibility departments.

Ms. Sian Choo started her career in 1982 and had been 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 as Operations Manager and Group Financial Controller, before joining the Group in 2011. In January 2009, Ms. 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. Sian Choo obtained her Bachelor of Commerce and Administration degree in 1981 from Victoria University, Wellington, New Zealand. She is also a member of the New Zealand Institute of Chartered Accountants and the Malaysian Institute of Accountants.

YANDI SULISTIO

Head of Mills and Engineering

Mr. Yandi Sulistio is the Group's Head of Mills and Engineering and was first appointed in 2012. He is responsible for the oversight of the Group's engineering operations and reports to our Chief Operating Officer, Mr. Roebianto.

Mr. Yandi started his career in 1992 as an assistant supervisor for Balam Palm Oil Mill before joining Salim Plantation as Assistant Manager of Engineering Mill Service Department in 1996. Prior to joining the Group, he worked as General Manager of Mill Operation at PT Minamas Plantation.

Mr. Yandi obtained his Bachelor of Electrical Engineering degree in 1992 from the Gajah Mada University.

WILLY HERIADI

Head of Finance and Accounting

Mr. Willy Heriadi is the Group's Head of Finance and Accounting and was first appointed in 2008. He is responsible for the Group's finance and accounting department and reports to our Chief Financial Officer, Mr. Sie Eddy Kurniawan.

Mr. Willy joined the Group in 2008 as a Senior Manager in the finance and accounting department, and was promoted to Deputy General Manager in 2011. Mr. Willy has had more than 15 years of experience in finance and accounting. His previous engagements include appointments as auditor in Prasetio Utomo and Co (member of Arthur Andersen) from 1997 to 1999, Assistant Finance Director in Tunggal Agathis Indah Plywood (Barito Pacific Group) from 1999 to 2000, and supervisor in Prasetio, Sarwoko and Sandjaja (a member of Ernst & Young) from 2000 to 2002. He joined Sampoerna Agro Group as a Finance and Accounting Manager in 2002 and was promoted to various positions from 2002 to 2005 and finally to Junior Financial Controller in 2007.

Mr. Willy graduated from the University of Indonesia in 1999 with a Bachelor of Economics degree.

At the core of our commitment to corporate social responsibility and sustainability is our heart to serve - to contribute to the well-being of all our stakeholders as they join us in this journey of growth.


SD

Corporate Social Responsibility

OVERVIEW OF OUR CSR PROGRAMME

At Bumitama, our CSR initiatives form an integral part of the Group's identity, vision and mission – aimed at improving the well-being of all our stakeholders. Driving our CSR programme is one of our deep-seated core values, "Heart to Serve", which underscores our commitment to serve the local communities and stems from our imbued cultural pillars of "Morality, Capability, Integrity". In serving the local communities, we seek to boost their social and economic welfare, as well as sustain the environment in which we operate, taking care that our practices, policies and programmes constantly reflect our ethos.

As such, the Group believes that one of the success factors of our development is to align with the communities in which we operate. Primarily, the Group's CSR activities consist of our partnering with smallholders through the Indonesian government's ***Plasma Programme*** and our initiatives relating to ***Community Development, Education, Health,*** and the ***Environment.***

Our CSR objectives can be summarised as follows:

- To improve the living standards and welfare of the surrounding communities through partnership programmes (plasma), employment opportunities, community programmes, education and health care services;
- To create a strong corporate image and trust in the eyes of the local community, government, media and non-governmental organisations ("NGOs"); and
- To establish a sustainable palm oil plantation through appropriate conservation programmes.

PLASMA PROGRAMME

The Plasma Programme, which comprises the partnership scheme (Pola Kemitraan), is a partnership between the Group and smallholders cooperatives that helps smallholders to benefit from our cooperation in these ways: The development of uncultivated land allocated for the Plasma Programme into oil palm plantation; the arrangement of bank credits; and the purchase of harvested FFB at government specified prices. The locals are engaged by the Group as plantation workers and are paid a salary and enjoy the profits from the plasma plantation, after deducting investment cost, loan installment, interest, operational costs and management fee. The programme has become the cornerstone of our CSR activities, being in line with the Group's mission to help build economically self-sufficient communities in the areas we operate.

Under Indonesian government regulations, an oil palm company with a planted area of at least 25 hectares and/or a minimum production capacity as set out in Minister Regulation No. 26/Permentan/OT.140/2/2007 on the Guideline for Licensing of Plantation Business (the "Minister Regulation No. 26") is required to develop and operate a plantation area near its plantation covering a minimum of 20% of the total plantation area that is operated by the plantation company for the local communities. This programme is mutually beneficial to both members of the local communities and our plantations.

Our effective programme has acted as a catalyst for local economic activity and growth, as well as a key component of our successful planting programme. In 2012 we have partnerships with more than 14,500 smallholders, covering an area of 32,185 hectares – that is 24.1% of total planted area. In FY2012, Bumitama has distributed dividend of approximately IDR 108.4 billion to the plasma smallholders in all operational regions.

CSR PROGRAMME

Beside the Plasma Programme, our CSR Programme also includes our community (including social and religious projects), education and health projects, as well as environmental initiatives. Below are some of the various aspects of our CSR programme.

Community Development

Bumitama contributes to community development in primarily three ways: Enabling the local populace to improve their standard of living; improving infrastructure; and enhancing the social-cultural milieu.

As part of the Groups' effort to raise the economic well-being of local communities in Central Kalimantan, we recently provided fish fry, ponds and goats to villages in the area. Other similar efforts include purchasing from local suppliers and contractors to help elevate their income; assisting local rubber plantation workers by training them to maximise their productivity; and building a night market for the communities to trade and barter trade on their produce and wares.

Improving the infrastructure such as access road construction is one of the most important activities to ensure the success of our company's integration with the communities.

In 2012, we were involved in a number of community-focused construction initiatives: For example, we assisted in the improvement of a road in Serawak Village that will provide an economic benefit to the community by facilitating access to Pundu village. We contributed to the construction of a footbridge in Tasik Randang village, which will particularly help local residents during the monsoon when flooding is often an issue. Overall, our road and bridge improvement projects in areas surrounding our operations have opened access for isolated communities.

To enable the local communities to enjoy better socio-cultural benefits, we undertake the improvement of places of worship, sports facilities, water supply, educational infrastructure (schools), information infrastructure and local cemeteries.

In addition to help build and repair places of worship, we aim to foster respect for religious diversity through the development of worship and participation in religious festivities. In enhancing educational facilities, we funded the procurement of a water pump and clean water installation at the State Elementary School Waringin Agung. We also donated to local schools to help fund top students in their educational and academic pursuits.

Our education, medical and social initiatives have been well-received by the local communities and have helped us to maintain strong ties with them. These initiatives are important factors in maintaining social harmony with and being well-accepted by the local communities in which we operate.

Education

We have been organising educational programmes and activities in the field of education since 2004. By FY2012, we have built 24 schools in the provinces where we operate, from kindergarten, elementary school, junior high to vocational school. The total intake of pupils has grown from 1,600 in 2011 to more than 3,000 in 2012.

Not only do we build schools, but also align the schools to provide the same curriculum and standards as other national schools in Indonesia by engaging and working together with the Christian University of Indonesia since 2008. Bumitama facilitates efforts to improve a) the teaching quality by organising and sponsoring various training programmes for teachers and principals; and b) the curriculum by widening subjects taught to include sciences, basic skills and physical education.

Our contributions to educational development have been recognised by the Government with various awards such as the Community Development – CSR Award from the local government of the East Kotawaringin district in 2009, and the National Award as a Company that Cares (Education) by the Ministry of Education and Culture of Indonesia for the consecutive years of 2010 and 2011.

Corporate Social Responsibility

Our "PAUD" (Pendidikan Anak Usia Dini/Early Childhood Education) programme for day care and kindergarten schools is recognised by the Ministry of Education and was given an honourable mention in the October 2012 edition of PAUD Magazine.[1]

In addition to the activities outlined above, our schools also organise extracurricular activities so that students can develop their talents and abilities to become more qualified.

Health

The Group has provided free basic healthcare services to all our employees since 2004. Bumitama operates clinics 24 hours a day, 7 days a week with emergency room facilities, inpatient room hospitalisation, delivery room facilities and pharmacies. We have also implemented a system whereby we work in cooperation with health centers and hospitals to arrange for doctors from local clinics and hospitals to conduct health check-ups for employees in each estate, and provide free medication where necessary. Our ambulance vehicle is on hand to transport patients to and from referral hospitals as needed.

We aim to foster a healthy family environment in our communities through the provision of family planning services to employees and residents, through which contraceptives or prenatal care can be obtained and reproductive counseling is provided. Bumitama also offers baby care facilities and provides vitamin A to infants.

In 2012, Bumitama won the National Competition Awards for Family Planning.

ENVIRONMENTAL CONSERVATION THROUGH BEST PRACTICES

We are mindful that certain aspects of our oil palm plantation and CPO processing operations may have an environmental impact on the surrounding landscape. We have therefore made sustainable development an integral part of the Group's Sustainability Programme and are committed to conserving and preserving the health of our surrounding environment. To ensure the safety of our products and operations, we adhere to industry standards of environmental impact assessment and pollution prevention systems.

Meeting industry standards

The Group has been a member of the RSPO since 2007, and applies both the RSPO and ISPO principles to our operations. Bumitama takes into account the eight principles outlined by RSPO and also considers the guidance, targets and regulations set out by the Indonesian government relating to sustainability. These include carrying out an Environmental Risk Analysis or obtaining an Environmental Permit if its operation has an impact on biodiversity and natural resource use; and acts relating to labour and management relations, training and occupational health and safety, which aim to ensure the welfare and fair treatment of employees.

We aim to achieve ISPO and RSPO certifications for one of our mills in Central Kalimantan in 2013, and will work towards adhering to the mandatory deadline for ISPO certification of our mills.

Environmental impact management

Bumitama is committed to operating in an environmentally sound manner. We conduct High Conservation Value ("HCV") assessments before proceeding with a new development. The HCV assessments take into consideration factors such as the concentrations of biodiversity, rare or endangered ecosystems and maintaining the cultural identity of local communities in the targeted area. As part of the assessment, we collect information on plantation land located near protected areas, and the corresponding numbers of International Union for Conservation of Nature ("IUCN") Red List species (for threatened species).

We abide by government regulation that stipulates the minimum distance between our plantation boundaries and protected areas. We also ensure that there are adequate uncleared riparian zones beside rivers to further enhance our biodiversity conservation.

1 *Published by "PAUDNI" (Direktorat Jenderal Pendidikan Anak Usia Dini, Nonformal dan Informal/Directorate General of Early Childhood Education, Non-formal and Informal).*

We adhere to a "zero-burning policy" in our land-clearing methods to minimise air pollution, and our greenhouse gas ("GHG") emissions. This method is comparatively more costly than the "slash and burn" cultivation method, but it demonstrates Bumitama's commitment to minimising its impact of land clearing on the environment.

The Group also has a "zero-waste management" policy for CPO production waste. To minimise water pollution and GHG emissions, we recycle waste products such as EFB as an organic fertiliser in our plantations and for composting with POME. Currently, we have composting plants using EFB and POME in three of our mills.

Bumitama's sustainability practices also reduce costs for the company – a win-win situation. In generating electricity from the waste by-products of our processes, such as fiber and PK shells, we do not need to purchase electricity from an outside supplier. Our plantations and CPO mills are strategically located in close proximity for efficient logistics support, which means lower fuel costs and less impact on the climate. We are also examining our water footprint and aim to develop meaningful reduction targets in this area.

In order to minimise the use of chemical pesticides, Bumitama practices Integrated Pest Management ("IPM") in all our plantations. Beneficial plants, especially *Turnera ulmifolia* and *Casia cobanensis*, are planted in all our plantations to attract natural predators and parasitoids for biological control of leaf-eating insects. We also use barn owls for biological rat control.

To conserve soil moisture and soil erosion, Bumitama uses legume cover crops after land preparation and before planting. We use *Mucuna bracteata* as our leguminous crop cover as it smothers noxious weeds well and has superior drought and shade tolerance. It also has deep roots, and produces significant quantities of organic matter that decomposes slowly to increase the fertility of surface soil.

Bumitama is committed to meeting the palm oil industry's best practices in all of our processes. We aim to:

- Take into consideration the environmental impact of any major change in our processes or expansion;
- Ensure the safety of our products and operations for the environment;
- Develop innovative products and processes which will reduce environmental impact;
- Develop and apply systems of environmental management as part of our day-to-day operational practice;
- Encourage our suppliers to develop environmentally friendly processes and products;
- Refrain from putting at risk areas of HCV interest or habitats important for endangered plant or animal species;
- Work with industry bodies, government agencies, business partners and other concerned organisations to promote environmental care, increase knowledge and disseminate best practices;
- Comply with all government environmental legislation regarding permissible levels of smoke emissions from plant and machinery; and
- Ensure that all employees are aware of our environmental policy and are motivated to apply it.

Corporate Social Responsibility

Occupational health & safety

Bumitama is equally dedicated to ensuring the safety of our employees and to creating a healthy working environment in accordance with government regulations.

Bumitama carries out various activities and training programmes to ensure staff competency and understanding on areas of health and safety: We hold internal training sessions on important issues such as fire-fighting and first-aid; conduct emergency drills twice a year to prepare all staff for any safety risks; and regularly check that safety equipment has not passed its expiry date. External training sessions, such as how to operate heavy equipment, are also offered to employees as needed. In 2009 and 2012, Bumitama was awarded Best Safety & Health Record for having zero accidents in its palm oil mills in Riau and Central Kalimantan respectively.

AWARDS

Bumitama has received considerable recognition for its performance in matters relating to sustainability and corporate social responsibility. For providing free basic healthcare services to all our employees and working together with regional health department on health concerns of the local communities, we won the National Competition Award for Family Planning. The award not only reflects the Group's focus on healthcare support but it also illustrates our adherence to the Indonesian Ministry of Health's concern for birth-rate containment and unplanned pregnancies. Bumitama's commitment to social and economic welfare is reflected through the awards received from the Ministry of Education and Culture. On the next page is a table illustrating the numerous awards we have received over the years for our successful CSR initiatives:

Year	Award/Certificate	Certifying Authority
2012	Gold Medal Award at the International Quality & Productivity Convention 2012	Quality & Productivity Management Association of Indonesia
2012	National Competition Awards for Family Planning	Population Board and National Family Planning Coordinating Board
2012	Zero Accident Award	Ministry of Manpower and Transmigration, Republic of Indonesia
2012	Best Safety & Health Record (Zero Accident) in Palm Oil Mills	Head of Regency of East Kotawaringin District, Central Kalimantan Province
2011	National Awards as a Company that Cares (Education)	Ministry of Education and Culture of Indonesia
2011	Plasma Awards	Governor of Central Kalimantan
2011	ISO9001:2008 for Pundu Learning Centre	Sucofindo International Certification Services
2010	National Awards as a Company that Cares (Education)	Ministry of Education and Culture of Indonesia
2009	Best Palm Oil Mills	Head of Regency of Rokan Hulu District, Riau Province
2009	Best Safety & Health Record (Zero Accident) in Palm Oil Mills	Head of Regency of Rokan Hulu District, Riau Province
2009	Community Development – CSR Award	Head of Regency of East Kotawaringin District, Central Kalimantan Province

Establishing a world-class company with world-class values. At the core of corporate governance is our dedication to ensure best practices that will enhance transparency and accountability for our shareholders.

Corporate Governance

The Board of Directors recognizes the importance of, and are committed to, attaining high standards of corporate governance set out in the Code of Corporate Governance 2005 (the "Code") issued by the Council on Corporate Disclosure and Governance ("CG Council") within the Company and its subsidiaries (the "Group"). The Company has complied substantially with the principles and guidelines set out in the Code through effective self-regulatory corporate practices. This Report sets out the Company's corporate governance processes and activities with specific references to the Code, and provides explanation for any deviations.

The Board has taken steps to align the Group's governance framework with the recommendations made by the CG Council on the Code of Corporate Governance and amended by the Monetary Authority of Singapore on 2 May 2012 ("2012 Code") where they are applicable, relevant and practicable to the Group. The 2012 Code is effective in respect of the Company's Annual Report for the financial year ending 31 December 2013.

Principle 1: The Board's Conduct of Affairs

The primary function of the Board is to protect and enhance long-term value and returns of its shareholders. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. The role of the Board is to review and approve the Group's overall strategic plan and annual budget; review and approve major investment and funding decisions; provide entrepreneurial leadership; assess risks and the necessary risk mitigation actions; and ensure that the necessary financial and human resources for the Group are in place.

The Board establishes a framework of prudent and effective internal controls which enable risk 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 others 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 that are reviewed on a regular basis. The Committees are chaired by an Independent Director and a majority of the respective members are Non-Executive Directors. Each Board Committee has the authority to examine any issue that arises in their specific areas and report back to the Board with their recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the Board. Further details of the scope and functions of the various Board Committees are set out in this Report.

The Board and Board Committees meetings are scheduled in advance to coincide with the announcement of the Group's quarterly results and to facilitate the individual Directors' planning in view of their ongoing commitments. Additional meetings are convened as and when they are deemed necessary to address significant transactions or issues that may arise in between the scheduled meetings. The Company's Articles provide for meetings to be held via telephone, electronic or other communication facilities which permits all persons participating in the meeting to communicate with each other simultaneously.

Corporate Governance

The Board met four times in respect of the financial year ended 31 December 2012 ("FY2012"). The attendance of each Director at the Board Meetings and Board Committee Meetings for FY2012 is as follows:

	Board	Audit Committee (AC)	Remuneration Committee (RC)	Nominating Committee (NC)	Conflicts Resolution Committee (CRC)
Number of Meetings Held	4	4	2	2	2
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
Gunardi Hariyanto Lim	3	NA	NA	NA	NA
Dato' Lee Yeow Chor	4	NA	NA	NA	NA
Tan Boon Hoo	4	4	2	2	2
Chua Chun Guan Christopher	4	4	2	2	2
Ong Chan Hwa	4	4	2	2	2

NA: Not Applicable

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, annual reports and financial statements, interested person transactions, material acquisitions and disposals of assets, corporate or financial restructurings, dividend payments and the convening of members' 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 Company.

Newly appointed Directors are provided orientation and training, if necessary, to enable them to be familiar with the Group's business activities and the relevant regulations and governance requirements. Directors who do not have prior experience or are not familiar with the duties and obligations required of a Director of a listed company in Singapore, will undergo the necessary training and briefing.

The Directors are updated on the regulations of the Singapore Exchange Securities Trading Limited ("SGX-ST"), Companies Act and other statutory requirement as and when the need arises. Relevant updates, news releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("ACRA") will also be circulated to the Board for information. The Directors are regularly kept informed through various channels of appropriate courses, conferences and seminars such as those conducted by the Singapore Institute of Directors, and the Directors are encouraged to attend such training at the Company's expense.

Corporate Governance

Principle 2: Board Composition and Guidance

The Board comprises six members who hold the following offices as at the date of this report:

Name	Board	Audit Committee	Remuneration Committee	Nominating Committee	Conflicts Resolution Committee
Lim Gunawan Hariyanto	Executive Chairman	–	–	–	–
Gunardi Hariyanto Lim	Executive Director	–	–	–	–
Dato' Lee Yeow Chor	Non-Executive Director	–	–	–	–
Tan Boon Hoo	Lead Independent Director	Chairman	Chairman	Member	Chairman
Chua Chun Guan Christopher	Independent Director	Member	Member	Member	Member
Ong Chan Hwa	Independent Director	Member	Member	Chairman	Member

At least one-third of the Board comprises independent Directors. The strong independent element on the Board ensures that it is able to exercise objective and independent judgement on corporate affairs and on transactions involving conflicts of interest and other complexities.

The NC, which reviews the independence of each Director on an annual basis, adopts the Code's definition of what constitutes an Independent Director. Each Non-Executive Director is required to complete a Confirmation of Independence form, which is drawn up in accordance with the guidelines of the Code, to assess his own independence and to state whether he considers himself independent despite having any of the relationships identified in the Code which would deem him not to be independent, if any. The NC will then review and determine his independence.

The Board, with the concurrence of the NC, is of the view that the current size of the Board is appropriate, taking into account the nature and scope of the Company's operations. The current Board comprises directors who as a group provide core competencies such as finance, legal, business management and industry knowledge. The names, qualifications and relevant skills, experience and expertise of the Directors can be found on pages 24 and 25 of this report.

Non-executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business. When challenging Management's proposals or decisions, they bring independent judgement to bear on business activities and transactions involving conflicts of interest and other complexities. The Non-Executive Directors also communicate regularly with Management to discuss matters such as the Group's financial performance and corporate governance initiatives. Where necessary, the Company arranges meeting sessions for the Independent Directors to meet heads of departments and employees of the Group without the presence of Management.

Corporate Governance

Principle 3: Chairman and Chief Executive Officer

The Chairman of the Board, Mr. Lim Gunawan Hariyanto, is also the Chief Executive Officer. Mr. Lim Gunawan Hariyanto plays an instrumental role as the Chief Executive Officer 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 with input from Management, and exercising control over the quality, quantity and timeliness of information flow between the Board and Management.

Mr. Lim Gunawan Hariyanto is assisted by his brother, Mr. Gunardi Hariyanto Lim, the Executive Director and Deputy Chief Executive Officer of the Company, in all aspects of his role as Chief Executive Officer of the Company.

The holding of the role of Executive Chairman by Mr. Lim Gunawan Hariyanto, together with the strengths brought to this role by a person of Mr. Lim's stature and experience, has been considered by the Board.

With the establishment of various Board Committees with power and authority to perform key functions beyond the authority of, or without undue influence from, the Executive Chairman and Chief Executive Officer, or the Executive Director and Deputy Chief Executive Officer, and the putting in place of internal controls to allow effective oversight by the Board of the Company's business, the Board is of the view that these enable the Board to exercise objective decision-making in the interests of the Company. The Board believes that vesting the roles of both Chairman and Chief Executive Officer on the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and allows for more effective planning and execution of long term business strategies. Mr. Lim Gunawan Hariyanto's dual role as Executive Chairman and Chief Executive Officer will enable the Group to conduct its business more efficiently.

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 Chief Executive Officer 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 Chief Executive Officer, the Board has in the spirit of good corporate governance, appointed Mr. Tan Boon Hoo as Lead Independent Director to serve as a channel for Shareholders in the event their concerns are not resolved through the normal channels of the Chairman and Chief Executive Officer or the Chief Finance Officer, or for which such contact is inappropriate. Mr Tan will also act as liaison between the Independent Directors and the Chairman of the Board, ensure better compliance with and implementation of the recommendations of the Code and lead the Independent Directors 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.

Corporate Governance

Principle 4: Board Membership

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

Mr. Ong Chan Hwa (Chairman)

Mr. Tan Boon Hoo

Mr. Chua Chun Guan Christopher

The NC met twice in respect of FY2012 and serves to provide a formal, transparent and objective procedure for appointing Board members and evaluating the Board's performance.

The NC performs the following functions:

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

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

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

4. To determine annually whether a Director is independent, in accordance with the independent guidelines set out in the Code;

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

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

At present, the Company's Articles of Association require one-third of our Directors to retire from office at every Annual General Meeting of the Company. Every Director must retire from office at least once every three years. A retiring Director is eligible and may be nominated for re-election.

Accordingly, the NC recommended to the Board that Mr. Christopher Chua Chun Guan and Dato' Lee Yeow Chor, who are both subject to retire by rotation, be nominated for re-election at the forthcoming Annual General Meeting. 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 Committee meetings but also the time and efforts devoted to the Group's business and affairs. The Board has accepted the NC's recommendation on the re-election of the abovenamed Directors at the forthcoming AGM. Please refer to the 'Board of Directors' section in this report for key information on the Directors, and the Notice of Annual General Meeting for the list of Directors proposed for re-election and re-appointment at the forthcoming Annual General Meeting.

Corporate Governance

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

The NC conducts an annual review of Directors' independence based on the Code's criteria for independence. The NC and the Board is of the view in respect of FY2012 that Mr. Tan Boon Hoo, Mr. Christopher Chua Chun Guan, and Mr. Ong Chan Hwa are deemed independent while Dato' Lee Yeow Chor is considered a Non-Executive and Non-Independent Director in view of his association to Oakridge Investments Pte Ltd ("Oakridge"), a substantial shareholder of the Company. It was also noted that Dato' Lee together with his parents and his brother (collectively, the "Parties") are also deemed interested in the shares held by Oakridge and Lynwood Capital Resources Pte Ltd ("Lynwood), both of which are wholly-owned subsidiaries of IOI Corporation Berhad ("IOIC") by virtue of Section 7 of the Companies Act, Cap 50. The Parties collectively have a 100% interest in Progressive Holdings Sdn Bhd, which in turn holds 100% equity interest in Vertical Capacity Sdn Bhd, a substantial shareholder of IOIC.

Save as disclosed, none of the other Non-Executive Directors are 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 judgment with a view to the best interests of the Company.

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

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

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 and Board Committee(s) (if the candidate is proposed to be appointed to any of the Board Committee(s)); (c) the candidate's age, 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.

No new Director was appointed after the listing of the Company on the Mainboard of the SGX-ST on 12 April 2012.

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 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.

Corporate Governance

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 Company.

Principle 5: Board Performance

The NC has an established appraisal process to assess the performance and effectiveness of the Board as a whole. The NC believes it is more appropriate to assess the Board as a whole, bearing in mind that each member of the Board contributes in different ways to the effectiveness of the Board and this is done on an annual basis.

The assessment process focuses on a set of criteria recommended by the NC and adopted by the Board, which includes attendance at and the conduct of Board meetings, the contributions of the various Board Committees, Board performance in relation to keeping itself updated and discharging its principal responsibilities and an evaluation of the size and composition of the Board.

The Chairman, in consultation with the NC, would evaluate and act on the results of the assessment and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

The Board is of the view that the financial indicators, as set out in the Code as a guide for the evaluation of the Board and its Directors, may not be appropriate as they are more relevant as a form of measurement of the Management's performance.

For FY2012, the NC is generally satisfied with the Board evaluation results, which indicated areas of strengths and those that could be improved further. No significant problems had been identified. The NC had discussed these results with the Board and the Board has agreed to work on these areas that could be improved further. The NC will continue to review its procedure and effectiveness from time to time.

Principle 6: Access to Information

Prior to each Board Meeting, all Directors are provided with relevant Board papers and reports. These reports provide information on the Company's performance, financial position, significant issues and any other matter which may be brought before the Board.

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. Each Director may also seek independent professional advice on any Company matters, as he requires, at the Company's expense.

Corporate Governance

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

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

Principle 7: Procedures for Developing Remuneration Policies

The Remuneration Committee ("RC") comprises three Independent Directors, and is chaired by the Lead Independent Director. The members of the RC are:

Mr. Tan Boon Hoo (Chairman)

Mr. Ong Chan Hwa

Mr. Chua Chun Guan Christopher

The RC met twice in respect of FY2012, and their responsibilities include:

1. Recommending to the Board a framework of remuneration for the Directors and key executives of the Group;

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

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

4. Recommending to the Board long term incentive schemes which may be set up from time to time.

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

Corporate Governance

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 takes into consideration the Group's performance and the performance of that individual Director. No Director is involved in deciding his own remuneration. The RC has access to external expert advice with regard to remuneration matters, if required.

Principle 8: Level and Mix of Remuneration

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

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 fees for serving on any of the Board Committees, and taking into account factors such as responsibilities of the Directors and the need to pay competitive fees to attract, motivate and retain the Directors. The payment of such fees is recommended for Shareholders' approval at the Annual General Meeting of the Company. No Director is involved in deciding his own remuneration.

Executive Directors do not receive Directors' fees. The remuneration packages of Executive Directors packages are based on Service Agreements and their remuneration are determined having due regards to the performance of the individuals, the Group as well as market trends.

Principle 9: Disclosure on Remuneration

An appropriate and attractive level of remuneration has been set to attract, retain and motivate Directors and the key management staff. The remuneration package for Executive Directors and key management staff consists of both fixed and variable components. The variable component is determined based on the performance of the individual employee 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.

The Executive Directors' remuneration (Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim) is set out in their respective Service Agreements commencing from the date of listing of the Company from 12 April 2012 and valid for the initial three years. 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 subsidiary in the event of an early termination of the service of an Executive Director.

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Non-Executive Directors (including Independent Directors) are paid Directors' fees that are subject to Shareholders' approval at the Company's Annual General Meeting. The RC, with the concurrence of the Board, has recommended that (i) an amount of S$265,000 as pre-IPO Directors' Fees taking into account the time and effort spent and rendered by the Non-Executive Directors towards the listing of the Company; and (ii) an amount of S$264,000 as Directors' fee be paid to Non-Executive Directors quarterly in arrears for FY2013. These fees will be tabled for shareholders' approval at the forthcoming Annual General Meeting.

The annual remuneration bands for the Directors and key executive officers for FY2012 are set out below:

Name	Remuneration Band	Fixed Salary	Variable Bonus and Benefit	Directors' Fee	Total
Directors					
Lim Gunawan Hariyanto	Band 3	47%	53%	–	100%
Gunardi Hariyanto Lim	Band 3	55%	45%	–	100%
Dato' Lee Yeow Chor	Band 1	–	–	100%	100%
Tan Boon Hoo	Band 1	–	–	100%	100%
Chua Chun Guan Christopher	Band 1	–	–	100%	100%
Ong Chan Hwa	Band 1	–	–	100%	100%
Key Executive Officers					
Johannes Tanuwijaya	Band 2	72%	28%	–	100%
Roebbianto	Band 2	72%	28%	–	100%
Priyanto Puji Sulistyo	Band 1	72%	28%	–	100%
Mubarak Ahmad	Band 1	72%	28%	–	100%
Syofnir R Honein	Band 1	72%	28%	–	100%
Willy Heriadi	Band 1	72%	28%	–	100%
Lim Sian Choo	Band 1	72%	28%	–	100%
Yandi Sulistio	Band 1	72%	28%	–	100%

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

The exact remuneration of the Directors and top eight key executive officers (who are not Directors) is not disclosed in this report as the Company does not believe it to be in its interest to disclose these details, having regard to the highly competitive human resource environment, the confidential nature of remuneration matters and so as not to hamper the Company's efforts to retain and nurture its talent pool.

Corporate Governance

Apart from Mr. Gunardi Hariyanto Lim, who is the brother of Mr. Lim Gunawan Hariyanto, there are no employees who are immediate family members of a Director and/or the Chief Executive Officer and whose remuneration exceeds S$150,000 during FY2012.

Principle 10: Accountability

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

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

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

Principle 11: Audit Committee

The Audit Committee ("AC") comprises three members, all of whom are Independent Directors. The AC members are:

Mr. Tan Boon Hoo (Chairman)

Mr. Ong Chan Hwa

Mr. Chua Chun Guan Christopher

In accordance with the principles in the Code, the Board is of the view that 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.

Corporate Governance

The AC met four times in respect of FY2012 to perform the following functions:

1. To review with the external auditors the audit plans, and the results of their examination and evaluation of the Group's system of internal accounting controls;

2. To review the Group's financial and operating results and accounting policies;

3. To review, with the internal auditors, the scope and results of the internal audit procedures and to monitor the response to their findings to ensure that appropriate follow-up measures are taken;

4. To review compliance with the corporate governance guidelines on processes and activities adopted by the Board;

5. To review Interested Person Transactions falling within the scope of Chapter 9 of the SGX-ST Listing Manual;

6. To make recommendations to the Board on the nominating of the external auditors, as well as reviewing the remuneration and terms of engagement of the external auditors.

The AC has explicit authority within the scope of its responsibilities to seek any information it requires or investigate any matter within its terms of reference. In particular, the AC has full access to both the external and internal auditors. The internal audit plan is also reviewed by the AC in consultation with the external auditors.

The AC meets with the internal and external auditors, without the presence of Management, at least once a year. Both the internal and external auditors had confirmed that they had received the full co-operation of Management and no restrictions were placed on the scope of the respective audits.

As required in the Company's eligibility-to-list letter, it is also the duty of the AC to review and approve foreign exchange hedging policy and commodity hedging policy. The Group has in place a commodity hedging policy for Crude Palm Oil, which is reviewed from time to time. The Company currently does not have a foreign exchange hedging policy because the underlying currency for Crude Palm Oil and the USD dollar loans of the Group provides a natural hedge and the cost of hedging is high. All purchase of USD from the bank is on spot basis. The AC continues to monitor on a half yearly basis on the need for a foreign exchange hedging policy.

The AC has 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. During FY2012, the aggregate amount of fees paid to the external auditors for audit and non-audit services amounted to S$410,000 and S$47,000 respectively. 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.

The AC has also reviewed and confirmed the Company's compliance with Rules 712, 715 and 716(1) of the Listing Rules of the SGX-ST. The AC was satisfied that the resources and experience of Ernst & Young LLP, the audit engagement partner and his team assigned to the audit of the Group were adequate to meet their audit obligations,

Corporate Governance

given the size, nature, operations and complexity of the Group. The accounts of the Company and its significant foreign-incorporated subsidiaries are audited by Ernst & Young LLP, an auditing firm registered with the Accounting and Corporate Regulatory Authority.

The rest of the Group's subsidiaries and associated companies are audited by Anwar & Rekan ("A&R"), an auditing firm which is part of DFK International, a worldwide association of independent accounting firms and business advisers. Details of DFK International and the list of the Group's subsidiaries and associated companies audited by A&R are disclosed on Note 9 of the Notes to the Financial Statements on pages 101 and 102 of this Annual Report. The AC is satisfied that the appointment of A&R would not compromise the standard and effectiveness of the audit of the Group.

The AC has recommended, and the Board has approved, that Ernst & Young LLP be nominated for re-appointment as external auditors of the Company at the forthcoming AGM.

The Group has put in place a whistle-blowing policy, which has been revised in line with the 2012 Code whereby any staff or any other persons of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Arrangements are also in place for the independent investigation of such matters and for appropriate follow up actions. The whistle-blowing policy, and the procedures put in place to effect such a policy, has been reviewed by the AC and made available to all employees.

During FY2012, the Group had received whistle-blowing reports which were also highlighted to the AC's attention. The whistle-blowing reports highlighted several incidents of impropriety carried out at the Group's plantations in Indonesia. These incidents were not material to the Group's financial statements and operations and remedial actions had been taken to address the issues raised.

Principle 12: Internal Controls

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

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as taking appropriate measures to control and mitigate these risks. Management reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board. The financial risk management objectives and policies are outlined under Note 39 of the Notes to the Financial Statements on pages 135 to 140. 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 is in a position to make more informed decisions and will benefit from a better balance between risk and reward. This will assist in protecting and creating shareholders' value.

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

Corporate Governance

Principle 13: Internal Audit

A dedicated internal audit team is in place to review, at least once annually, the risks incurred by the Group in its activities and promote continuous improvement to the Group's operations. The internal audit team reports directly to the AC on any material non-compliance and internal control weakness.

The internal auditor reports directly to the Chairman of the AC on audit matters and to the Management on administrative matters. Within this framework, the internal audit function provides reasonable assurance that the risks incurred by the Group in each major activity will be identified, analysed and managed by Management. The internal audit team 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 reviews, on an annual basis, the adequacy of the internal audit function.

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 Company'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 in response to the issues noted by the external auditors. The internal controls are continually being refined by Management.

Enterprise Risk Management

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

The Group has established a systematic enterprise risk management framework to identify, assess, monitor, manage and evaluate the significant business risks which the Group is exposed to.

The AC had reviewed the Group's risk management process at two meetings and is satisfied that there are adequate internal controls in place to manage any risks identified. Since then, Management had updated and reported to the AC on the various mitigation actions the Group has taken in respect of some of the significant risks which have been identified.

The Group's financial risk factors are discussed on Note 39 of the Annual Report under the section on "Notes to the Financial Statements".

Based on the enterprise risk management framework established, internal controls systems maintained by the Group, work performed by the internal and external auditors, 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 and compliance risks of the Group are adequate in its current business environment.

Corporate Governance

Principle 14 & Principle 15: Communication with Shareholders

The Company is committed to disseminate effective and fair information to Shareholders 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 performance and business.

Announcement on material information and the release of quarterly, half yearly and full year results are released via SGXNET. From time to time, the Company's senior management holds briefings with analysts and the media to coincide with the release of the Group's results announcements. Media presentation slides will also be released on SGXNET and available on the Company's website. In addition, Management takes an active role in investor relations, meeting local and foreign fund managers regularly as well as participating in roadshows and conferences both locally and overseas.

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

The Company'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.

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

Shareholders will be given the opportunity to air their views and ask questions regarding matters affecting the Company. The Company's Article of Association allows a Shareholder to appoint one or two proxies to attend and vote at the general meetings on his/her behalf. 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.

Conflict Resolution Committee

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

Corporate Governance

The Conflict Resolution Committee ("CRC") comprises three members, all of whom are Independent Directors. The members are:

Mr. Tan Boon Hoo (Chairman)

Mr. Ong Chan Hwa

Mr. Chua Chun Guan Christopher

The CRC met two times in respect of FY2012 to perform the following functions:

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

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

Management maintains a record of transactions (deliberated on as well as decided). Any member of the CRC is entitled to inspect such records and the management of the Company will cooperate fully and permit full access to the books and records of the Company. The Company also ensures that the internal auditors or persons performing internal audit functions for the Group are granted full access to all books and records of the Group for the purposes of preparing quarterly reports for the CRC.

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

The CRC will on a quarterly basis receive reports from the internal auditors providing confirmation that the protocols have been adhered to in the immediately 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 its Directors and officers. These guidelines prohibit dealing in the Company's securities on short-term considerations and while in possession of unpublished material price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the Company are notified in advance of the commencement of each "closed period". The Compliance Code has been disseminated and made available to all employees.

Corporate Governance

The Group confirmed that it has adhered to its Compliance Code for FY2012 pursuant to Rule 1207(19) of the SGX-ST Listing Manual.

Interested Person Transactions

The Company 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 Chief Financial Officer of the Company 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 Audit Committee reviews all transactions recorded in the register of interested persons at least 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 FY2012 is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual during the financial year under review (excluding transactions less than S$100,000)
	in IDR' million	in IDR' million
Mr Gunardi Hariyanto Lim	2,400[1]	–
Goldwood Investments Ltd	1,118[2]	–
PT Sukses Manunggal Sawitindo	57,919[3]	–
Hariyantos	49,987[4]	
PT Gunajaya Harapan Lestari	–	1,710[5]
PT GY Plantation Indonesia	–	33,311[5]
IOI Corporation Berhad	–	24,243[6]
TOTAL	**111,424**	**59,264**

Corporate Governance

Notes:

(1) In respect of the aggregate rent paid by the Group to Mr. Gunardi Hariyanto Lim for FY2012 pursuant to the lease agreement between Mr. Gunardi Hariyanto Lim and PT Bumitama Gunajaya Agro as described on page 210 of the prospectus of the Company which was registered by the Monetary Authority of Singapore on 3 April 2012 (the "Prospectus").

(2) In respect of the aggregate rent paid by the Group to Goldwood Investments Ltd for FY2012 pursuant to the lease agreement between Goldwood Investments Ltd and the Company as described on page 211 of the Prospectus.

(3) In respect of the loan extended by the Group to PT Gunajaya Harapan Lestari for the repayment by PT Gunajaya Harapan Lestari of its then outstanding bank loan. The loan extended by the Group attracted an interest rate of SIBOR+4.5% per annum. The highest amount outstanding due to the Group during FY2012, and the aggregate amount due to the Group as at 31 December 2012, under such loan was IDR 57.919 billion.

(4) In respect of the advance paid by the Group for the acquisition of 95% of the issued shares in PT Sukses Manunggal Sawitindo, as announced by the Company on 19 October 2012. The completion of such acquisition is conditional upon PT Gunajaya Harapan Lestari obtaining the relevant permits from the Indonesian government. In the event such permits are not obtained by 18 July 2013, the Group has the option to either (a) cancel the acquisition (following which the acquisition price paid by the Group will be fully refunded), or (b) extend the date by which such permits must be obtained by. Upon the completion of such acquisition, the GHL Call Option (as defined in the Prospectus) will be terminated by mutual agreement.

(5) In respect of transactions conducted pursuant to the Shareholders' Mandate for Transactions with KMS, Westbrook and SMS (as described in the Prospectus).

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

Material Contracts

Save as disclosed above in the section on "Interested Person Transactions" and Service Agreements entered into between the Company and the Executive Directors, there are no 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 FY2012 or if not then subsisting, entered into since the end of FY2011.

Use of IPO Proceeds

As at 31 December 2012, the utilisation of IPO proceeds in relation to the invitation in respect of 297,570,000 shares or S$221,689,650 is as follows:

Intended Use	Amount Allocated (S$)	Amount Utilised (S$)	Balance Amount (S$)
Capital expenditure for expansion and development of the Group's existing uncultivated land bank and palm plantations	142.0 million	142.0 million	–
Repayment of Shareholder Loans	12.6 million	12.6 million	–
Financing the Group's share of the capital expenditure of subsidiaries under *SNA and *BAS for cultivation	27.9 million	11.0 million	16.9 million**
General working capital requirements	12.7 million	12.7 million	–
Total	**195.2 million**	**178.3 million**	**16.9 million**

* Note:
SNA – PT Sawit Nabati Agro
BAS – PT Berkat Agro Sawitindo
** The balance of the utilisation of the proceeds from IPO for SNA and BAS will be fully utilized by 2013 for the financing of the Group's share of the capital expenditure of subsidiaries under SNA and BAS for cultivation.

Financial Report

Directors' Report

The Directors are pleased to present their report 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 sheets and statement of changes in equity of the Company for the financial year ended 31 December 2012.

1. Directors

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

Lim Gunawan Hariyanto	(appointed on 23 March 2012)
Gunardi Hariyanto Lim	(appointed on 23 March 2012)
Dato' Lee Yeow Chor	(appointed on 23 March 2012)
Tan Boon Hoo	(appointed on 23 March 2012)
Chua Chun Guan Christopher	(appointed on 8 February 2012)
Ong Chan Hwa	(appointed on 23 March 2012)

2. Arrangements to enable Directors to acquire shares and debentures

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

3. Directors' interest in shares and debentures

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

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year/Date of Appointment	At the end of financial year	At the beginning of financial year/Date of Appointment	At the end of financial year
Ordinary shares of the Company				
Lim Gunawan Hariyanto	–	–	6,400,000	895,157,774
Dato' Lee Yeow Chor	–	–	–	542,694,070
Chua Chun Guan Christopher	–	450,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2013.

Directors' Report

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

Except as disclosed in this report, 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.

4. Directors' contractual benefits

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

5. Share plans

Options

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

6. Audit Committee

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

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

Directors' Report

- Reviews the nature and extent of non-audit services provided by the external auditors;
- Recommends to the Board of Directors the external auditors to be nominated, approves the compensation of the external auditors, and reviews the scope and results of the audit;
- Reports actions and minutes of the AC to the Board of Directors with such recommendations as the AC considers appropriate; and
- Reviews interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's Listing Manual.

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

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

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

7. Auditors

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

On behalf of the Board of Directors,

Lim Gunawan Hariyanto
Executive Chairman and CEO

Gunardi Hariyanto Lim
Deputy CEO

Singapore
26 March 2013

Statement by Directors

Pursuant to Section 201(15)

We, Lim Gunawan Hariyanto and Gunardi Hariyanto Lim, being two of the directors of Bumitama Agri Ltd., do hereby state that, in the opinion of the directors:

(a) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity, and consolidated statement of cash flows together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date; and

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

On behalf of the board of directors,

Lim Gunawan Hariyanto
Executive Chairman and CEO

Gunardi Hariyanto Lim
Deputy CEO

Singapore
26 March 2013

Independent Auditor's Report

To the Members of Bumitama Agri Ltd.

Report on the Financial Statements

We have audited the accompanying financial statements of Bumitama Agri Ltd. (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 63 to 142, which comprise the balance sheets of the Group and the Company as at 31 December 2012, the statements of changes in equity of the Group and the Company, the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Independent Auditor's Report

To the Members of Bumitama Agri Ltd.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Ernst & Young LLP
Public Accountants and Certified Public Accountants
Singapore
26 March 2013

Consolidated Income Statement

For the Financial Years ended 31 December 2012

	Note	2012 IDR'million	2011 IDR'million
Revenue	4	3,525,546	2,805,316
Cost of sales	5	(2,102,802)	(1,565,632)
Gross profit		1,422,744	1,239,684
Other income		13,836	66,111
Interest income		14,524	10,796
Gain arising from fair value changes in biological assets		57,648	181,008
Selling expenses		(63,358)	(38,938)
General and administrative expenses		(167,081)	(154,630)
Finance cost		(112,471)	(105,024)
Gain on hedging transactions	34	45,887	–
Share of loss of associate companies		(7,934)	–
Foreign exchange loss		(37,564)	(8,885)
Other expense		(2,620)	(88)
Profit before tax	6	1,163,611	1,190,034
Income tax expense	7	(261,791)	(297,071)
Profit for the year		**901,820**	**892,963**
Attributable to:			
Owners of the Company		787,896	761,852
Non-controlling interests		113,924	131,111
		901,820	**892,963**
Earnings per share attributable to owners of the Company (IDR per share)	35	**596**	**145,316**

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

Consolidated Statement of Comprehensive Income

For the Financial Years ended 31 December 2012

	2012 IDR'million	2011 IDR'million
Profit for the year	**901,820**	**892,963**
Other comprehensive income:		
Foreign currency translation	(6,482)	(393)
Other comprehensive income for the year, net of tax	(6,482)	(393)
Total comprehensive income for the year	**895,338**	**892,570**
Attributable to:		
Owners of the Company	781,414	761,459
Non-controlling interests	113,924	131,111
Total comprehensive income for the year	**895,338**	**892,570**

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

Balance Sheets

As at 31 December 2012

	Note	Group 2012 IDR'million	Group 2011 IDR'million	Company 2012 IDR'million	Company 2011 IDR'million
Non-current assets					
Investment in jointly controlled entity	8	–	–	–	51,164
Investment in subsidiaries	9	–	–	386,521	–
Investment in associate companies	10	94,328	–	102,262	–
Biological assets	11	5,263,330	4,319,988	–	–
Plasma receivables	12	202,073	106,545	–	–
Property, plant and equipment	13	1,500,173	1,170,287	1,458	–
Land use rights	14	280,605	144,914	–	–
Intangible assets	15	84,197	77,588	–	–
Due from subsidiaries	16	–	–	2,058,478	–
Loan to an associate company	17	87,209	–	87,209	–
Deferred tax assets	30	33,517	8,140	–	–
Other receivables		9,106	–	9,106	–
Tax refundable	29(a)	25,332	16,593	–	–
Total non-current assets		7,579,870	5,844,055	2,645,034	51,164
Current assets					
Inventories	18	323,502	263,333	–	–
Deferred charges		6,621	25,630	–	19,680
Trade and other receivables	19	47,589	32,265	–	–
Due from subsidiaries	16	–	–	930,949	–
Due from related companies	20	69,293	1,626	–	–
Prepayments and advances		136,841	17,997	159	–
Prepaid taxes	29(b)	38,648	51,763	118	8
Cash and short-term deposits	21(a)	886,763	270,139	56,069	2,706
Total current assets		1,509,257	662,753	987,295	22,394
Current liabilities					
Loans and borrowings	23	790,598	516,300	503,468	–
Obligations under finance leases	24	–	6,092	–	–
Trade and other payables	25	468,284	365,237	1,677	11,140
Accrued operating expenses	27	73,594	56,308	8,149	10,684
Sales advances		75,677	196,345	–	–
Income tax payable	29(c)	84,163	152,827	–	–
Total current liabilities		1,492,316	1,293,109	513,294	21,824
Net current assets/(liabilities)		16,941	(630,356)	474,001	570

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

Balance Sheets

As at 31 December 2012

	Note	Group 2012 IDR'million	Group 2011 IDR'million	Company 2012 IDR'million	Company 2011 IDR'million
Non-current liabilities					
Deferred tax liabilities	30	501,838	464,638	–	–
Amounts due to shareholders	22	–	12,955	–	12,955
Due to a subsidiary	26	–	–	335,052	–
Loans and borrowings	23	1,791,792	1,794,882	826,377	–
Obligations under finance leases	24	–	203	–	–
Post employment benefits	28	16,119	15,568	–	–
Total non-current liabilities		2,309,749	2,288,246	1,161,429	12,955
Net assets		**5,287,062**	**2,925,453**	**1,957,606**	**38,779**
Equity attributable to owners of the Company					
Share capital	31	1,807,045	45,000	1,807,045	45,000
Other reserves	32	(184,938)	151,511	–	–
Retained earnings		3,263,328	2,475,432	46,805	(6,872)
Foreign currency translation reserve	33	2,967	9,449	103,756	651
		4,888,402	2,681,392	1,957,606	38,779
Non-controlling interests		398,660	244,061	–	–
Total equity		**5,287,062**	**2,925,453**	**1,957,606**	**38,779**

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

Statements of Changes in Equity

For the years ended 31 December 2012

	Attributable to owners of the Company						
2012 Group	**Share capital IDR'million**	**Retained earnings IDR'million**	**Other reserves IDR'million**	**Foreign currency translation reserves IDR'million**	**Total share capital and reserves IDR'million**	**Non-controlling interests IDR'million**	**Total equity IDR'million**
Balance as of 1 January 2012	45,000	2,475,432	151,511	9,449	2,681,392	244,061	2,925,453
Profit for the year	–	787,896	–	–	787,896	113,924	901,820
Foreign currency translation	–	–	–	(6,482)	(6,482)	–	(6,482)
Total comprehensive income for the year, net of tax	–	787,896	–	(6,482)	781,414	113,924	895,338
Contributions by and distributions to owners:							
Arising from restructuring exercise	323,217	–	(336,449)	–	(13,232)	40,000	26,768
Contribution from non-controlling interests	–	–	–	–	–	500	500
Issuance of new shares (Note 31)	1,491,364	–	–	–	1,491,364	–	1,491,364
Share issuance expenses (Note 31)	(52,536)	–	–	–	(52,536)	–	(52,536)
Acquisition of subsidiaries (Note 9)	–	–	–	–	–	175	175
Balance as of 31 December 2012	**1,807,045**	**3,263,328**	**(184,938)**	**2,967**	**4,888,402**	**398,660**	**5,287,062**

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

Statements of Changes in Equity

For the years ended 31 December 2012

2011 Group	Attributable to owners of the Company					Non-controlling interests IDR'million	Total equity IDR'million
	Share capital IDR'million	Retained earnings IDR'million	Other reserves IDR'million	Foreign currency translation reserves IDR'million	Total share capital and reserves IDR'million		
Balance as of 1 January 2011	–*	1,713,580	284,125	9,842	2,007,547	265,893	2,273,440
Profit for the year	–	761,852	–	–	761,852	131,111	892,963
Foreign currency translation	–	–	–	(393)	(393)	–	(393)
Total comprehensive income for the year, net of tax	–	761,852	–	(393)	761,459	131,111	892,570
Contributions by and distributions to owners:							
Conversion of loan from Holding Company into share capital (Note 1)	45,000	–	–	–	45,000	–	45,000
Disposal of a subsidiary	–	–	7,479	–	7,479	(2,139)	5,340
Acquisition of non-controlling interest without a change in control (Note 9)	–	–	(140,093)	–	(140,093)	(150,898)	(290,991)
Others	–	–	–	–	–	94	94
Balance as of 31 December 2011	**45,000**	**2,475,432**	**151,511**	**9,449**	**2,681,392**	**244,061**	**2,925,453**

* *Denotes amounts less than IDR 1 million.*

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

Statements of Changes in Equity

For the years ended 31 December 2012

2012 Company	Share capital IDR'million	Retained earnings IDR'million	Foreign currency translation reserves IDR'million	Total equity IDR'million
Balance as of 1 January 2012	45,000	(6,872)	651	38,779
Profit for the year	–	53,677	–	53,677
Foreign currency translation	–	–	103,105	103,105
Total comprehensive income for the year, net of tax	–	53,677	103,105	156,782
Contributions by and distributions to owners:				
Arising from restructuring exercise	323,217	–	–	323,217
Issuance of new shares (Note 31)	1,491,364	–	–	1,491,364
Share issuance expenses (Note 31)	(52,536)	–	–	(52,536)
Balance as of 31 December 2012	**1,807,045**	**46,805**	**103,756**	**1,957,606**

2011 Company	Share capital IDR'million	Retained earnings IDR'million	Foreign currency translation reserves IDR'million	Total equity IDR'million
Balance as of 1 January 2011	–*	(5,706)	395	(5,311)
Loss for the year	–	(1,166)	–	(1,166)
Foreign currency translation	–	–	256	256
Total comprehensive income for the year, net of tax	–	(1,166)	256	(910)
Contributions by and distributions to owners:				
Conversion of loan from Holding Company into share capital (Note 1)	45,000	–	–	45,000
Balance as of 31 December 2011	**45,000**	**(6,872)**	**651**	**38,779**

* *Denotes amounts less than IDR 1 million.*

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

Consolidated Statement of Cash Flow

For the financial years ended 31 December 2012

	2012 IDR'million	2011 IDR'million
Cash flows from operating activities		
Cash receipts from customers	3,293,990	2,990,693
Cash payments to suppliers, employees and for other operating expenses	(2,098,068)	(1,800,991)
Cash receipts from operating activities	1,195,922	1,189,702
Corporate income tax paid	(318,632)	(160,053)
Net cash provided by operating activities (Note 21(b))	877,290	1,029,649
Cash flows from investing activities		
(Increase)/decrease in plasma receivables	(81,797)	73,246
Investment in associate companies	(97,081)	–
Investment in intangible assets	(2,734)	–
Investment in biological assets	(826,068)	(537,337)
Purchase of property, plant and equipment	(435,145)	(342,875)
Proceeds from disposal of property, plant and equipment	530	920
Investment in land use rights	(133,664)	(56,730)
Decrease in restricted cash	–	6,439
Proceeds from disposal of a subsidiary	–	105,385
Interest received	14,524	10,796
Net cash flows used in investing activities	(1,561,435)	(740,156)
Cash flows from financing activities		
Acquisition of non-controlling interests	–	(290,991)
Proceeds from loans and borrowings	1,935,591	317,285
Repayment of loans and borrowings	(1,738,255)	(316,644)
Increase in amount due from related companies	(67,668)	(774)
(Decrease)/increase in amount due to related companies	(73)	71,717
Decrease in amounts due to shareholders	(12,955)	–
Repayment of obligation under finance leases	(6,295)	(12,267)
Amount paid to shareholders as part of restructuring exercise	(295,088)	–
Acquisition of subsidiaries	(9,263)	–
Contribution from non-controlling interests	500	–
Issuance of new shares	1,814,581	–
Share issuance expenses	(52,536)	–
Advance for acquisition of subsidiaries	(103,325)	–
Interest paid	(157,961)	(150,517)
Net cash flows provided by/(used in) financing activities	1,307,253	(382,191)
Net increase/(decrease) in cash and cash equivalents	623,108	(92,698)
Effect of exchange rate changes on cash and cash equivalents	(6,484)	(239)
Cash and cash equivalents at beginning of the year	270,139	363,076
Cash and cash equivalents at end of the year (Note 21(a))	**886,763**	**270,139**

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

Notes to the Financial Statements

31 December 2012

1. General

Bumitama Agri Ltd. (the "Company") is a limited liability company, incorporated and domiciled in the Republic of Singapore. Bumitama Agri Pte Ltd changed its name to Bumitama Agri Ltd. on 2 April 2012 in connection with its conversion into a public company limited by shares.

From the date of the Company's incorporation to 22 February 2011, its holding company was DeLoris Management Limited ("DeLoris") incorporated in British Virgin Islands. DeLoris is ultimately held by the Hariyantos.

On 2 February 2011, Wellpoint Pacific Holdings Ltd ("Wellpoint") was incorporated in the British Virgin Islands. On 23 February 2011, Wellpoint acquired the entire issued and paid up share capital of the Company for an aggregate consideration of SGD 2 and the existing shareholder loan of SGD 8,200,000 payable to DeLoris for a total consideration of SGD 8,200,002. On 8 March 2011, Wellpoint capitalized SGD 6,399,998 (equivalent to USD 4,999,998) of the amount due from the Company into 6,399,998 issued and paid up share capital in the Company. 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 is located at Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta Selatan, Indonesia.

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

Related companies in these financial statements refer to the Hariyantos' group of companies.

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

1.1 Basis of preparation of consolidated financial statements

On 12 April 2012, the Company was admitted to the official list of Singapore Exchange Securities Trading Limited. The Company issued 273,334,000 new ordinary shares at SGD 0.745 per share in connection with its public offering. The net proceeds arising from this amounted to approximately SGD 195.2 million (approximately IDR 1,438,828 million).

The Group was formed through a restructuring exercise in preparation for the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX") (the "Restructuring Exercise"). Pursuant to the Restructuring Exercise, the Company became the holding company of the Group, comprising of PT Bumitama Gunajaya Agro and its subsidiaries. The consolidated financial statements for the financial year ended 31 December 2012 have been prepared on the basis for which the Group is in place from the date of completion of the restructuring and subsequent listing on the SGX.

Notes to the Financial Statements

31 December 2012

1. General (Continued)

1.1 Basis of preparation of consolidated financial statements (Continued)

Prior to the restructuring, the Company held 14.3% in PT Bumitama Gunajaya Agro ("BGA"). The Hariyantos, via PT Harita Jayaraya ("Harita"), held 52.7% in BGA. The remaining interest of 33.0% is held by IOI Corporation Berhad ("IOI") (via Lynwood Capital Resources Pte Ltd ("Lynwood") and Oakridge Investments Pte Ltd ("Oakridge")).

On 20 March 2012 Wellpoint and Oakridge subscribed for 17,920,459 and 14,080,265 new shares respectively, of the Company at SGD 1 per share. Following the completion of the new share subscription, Wellpoint and Oakridge hold 63.3% and 36.7% of the enlarged share capital of the Company, respectively. Wellpoint and Oakridge subsequently provided loans that bear interest at 4.5% per annum above the 3 month US dollar London Interbank Offer Rate ("LIBOR") amounting to SGD 6,171,837 and SGD 4,537,874 respectively, to the Company, as funding for the acquisitions of BGA shares from Oakridge, Lynwood and Harita, respectively.

On 20 March 2012 the Company entered into various conditional sale and purchase agreements and acquired 77,939 shares (SGD 10,993,024), 54,061 shares (SGD 7,625,115) and 170,811 shares (SGD 24,092,296) from Oakridge, Lynwood and Harita in BGA, respectively. Following the acquisition, the Company's shareholding in BGA increased from 14.3% to 90.0% and Harita's interest in BGA decreased from 52.7% to 10.0%.

On 20 March 2012 the Company issued additional shares amounting to 657,114 shares taken up by Wellpoint, in consideration for the acquisition of PT Sawit Nabati Agro ("SNA") and PT Berkat Agro Sawitindo ("BAS"). On completion of the share issuance, Oakridge and Wellpoint held 36.0% and 64.0% of the enlarged share capital of the Company.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013
Amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	
– Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
– Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
– Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the amendment to FRS 1, Revised FRS 19 and FRS 112 as described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to FRS 1 are effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in Other Comprehensive Income ("OCI"). Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

Revised FRS 19 *Employee Benefits*

The revised FRS 19 is effective for financial periods beginning on or after 1 January 2013.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.3 Standards issued but not yet effective (Continued)

The revised FRS 19 removes the corridor mechanism for defined benefit plans and no longer allows actuarial gains and losses to be recognised in profit or loss. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than employee entitlement. The revised FRS 19 is to be applied retrospectively.

The Group applies the corridor method for its defined benefit plans and is currently determining the impact of the changes arising from the adoption of this standard. The Group expects the adoption of this standard will result in an increase in its net defined benefit plan liability recognised in financial position and corresponding decrease in retained earnings.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The 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.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation and business combinations (Continued)

(a) Basis of consolidation (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Where a change in the ownership interest of a subsidiary results in a loss of control, the Group:

- 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.

Whilst the above-mentioned requirements were applied on a prospective basis, the acquisition of non-controlling interests prior to 1 January 2010, continues to be accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill, in accordance with the previous basis of consolidation.

(b) Business combinations

Business combinations from 1 January 2010

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

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

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations (Continued)

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

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) 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.

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 2.14(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations prior to 1 January 2010

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

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, and are presented separately in the consolidated statement of comprehensive income and within equity in the balance sheet, separately from equity attributable 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 transactions and balances*

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.

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

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

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.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.7 Revenue and other income

(a) Sale of goods

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

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Management fee

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

2.8 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.9 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.9 Associates (Continued)

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

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

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

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

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.10 Biological assets

Biological assets comprise oil palm plantations and nurseries.

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

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.10 Biological assets (Continued)

Biological assets have an average life that ranges from 20 to 25 years; with the first 3 to 4 years as immature assets and the remaining as mature assets. A biological asset is considered mature when it starts to produce fresh fruit bunches ("FFB"), in general at about 4 years of age, of which approximately 1 year is spent as a seedling in nurseries.

2.11 Plasma receivables

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

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

2.12 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such 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 2.15. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.12 Property, plant and equipment (Continued)

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. 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.

Cost includes purchase price and other incidental expenses to acquire or to secure the assets and bring the assets to its current location and condition.

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

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

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Note 2.16.

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

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.13 Land use rights

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

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

2.14 Intangible assets

(a) Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill land fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are secured to be assets and liabilities of the Company and are recorded in USD at the rates prevailing at the date of acquisition.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.14 Intangible assets (Continued)

(b) Other intangible assets

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

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

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.

2.15 Borrowing costs

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.16 *Impairment of non-financial assets*

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

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

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

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, 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.

2.17 *Cash and cash equivalents*

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.18 *Inventories*

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

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.
- Fertilisers and chemicals: purchase costs on a weighted average basis.
- Spare parts and consumables: purchase costs on a weighted average basis.
- Other inventories: purchase costs on a weighted average basis.

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

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

Fresh fruit bunches are initially recognised at fair value and subsequently lower of net realisable value and initial recognition value.

2.19 *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

Loans and receivables

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.19 Financial assets (Continued)

Derecognition

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

Regular way purchase or sale of financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.20 Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.20 Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

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

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

2.21 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

The Group determines the classification of its financial liabilities at initial recognition.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. 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.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.21 Financial liabilities (Continued)

Subsequent measurement (Continued)

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

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

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

Other financial liabilities

After initial recognition, other financial liabilities 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.

Derecognition

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

2.22 Leases

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

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.22 Leases (Continued)

As lessee

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

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

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

2.23 Income tax

(a) Current income tax

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

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

(b) Deferred tax

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.23 Income tax (Continued)

(b) Deferred tax (Continued)

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

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

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

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

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

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

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

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

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.23 Income tax (Continued)

(b) Deferred tax (Continued)

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 incurred during the measurement period or in profit or loss.

(c) Sales tax

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

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

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

The 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.

2.24 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.

2.25 Post employment benefits

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

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.25 Post employment benefits (Continued)

Actuarial gains or losses are recognised in the profit or loss when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting year exceed 10.0% of the higher of the present value of the defined benefit obligation or the fair value of the plan assets, if any, at that date. Such gains or losses in excess of the 10.0% corridor are amortised on a straight-line method over the expected average remaining service years of the covered employees.

Past service cost arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan is required to be amortised over the period until the benefit becomes vested. To the extent that the benefit is already vested immediately following the introduction of, or changes to, the post employment benefits program, the Group recognises past service cost immediately.

The related estimated liability for post employment benefits is the aggregate of the present value of the defined benefit obligation at balance sheet date and actuarial gains and losses not recognised, less past service cost not yet recognised.

2.26 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.

2.27 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.

Notes to the Financial Statements

31 December 2012

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

As the Group only has one line of business at present and operates in one country, it does not present separate segment information.

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.

Notes to the Financial Statements

31 December 2012

2. Summary of significant accounting policies (Continued)

2.30 *Financial guarantee* (Continued)

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

3. Significant accounting judgements and estimates

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

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

(a) *Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) *Income taxes*

The Group has exposure to income taxes in mainly two jurisdictions, Singapore and Indonesia. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional 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 provisions in the year in which such determination is made.

Notes to the Financial Statements

31 December 2012

3. Significant accounting judgements and estimates (Continued)

3.1 Judgements made in applying accounting policies (Continued)

(b) Income taxes (Continued)

The carrying amount of the Group's income tax payables as at 31 December 2012 and 2011 were IDR 84,163 million and IDR 152,827 million. The carrying value of the Group's income tax payable is disclosed in Note 29(c).

The carrying values of the Group's deferred tax assets and liabilities are disclosed in Note 30.

(c) Value added tax relating to Fresh Fruit Bunches

The Group has VAT receivable relating to the production of FFB. With effect from 1 January 2007, FFB has been classified as a Certain Strategic Taxable Good and is therefore exempted from the imposition of VAT in Indonesia. As such, FFB is no longer subject to VAT and cannot be credited and instead such input VAT components should be charged as an expense. Management is of the opinion that the production of CPO, which uses FFB produced by the Group, is not covered by this exemption and all input VAT in the production of the FFB can be claimed and offset against the output VAT of CPO. Accordingly, the net VAT for the period from 2007 to 2011 has been accounted for as a recoverable amount in the balance sheet.

Effective from 1 January 2012, pursuant to new ruling PP No. 1/2012, input VAT recognised on an integrated oil palm plantation will no longer be allowed to be claimable, the Group has expensed all input VAT to profit or loss account accordingly.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3.2 Key sources of estimation uncertainty

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

Notes to the Financial Statements

31 December 2012

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(a) Biological assets and agricultural products

The Group carries its biological assets and agriculture products at fair value less estimated point-of-sale costs, which require extensive use of accounting estimates. Significant components of fair value measurement were determined using assumptions including average lives of plantations, period of being immature and mature plantations, yield per hectare, average selling price and annual discount rates. The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these plantations would affect the profit or loss. The carrying amount of the Group's biological assets is disclosed in Note 11.

(b) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 2 to 20 years. These are common life expectancies applied in the oil palm industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 13.

(c) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 19.

(d) Defined benefit plan

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

Notes to the Financial Statements

31 December 2012

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(d) Defined benefit plan (Continued)

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

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

The carrying amount of the provision for post employment benefits, together with further details about the assumptions, is disclosed in Note 28.

4. Revenue

	Group	
	2012	**2011**
	IDR'million	**IDR'million**
Crude Palm Oil ("CPO")	3,248,513	2,526,310
Palm Kernel ("PK")	277,033	279,006
Total revenue	**3,525,546**	**2,805,316**

Notes to the Financial Statements

31 December 2012

5. Cost of sales

	Group	
	2012	2011
	IDR'million	IDR'million
FFB		
Upkeep and cultivation	163,041	106,546
Fertilising	296,595	188,115
Harvesting	179,183	126,755
Indirect cost	59,909	17,967
Depreciation of property, plant and equipment (Note 13)	41,385	52,050
Amortisation of land use rights (Note 14)	558	558
Production cost of FFB	740,671	491,991
FFB purchased – related parties and third parties	1,284,397	984,863
Cost of FFB transferred to CPO and PK	2,025,068	1,476,854
CPO and PK		
Cost of FFB to be processed into CPO and PK	2,025,068	1,476,854
Processing expenses:		
CPO and PK	55,704	42,420
Depreciation of property, plant and equipment (Note 13)	38,273	12,532
Indirect cost	18,920	13,090
Cost of production	2,137,965	1,544,896
CPO and PK purchased – third parties	–	67,248
	2,137,965	1,612,144
Finished goods:		
Beginning balance of CPO and PK	126,135	79,623
Ending balance of CPO and PK (Note 18)	(161,298)	(126,135)
Total cost of sales	**2,102,802**	**1,565,632**

Notes to the Financial Statements

31 December 2012

6. Profit before tax

	Group	
	2012	2011
	IDR'million	IDR'million
Other income		
Management fee	5,946	1,451
Processing income	629	5,712
Gain from waiver of other liability	–	8,051
Gain or Loss on disposal of a subsidiary	–	45,158
Other	7,261	5,739
Total other income	**13,836**	**66,111**
Selling expenses		
Freight	(48,139)	(34,497)
Loading expense	(14,399)	(3,382)
Others	(820)	(1,059)
Total selling expenses	**(63,358)**	**(38,938)**
General and administrative expenses		
Salaries and employees' benefits	(106,586)	(90,046)
Transportation	(5,516)	(5,246)
Training	(8,611)	(11,103)
Depreciation of property, plant and equipment (Note 13)	(6,793)	(5,397)
Amortisation of land use rights (Note 14)	(90)	(259)
Amortisation of intangible assets (Note 15)	(2,688)	(2,190)
Maintenance	(4,059)	(10,810)
Rental	(2,720)	(1,954)
Professional fees	(6,167)	(5,549)
Insurance	(3,289)	(3,133)
Security	(794)	(3,565)
Electricity, water and telephone	(458)	(2,021)
Licenses	(8,629)	(3,165)
Office expenses	(4,022)	(3,432)
Bank fees	(37)	(732)
Others	(6,622)	(6,028)
Total general and administrative expenses	**(167,081)**	**(154,630)**
Finance costs		
Interest expense and amortisation on:		
Loans and borrowings	(144,163)	(145,125)
Less:		
Capitalised to biological assets (Note 11)	31,692	40,101
Total finance costs	**(112,471)**	**(105,024)**

Notes to the Financial Statements

31 December 2012

7. Income tax expenses

Major components of income tax expense

	Group	
	2012	2011
	IDR'million	IDR'million
Current income tax:		
– Current year	(249,969)	(247,047)
Deferred income tax:		
– Current year	(11,822)	(50,024)
Income tax expense recognised in profit or loss	**(261,791)**	**(297,071)**

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 2012 and 2011 are as follows:

	Group	
	2012	2011
	IDR'million	IDR'million
Profit before tax	**1,163,611**	**1,190,034**
Tax at the domestic rates applicable to profits in the countries where the Group operates	(251,435)	(299,855)
Net permanent differences at maximum marginal tax rate	(9,770)	1,730
Fair value changes of biological assets	(91)	888
Others	(495)	166
Income tax expense recognised in profit or loss	**(261,791)**	**(297,071)**

Notes to the Financial Statements

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8. Investment in jointly controlled entity

	Company	
	2012	2011
	IDR'million	IDR'million
Unquoted equity shares, at cost	–	51,164

Details of the jointly controlled entity are as follows:

Name of jointly controlled entity	Country of incorporation	Business activities	Effective ownership held by the Group	
			2012	2011
			%	%
PT Bumitama Gunajaya Agro ("BGA")	Indonesia	Wholesale distribution, agriculture and plantations development	–	14.30

On 20 March 2012, as part of restructuring exercise, the Company increased its shareholding in BGA from 14.30% to 90.00%. Upon completion of the restructuring exercise, BGA became a subsidiary of the Company (Note 9).

9. Investment in subsidiaries

	Company	
	2012	2011
	IDR'million	IDR'million
Unquoted equity shares, at cost	386,521	–

Details of the subsidiaries are as follows:

Subsidiaries	Country of incorporation	Business activities	Effective ownership held by the Group	
			2012	2011
			%	%
Held by the Company				
PT Bumitama Gunajaya Agro ("BGA") [1]	Indonesia	Wholesale distribution, agriculture and plantations development	90.00	100.00*
PT Bumitama Sawit Lestari ("BSL") [1]	Indonesia	Investment holding	90.00	–

Notes to the Financial Statements

31 December 2012

9. Investment in subsidiaries (Continued)

Subsidiaries	Country of incorporation	Business activities	Effective ownership held by the Group 2012 %	2011 %
Held via BGA:				
PT Karya Makmur Bahagia ("KMB") (1)	Indonesia	Oil palm plantation and mill	85.50	95.00*
PT Windu Nabatindo Lestari ("WNL") (1)	Indonesia	Oil palm plantation and mill	81.00	90.00*
PT Rohul Sawit Industri ("RSI") (1)	Indonesia	Palm oil mill	81.00	90.00*
PT Bumitama Gunajaya Abadi ("BG Abadi") (1)	Indonesia	Oil palm plantation	85.50	95.00*
PT Windu Nabatindo Abadi ("WNA") (1)	Indonesia	Oil palm plantation	85.50	95.00*
PT Masuba Citra Mandiri ("MCM") (1)	Indonesia	Oil palm plantation	85.50	95.00*
PT Windu Nabatindo Sejahtera ("WNS") (3)	Indonesia	Oil palm plantation	85.50	95.00*
PT Agro Manunggal Sawitindo ("AMS") (2)	Indonesia	Oil palm plantation	85.50	95.00*
PT Lestari Gemilang Intisawit ("LGI") (2)	Indonesia	Oil palm plantation	81.00	90.00*
PT Ladang Sawit Mas ("LSM") (3)	Indonesia	Oil palm plantation	85.50	–
Held via BSL:				
PT Tanah Tani Lestari ("TTL") (3)	Indonesia	Oil palm plantation	85.50	–
Held via KMB:				
PT Hatiprima Agro ("HPA") (2)	Indonesia	Oil palm plantation	85.73	95.25*
Held via AMS:				
PT Gunajaya Karya Gemilang ("GKG") (2)	Indonesia	Oil palm plantation	85.52	95.02*
PT Gunajaya Ketapang Sentosa ("GKS") (2)	Indonesia	Oil palm plantation	85.52	95.02*
PT Karya Bakti Agro Sejahtera ("KBAS") (2)	Indonesia	Oil palm plantation	85.52	95.02*
Held via LGI:				
PT Agro Sejahtera Manunggal ("ASM") (2)	Indonesia	Oil palm plantation	82.37	91.52*
PT Karya Makmur Langgeng ("KML") (3)	Indonesia	Oil palm plantation	82.37	91.52*

(1) Audited by member firm of Ernst & Young Global in Indonesia
(2) Audited by KAP Anwar & Rekan
(3) Not required to be audited by law in its country of incorporation.
* the effective ownership of the subsidiaries by the Group for the year ended 31 December 2011 have been presented on the basis that the Group are under common control and is accounted for by applying the pooling of interests method.

Notes to the Financial Statements

31 December 2012

9. Investment in subsidiaries (Continued)

(a) Incorporation of subsidiary company

PT Bumitama Sawit Lestari ("BSL") was incorporated in Indonesia with an issued and paid up capital of IDR 5,000 million. The principal activities of BSL are wholesale of agricultural raw materials and investment holding. BSL facilitates the acquisition of new land banks in the future.

The Company holds a 90% equity interest in BSL while the remaining 10% is held by PT Harita Jayaraya, an associate of the controlling shareholders, Lim Hariyanto Wijaya Sarwono and Mr Lim Gunawan Hariyanto.

(b) Acquisition of subsidiaries

On 25 April 2012, BGA together with PT Karya Manunggal Sawitindo ("KMS"), an associate of the Group's controlling shareholders, Dr Lim Hariyanto Wijaya Sarwono and Mr Lim Gunawan Hariyanto, acquired wholly-owned subsidiary in PT Ladang Sawit Mas ("LSM") for a total consideration of USD 1 million (equivalent to IDR 9,063 million). Upon completion of the acquisition, BGA and KMS own 95.0% and 5.0% of the issued and paid up share capital in LSM, respectively. The net carrying value of the interest acquired approximates the fair consideration paid at the date of acquisition. The transaction was completed on 30 May 2012.

On 17 July 2012, BSL, together with KMS acquired wholly-owned subsidiary in PT Tanah Tani Lestari ("TTL") for a total consideration of IDR 1,000 million. Upon completion of the acquisition, BSL and KMS own 95.0% and 5.0% of the issued and paid-up shares capital in TTL, respectively. The net carrying value of the interest acquired approximates the fair consideration paid on the date of acquisition. The transaction was completed 30 November 2012.

The Group has acquired LSM and TTL in order to increase the hectarage of its land bank. In addition, the land bank of LSM and TTL is situated near the land bank of the group. The close proximity would allow the group to achieve operational efficiency through the sharing of resources such as labour and infrastructure.

Notes to the Financial Statements

31 December 2012

9. Investment in subsidiaries (Continued)

(b) Acquisition of subsidiaries (Continued)

The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of LSM and TTL's net identifiable assets.

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

	LSM IDR'million	TTL IDR'million
Land use rights (Note 14)	2,500	175
Other receivables	–	200
Cash and cash equivalents	–	625
Total identifiable net assets at fair value	2,500	1,000
Non-controlling interest measured at the non-controlling interest's proportionate share of LSM and TTL's	(125)	(50)
Goodwill arising from acquisition (Note 15)	6,563	–
Consideration paid	**8,938**	**950**

Consideration transferred for the acquisition of LSM and TTL

	LSM IDR'million	TTL IDR'million
Cash and total consideration transferred	**8,938**	**950**

Effect of the acquisition of LSM and TTL on cash flows

	LSM IDR'million	TTL IDR'million
Total consideration settled in cash for equity interest acquired	8,938	950
Less: Cash and cash equivalents of subsidiaries acquired	–	(625)
	8,938	**325**

Notes to the Financial Statements

31 December 2012

9. Investment in subsidiaries (Continued)

(b) Acquisition of subsidiaries (Continued)

Transaction costs

Transaction costs related to the acquisition of IDR 13 million have been recognised in the "Administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2012.

Goodwill arising from acquisition

The goodwill of IDR 6,563 million comprises the value of strategic land bank area and operational efficiency through sharing of resources. None of the goodwill is expected to be deductible for income tax purposes.

Impact of the acquisition on profit or loss

From the acquisition date and from the beginning of the year, LSM and TTL have no revenue and profit for the year.

(c) Acquisition of non-controlling interests of subsidiaries of BGA

On 7 February 2011, BGA entered into a conditional sale and purchase agreement with PT Karya Manunggal Sawitindo ("KMS") to acquire additional equity interests for a total cash consideration amounting to IDR 290,991 million.

Notes to the Financial Statements

31 December 2012

9. Investment in subsidiaries (Continued)

(c) Acquisition of non-controlling interests of subsidiaries of BGA (Continued)

As a result of the acquisition of additional equity interests, BGA increased its shareholding to 95.0% ownership of the following subsidiaries:

	Additional equity interest %	Carrying value of net assets IDR'million	Carrying value of the additional interest acquired IDR'million	Consideration paid IDR'million
PT Windu Nabatindo Abadi ("WNA")	15.0	324,543	48,681	76,580
PT Bumitama Gunajaya Abadi ("BG Abadi")	15.0	621,730	93,260	122,295
PT Agro Manunggal Sawitindo ("AMS")	15.0	48,967	7,345	86,906
PT Windu Nabatindo Sejahtera ("WNS")	15.0	658	99	1,131
PT Masuba Citra Mandiri ("MCM")	5.0	30,260	1,513	4,079
		1,026,158	150,898	290,991
Represented by:				
Consideration paid				290,991
Carrying value of additional interest acquired				(150,898)
				140,093

The difference of IDR 140,093 million between the consideration and the carrying value of the additional interest acquired is recognised under "Premium paid on acquisition of non-controlling interests" within equity on the completion of the acquisition.

The above acquisitions were completed on 19 December 2011.

(d) Disposal of subsidiary – PT Karya Prima Agro Sejahtera ("KPAS")

On 29 November 2011, BGA and its subsidiary LGI disposed of their equity interests in KPAS representing 15.2% and 84.8% to a third party for a consideration of USD 1,834,941 and USD 10,237,041, respectively. The sales and purchase was completed on 29 November 2011 on receipt of the full sales proceeds on that day. The gain on disposal amounting to IDR 45,158 million was recognised in the "Other income" line item in the combined income statement.

Notes to the Financial Statements

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10. Investment in associate companies

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Acquisition of associate companies	97,081	–	97,081	–
Share of post-acquisition reserve	(7,934)	–	–	–
Exchange differences	5,181	–	5,181	–
Balance at end of financial year	**94,328**	**–**	**102,262**	**–**

Details of the associate companies are as follows:

Name	Country of incorporation	Business activities	Effective ownership held by the Group	
			2012	2011
			%	%
Held through the company:				
PT Sawit Nabati Agro ("SNA") [1]	Indonesia	Oil palm plantation	28.00	–
PT Berkat Agro Sawitindo ("BAS") [1]	Indonesia	Oil palm plantation	28.00	–

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

On 20 March 2012, the company subscribed for 280 shares of SNA and BAS at SGD 47,453 (approximately IDR 347 million) per share, respectively in connection with the restructuring exercise in Note 1.

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

	Group 2012 IDR'million
Assets and liabilities	
Total assets	464,419
Total liabilities	501,184
Results	
Revenue	3,397
Loss for the year	(28,337)

Notes to the Financial Statements

31 December 2012

11. Biological assets

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

	Group	
	2012	2011
	IDR'million	IDR'million
Mature plantations		
At fair value:		
Beginning balance	2,748,703	1,830,637
Transfer from immature plantations	455,251	475,337
	3,203,954	2,305,974
Gain arising from fair value changes in biological assets	351,249	442,729
Ending balance	3,555,203	2,748,703
Immature plantations		
At fair value:		
Beginning balance	1,533,094	1,724,695
Development costs	765,319	574,235
Transferred from nurseries	39,156	61,681
Disposal of a subsidiary	–	(85,447)
	2,337,569	2,275,164
Transferred to mature plantations	(455,251)	(475,337)
Loss arising from fair value changes in biological assets	(285,654)	(266,733)
Ending balance	1,596,664	1,533,094
Nurseries		
At fair value:		
Beginning balance	38,191	69,565
Development costs	120,375	46,763
Disposal of a subsidiary	–	(21,468)
	158,566	94,860
Transferred to immature plantations	(39,156)	(61,681)
(Loss)/gain arising from fair value changes in biological assets	(7,947)	5,012
Ending balance	111,463	38,191
Total biological assets	**5,263,330**	**4,319,988**

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

Notes to the Financial Statements

31 December 2012

11. Biological assets (Continued)

Significant assumptions made in determining the fair values of the biological assets are as follows:

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

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

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

(d) the discount rate used for the Group's plantation operations which is applied in the discounted future cash flows calculation for 31 December 2012 and 2011 is 11.8 % and 12.6%, respectively;

(e) the projected selling prices of CPO for the financial years ended 31 December 2012 and 2011 referenced to independent professional valuer's report.

	Group	
	2012	**2011**
	IDR/KG	**IDR/KG**
Projected CPO price	6,297 – 6,696	6,528 – 7,454
	Tonnes	**Tonnes**
FFB harvested	948,603	678,330
	Hectares	**Hectares**
Mature biological assets (planted nucleus)	51,532	41,084
Immature biological assets (planted nucleus)	49,650	46,497

The plantations of the Group have been insured against the risk of fire, covering an aggregate area of approximately 21,405 hectares (2011: 73,142 hectares) for up to approximately IDR 499 billion (2011: IDR 1,766 billion) as at 31 December 2012. Total planted area for the year ended 31 December 2012 accounted for approximately 101,182 hectares (2011: 87,581 hectares).

Depreciation of property, plant and equipment capitalised to immature plantations for the financial year ended 31 December 2012 and 2011 amounted to IDR 7,715 million and IDR 17,270 million (Note 13).

Borrowing costs capitalised to immature plantations for the financial year ended 31 December 2012 and 2011 amounted to IDR 31,692 million and IDR 40,101 million (Note 6).

As at 31 December 2012 and 2011, biological assets pledged as collateral for the bank loans facilities were IDR 1,641 billion and IDR 2,518 billion, respectively.

Notes to the Financial Statements

31 December 2012

12. Plasma receivables

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

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

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

As of 31 December 2012 and 2011, the Company has developed plasma plantations through bank partnerships covering a total area of 32,185 hectares and 30,879 hectares, and plasma farmers of 14,789 and 14,539, respectively.

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

Group	Plasma plantation development costs IDR'million	Investment credits IDR'million	Net plasma plantation receivables IDR'million
KKPA			
At 1 January 2011	874,682	(685,791)	188,891
Development costs net of plasma FFB purchased by the Group	26,071	–	26,071
Additional credits	–	(192,817)	(192,817)
Depreciation expense capitalised (Note 13)	5,137	–	5,137
Interest capitalised	55,009	–	55,009
Payment of self financing of receivables from plasma plantation	–	36,323	36,323
Disposal of a subsidiary	(71,683)	59,614	(12,069)
At 31 December 2011	**889,216**	**(782,671)**	**106,545**
At 1 January 2012	889,216	(782,671)	106,545
Development costs net of plasma FFB purchased by the Group	109,226	–	109,226
Additional credits	–	(130,894)	(130,894)
Depreciation expense capitalised (Note 13)	10,831	–	10,831
Interest capitalised	25,630	–	25,630
Payment of self financing of receivables from plasma plantation	–	80,735	80,735
At 31 December 2012	**1,034,903**	**(832,830)**	**202,073**

Notes to the Financial Statements

31 December 2012

13. 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 in construction IDR'million	Total IDR'million
Cost								
At 1 January 2011	403,298	–	71,787	300,579	202,206	41,979	148,198	1,168,047
Additions	78,857	–	11,526	65,381	36,037	6,155	144,919	342,875
Disposals	–	–	–	–	(1,185)	–	–	(1,185)
Disposal of a subsidiary (Note 9(d))	(11,362)	–	(454)	(1,667)	(5,648)	(482)	(462)	(20,075)
Reclassification	81,215	–	18,316	71,026	12,929	5	(183,491)	–
At 31 December 2011 and 1 January 2012	552,008	–	101,175	435,319	244,339	47,657	109,164	1,489,662
Additions	37,142	2,024	37,671	13,435	54,844	10,689	279,732	435,537
Disposals	–	–	–	–	(1,229)	–	–	(1,229)
Reclassification	27,280	–	28,526	4,591	–	–	(60,397)	–
At 31 December 2012	616,430	2,024	167,372	453,345	297,954	58,346	328,499	1,923,970
Accumulated depreciation								
At 1 January 2011	61,627	–	11,914	62,110	76,044	17,457	–	229,152
Charge for the year	26,231	–	4,955	21,507	31,436	8,257	–	92,386
Disposals	–	–	–	–	(177)	–	–	(177)
Disposal of a subsidiary (Note 9(d))	(295)	–	(15)	(276)	(1,256)	(144)	–	(1,986)
At 31 December 2011 and 1 January 2012	87,563	–	16,854	83,341	106,047	25,570	–	319,375
Charge for the year	29,455	674	7,209	26,222	32,190	9,247	–	104,997
Disposals	–	–	–	–	(575)	–	–	(575)
At 31 December 2012	117,018	674	24,063	109,563	137,662	34,817	–	423,797
Net carrying amount								
At 31 December 2011	**464,445**	**–**	**84,321**	**351,978**	**138,292**	**22,087**	**109,164**	**1,170,287**
At 31 December 2012	**499,412**	**1,350**	**143,309**	**343,782**	**160,292**	**23,529**	**328,499**	**1,500,173**

Notes to the Financial Statements

31 December 2012

13. Property, plant and equipment (Continued)

Company	Renovations IDR'million	Furniture and fixtures IDR'million	Total IDR'million
Cost			
At 1 January 2011, 31 December 2011 and 1 January 2012	–	–	–
Additions	2,024	121	2,145
At 31 December 2012	2,024	121	2,145
Accumulated depreciation			
At 1 January 2011, 31 December 2011 and 1 January 2012	–	–	–
Charge for the year	675	12	687
At 31 December 2012	675	12	687
Net carrying amount			
At 31 December 2011	**–**	**–**	**–**
At 31 December 2012	**1,349**	**109**	**1,458**

Assets held under finance lease

The net carrying amount of vehicles and heavy equipment held under obligations of finance lease for the year ended 31 December 2012 amounted to IDR Nil million (2011: IDR 17,138 million).

Assets pledged as security

The Group's property, plant and equipment as at 31 December 2012 with a net carrying amount of IDR 324,404 million (2011: IDR 604,025 million), are pledged to secure the Group's bank loan.

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

	Group	
	2012 IDR'million	2011 IDR'million
Cost of sales (Note 5)	79,658	64,582
General and administrative expenses (Note 6)	6,793	5,397
Immature plantations (Note 11)	7,715	17,270
Plasma receivables (Note 12)	10,831	5,137
Total depreciation	**104,997**	**92,386**

Notes to the Financial Statements

31 December 2012

14. Land use rights

	Group	
	2012	2011
	IDR'million	IDR'million
Cost:		
At 1 January	148,028	114,816
Additions	133,664	56,730
Acquisition of subsidiaries (Note 9)	2,675	–
Disposal of a subsidiary	–	(23,518)
At 31 December	284,367	148,028
Accumulated amortisation:		
At 1 January	3,114	2,297
Amortisation for the year	648	817
At 31 December	3,762	3,114
Net carrying amount	280,605	144,914
Amount to be amortised:		
– Not later than one year	648	648
– Later than one year but not more than five years	2,592	2,592
– Later than five years	277,365	141,674
	280,605	**144,914**

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

As at 31 December 2012, the land use rights have remaining tenure of 24 years to 31 years (2011: 25 years to 32 years).

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

	2012	2011
	IDR'million	IDR'million
Cost of sales (Note 5)	558	558
General and administrative expenses (Note 6)	90	259
	648	**817**

As at 31 December 2012, land use rights pledged as collateral for the bank loans facilities amounted to IDR 56,413 million (2011: IDR 48,624 million).

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31 December 2012

15. Intangible assets

	Goodwill IDR'million	Software IDR'million	Total IDR'million
Cost:			
At 1 January 2011	87,170	10,949	98,119
Disposal of a subsidiary	(15,476)	–	(15,476)
At 31 December 2011 and 1 January 2012	71,694	10,949	82,643
Acquisition of subsidiaries (Note 9)	6,563	–	6,563
Additions	–	2,734	2,734
At 31 December 2012	78,257	13,683	91,940
Accumulated amortisation:			
At 1 January 2011	–	2,865	2,865
Amortisation for the year (Note 6)	–	2,190	2,190
At 31 December 2011 and 1 January 2012	–	5,055	5,055
Amortisation for the year (Note 6)	–	2,688	2,688
At 31 December 2012	–	7,743	7,743
Net carrying amount:			
At 31 December 2011	**71,694**	**5,894**	**77,588**
At 31 December 2012	**78,257**	**5,940**	**84,197**

Goodwill

In 2007, the Group acquired 28.2% of the non-controlling interests in a subsidiary, KMB from a related company. Goodwill of IDR 22,885 million representing the excess of cost of the additional investment (28.2%) over the carrying amount of the interest in the net asset acquired at the date of transaction was recognised.

On 21 October 2010, the Group acquired 90.0% interest in LGI and its subsidiaries from a third party, for a cash consideration of IDR 172,388 million.

On 25 April 2012, the Group acquired 95.0% interest in LSM from a third party, for a cash consideration of IDR 8,938 million.

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 CGU relating to the goodwill as at 31 December is as follows:

	2012 IDR'million	2011 IDR'million
Carrying values:		
– KMB	22,885	22,885
– LGI	48,809	48,809
– LSM	6,563	–
	78,257	**71,694**

Notes to the Financial Statements

31 December 2012

15. Intangible assets (Continued)

Impairment testing of goodwill (Continued)

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

	2012 IDR'million	2011 IDR'million
Discount rate (pre-tax)	11.8%	12.6%
Inflation rate	4% – 5%	4% – 6%
Projected CPO price (IDR/Kg)	6,297 – 6,696	6,528 – 7,454

The recoverable value calculation applied a discounted cash flow model using cash flow projections covering a period of 9 years, and a projected CPO price of IDR 6,297 – IDR 6,696 per kg. The cash flows calculated is based on the Appraiser's judgement with reference to monetary policy report published by Bank Indonesia, International Monetary Fund data and World Economic Outlook Database. The inflation rate in sixth year carries inflation rate of 4% and the cash flows beyond the projected periods are extrapolated using the inflation rate of 4%.

The calculations of value-in-use are most sensitive to the following assumptions:

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

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

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

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.

Notes to the Financial Statements

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16. Due from subsidiaries

	Company	
	2012	2011
	IDR'million	IDR'million
Non-current:		
Loan to subsidiaries	2,058,478	–
Current:		
Loan to subsidiaries	670,080	–
Due from subsidiaries	260,869	–
	930,949	–
Total due from subsidiaries	**2,989,427**	**–**

Loan to subsidiaries

Included in loan to subsidiaries is an amount of IDR 1,206,055 million (2011: IDR Nil) which is non-trade, bears interest at 3.5% per annum above the three months SGD Singapore Interbank Offered Rate ("SIBOR"), unsecured and is repayable at the end of the fifth anniversary from 13 April 2012. The amount is denominated in SGD.

Included in loan to subsidiaries is an amount of IDR 1,522,503 million (2011: IDR Nil) which is non-trade, bears interest at 4.5% per annum above the three months SGD SIBOR, unsecured and are to be settled in cash. The loan is repayable in quarterly installments commencing 19 November 2012 and matures on 19 November 2017. The amount is denominated in USD.

Due from subsidiaries

Due from subsidiaries are non-trade in nature, non-interest bearing, unsecured, repayable on demand, and are to be settled in cash. The amount is denominated in USD.

17. Loan to an associate company

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

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18. Inventories

	Group	
	2012	2011
	IDR'million	IDR'million
At lower of cost and net realisable value:		
Finished goods:		
CPO	150,393	116,226
PK	10,905	9,909
	161,298	126,135
Fertilisers and chemicals	97,085	86,376
Spare parts and other consumables	65,119	50,822
	162,204	137,198
Total inventories	323,502	263,333
Inventories recognised as an expense in cost of sales (Note 5)	**2,102,802**	**1,565,632**

As at 31 December 2012, inventories pledged as collateral for the bank loans facilities were IDR Nil million (2011: IDR 82,478 million), respectively.

19. Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Trade and other receivables:				
Trade receivables	24,771	2,837	–	–
Other receivables	22,818	29,428	–	–
Total trade and other receivables	47,589	32,265	–	–
Due from subsidiaries (Note 16)	–	–	2,989,427	–
Loan to an associate company (Note 17)	87,209	–	87,209	–
Due from related companies (Note 20)	69,293	1,626	–	–
Cash and short-term deposits (Note 21(a))	886,763	270,139	56,069	2,706
Total loans and receivables	**1,090,854**	**304,030**	**3,132,705**	**2,706**

Trade receivables

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

Notes to the Financial Statements

31 December 2012

19. Trade and other receivables (Continued)

Receivables that are past due but not impaired

The Group has trade receivables as at 31 December 2012 amounting to IDR 24,771 million (2011: IDR 2,837 million), that are past due but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2012	2011
	IDR'million	IDR'million
Trade receivables past due:		
Less than 30 days	24,771	2,001
30 to 60 days	–	–
61 to 90 days	–	97
More than 90 days	–	739
	24,771	**2,837**

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

Other receivables

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

20. Due from related companies

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

Due from related companies denominated in foreign currency at 31 December are as follows:

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
USD	–	177	–	–

Notes to the Financial Statements

31 December 2012

21. Cash and short-term deposits

(a) *Cash and short-term deposits*

	Group		Company	
	2012 IDR'million	2011 IDR'million	2012 IDR'million	2011 IDR'million
Cash at bank and on hand	188,243	178,731	56,069	2,706
Time deposit	698,520	91,408	–	–
Total cash and short-term deposits	**886,763**	**270,139**	**56,069**	**2,706**

Cash at bank earns interest at floating rates based on daily bank deposit rate. Time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the annual interest rates of 2.8% to 7.8% (2011: 1.9% to 7.3%).

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

	Group		Company	
	2012 IDR'million	2011 IDR'million	2012 IDR'million	2011 IDR'million
USD	512,506	13,186	21,484	1,451
SGD	72,262	1,311	33,475	1,255

(b) *Cash flow from operating activities*

	Group	
	2012 IDR'million	2011 IDR'million
Profit before tax	1,163,611	1,190,034
Adjustments:		
Depreciation and amortisation	89,787	72,986
Finance cost	112,471	105,024
Interest income	(14,524)	(10,796)
Post employment benefits	11,984	7,925
Unrealised foreign exchange loss	57,742	9,329
Gain on disposal of investment in subsidiary	–	(45,158)
Gain from waiver of other liability	–	(8,051)
Loss on disposal of property, plant and equipment	–	88
Share of loss of associate companies	7,934	–
Gain arising from fair value changes in biological assets	(57,648)	(181,008)
Operating cash flows before working capital changes	1,371,357	1,140,373
Increase in trade and other receivables	(111,438)	(17,336)
Increase in inventories	(60,169)	(115,350)
Decrease/(increase) in prepaid taxes	13,115	(10,884)
Increase in prepayment and advances	(15,519)	(7,197)
Decrease/(increase) in deferred charges	19,009	(19,138)
Increase in tax refundable	(8,739)	(16,593)
Increase in trade and other payables	103,121	117,195
Increase in accrued operating expenses	17,286	26,959
(Decrease)/increase in sales advances	(120,668)	95,874
Decrease in post employment benefits	(11,433)	(4,201)
Cash flows from operations	1,195,922	1,189,702
Corporate income tax paid	(318,632)	(160,053)
Net cash resulting from operating activities	**877,290**	**1,029,649**

Notes to the Financial Statements

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22. Amounts due to shareholders

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Amounts due to shareholders	–	12,955	–	12,955

Amounts due to shareholders

Amounts due to shareholders are non-trade, non-interest bearing, unsecured and carried no fixed term of repayment. The amounts are denominated in USD.

On 8 March 2011, amounts due to shareholders of SGD 6,399,998 (equivalent to USD 4,999,998) was capitalised into 6,399,998 issued and paid-up share capital in the Company (Note 31).

23. Loans and borrowings

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Current:				
Revolving loan facility	473,809	–	391,098	–
Term loan	316,789	516,300	112,370	–
	790,598	516,300	503,468	–
Non-current:				
Term loan	1,791,792	1,794,882	826,377	–
Loans and borrowings	**2,582,390**	**2,311,182**	**1,329,845**	**–**

Loans and borrowings denominated in foreign currency as at 31 December are as follows:

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
USD	**1,611,625**	**1,150,147**	**1,329,845**	**–**

Notes to the Financial Statements

31 December 2012

23. Loans and borrowings (Continued)

Details of the loans and borrowings from financial institutions are as follows:

Revolving loan facility:

(a) revolving loan facility from a syndicate of foreign banks with maximum limit of USD 50 million obtained by the Group and the Company during 2012 for general corporate purposes. The interest rate was computed based on the USD SIBOR plus a 2.00% per annum. The revolving loan facility commenced on 12 November 2012 and is repaid or rolled-over on a monthly basis and matures on 12 November 2015. As at 31 December 2012, the Group and the Company have total amounts outstanding of IDR 473,809 million and IDR 391,098 million, respectively. The loan includes financial covenant which require the Group to maintain a net debt to EBITDA not exceeding 3 times, debt service cover ratio not less than 1.25 times and total debt to equity shall not exceed 1.5 times. The loan is secured by a corporate guarantee provided by the Company and certain subsidiaries.

Term loans:

(a) loans from an Indonesian bank obtained by certain subsidiaries during 2010 for palm oil plantations purposes. The loan is obtained in 2 stages and bore interest payable of 10.00% to 10.75% per annum (2011: 11.25% to 11.75% per annum) and matures on 23 May 2012 and 23 May 2015, respectively. The loans are secured over certain of the subsidiaries assets. The loans are repayable in quarterly installments commencing from 28 April 2010, with a total amount of IDR 641,443 million (2011: IDR 553,889 million) outstanding as at 31 December 2012. This loan includes the financial covenants which require certain subsidiaries to maintain a current ratio exceeding 100% debt to equity ratios not exceeding 300% and debt service coverage ratio not exceeding 100%.

(b) loan from an Indonesian bank obtained by certain subsidiary during 2010 for palm oil plantations purposes. The loan bore interest payable of 10.25% to 11.00% per annum (2011: 12.00% per annum). The loan is secured over certain of the subsidiary's assets, corporate guarantees and personal guarantees. The loan is repayable on a monthly basis and matures on 26 April 2019, with a total amount of IDR 138,189 million (2011: IDR 128,390 million) outstanding as at 31 December 2012.

(c) loan from an Indonesian bank obtained by certain subsidiary during 2006 for palm oil plantations purposes. The loan is obtained in 2 stages and bore interest of 10.00% to 11.00% per annum (2011: 11.00% to 11.50% per annum). The loan is secured over certain of the subsidiary's assets, corporate guarantees and personal guarantees. The loan is repayable on a monthly basis and matures in 2017, with a total amount of IDR 191,133 million (2011: IDR 198,066 million) outstanding as at 31 December 2012.

Notes to the Financial Statements

31 December 2012

23. Loans and borrowings (Continued)

Term loans: (Continued)

(d) loans from a syndicate of foreign banks obtained by certain subsidiaries in 2010 for palm oil plantations purposes. The loan bore interest payable of 3.94% to 4.04% per annum (2011: 3.69% to 3.95% per annum). The interest rate was computed based on the Singapore Inter Bank Offered Rate ("SIBOR") plus a 3.00% per annum. The loan is repayable in quarterly installments commencing from 5 May 2010 and matures on 21 October 2015, with a total amount of IDR Nil million (2011: IDR 1,155,609 million) outstanding as at 31 December 2012. The loans are secured over certain of the subsidiaries assets, corporate guarantees and personal guarantees. This loan includes the financial covenants which require certain subsidiaries to maintain a net debt to EBITDA not exceeding 4.5 times and decrease by 0.5 basis points on annual basis until the loans matures, EBITDA to debt service ratio not less than 1.25. The loan was fully repaid during the current year.

(e) loan from an Indonesian bank obtained by certain subsidiary during 2010 for palm oil plantations purposes. The loan bore interest of 6.45% per annum (2011: 11.00% per annum). The loan is secured over certain of the subsidiary's assets and personal guarantees. The loan is repayable on a monthly basis and matures on 27 January 2013, with a total amount of IDR Nil million (2011: IDR 22,509 million) outstanding as at 31 December 2012. The loan was fully repaid in the current year.

(f) loan from an Indonesian bank obtained by certain subsidiaries during 2011 for working capital purposes. The loan bore interest payable of 4.44% to 4.54% per annum (2011: 4.45% per annum). The interest rate was computed based on the Singapore Inter Bank Offered Rate ("SIBOR") plus a 4.00% per annum. The loan is repayable in quarterly installments commencing from 1 November 2011 and matures on 1 November 2012, with a total amount of IDR Nil million (2011: IDR 136,777 million) outstanding as at 31 December 2012. The loan is secured over certain of the subsidiary's assets. The loan was fully repaid in the current year.

(g) loan from Indonesian bank by certain subsidiary during 2010 for palm oil plantations purposes. The loan bore interests payable of 12.50% per annum. The Investment Credit Facility is secured by biological assets and facilities, corporate guarantee from BGA, personal guarantee from a director of BGA and ASM's land use rights. The loan is repayable on quarterly installments and matures on 24 September 2022, including grace period of 2 years, with a total amount of IDR Nil million (2011: IDR 115,942 million) outstanding as at 31 December 2012. The loan was fully repaid in the current year.

(h) term loan from a syndicate of foreign banks with maximum limit of USD 120 million obtained by the Group and Company during 2012 for repayment of existing bank debt and payment of outstanding fees. The interest rate was computed based on the USD Singapore Inter Bank Offered Rate ("USD SIBOR") plus a 2.15% per annum. The loan is repayable in quarterly instalments commencing from 19 November 2012 and matures on 19 November 2017. As at 31 December 2012, total amount of loan for the Group and the Company amounted to IDR 1,138 billion and IDR 939 billion, respectively. This loan includes financial covenant which require the Group to maintain a net debt to EBITDA not exceeding 3 times, debt service cover ratio not less than 1.25 times and total debt to equity shall not exceed 1.5 times. The loan is secured by a corporate guarantee provided by the Company and certain subsidiaries.

Notes to the Financial Statements

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24. Obligations under finance leases

The Group entered into capital lease agreements for purchase of farming equipment and motor vehicles incidental to the ordinary course of the business. These capital leases range between three to five years. As at 31 December 2012 and 2011, the interest rates of these consumers financing lease range from 5.41% to 17.25% and 4.71% to 12.70% per annum.

	Group	
	2012	2011
	IDR'million	IDR'million
Current portion	–	6,092
Non-current portion	–	203
	–	**6,295**

The finance leases were fully repaid in the current financial year.

25. Trade and other payables

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Trade and other payables:				
Trade payables	294,311	226,241	–	–
Other payables	173,973	138,923	–	54
Amounts due to related companies	–	73	1,677	11,086
Total trade and other payables	468,284	365,237	1,677	11,140
Amounts due to shareholders and related parties (Note 22)	–	12,955	–	12,955
Loans and borrowings (Note 23)	2,582,390	2,311,182	1,329,845	–
Obligations under finance leases (Note 24)	–	6,295	–	–
Due to a subsidiary (Note 26)	–	–	335,052	–
Accrued liabilities (Note 27)	22,163	16,526	8,054	10,684
Total financial liabilities carried at amortised cost	**3,072,837**	**2,712,195**	**1,674,628**	**34,779**

Trade and other payables

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

Notes to the Financial Statements

31 December 2012

25. Trade and other payables (Continued)

Amounts due to related companies

Amounts due to related companies are non-trade, non-interest bearing, unsecured and are repayable on demand.

Amounts due to related companies denominated in foreign currency as at 31 December are as follows:

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
USD	–	73	1,677	–

26. Due to a subsidiary

Due to a subsidiary is non-trade, bears interest at 3-months SGD SIBOR + 4.5% per annum, unsecured, repayable on 19 November 2017 and are to be settled in cash. The amount is denominated in USD.

27. Accrued operating expenses

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Listing expenses	72	10,898	72	10,684
Accrued interests	12,638	558	3,138	–
Professional fees	3,828	4,889	482	–
Others	5,625	181	4,362	–
Total accrued liabilities	22,163	16,526	8,054	10,684
Add: Salaries and wages	51,431	39,782	95	–
Total accrued operating expenses	**73,594**	**56,308**	**8,149**	**10,684**

28. Post employment benefits

The Group recognised post employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003. The provision for post employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method. No fund was provided for such liability for post employment benefits. As at 31 December 2012, number of employees of 2,594 (2011: 2,243), were included in the computation.

Notes to the Financial Statements

31 December 2012

28. Post employment benefits (Continued)

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

	2012 IDR'million	2011 IDR'million
Normal Pension Age	55 years	55 years
Salary Increment Rate per annum	5.0%	5.0%
Discount Rate per annum	6.0%	7.0%
Mortality Rate	Indonesia – II	Indonesia – II
Resignation level per annum	2% of 18 – 44 years	2% of 18 – 44 years

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

	Group	
	2012 IDR'million	2011 IDR'million
Present value of defined benefit obligation	41,275	25,353
Assets at fair value	(15,442)	(3,074)
Unrecognised past service cost	(174)	(188)
Unrecognised actuarial losses	(9,540)	(6,523)
Total post employment benefits	**16,119**	**15,568**

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

	Group	
	2012 IDR'million	2011 IDR'million
Balance at 1 January	15,568	12,141
Post employment benefits expense	11,984	7,925
Disposal of a subsidiary	–	(297)
Payments during the year	(11,433)	(4,201)
Balance at 31 December	**16,119**	**15,568**

Notes to the Financial Statements

31 December 2012

28. Post employment benefits (Continued)

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

	Group	
	2012	**2011**
	IDR'million	**IDR'million**
Current service cost	10,376	6,269
Interest cost on defined benefit obligation	1,523	1,328
Expected return on asset	(184)	–
Amortisation of past service cost	15	15
Amortisation of actuarial losses	254	313
Post employment benefits expense	**11,984**	**7,925**

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

The experience adjustments on defined benefit obligations are shown as unrecognized actuarial losses. The amount of experience adjustments for 31 December 2012 and previous four annual periods is as follows:–

	Group				
	2012	**2011**	**2010**	**2009**	**2008**
	IDR million	**IDR million**	**IDR million**	**IDR million**	**IDR million**
Defined benefit obligations	16,119	15,568	12,141	6,052	3,564
Experience adjustments on defined benefit obligations	(9,540)	(6,523)	(6,820)	(3,279)	(701)

Notes to the Financial Statements

31 December 2012

29. Taxation

(a) *Tax refundable*

(i) PT Windu Nabatindo Lestari ("WNL")

On 1 July 2011, WNL, a subsidiary, was issued additional Value Added Tax ("VAT") assessments for periods of January, February and March 2007 amounting to IDR 1,834 million, IDR 3,608 million and IDR 1,900 million, respectively. WNL applied objections to the Directorate General of Tax and has partially paid an amount totaling IDR 6,432 million.

In 2012, WNL was issued additional VAT assessments for the period from April 2007 to December 2007 amounting to IDR 11,954 million. Accordingly, WNL filed an objection to the additional assessment and the remaining balance of the underpayment of IDR 12,864 million was paid in the current financial year. The total amounts paid of IDR 19,296 million (2011: IDR 6,432 million) was presented as "Tax refundable" for the year ended 31 December 2012.

(ii) PT Bumitama Gunajaya Abadi ("BG Abadi")

On 12 April 2010, BG Abadi, a subsidiary, was issued two additional VAT assessments for periods of January – April 2008 and May 2008 amounting to IDR 15,758 million and IDR 1,735 million, respectively. BG Abadi has objected to these additional assessments to the Directorate General of Tax. On 20 May 2011, the objections were partially accepted for the period January – April 2008 and the liability was reduced to IDR 4,301 million but declined for May 2008. BG Abadi has appealed against the decisions and the amounts paid totaling IDR 6,036 million (2011: IDR 6,036 million) was presented as "Tax refundable" for the year ended 31 December 2012. As at 31 December 2012, the appeals are still in process.

On 6 September 2010, BG Abadi was issued additional VAT assessment for period of January to December 2007 amounting to IDR 11,457 million. BG Abadi has again objected to these additional assessments to the Directorate General of Tax. On 27 October 2011, the objection was partially accepted and the liability was reduced to IDR 11,350 million. BG Abadi has appealed against the decision and has partially paid IDR 4,125 million in 2011 and the remaining was paid in 2012. On 14 December 2012, BG Abadi was awarded the appeal and the full amount of IDR 11,350 million for the assessment period of January to December 2007 was refunded from the tax office. The total amounts paid of IDR Nil million (2011: IDR 4,125 million) was presented as "Tax refundable" for the year ended 31 December 2012.

(b) *Prepaid taxes*

Prepaid taxes represent VAT as at 31 December 2012.

Notes to the Financial Statements

31 December 2012

29. Taxation (Continued)

(c) *Income tax payable*

	Group	
	2012	2011
	IDR'million	IDR'million
Income tax – Article 23	6,983	2,673
Income tax – Article 25	18,012	9,624
Income tax – Article 26	3,505	–
Income tax – Article 29	55,663	140,530
	84,163	**152,827**

30. Deferred tax

Deferred tax as at 31 December relates to the following:

	Group	
	2012	2011
	IDR'million	IDR'million
Deferred tax assets:		
Property, plant and equipment	2,376	207
Tax loss carried forward	10,036	3,800
Biological assets	21,105	4,133
Deferred tax assets, net	**33,517**	**8,140**
Deferred tax liabilities:		
Property, plant and equipment	(25,228)	(19,413)
Biological assets	(476,610)	(445,225)
Deferred tax liabilities, net	**(501,838)**	**(464,638)**

Notes to the Financial Statements

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31. Share capital

	Group and Company			
	2012		2011	
	No. of shares	IDR' million	No. of shares	IDR' million
Issued and fully paid ordinary shares				
At 1 January	6,400,000	45,000	2	–*
Share issued from capitalisation of shareholders' loan (Note 22)	–	–	6,399,998	45,000
Allotment and issuance of new share	32,657,838	323,217	–	–
Sub-division into new ordinary shares	1,445,140,006	–	–	–
Issuance of ordinary shares (1)	273,334,000	1,491,364	–	–
Share issuance expense	–	(52,536)	–	–
At 31 December	**1,757,531,844**	**1,807,045**	**6,400,000**	**45,000**

* Less than IDR 1,000,000.

(1) On 12 April 2012, the Company issued 273,334,000 new ordinary shares arising from initial public offering.

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

32. Other reserves

Other reserves comprise:

		Group	
		2012	2011
		IDR'million	IDR'million
(i)	Merger reserve	–	336,449
(ii)	Premium paid on acquisition of non-controlling interests	(184,938)	(184,938)
		(184,938)	**151,511**

(i) Merger reserve arises from the restructuring exercise performed by the Group involving entities under common control. Merger reserve arises from the difference between the consideration paid and the carrying value of the assets combined under the pooling of interest method. All assets and liabilities acquired by the Group were recorded at their carrying values at the date of acquisition.

(ii) 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).

33. 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.

Notes to the Financial Statements

31 December 2012

34. Gain on hedging transactions

As at 31 December 2012, the Group entered into and completed the following forward commodity transactions:

	Price (USD)	Trade quantity (MT)	Realised gain recognised in consolidated income statement (IDR'million)
(i)	1,075 – 1,109	14,000	23,019
(ii)	1,028 – 1,085	20,600	22,868
		34,600	**45,887**

Gain on hedging transactions arose primarily from forward commodity transactions entered into by the Group in the current year to manage its exposure to CPO price movements.

35. Earnings per share

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

Diluted earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the respective financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. No dilution of shares was noted for the Company as at 31 December 2012 and 2011.

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

	2012 IDR'million	2011 IDR'million
Profit for the year attributable to owners of the Company	787,896	761,852
	No. of shares	**No. of shares**
Weighted average number of ordinary shares for earnings per share computation	1,322,019,068	5,242,740

The weighted average number of ordinary shares takes into account of sub-division and issuance of new ordinary shares.

Notes to the Financial Statements

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36. Related party transactions

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

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

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Non-trade:				
Purchase of FFB from a related party	29,230	2,415	–	–
Management fee from related companies	5,946	1,451	–	–
Rental fee to related parties	3,518	2,400	1,118	–
Acquisition of non-controlling interests from a related company	–	290,991	–	–

The Group has entered into lease agreements with the Deputy Chief Executive Officer for the lease of office premises for an amount of IDR 3,518 million and IDR 2,400 million for the years ended 31 December 2012 and 2011, respectively. No balance was outstanding at the end of the reporting periods ended 31 December 2012 and 2011.

During 2012, Group sold used motor vehicles to Directors of the Group for total consideration of IDR 530 million (2011: IDR Nil million) which was settled at the end of the year.

(b) *Compensation of key management personnel*

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Short-term employee benefits	11,860	7,493	–	–

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

Notes to the Financial Statements

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37. Commitments

(a) *Contingent liability*

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

As at 31 December 2012 and 2011, these credits are secured by land certificates held by the plasma farmers who participate in the plasma programme and Subsidiaries' corporate guarantees of IDR 832,830 million and IDR 782,671 million, respectively. Repayment of the credit facilities are through 40% deduction of plasma farmers' sales of FFB to the Group. The harvested FFB will be sold to the Group (Note 12).

(b) *Finance lease commitments*

As lessee

The Group has finance leases for certain property, plant and equipment. Future minimum lease payments under finance leases with the present value of the net minimum lease payments are as follows:

	2012		2011	
	Minimum lease payments IDR'million	Present value of minimum lease payments IDR'million	Minimum lease payments IDR'million	Present value of minimum lease payments IDR'million
Not later than one year	–	–	6,497	6,092
Later than one year but not more than five years	–	–	216	203
Total minimum lease payments	–	–	6,713	6,295
Less: Amount representing finance charges	–	–	(418)	–
Present value of minimum lease payments	**–**	**–**	**6,295**	**6,295**

Notes to the Financial Statements

31 December 2012

37. Commitments (Continued)

(c) Operating lease commitments

As lessee

In addition to the land use rights disclosed in Note 14, the Group had the following minimum lease payments under operating leases on premises with initial or remaining term of one year or more:

	Group		Company	
	2012	2011	2012	2011
	IDR'million	IDR'million	IDR'million	IDR'million
Non-cancellable operating leases:				
Not later than one year	3,718	2,400	1,318	–
Later than one year but not more than five years	220	400	220	–
	3,938	**2,800**	**1,538**	**–**

Certain leases include options to renew the leases after the expiry of the initial tenure. Lease payments under these leases are usually fixed for the entire initial tenure. There are no restrictions placed upon the lessee by entering into these leases. Operating lease commitments represents rental payable by the Group for the lease of our office. The operating lease commitments were due to office rental from related parties for a lease term of less than five years.

Minimum lease payments recognised as an expense in the consolidated income statement for the financial years ended 31 December 2012 and 2011 amounted to approximately IDR 2,400 million, respectively.

(d) Purchase commitments

	Group	
	2012	2011
	IDR'million	IDR'million
Non-cancellable purchases:		
Not later than one year	**13,311**	**3,644**

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

(e) Sales commitments

As at 31 December 2012, the Group has entered into non-cancellable sales commitments to deliver 347,000 and 66,500 metric tonnes (2011: 246,000 and 20,000 metric tonnes) of CPO and PK based at their prevailing market prices on date of delivery.

Notes to the Financial Statements

31 December 2012

37. Commitments (Continued)

(f) 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	
	2012	2011
	IDR'million	IDR'million
Capital commitment in respect of property, plant and equipment	364,232	277,169

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

38. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Due from subsidiaries (Note 16), Loan to an associate company (Note 17), Trade and other receivables (Note 19), Due from related companies (Note 20), Cash and short-term deposits (Note 21(a)), Trade and other payables (Note 25), Due to a subsidiary (Note 26), Accrued liabilities (Note 27) and Loans and borrowings at floating rate (Note 23).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2012		2011	
	Carrying amount IDR'million	Fair value IDR'million	Carrying amount IDR'million	Fair value IDR'million
Financial liabilities:				
Obligation under finance leases (Note 24)	–	–	6,713	6,295

Determination of fair value

Obligation under finance leases

The fair values as disclosed in the table above are estimated by discounting expected future cashflows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

Notes to the Financial Statements

31 December 2012

38. Fair value of financial instruments (Continued)

(c) *Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value*

Plasma receivables (Note 12) and Amounts due to shareholders (Note 22).

The Plasma receivables (non-current) and amounts due to shareholders (non-current) have no fixed terms of repayment and the Group is unable to reliably estimate the expected timing of repayment and consequently, unable to determine the fair value of these amounts.

39. Financial risk management objectives and policies

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

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

(a) *Interest rate risk*

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

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

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

Sensitivity analysis for interest rate risk

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

	2012 Effect on profit before tax IDR'million	2011 Effect on profit before tax IDR'million
Increase by 200 basis points	(37,677)	(44,039)
Decrease by 200 basis points	37,677	44,039

Notes to the Financial Statements

31 December 2012

39. Financial risk management objectives and policies (Continued)

(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, Indonesia 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 2012 and 2011, the Group's costs denominated in foreign currencies amounted to approximately 5.8% and 7.3%, respectively.

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

The Group does not have any formal hedging policy for foreign exchange exposure. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy 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.

Sensitivity analysis for foreign currency risk

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

	2012 Profit before tax IDR'million	2011 Profit before tax IDR'million
IDR/USD		
– Strengthened by 5.0%	50,596	57,487
– Weakened by 5.0%	(50,596)	(57,487)

(c) *Commodity price risk*

The Company is exposed to fluctuations in commodity prices, with the commodity mix spread between those that are priced by reference to prevailing market prices on terminal markets and those that are set on a contract basis with the customers, generally on an annual basis.

As at 31 December 2012 and 2011, the Group does not have any exposure to commodity price risk arising from financial instruments.

Notes to the Financial Statements

31 December 2012

39. Financial risk management objectives and policies (Continued)

(d) Credit risk

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

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

The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group conducts business by the requirement of payment in advance, cash on delivery terms or may grant customers credit terms, where appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

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 37).

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 2012, approximately 90.4% (2011: 33.0%) of the Group's trade receivables were due from 3 major customers in 2012 (2011: 2 major customers) who are multi-industry conglomerates.

The Group's customers are concentrated in Indonesia.

Information on major customers

Revenues from 2 major customers of the Group contribute approximately 87.1% (2011: 76.7%) of the Group's total revenues for the year ended 31 December 2012.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Restricted cash and cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

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

Notes to the Financial Statements

31 December 2012

39. Financial risk management objectives and policies (Continued)

(e) Liquidity risk

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

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

As at 31 December 2012 and 2011, approximately 30.6% and 22.6% of the Group's total loans and borrowings (Note 23) and obligations under finance leases (Note 24) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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

	1 year or less IDR'million	More than 1 year to 5 years IDR'million	Over 5 years IDR'million	Total IDR'million
Group				
31 December 2012				
Financial assets:				
Loan to an associate company (Note 17)	–	102,118	–	102,118
Trade and other receivables (Note 19)	47,589	–	–	47,589
Due from related companies (Note 20)	69,293	–	–	69,293
Cash and short-term deposits (Note 21(a))	886,763	–	–	886,763
Total undiscounted financial assets	1,003,645	102,118	–	1,105,763
Financial liabilities:				
Loans and borrowings (Note 23)	790,598	1,968,339	30,893	2,789,830
Trade and other payables (Note 25)	468,284	–	–	468,284
Total undiscounted financial liabilities	1,258,882	1,968,339	30,893	3,258,114
Total net undiscounted financial liabilities	**(255,237)**	**(1,866,221)**	**(30,893)**	**(2,152,351)**

Notes to the Financial Statements

31 December 2012

39. Financial risk management objectives and policies (Continued)

(e) Liquidity risk (Continued)

	1 year or less IDR'million	More than 1 year to 5 years IDR'million	Over 5 years IDR'million	Total IDR'million
Group				
31 December 2011				
Financial assets:				
Trade and other receivables (Note 19)	32,265	–	–	32,265
Due from related companies (Note 20)	1,626	–	–	1,626
Cash and short-term deposits (Note 21(a))	270,139	–	–	270,139
Total undiscounted financial assets	304,030	–	–	304,030
Financial liabilities:				
Loans and borrowings (Note 23)	516,300	2,144,317	244,073	2,904,690
Obligations under finance leases (Note 24)	6,497	216	–	6,713
Trade and other payables (Note 25)	365,237	–	–	365,237
Amounts due to shareholders (Note 22)	–	12,955	–	12,955
Total undiscounted financial liabilities	888,034	2,157,488	244,073	3,289,595
Total net undiscounted financial liabilities	**(584,004)**	**(2,157,488)**	**(244,073)**	**(2,985,565)**

Notes to the Financial Statements

31 December 2012

39. Financial risk management objectives and policies (Continued)

(e) Liquidity risk (Continued)

	1 year or less IDR'million	More than 1 year to 5 years IDR'million	Over 5 years IDR'million	Total IDR'million
Company				
31 December 2012				
Financial assets:				
Loan to an associate company (Note 17)	–	102,118	–	102,118
Due from subsidiaries (Note 16)	930,949	1,014,061	–	1,945,010
Cash and short-term deposits (Note 21(a))	56,069	–	–	56,069
Total undiscounted financial assets	987,018	1,116,179	–	2,103,197
Financial liabilities:				
Loans and borrowings (Note 23)	503,468	872,640	–	1,376,108
Trade and other payables (Note 25)	1,677	–	–	1,677
Due to a subsidiary (Note 26)	–	398,585	–	398,585
Total undiscounted financial liabilities	505,145	1,271,225	–	1,776,370
Total net undiscounted financial assets/(liabilities)	**481,873**	**(155,046)**	**–**	**326,827**
31 December 2011				
Financial assets:				
Cash and short-term deposits (Note 21(a))	2,706	–	–	2,706
Total undiscounted financial assets	2,706	–	–	2,706
Financial liabilities:				
Trade and other payables (Note 25)	11,140	–	–	11,140
Amounts due to shareholders (Note 22)	–	12,955	–	12,955
Total undiscounted financial liabilities	11,140	12,955	–	24,095
Total net undiscounted financial liabilities	**(8,434)**	**(12,955)**	**–**	**(21,389)**

Notes to the Financial Statements

31 December 2012

40. 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 2012 and 2011.

The Group's net debt to adjusted equity ratio at the end of the financial years ended 31 December 2012 are as follows:

	Group	
	2012	**2011**
	IDR'million	**IDR'million**
Loans and borrowings (Note 23)	2,582,390	2,311,182
Obligations under finance leases (Note 24)	–	6,295
Amounts due to shareholders (Note 22)	–	12,955
Less:		
Cash and short-term deposits (Note 21(a))	(886,763)	(270,139)
Net debt	1,695,627	2,060,293
Equity attributable to owners of the Company	4,888,402	2,681,392
Capital and net debt	**6,584,029**	**4,741,685**
Gearing ratio	**25.8%**	**43.5%**

The Group includes within net debt, loans and borrowings, obligations under finance leases, amounts due to shareholders, less restricted cash and cash and short-term deposits.

The Group monitors its key financial ratios that form part of its obligations under its bank loan covenants to ensure compliance with them.

41. Prior year comparatives

The consolidated financial statements of the Group presented for the financial year ended 31 December 2011, have been prepared by aggregating the financial statements of the Company and BGA group of companies, which are under common control of the Hariyantos.

Notes to the Financial Statements

31 December 2012

41. Prior year comparatives (Continued)

The restructuring exercise performed by the Group as discussed in Note 1, is considered to be a business combination involving entities under common control and is accounted for by applying the pooling of interests method, where:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect the fair values, or recognise any new assets or liabilities;
- No goodwill is recognised as a result of the combination;
- Any difference between the consideration paid/transferred and the equity 'acquired' 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 combined since the date the entities had come under common control.

Accordingly, the assets and liabilities of these entities and business transferred have been included in the financial statements at their carrying amounts. Although the restructuring exercise occurred in 2012, the consolidated financial statements present the financial condition and results of operations as if the entities and business had always been combined since the beginning of the earliest period presented.

In accordance with Recommended Accounting Practice 12, Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, where the combining entities or business have been under common control but have not formed a legal group as at the end of the Group's latest reporting period, the financial statements of the entities or businesses may, if meaningful, be presented on a combined basis (as distinct from consolidated financial statements) provided that the common control combination under which the legal group is formed is completed before the date of approval of the financial statements by the Directors.

42. Subsequent events

(i) On 17 October 2012, BSL entered into Conditional Sale and Purchase Agreement ("CSPA") unrelated third parties, to acquire 80% of the issued shares of PT Nabatindo Karya Utama (''NKU'') for total consideration IDR 175,662 million. As at 31 December 2012, an advance of IDR 53,338 million was paid and recorded as part of "Prepayments and Advances". The completion of this acquisition is conditional upon the approval from the relevant Indonesian authorities.

(ii) On 18 October 2012, BSL together with KMS entered into Conditional Sale and Purchase Agreement ("CSPA") with the Hariyantos and related family members to acquire 95% and 5% of the total issued shares in PT Sukses Manunggal Sawitindo ("SMS") for total consideration IDR 58,200 million. As at 31 December 2012, advances paid amounted IDR 49,987 million and were recorded as part of "Prepayment and Advances". Upon completion of the acquisition, the paid up capital of SMS will increase from IDR 250 million to IDR 1 billion and the shareholding composition of BSL and KMS in SMS shall be 95% and 5%, respectively. As at the date of this report, the completion is conditional upon PT Gunajaya Harapan Lestari (a subsidiary of SMS) obtaining the relevant permits from the government of Indonesia.

43. Authorisation of financial statements for issue

The financial statements for the years ended 31 December 2012 were authorised for issue in accordance with a resolution of the directors on 26 March 2013.

Shareholders' Information

As at 15 March 2013
(As Recorded in the Register of Substantial Shareholders)

Number of shares issued	:	1,757,531,844
Class of shares	:	Ordinary Shares
Voting rights	:	One vote per share

Distribution of Shareholdings

Size of Shareholding	No. of Shareholders	%	No. of Shares	%
1 – 999	8	0.71	1,303	0.00
1,000 – 10,000	778	69.09	3,637,000	0.21
10,001 – 1,000,000	323	28.69	20,902,694	1.19
1,000,001 and above	17	1.51	1,732,990,847	98.60
	1,126	100.00	1,757,531,844	100.00

Treasury Shares

Pursuant to Rule 1207(9)(f) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company does not hold any treasury shares.

Twenty Largest Shareholders

No.	Name of Shareholders	No. of Shares	%
1	Wellpoint Pacific Holdings Ltd	895,157,774	50.93
2	Oakridge Investments Pte Ltd	535,050,070	30.44
3	HSBC (Singapore) Nominees Pte Ltd	138,256,185	7.87
4	Citibank Nominees Singapore Pte Ltd	53,591,861	3.05
5	DBS Nominees Pte Ltd	51,458,648	2.93
6	United Overseas Bank Nominees Pte Ltd	9,102,000	0.52
7	Raffles Nominees (Pte) Ltd	8,969,257	0.51
8	DB Nominees (S) Pte Ltd	8,582,200	0.49
9	Lynwood Capital Resources Pte Ltd	7,644,000	0.43
10	DBS Vickers Securities (S) Pte Ltd	6,673,000	0.38
11	BNP Paribas Securities Services	4,502,000	0.26
12	DBSN Services Pte Ltd	3,573,602	0.20
13	Bank of Singapore Nominees Pte Ltd	3,145,250	0.18
14	Merrill Lynch (Singapore) Pte Ltd	2,551,000	0.14
15	Phillip Securities Pte Ltd	2,405,000	0.14
16	Peter Wong Chuen Luen	1,200,000	0.07
17	OCBC Securities Private Ltd	1,129,000	0.06
18	DMG & Partners Securities Pte Ltd	995,000	0.06
19	UOB Kay Hian Pte Ltd	823,000	0.05
20	Primevest Holdings Pte Ltd	730,000	0.04
	Total	1,735,538,847	98.75

Shareholders' Information

As at 15 March 2013
(As Recorded in the Register of Substantial Shareholders)

Substantial Shareholders

	Direct Interest	%	Deemed Interest	%
Wellpoint Pacific Holdings Ltd[1]	895,157,774	50.93%	–	–
Lim Hariyanto Wijaya Sarwono[1]	–	–	895,157,774	50.93%
Lim Gunawan Hariyanto[1]	–	–	895,157,774	50.93%
Fortune Corp Limited[1]	–	–	895,157,774	50.93%
Fortune Holdings Limited[1]	–	–	895,157,774	50.93%
Oakridge Investments Pte. Ltd.[2]	535,050,070	30.44%	–	–
IOI Corporation Berhad[2]	–	–	542,694,070	30.88%
Vertical Capacity Sdn Bhd[2]	–	–	542,694,070	30.88%
Progressive Holdings Sdn Bhd[2]	–	–	542,694,070	30.88%
Puan Sri Datin Hoong May Kuan[2]	–	–	542,694,070	30.88%
Lee Yeow Seng[2]	–	–	542,694,070	30.88%
Tan Sri Dato' Lee Shin Cheng[2]	–	–	542,694,070	30.88%
Dato' Lee Yeow Chor[2]			542,694,070	30.88%

Notes:

(1) 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 ("Wellpoint"), a wholly owned subsidiary of Fortune Holdings Limited, by virtue of Section 7 of the Companies Act, Cap. 50 (the "Act") arising from 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 by virtue of Section 7 of the Act arising from its 100% shareholding interest in Wellpoint.

(2) Tan Sri Dato' Lee Shin Cheng, Puan Sri Datin Hoong May Kuan, Dato' Lee Yeow Chor and Lee Yeow Seng are immediate family members and are deemed to be interested in the Shares held by Oakridge Investments Pte. Ltd. ("Oakridge") and Lynwood Capital Resources Pte. Ltd. ("Lynwood'), both of which are wholly-owned subsidiaries of IOI Corporation Berhad ("IOI Corporation"), by virtue of Section 7 of the Act arising from their collective 100% shareholding interest in Progressive Holdings Sdn Bhd. Progressive Holdings Sdn Bhd is deemed to be interested in the Shares held by Oakridge and Lynwood by virtue of Section 7 of the Act arising from its 100% shareholding interest in Vertical Capacity Sdn Bhd. Vertical Capacity Sdn Bhd is deemed to be interested in the Shares held by Oakridge and Lynwood by virtue of Section 7 of the Act arising from its shareholding interest in IOI Corporation. IOI Corporation is in turn deemed to be interested in the Shares held by Oakridge and Lynwood by virtue of Section 7 of the Act arising from its 100% shareholding interest in Oakridge and Lynwood.

Shareholdings held in the hands of public

Based on information available and to the best knowledge of the Company, as at 15 March 2013, approximately 18.16% 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 at Raffles City Convention Centre, Orchard Room, Level 4, 80 Bras Basah Road, Singapore 189560 on Monday, 29 April 2013 at 10.00 am for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Financial Statements of the Company for the year ended 31 December 2012 together with the Auditors' Report thereon.

   (Resolution 1)

2. To re-elect the following Directors retiring pursuant to Article 91 of the Company's Articles of Association:

   Mr Chua Chun Guan Christopher **(Resolution 2)**
   Dato' Lee Yeow Chor **(Resolution 3)**

   Mr Chua Chun Guan Christopher will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee, Remuneration Committee and Conflicts Resolution Committee respectively and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To approve the payment of Directors' fees of S$265,000 for the year ended 31 December 2012.
   [See Explanatory Note (i)]

   (Resolution 4)

4. To approve the payment of Directors' fees of S$264,000 for the year ending 31 December 2013, to be paid quarterly in arrears.
   [See Explanatory Note (ii)]

   (Resolution 5)

5. To re-appoint Ernst & Young LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.

   (Resolution 6)

6. To transact any other ordinary business which may be transacted at an Annual General Meeting.

Notice of Annual General Meeting

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

7. RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH IOI CORPORATION AND ITS ASSOCIATES

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in Annexure I to the Appendix dated 12 April 2013 to the Annual Report (the "Appendix") with any party who is of the class of Interested Persons described in Annexure I to the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such Interested Person Transactions as set out in Annexure I to the Appendix (the "Shareholders' Mandate for IOI Transactions");

(b) the Shareholders' Mandate for IOI Transactions shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next Annual General Meeting is held or is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for IOI Transactions as they may think fit.

[See Explanatory Note (iii)]

(Resolution 7)

Notice of Annual General Meeting

8. RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH THE SNA GROUP

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in Annexure II to the Appendix with any party who is of the class of Interested Persons described in Annexure II to the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such Interested Person Transactions as set out in Annexure II to the Appendix (the "Shareholders' Mandate for SNA Transactions");

(b) the Shareholders' Mandate for SNA Transactions shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next Annual General Meeting is held or is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for SNA Transactions as they may think fit.

[See Explanatory Note (iii)]

(Resolution 8)

Notice of Annual General Meeting

9. RENEWAL OF SHAREHOLDERS' MANDATE FOR INTERESTED PERSON TRANSACTIONS WITH KMS, WESTBROOK AND SMS

That for the purposes of Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited:

(a) approval be given for the renewal of the mandate for the Company, its subsidiaries and target associated companies or any of them to enter into any of the transactions falling within the types of Interested Person Transactions as set out in Annexure III to the Appendix with any party who is of the class of Interested Persons described in Annexure III to the Appendix, provided that such transactions are carried out in the normal course of business, at arm's length and on normal commercial terms and in accordance with the guidelines of the Company for such Interested Person Transactions as set out in Annexure III to the Appendix (the "Shareholders' Mandate for KMS Transactions");

(b) the Shareholders' Mandate for KMS Transactions shall, unless revoked or varied by the Company in general meeting, continue in force until the date that the next Annual General Meeting is held or is required by law to be held, whichever is earlier;

(c) the Audit Committee of the Company be and is hereby authorised to take such action as it deems proper in respect of such procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) authority be given to the Directors to complete and do all such acts and things (including executing all such documents as may be required) as they may consider necessary, desirable or expedient to give effect to the Shareholders' Mandate for KMS Transactions as they may think fit.

[See Explanatory Note (iii)]

(Resolution 9)

By Order of the Board

Busarakham Kohsikaporn
Toh Lei Mui
Company Secretaries

Singapore, 12 April 2013

Notice of Annual General Meeting

Explanatory Notes on Resolutions to be passed:

(i) The Ordinary Resolution 4 proposed in item 3, comprised S$50,000 pre-IPO Directors' fees. The Remuneration Committee and Board had recommended a fee of S$50,000 as pre-IPO Directors' fees to be paid to the non-executive Directors in view of their time and effort rendered towards the listing of the Company on the mainboard of SGX-ST on 12 April 2012.

(ii) The Ordinary Resolution 5 proposed in item 4 above, if passed, will facilitate the payment of Directors' fees during the financial year in which the fees are incurred, that is, during FY2013. The amount of the Directors' fees is computed on the Directors' fees structure adopted by the Remuneration Committee.

(iii) Each of the Ordinary Resolutions 7 to 9 proposed in items 7 to 9 above, respectively, if passed, will authorise the relevant Interested Person Transactions described in the Appendix dated 12 April 2013 to the Annual Report and recurring in the year and will empower the Directors to do all acts necessary to give effect to the Shareholders' Mandate for IOI Transactions, the Shareholders' Mandate for SNA Transactions and the Shareholders' Mandate for KMS Transactions, respectively. Such authority will, unless previously revoked or varied by the Company at a general meeting, expire at the conclusion of the next Annual General Meeting of the Company.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. If the appointor is a corporation, the instrument appointing a proxy must be executed under seal or the hand of its duly authorised officer or attorney.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903, not less than forty-eight (48) hours before the time appointed for holding the Meeting.

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BUMITAMA AGRI LTD.

(Incorporated in Singapore)
(Co. Reg. No: 200516741R)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. For investors who have used their CPF monies to buy Bumitama Agri Ltd.'s shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

* I/We, _____

of _____

being a member/members of Bumitama Agri Ltd. (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing *him/her, the Chairman of the Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Raffles City Convention Centre, Orchard Room, Level 4, 80 Bras Basah Road, Singapore 189560 on Monday, 29 April 2013 at 10.00 am and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the *proxy/proxies will vote or abstain from voting at *his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [✓] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Financial Statements for the year ended 31 December 2012		
2	Re-election of Mr Chua Chun Guan Christopher as Director		
3	Re-election of Dato' Lee Yeow Chor as Director		
4	Approval of Directors' fees amounting to S$265,000 for the year ended 31 December 2012		
5	Approval of Directors' fees amounting to S$264,000 for the year ending 31 December 2013		
6	Re-appointment of Ernst & Young LLP as Auditors		
7	Renewal of Shareholders' Mandate for Interested Person Transactions with IOI Corporation and its Associates		
8	Renewal of Shareholders' Mandate for Interested Person Transactions with the SNA Group		
9	Renewal of Shareholders' Mandate for Interested Person Transactions with KMS, Westbrook and SMS		

** Delete where inapplicable*

Dated this _____ day of _____ 2013

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

_____

Signature of Shareholder(s)/
and, Common Seal of Corporate Shareholder

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, the appointments shall be invalid unless he/she specifies the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy.

4. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 10 Anson Road #11-19, International Plaza, Singapore 079903, not less than forty eight (48) hours before the time appointed for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

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 Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at forty eight (48) hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Corporate Information

Executive:
Lim Gunawan Hariyanto (Executive Chairman and Chief Executive Officer)
Gunardi Hariyanto Lim (Deputy Chief Executive Officer)

Non-Executive & Non-Independent:
Dato' Lee Yeow Chor

Independent:
Tan Boon Hoo (Lead Independent Director)
Chua Chun Guan Christopher
Ong Chan Hwa

AUDIT COMMITTEE
Tan Boon Hoo (Chairman)
Chua Chun Guan Christopher
Ong Chan Hwa

NOMINATING COMMITTEE
Ong Chan Hwa (Chairman)
Tan Boon Hoo
Chua Chun Guan Christopher

REMUNERATION COMMITTEE
Tan Boon Ho (Chairman)
Chua Chun Guan Christopher
Ong Chan Hwa

CONFLICTS RESOLUTION COMMITTEE
Tan Boon Hoo (Chairman)
Chua Chun Guan Christopher
Ong Chan Hwa

COMPANY SECRETARIES
Busarakham Kohsikaporn, FCIS
Toh Lei Mui, ACIS

REGISTERED OFFICE
10 Anson Road #11-19 International Plaza, Singapore 079903
Tel: (65) 6222 1332
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www.bumitama-agri.com

SHARE REGISTRARS
B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758

AUDITOR
Ernst & Young LLP, 1 Raffles Quay #18-01, North Tower, Singapore 048583

PARTNER-IN-CHARGE
Toong Weng Sum, Vincent
(with effect from the financial year ended 2010)

JOINT ISSUE MANAGERS FOR THE COMPANY'S IPO
DBS Bank Ltd. 6 Shenton Way, DBS Building Tower One, Singapore 068809

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch,
21 Collyer Quay, #09-02 HSBC Building, Singapore 049320

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