

## UNAUDITED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2015

1(a)(i) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group – Q2			Group – YTD 6 months		
	30/06/2015	30/06/2014	Change	30/06/2015	30/06/2014	Change
	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
Revenue	4,132,562	3,997,503	3.4	6,791,829	7,168,555	(5.3)
Cost of sales	(3,233,097)	(2,760,557)	17.1	(5,153,209)	(5,044,395)	2.2
<b>Gross Profit</b>	<b>899,465</b>	<b>1,236,946</b>	<b>(27.3)</b>	<b>1,638,620</b>	<b>2,124,160</b>	<b>(22.9)</b>
Gross Profit %	21.8%	30.9%		24.1%	29.6%	
Selling and distribution costs	(139,761)	(117,001)	19.5	(232,732)	(208,559)	11.6
General and administrative expenses	(292,554)	(306,017)	(4.4)	(540,293)	(556,623)	(2.9)
Foreign exchange losses	(43,521)	(91,530)	(52.5)	(159,871)	(5,856)	n/m
Other operating income	16,061	45,657	(64.8)	50,557	67,857	(25.5)
Other operating expenses	(41,501)	(46,744)	(11.2)	(80,539)	(82,838)	(2.8)
Share of results of associate companies	(20,002)	(17,058)	17.3	(16,308)	(38,964)	(58.1)
Share of results of a joint venture	(86,460)	(6,006)	n/m	(115,022)	(26,804)	n/m
<b>Profit from operations</b>	<b>291,727</b>	<b>698,247</b>	<b>(58.2)</b>	<b>544,412</b>	<b>1,272,373</b>	<b>(57.2)</b>
Financial income	34,007	56,395	(39.7)	73,830	111,718	(33.9)
Financial expenses	(191,105)	(187,241)	2.1	(357,555)	(352,070)	1.6
<b>Profit before tax</b>	<b>134,629</b>	<b>567,401</b>	<b>(76.3)</b>	<b>260,687</b>	<b>1,032,021</b>	<b>(74.7)</b>
Income tax expense	(75,694)	(192,368)	(60.7)	(133,822)	(315,069)	(57.5)
<b>Net Profit for the period</b>	<b>58,935</b>	<b>375,033</b>	<b>(84.3)</b>	<b>126,865</b>	<b>716,952</b>	<b>(82.3)</b>
<b>Other comprehensive income</b>						
Foreign currency translation	46,432	77,830	(40.3)	(17,782)	29,678	n/m
Actuarial loss of employee benefits liability	(1,213)	-	n/m	(1,678)	-	n/m
<b>Total comprehensive income for the period</b>	<b>104,154</b>	<b>452,863</b>	<b>(77.0)</b>	<b>107,405</b>	<b>746,630</b>	<b>(85.6)</b>
<b>Net profit after tax attributable to:-</b>						
- Owners of the Company	2,060	223,991	(99.1)	37,091	405,891	(90.9)
- Non-controlling interests	56,875	151,042	(62.3)	89,774	311,061	(71.1)
	<b>58,935</b>	<b>375,033</b>	<b>(84.3)</b>	<b>126,865</b>	<b>716,952</b>	<b>(82.3)</b>
<b>Total comprehensive income attributable to:-</b>						
- Owners of the Company	46,844	297,092	(84.2)	14,447	469,362	(96.9)
- Non-controlling interests	57,310	155,771	(63.2)	92,958	277,268	(66.5)
<b>Total comprehensive income for the period</b>	<b>104,154</b>	<b>452,863</b>	<b>(77.0)</b>	<b>107,405</b>	<b>746,630</b>	<b>(85.6)</b>

n.m. denotes "Not Meaningful"

**Additional Information:-**

Earnings before interests and tax expense, depreciation and amortisation, and gain/loss arising from changes in fair value of biological assets (“EBITDA”)

	Group – Q2			Group – YTD 6 months		
	30/06/2015	30/06/2014	Change	30/06/2015	30/06/2014	Change
	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
Profit from operations	291,727	698,247	(58.2)	544,412	1,272,373	(57.2)
Add: Depreciation & amortisation	257,830	212,169	21.5	440,956	377,397	16.8
EBITDA includes foreign exchange losses	549,557	910,416	(39.6)	985,368	1,649,770	(40.3)
Less: Foreign exchange losses	(43,521)	(91,530)	(52.5)	(159,871)	(5,856)	n/m
EBITDA excludes foreign exchange losses	593,078	1,001,946	(40.8)	1,145,239	1,655,626	(30.8)
EBITDA%	14.4%	25.1%		16.9%	23.1%	

Earnings per share (EPS) and net assets value (NAV) per share

	Group – YTD 6 months		
	30/06/2015	30/06/2014	Change %
In SGD 'cents (converted at Rp9,637/\$1)			
EPS	0.3	3.0	(90.9)

	Group		
	30/06/2015	31/12/2014	Change %
In SGD 'cents (converted at Rp9,895/\$1)			
NAV per share	104.4	104.3	0.1

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

Other information:-	Group – Q2			Group – YTD 6 months		
	30/06/2015	30/06/2014	Change	30/06/2015	30/06/2014	Change
	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
Depreciation of property, plant and equipment	248,874	201,194	23.7	423,601	354,951	19.3
Amortisation of deferred charges and others	8,956	10,975	(18.4)	17,355	22,446	(22.7)
Interest on borrowings	187,515	183,235	2.3	349,296	343,797	1.6
Loss on disposal of biological assets	-	145	n/m	-	2,413	n/m
Provision for uncollectible and changes in amortised cost of plasma receivables	9,124	(8,065)	n/m	4,362	(15,826)	(127.6)
Write-off of property and equipment and biological assets	329	1,788	(81.6)	460	1,797	(74.4)
Gain on disposals of property and equipment	(638)	(133)	n/m	(617)	(333)	85.3
Allowance in provision for decline in market value and obsolescence of inventories	5,895	4,132	42.7	4,595	6,096	(24.6)
Changes in provision for asset dismantling costs	(1,085)	39	n/m	776	8	n/m

*n.m. denotes “Not Meaningful”*

1(b)(i). **A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	Group		Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Non-current assets</b>				
Biological assets	15,459,955	15,060,646	-	-
Property, plant and equipment	11,443,096	11,026,669	49,083	50,918
Goodwill	3,253,637	3,253,637	-	-
Claims for tax refund	47,183	148,545	-	-
Deferred tax assets	1,404,277	1,152,977	-	-
Investment in subsidiary companies	-	-	10,327,919	10,327,919
Investment in associate companies	1,220,709	416,460	576,966	354,335
Investment in a joint venture	622,810	801,153	-	-
Amount due from a subsidiary	-	-	730,000	730,000
Advances and prepayments	663,493	746,606	36,698	36,698
Other non-current receivables	755,283	735,539	9	9
<b>Total non-current assets</b>	<b>34,870,443</b>	<b>33,342,232</b>	<b>11,720,675</b>	<b>11,499,879</b>
<b>Current assets</b>				
Inventories	2,180,982	1,773,329	-	-
Trade and other receivables	1,639,563	1,056,166	74,089	69,328
Advances and prepayments	345,488	165,898	6,847	6,398
Prepaid taxes	304,556	231,179	-	-
Cash and cash equivalents	2,043,672	3,585,780	681,874	887,447
<b>Total current assets</b>	<b>6,514,261</b>	<b>6,812,352</b>	<b>762,810</b>	<b>963,173</b>
<b>Total assets</b>	<b>41,384,704</b>	<b>40,154,584</b>	<b>12,483,485</b>	<b>12,463,052</b>
<b>Current liabilities</b>				
Trade and other payables and accruals	2,191,179	1,854,311	9,853	14,272
Advances and taxes payable	322,745	203,780	-	-
Interest-bearing loans and borrowings	5,880,994	4,749,195	997,713	-
Income tax payable	55,087	144,183	418	443
<b>Total current liabilities</b>	<b>8,450,005</b>	<b>6,951,469</b>	<b>1,007,984</b>	<b>14,715</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	4,378,310	5,068,141	-	929,793
Amounts due to related parties and other payables	436,917	590,259	-	-
Provision and other liabilities	25,974	25,199	-	-
Employee benefits liabilities	1,905,137	1,803,240	-	-
Deferred tax liabilities	2,118,649	1,999,124	-	-
<b>Total non-current liabilities</b>	<b>8,864,987</b>	<b>9,485,963</b>	<b>-</b>	<b>929,793</b>
<b>Total liabilities</b>	<b>17,314,992</b>	<b>16,437,432</b>	<b>1,007,984</b>	<b>944,508</b>
<b>Net assets</b>	<b>24,069,712</b>	<b>23,717,152</b>	<b>11,475,501</b>	<b>11,518,544</b>

	Group		Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Equity attributable to owners of the Company</b>				
Share capital	3,584,279	3,584,279	10,912,411	10,912,411
Treasury shares	(390,166)	(238,263)	(390,166)	(238,263)
Revenue reserves	10,630,953	10,666,852	758,282	700,244
Other reserves	594,251	615,829	194,974	144,152
	<b>14,419,317</b>	<b>14,628,697</b>	<b>11,475,501</b>	<b>11,518,544</b>
Non-controlling interests	9,650,395	9,088,455	-	-
<b>Total equity</b>	<b>24,069,712</b>	<b>23,717,152</b>	<b>11,475,501</b>	<b>11,518,544</b>

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

	Group	
	30/06/2015	31/12/2014
	Rp ' million	Rp ' million
(i) Amounts payable in one year or less, or on demand		
Secured	1,546,050	2,060,843
Unsecured	4,334,944	2,688,352
Sub-total	<b>5,880,994</b>	<b>4,749,195</b>
(ii) Amounts repayable after one year		
Secured	4,367,472	4,141,487
Unsecured	10,838	926,654
Sub-total	<b>4,378,310</b>	<b>5,068,141</b>
<b>TOTAL</b>	<b>10,259,304</b>	<b>9,817,336</b>

(iii) Details of the collaterals

The above bank term loans and investment loans are secured by:

- (a) corporate guarantees from a subsidiary
- (b) charge over the plantation assets of the respective subsidiary.

1(c). **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group – Q2		Group – YTD 6 months	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Cash flows from operating activities</b>				
Profit before taxation	134,629	567,401	260,687	1,032,021
Adjustments :				
Depreciation and amortisation	257,830	212,169	440,956	377,397
Unrealised foreign exchange losses/ (gains)	46,322	68,492	206,830	(16,758)
Loss on disposal of biological assets	-	145	-	2,413
Provision for uncollectible and changes in amortised cost of plasma receivables	9,124	(8,065)	4,362	(15,826)
Write-off of property and equipment and biological assets	329	1,788	460	1,797
Gain on disposal of property and equipment	(638)	(133)	(617)	(333)
Allowance for decline in market value and obsolescence of inventories	5,895	4,132	4,595	6,096
Changes in provision for asset dismantling costs	(1,085)	39	776	8
Provision for employee benefits	75,245	98,637	150,182	158,453
Changes in fair value of long-term receivables	27	(60)	(310)	(74)
Provision/ (reversal) of allowance of doubtful debts	-	(1,296)	-	256
Realised of future crop expenditures	75,290	72,160	75,286	75,869
Share of results of associated companies	20,002	17,058	16,308	38,964
Share of results of a joint venture	86,460	6,006	115,022	26,804
Financial income	(34,007)	(56,395)	(73,830)	(111,718)
Financial expenses	191,105	187,241	357,555	352,070
<b>Operating cash flows before working capital changes</b>	<b>866,528</b>	<b>1,169,319</b>	<b>1,558,262</b>	<b>1,927,439</b>
<b>Changes in working capital</b>				
Other non-current receivables	155,825	121,383	90,037	108,668
Inventories	(25,412)	(494,846)	(412,248)	(863,958)
Trade and other receivables	(398,925)	(259,496)	(418,348)	(369,188)
Advances to suppliers	54,439	65,009	(154,850)	134,319
Prepaid taxes	58,600	(5,005)	36,562	(72,092)
Trade and other payables and accruals	34,401	144,599	335,655	440,484
Advances from customers	113,538	90,771	77,626	(7,877)
<b>Cash flows generated from operations</b>	<b>858,994</b>	<b>831,734</b>	<b>1,112,696</b>	<b>1,297,795</b>
Interest received	39,442	56,891	77,341	114,414
Interest paid	(191,167)	(177,278)	(364,972)	(326,896)
Income tax paid	(321,169)	(215,390)	(464,046)	(358,430)
<b>Net cash flows generated from operating activities</b>	<b>386,100</b>	<b>495,957</b>	<b>361,019</b>	<b>726,883</b>

	Group – Q2		Group – YTD 6 months	
	30/06/2015	30/06/2014	30/06/2015	30/06/2014
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(206,079)	(504,761)	(550,123)	(937,426)
Additions to biological assets	(272,582)	(330,051)	(485,823)	(601,041)
Increase in plasma receivables	(40,626)	(3,528)	(92,720)	(32,603)
Proceeds from disposal of property and equipment	721	330	812	912
Proceeds from disposal of biological assets	-	1,784	-	1,784
Advances for projects and purchases of fixed assets	36,348	(92,937)	(209,151)	(211,618)
Investment in associate companies	(519,324)	(6,000)	(716,128)	(6,000)
Payment for convertible note	-	-	-	(57,020)
Acquisition of subsidiaries, net of cash acquired	-	(34,952)	-	(34,952)
Acquisition of non-controlling interests	(5)	-	(5)	-
<b>Net cash flows used in investing activities</b>	<b>(1,001,547)</b>	<b>(970,115)</b>	<b>(2,053,138)</b>	<b>(1,877,964)</b>
<b>Cash flows from financing activities</b>				
Proceeds from interest-bearing loans and borrowings	1,892,943	987,850	2,542,001	2,477,718
Repayment of interest-bearing loans and borrowings	(1,590,239)	(301,963)	(2,319,466)	(926,649)
Net proceeds from amount due to related parties	-	-	129,000	222
Dividend payments by subsidiaries to non-controlling interests	(212,179)	(4,378)	(214,766)	(4,378)
Dividend payment to Company's shareholders	(71,873)	(67,798)	(71,873)	(67,798)
Purchase of treasury shares	(62,170)	(106,565)	(151,903)	(166,260)
Additional capital contribution from non-controlling interests	203,720	-	203,720	-
<b>Net cash flows generated from financing activities</b>	<b>160,202</b>	<b>507,146</b>	<b>116,713</b>	<b>1,312,855</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(455,245)</b>	<b>32,988</b>	<b>(1,575,406)</b>	<b>161,774</b>
<b>Effect of changes in exchange rates on cash and cash equivalents</b>	<b>9,750</b>	<b>71,452</b>	<b>33,298</b>	<b>(14,771)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>2,489,167</b>	<b>3,845,483</b>	<b>3,585,780</b>	<b>3,802,920</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>2,043,672</b>	<b>3,949,923</b>	<b>2,043,672</b>	<b>3,949,923</b>

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

#### STATEMENT OF CHANGES IN EQUITY

	Group		Company	
	30/06/2015 Rp ' million	30/06/2014 Rp ' million	30/06/2015 Rp ' million	30/06/2014 Rp ' million
<b>Issued capital</b>				
Balance as at 1 January / 30 June <sup>(1)</sup>	3,584,279	3,584,279	10,912,411	10,912,411
<b>Treasury shares (Company)</b>				
Balance as at 1 January / 30 June	(238,263)	(238,263)	(238,263)	(238,263)
Purchase of treasury shares	(151,903)	-	(151,903)	-
Balance as at 30 June	(390,166)	(238,263)	(390,166)	(238,263)
<b>Revenue reserves</b>				
Balance as at 1 January	10,666,852	9,989,279	700,244	642,630
Actuarial loss on employee benefit liability	(1,117)	-	-	-
Dividend payment	(71,873)	(67,798)	(71,873)	(67,798)
Net profit and total recognised income for the period	37,091	405,891	129,911	135,963
Balance as at 30 June	10,630,953	10,327,372	758,282	710,795
<b>Other reserves *</b>				
Balance as at 1 January	615,829	661,155	144,152	144,152
Treasury stock	-	26,551	-	-
Foreign currency translation	(21,528)	31,370	50,822	(1,045)
Acquisition of non-controlling interest by a subsidiary	(50)	-	-	-
Balance as at 30 June	594,251	719,076	194,974	143,107
<b>Non-controlling interests</b>				
Balance as at 1 January	9,088,455	8,836,784	-	-
Dividend payments by subsidiaries	(214,766)	(172,544)	-	-
Actuarial loss on employee benefits	(561)	-	-	-
Acquisition of non-controlling interest by a subsidiary	45	-	-	-
Capital injection from non-controlling interest	683,702	-	-	-
Treasury stock	-	(192,811)	-	-
Foreign currency translation	3,746	(1,692)	-	-
Net profit and total recognised income for the period	89,774	311,061	-	-
Balance as at 30 June	9,650,395	8,780,798	-	-
<b>Total equity</b>	<b>24,069,712</b>	<b>23,173,262</b>	<b>11,475,501</b>	<b>11,528,050</b>

**Notes:**

- (1) The issued capital of the Group differs from that of the Company as a result of applying the reverse acquisition accounting in accordance with FRS 103. It represents the total of the deemed cost of acquisition immediately before the Acquisition and issue/placement of new shares by the Company subsequent to the Acquisition.

- \* Other reserves comprise capital reserves of subsidiary companies; gain on sale of treasury shares and foreign currency translation differences.

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

The Company did not issue any shares during the period. As of 30 June 2015, the number of issued shares was 1,447,782,830, of which 51,878,300 shares were held as treasury shares. As of 30 June 2014, the number of issued shares was 1,447,782,830, of which 30,500,000 shares were held as treasury shares.

There were no outstanding convertibles as at 30 June 2015 and 2014.

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

	Company	
	30/06/2015 ( '000)	31/12/2014 ( '000)
Total number of issued shares	1,447,783	1,447,783
Less: Treasury shares	(51,878)	(30,500)
Total number of issued shares excluding treasury shares	<b>1,395,905</b>	<b>1,417,283</b>

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

Treasury Shares	Company	
	No of shares ( '000)	Amount Rp ' million
Balance as at 1 January	30,500	238,263
Purchase of treasury shares	21,378	151,903
Balance as at 30 June 2015	<b>51,878</b>	<b>390,166</b>

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

This consolidated financial information has not been audited nor reviewed by the external auditors.

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

Not applicable.



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

The accounting policies have been consistently applied by the Company and the Group, and are consistent with those used in the previous financial year.

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

Not applicable.

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

Basic earnings per share amounts are calculated by dividing earnings for the period attributable to the equity holders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated on the same basis as the basic earnings per share except that the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares as at 30 June 2014.

	Group – Q2			Group – YTD 6 months		
	30/06/2015	30/06/2014	Change %	30/06/2015	30/06/2014	Change %
Earnings per share (Rp)						
Based on weighted average number of share	1	158	(99.4)	26	286	(90.9)
Based on a fully diluted basis	1	158	(99.4)	26	286	(90.9)

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-**

The net asset value per share for the Group is calculated using the Group's net asset value attributable to equity holders as at end of each period divided by the issued share capital of 1,395,904,530 and 1,417,282,830 (excluding 51,878,300 and 30,500,000 held as treasury shares as of 30 June 2015 and 31 December 2014).

	Group		Company	
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Net asset value per share (Rp)	10,330	10,322	8,221	8,127

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

### Review of Group Performance

	Group – Q2			Group – YTD 6 months		
	30/06/2015 Rp ' million	30/06/2014 Rp ' million	Change %	30/06/2015 Rp ' million	30/06/2014 Rp ' million	Change %
<b>Revenue</b>						
Plantations						
External sales	1,553,524	1,054,341	47.3	2,361,254	1,930,417	22.3
Inter-segment sales *	898,810	1,277,356	(29.6)	1,937,238	2,834,527	(31.7)
Sub-total	2,452,334	2,331,697	5.2	4,298,492	4,764,944	(9.8)
Edible Oils & Fats **						
External sales	2,579,038	2,943,162	(12.4)	4,430,575	5,238,138	(15.4)
Inter-segment sales	461	1,830	(74.8)	461	1,830	(74.8)
Sub-total	2,579,499	2,944,992	(12.4)	4,431,036	5,239,968	(15.4)
Elimination of inter-segment sales *	(899,271)	(1,279,186)	(29.7)	(1,937,699)	(2,836,357)	(31.7)
<b>Total revenue to external parties</b>	<b>4,132,562</b>	<b>3,997,503</b>	<b>3.4</b>	<b>6,791,829</b>	<b>7,168,555</b>	<b>(5.3)</b>
<b>Gross Profit</b>	<b>899,465</b>	<b>1,236,946</b>	<b>(27.3)</b>	<b>1,638,620</b>	<b>2,124,160</b>	<b>(22.9)</b>
Gross Profit %	21.8%	30.9%		24.1%	29.6%	

\* Comprises mainly internal CPO sales to the Group's own refineries

\*\* Comprises mainly cooking oil, margarine and copra-based products

### Review of Group Performance

Overview: Lower commodity prices for agriculture crops and a weakened Indonesian Rupiah have affected our 1H2015 results. The Group reported consolidated revenue (after elimination of inter-segment sales) of Rp4.1 trillion in 1Q2015, registering 3% increase over 2Q2014. The improved sales were principally attributable to higher external sales from Plantation Division. On year-to-date basis, total consolidated revenue declined 5% to Rp6.8 trillion due to lower sales from Edible Oils & Fats (EOF) Division, which was more than offset by higher external sales from Plantation Division. Net profit after tax declined 84% in 2Q2015 and 82% in 1H2015 mainly attributable to lower commodity prices and higher losses from CMAA. Our 1H2015 results were also affected by foreign currency losses of Rp160 billion.

Plantation Division's total revenue (both inter-segment and external) grew 5% to Rp2.5 trillion in 2Q2015, reflecting mainly higher sales volume of palm products, but this was partly offset by lower average selling prices of palm products. On year-to-date basis, total revenue declined 10% mainly due to lower average selling prices of agriculture crops. Internal CPO sales at market price to EOF Division declined 30% and 32% in 2Q2015 and 1H2015 respectively. In line with lower average selling prices of palm products, Plantation Division recorded lower EBITDA earnings in this quarter as well as on year-to-date basis.

The EOF Division reported total revenue of Rp2.6 trillion and Rp4.4 trillion in 2Q2015 and 1H2015, registering 12% and 15% decline over the same periods in 2014. The softer sales was mainly attributable to lower sales volume and average selling prices of edible oil and fats products. On a positive note, the

EOF Division reported higher EBITDA earnings in 2Q2015 and 1H2015 on lower raw material costs which primarily comprised of CPO.

**Gross Profit:** The Group's gross profit in 2Q2015 and 1H2015 declined 27% and 23% respectively over the same periods last year. The decline was primarily attributable to lower average selling prices of palm products, however this was partly offset by higher profit contribution from the EOF Division.

**Other Operating Income:** The Group recorded lower Other Operating Income mainly attributable to net movements in changes in amortised costs of plasma receivables and lower income relating to sales of Green Palm Certificates for sustainable palm oil.

**Selling and Distribution Expenses:** The Group reported higher Selling and Distribution Expenses in 2Q2015 and 1H2015 mainly due to higher marketing and promotion expenses.

**Foreign exchange (losses)/gains** were principally attributable to the translation of US dollar and Singapore dollar denominated loans, assets and liabilities. The Group recognised foreign currency losses of Rp44 billion in 2Q2015 and Rp160 billion in 1H2015. The foreign currency losses were mainly attributed to the weakening of Indonesian Rupiah against US dollar and Singapore dollar during the periods.

**Share of results of associate companies:** These were mainly relating to (i) Heliae, a R&D development stage company which engages in the development of technology solutions for the commercial algae production of a variety of potential uses including food and feed, fertilizer, chemicals and pharmaceuticals; and (ii) FP Natural Resources Limited (FPNRL), which in turn holds 50.9% stake in Roxas Holdings Inc. (Roxas), the largest integrated sugar business in the Philippines. The Group's share of losses from associate companies were Rp16 billion in 1H2015 compared to Rp39 billion losses in 1H2014, reflecting mainly lower losses from Heliae.

**Share of results of a joint venture:** This was related to CMAA, a 50% joint venture in Brazil. The sugar milling and harvesting season in Brazil commences in April and we expect higher contribution from the 2<sup>nd</sup> half of the year. The Group's share of losses from CMAA were Rp86 billion in 2Q2015, compared to Rp6 billion of losses in 2Q2014. The higher losses were principally due to lower prices of sugar and electricity.

**Profit from Operations:** The Group posted lower Profit from Operations of Rp292 billion in 2Q2015, registering a 58% decline over 2Q2014 mainly due to lower gross profit and higher share of losses from CMAA. On year-to-date basis, the Group likewise reported lower Profit from Operations of Rp544 billion, a decline of 57% over 1H2014 mainly due to lower gross profit, higher foreign currency losses and higher share of losses from CMAA.

**Financial Income:** The Group recorded lower financial income in 2Q2015 and 1H2015 compared to the comparative periods in 2014. This was mainly attributable to lower fixed deposits following the granting of a shareholder loan of Rp730 billion by the Company to its subsidiary, PT Salim Ivomas Pratama Tbk (SIMP). The said shareholder loan was used by SIMP to repay its Rupiah bonds in December 2014.

**Net Profit After Tax (NPAT):** The Group reported NPAT of Rp59 billion and Rp127 billion in 2Q2015 and 1H2015 respectively, declining 84% and 82% over the comparative periods in 2014. The decline was primarily due to lower profits from operations as explained above and lower financial income. The effective tax rate was higher in 2Q2015 and 1H2015 due to non-deductible expenses and share of results of associate and joint venture companies which are not subject to tax.

**Other comprehensive income** – The foreign currency translation relates to the investments in associate and joint venture companies, which are denominated in US dollar and Brazilian Reals, respectively. In 2Q2015, the Group recorded translation gains of Rp46 billion arising from the strengthening of the Brazilian Real during the quarter. On year-to-date basis, the Group recognised translation losses of Rp18 billion in 1H2015 arising from the weakening of Indonesian Rupiah and Brazilian Real against the US dollar during the periods.

### **Review of Financial Position**

As of end June 2015, the Group recorded total non-current assets of Rp34.9 trillion compared to Rp33.3 trillion in December 2014. The increase was principally attributable to the following:-

- (i) Additions of biological assets mainly due to oil palm new plantings and immature plantations, as well as capital expenditure relating to housing and infrastructure, and expansion of milling capacities in plantations;
- (ii) Recognition of higher deferred tax assets relating to higher employee benefits liabilities and tax losses carryforward;
- (iii) Higher Investment in associate companies was relating to the following corporate events:-
  - In February 2015, First Pacific Company Limited and the Company injected additional capital of US\$45 million (equivalent to Rp579 billion) in FPNRL in proportion to their shareholdings of 70%:30%. The Company's capital contribution was US\$15.3 million (equivalent to Rp197 billion). The capital contribution was used to acquire additional shares in Roxas, increasing FPNRL's stake in Roxas from 34.0% to 50.9%; and
  - In June 2015, PT PP Lonsum Sumatra Indonesia Tbk (Lonsum) acquired a 50% stake in Asian Assets Management Pte. Ltd. (AAM) for US\$39 million (equivalent to Rp519 billion). AAM in turn owns a subsidiary which engages in the property business and operates its own office building, Ariobimo Sentral Building.
- (iv) Higher advances for plasma project;
- (v) Lower claims from income tax refund; and
- (vi) Lower carrying value of Investment in a joint venture, which due to the recognition of foreign currency translation loss and share of losses of CMAA in 1H2015.

The Group reported total current assets of Rp6.5 trillion compared to Rp6.8 trillion in December 2014. The decline was mainly due to significantly lower cash levels. However this was partly offset by (i) higher inventories arising from higher CPO, sugar and fertilizers at plantations, as well as higher CPO and stearine stocks at refineries; (ii) higher trade receivable arising from stronger sales during the Lebaran festive season; and (iii) higher advances relating to the purchase of raw materials and prepaid corporate income taxes.

Total current liabilities came in higher at Rp8.5 trillion as of June 2015, up 22% from last year end of Rp7.0 trillion. This was mainly due to higher trade payables which was in line with higher production during the peak Lebaran season, as well as higher accruals for salaries. The Group also reported higher short-term loans and borrowings arising from the classification of certain long-term loans that are due within the next 12 months to current liabilities.

The Group reported negative working capital of Rp1.9 trillion as of end June 2015. The Group is currently in the midst of reviewing its funding alternatives to optimize its capital structure and current ratio.

Total non-current liabilities ended lower at Rp8.9 trillion as of end June 2015 as compared to Rp9.5 trillion at December 2014. This was mainly due to the classification of current maturities of long-term loans to current liabilities as explained above.

### **Review of Cash Flows**

The Group generated positive net cash flows from operations of Rp361 billion 1H2015. The Group's cash levels declined from Rp3.6 trillion as of December 2014 to Rp2.0 trillion as of June 2015. This internal cash was mainly used to fund capital expenditure relating to additions of fixed assets, biological assets and advances for projects of Rp1.2 trillion in 1H2015; and (ii) additional capital contribution in FPNRL of Rp0.2 trillion and the acquisition of a 50% stake in AAM of Rp0.5 trillion.

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

Not applicable.

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

CPO prices (Rotterdam CIF) in 1H2015 remained soft at an average of US\$664 per tonne, against an average of US\$816 per tonne in 2014. The key contributing factors were the slowdown of global demand in major markets such as China and Europe, coupled with weak crude oil prices which has virtually eliminated discretionary biodiesel demand, and higher soybean supplies from the US and South America.

Nonetheless, we expect demand for basic commodities like palm oil to continue to grow, underpinned by growing consumer markets and a rising middle class. We also expect the higher biodiesel blending mandate of 15%, announced by Indonesia's government in March 2015, to sustain domestic demand growth for palm oil products, albeit over time as the mandate of 15% will not be achieved immediately.

Rubber prices (RSS3 SICOM) have been on a downward trend since 2012, declining nearly 50% to end at an average of US\$1,761 per tonne in 1H2015. This was due to higher rubber production in Thailand and Indonesia, as well as weaker demand from major rubber consuming markets, particularly China, the US and Europe, and more recently lower crude oil prices. In the medium term prices will remain under pressure until global demand recovers.

The domestic sugar prices in Indonesia were lower in 2014 due to excessive imports in 2013, but have recovered in 2Q2015 following the Government raising the sugar floor price from Rp8,500 to Rp8,900 per kilogram on 21 May 2015, and lower imports of sugar in the first half of 2015. The country remains a net importer of sugar, intervention efforts from the government are aimed at increasing the production capacity of local sugar factories, enhancing the productivity and yield of sugar cane, and encouraging the expansion of sugar cane plantations. This will take some time to deliver results. Global sugar prices have continued to fall to as low as 11.2c/lb US\$ in June, reaching multi year lows on the back of high global sugar stocks, and a weakening Brazilian Real. Whilst global sugar demand is rising, prices will remain depressed until we see a reversal of the high global stocks.

**11. If a decision regarding dividend has been made.**

**(a) Current Financial Period Reported On**  
*Nil.*

**(b) Corresponding Period of the Immediately Preceding Financial Year**  
*Nil.*

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

No dividend has been declared or recommended for the second quarter ended 30 June 2015.

**13. Disclosure of the aggregate value of the transactions conducted under the shareholders' mandate for interested person transaction Rule 920(1)(a)(ii) of the Listing Manual**

The Group has the following interest person transactions ("IPT") for the first half of 2015:

Name of Interested Person	Aggregate value of all Interested person transactions (excluding transactions less than S\$100,000)	
	Rp 'billion	USD 'million
<b>PT ISM Group</b>		
<ul style="list-style-type: none"> <li>• Sales of cooking oil, margarine and others</li> <li>• Purchase of goods and services</li> </ul>	1,664 25	- -
<b>Salim Group</b>		
<ul style="list-style-type: none"> <li>• Sales of cooking oil, seeds and material</li> <li>• Purchases of goods and services</li> <li>• Shareholder loans</li> <li>• Corporate guarantees</li> </ul>	451 282 1,216 3,139	- - - 25

**Confirmation by the Board Pursuant to Rule 705(5) of the Listing Manual**

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, Mark Julian Wakeford and Moleonoto Tjang, being two Directors of Indofood Agri Resources Ltd. ("**the Company**") do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group's unaudited financial statements for the second quarter ended 30 June 2015 to be false or misleading in any material aspect.

*BY THE ORDER OF THE BOARD*

Mark Julian Wakeford  
 Chief Executive Officer and Executive Director

31 July 2015