

## CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021 & RELATED ANNOUNCEMENT

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## Condensed Interim Consolidated Statement of Comprehensive Income

	Note	1H2021 Rp ' million	1H2020 Rp ' million	Change %
Revenue	4	8,957,587	6,872,594	30.3
Cost of sales		(6,934,579)	(5,919,616)	17.1
<b>Gross profit</b>		<b>2,023,008</b>	<b>952,978</b>	<b>112.3</b>
Gross profit %		22.6%	13.9%	
Selling and distribution expenses		(480,091)	(248,198)	93.4
General and administrative expenses		(378,261)	(403,589)	(6.3)
Foreign exchange gain/ (loss)		1,447	(56,667)	n/m
Other operating income		33,451	43,025	(22.3)
Other operating expenses		(116,929)	(59,191)	97.5
Share of results of associate companies		(32,930)	(201,179)	(83.6)
Share of results of joint ventures		28,915	30,054	(3.8)
Loss arising from changes in fair value of biological assets		(33,933)	(146,972)	(76.9)
<b>Profit/ (loss) from operations</b>		<b>1,044,677</b>	<b>(89,739)</b>	<b>n/m</b>
Financial income		32,375	36,982	(12.5)
Financial expenses		(324,120)	(397,285)	(18.4)
<b>Profit/ (loss) before tax</b>	5	<b>752,932</b>	<b>(450,042)</b>	<b>n/m</b>
Income tax expenses	6	(437,797)	(125,246)	249.5
<b>Net profit/ (loss) for the period</b>		<b>315,135</b>	<b>(575,288)</b>	<b>n/m</b>
<b>Core profit/ (loss) after tax <sup>(1)</sup></b>		<b>474,691</b>	<b>(37,456)</b>	<b>n/m</b>
<b>Profit/ (loss) attributable to:</b>				
Owners of the Company		152,696	(429,419)	n/m
Non-controlling interests		162,439	(145,869)	n/m
		<b>315,135</b>	<b>(575,288)</b>	<b>n/m</b>
<b>Other comprehensive income (OCI):</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translation		32,941	(160,644)	n/m
<b>Items that will not be reclassified to profit or loss</b>				
Change in fair value of available-for-sale financial asset		(314)	(96)	227.1
Re-measurement gain/ (loss) on employee benefits liability		8,107	(12,144)	n/m
Share of OCI of an associate company and joint ventures		(176,036)	(151,991)	15.8
<b>Other comprehensive income, net of tax</b>		<b>(135,302)</b>	<b>(324,875)</b>	<b>(58.4)</b>
<b>Total comprehensive income</b>		<b>179,833</b>	<b>(900,163)</b>	<b>n/m</b>
<b>Total comprehensive income attributable to:</b>				
Owners of the Company		(6,880)	(748,287)	n/m
Non-controlling interests		186,713	(151,876)	n/m
		<b>179,833</b>	<b>(900,163)</b>	<b>n/m</b>
<b>Earnings/ (loss) per share (in Rupiah)</b>				
	7			
Basic (Rp)		109	(308)	n/m
Diluted (Rp)		109	(308)	n/m

### Notes

n/m denotes "Not Meaningful"

- (1) Net profit/ (loss) before accounting for the effects of foreign exchange, fair value loss on biological assets, expected credit losses for plasma receivables, impairment of fixed assets, adjustment of deferred tax due to changes in tax rate, share of non-recurring loss of an associate company and rationalisation costs.

## Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30/06/2021 Rp ' million	31/12/2020 Rp ' million	30/06/2021 Rp ' million	31/12/2020 Rp ' million
<b>Non-current assets</b>					
Biological assets	3	315,435	313,453	-	-
Property, plant and equipment	9	19,094,671	19,374,353	27,214	29,044
Right of use of assets	9	1,947,467	1,967,628	-	-
Goodwill	3, 10	3,211,427	3,211,427	-	-
Claims for tax refund		68,781	105,716	-	-
Deferred tax assets	11	468,252	570,877	-	-
Investment in subsidiary companies	12.1	-	-	10,706,846	10,706,846
Investment in associate companies	12.2	1,511,348	1,538,001	439,254	439,254
Investment in joint ventures	12.3	544,896	664,037	-	-
Amount due from a subsidiary		-	-	860,000	970,000
Advances and prepayments		438,069	333,716	-	-
Other non-current receivables		1,578,509	1,602,580	10	10
<b>Total non-current assets</b>		<b>29,178,855</b>	<b>29,681,788</b>	<b>12,033,324</b>	<b>12,145,154</b>
<b>Current assets</b>					
Inventories		2,906,197	2,671,909	-	-
Trade and other receivables		1,348,111	1,300,032	90,637	90,144
Advances and prepayments		440,317	340,544	719	150
Prepaid taxes		242,339	230,281	-	-
Biological assets	3	719,554	777,388	-	-
Assets held for sale		41,795	41,795	-	-
Cash and cash equivalents		3,055,233	2,446,494	31,593	18,539
<b>Total current assets</b>		<b>8,753,546</b>	<b>7,808,443</b>	<b>122,949</b>	<b>108,833</b>
<b>Total assets</b>		<b>37,932,401</b>	<b>37,490,231</b>	<b>12,156,273</b>	<b>12,253,987</b>
<b>Current liabilities</b>					
Trade and other payables and accruals		2,373,942	2,013,850	109,682	109,075
Advances and other payables		463,230	341,192	-	-
Lease liabilities	9	43,448	43,918	-	-
Interest-bearing loans and borrowings	14	7,327,203	6,583,123	737,484	190,418
Income tax payable		194,107	222,187	2	3
<b>Total current liabilities</b>		<b>10,401,930</b>	<b>9,204,270</b>	<b>847,168</b>	<b>299,496</b>
<b>Net current liabilities</b>		<b>(1,648,384)</b>	<b>(1,395,827)</b>	<b>(724,219)</b>	<b>(190,663)</b>

## Condensed Interim Statements of Financial Position (cont'd)

	Note	Group		Company	
		30/06/2021 Rp ' million	31/12/2020 Rp ' million	30/06/2021 Rp ' million	31/12/2020 Rp ' million
<b>Non-current liabilities</b>					
Interest-bearing loans and borrowings	14	3,819,744	4,772,696	-	631,904
Amounts due to related parties and other payables		571,842	516,143	-	-
Provisions		39,319	39,219	-	-
Lease Liabilities	9	7,834	20,125	-	-
Employee benefits liabilities	3	1,858,690	1,913,683	-	-
Deferred tax liabilities	11	606,281	577,167	22,789	20,325
<b>Total non-current liabilities</b>		<b>6,903,710</b>	<b>7,839,033</b>	<b>22,789</b>	<b>652,229</b>
<b>Total liabilities</b>		<b>17,305,640</b>	<b>17,043,303</b>	<b>869,957</b>	<b>951,725</b>
<b>Net assets</b>		<b>20,626,761</b>	<b>20,446,928</b>	<b>11,286,316</b>	<b>11,302,262</b>
<b>Equity attributable to owners of the Company</b>					
Share capital	15	3,584,279	3,584,279	10,912,411	10,912,411
Treasury shares		(390,166)	(390,166)	(390,166)	(390,166)
Revenue reserves		7,920,977	7,768,281	619,919	635,865
Other reserves		25,324	349,960	144,152	144,152
		<b>11,140,414</b>	<b>11,312,354</b>	<b>11,286,316</b>	<b>11,302,262</b>
Non-controlling interests		9,486,347	9,134,574	-	-
<b>Total equity</b>		<b>20,626,761</b>	<b>20,446,928</b>	<b>11,286,316</b>	<b>11,302,262</b>

## Condensed Interim Statements of Changes in Equity – the Group

	Attributable to owners of the Company					Non- controlling interests	Total equity
	Share capital Rp' million	Treasury shares Rp' million	Revenue reserves Rp' million	Other reserves Rp' million	Total reserves Rp' million		
<b>At 1 January 2021</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>7,768,281</b>	<b>349,960</b>	<b>8,118,241</b>	<b>9,134,574</b>	<b>20,446,928</b>
Net profit for the period	–	–	152,696	–	152,696	162,439	315,135
Other comprehensive income	–	–	–	(141,155)	(141,155)	5,853	(135,302)
Increase of share capital in subsidiary	–	–	–	(183,481)	(183,481)	183,481	–
<b>Balance at 30 June 2021</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>7,920,977</b>	<b>25,324</b>	<b>7,946,301</b>	<b>9,486,347</b>	<b>20,626,761</b>

	Attributable to owners of the Company					Non- controlling interests	Total equity
	Share capital Rp' million	Treasury shares Rp' million	Revenue reserves Rp' million	Other reserves Rp' million	Total reserves Rp' million		
<b>At 1 January 2020</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>7,748,368</b>	<b>369,511</b>	<b>8,117,879</b>	<b>8,851,412</b>	<b>20,163,404</b>
Net profit for the period	–	–	(429,419)	–	(429,419)	(145,869)	(575,288)
Other comprehensive income	–	–	(5,837)	(313,030)	(318,867)	(6,008)	(324,875)
<b>Balance at 30 June 2020</b>	<b>3,584,279</b>	<b>(390,166)</b>	<b>7,313,112</b>	<b>56,481</b>	<b>7,369,593</b>	<b>8,699,535</b>	<b>19,263,241</b>

## Condensed Interim Statements of Changes in Equity – the Company

### Attributable to owners of the Company

	Share capital Rp' million	Treasury shares Rp' million	Revenue reserves Rp' million	Other reserves Rp' million	Total reserves Rp' million	Total equity Rp' million
<b>At 1 January 2021</b>	<b>10,912,411</b>	<b>(390,166)</b>	<b>635,865</b>	<b>144,152</b>	<b>780,017</b>	<b>11,302,262</b>
Net loss for the period	-	-	(15,946)	-	(15,946)	(15,946)
<b>Balance at 30 June 2021</b>	<b>10,912,411</b>	<b>(390,166)</b>	<b>619,919</b>	<b>144,152</b>	<b>764,071</b>	<b>11,286,316</b>

### Attributable to owners of the Company

	Share capital Rp' million	Treasury shares Rp' million	Revenue reserves Rp' million	Other reserves Rp' million	Total reserves Rp' million	Total equity Rp' million
<b>At 1 January 2020</b>	<b>10,912,411</b>	<b>(390,166)</b>	<b>754,617</b>	<b>144,152</b>	<b>898,769</b>	<b>11,421,014</b>
Net loss for the period	-	-	(28,716)	-	(28,716)	(28,716)
<b>Balance at 30 June 2020</b>	<b>10,912,411</b>	<b>(390,166)</b>	<b>725,901</b>	<b>144,152</b>	<b>870,053</b>	<b>11,392,298</b>

## Condensed Interim Consolidated Statement of Cash Flows

	Note	1H2021 Rp ' million	1H2020 Rp ' million
<b>Cash flows from operating activities</b>			
Profit/ (loss) before taxation		752,932	(450,042)
Adjustments for:			
Depreciation and amortisation		720,315	673,890
Realisation of deferred costs		79,380	71,514
Unrealised foreign exchange (gain)/ loss		873	25,892
Allowance for doubtful account		(2)	89
Loss arising from changes in fair value of biological assets		33,933	146,972
Gain on disposal of property, plant and equipment		(1,512)	(253)
Write-off of property, plant and equipment		2,498	57
Changes in allowance for decline in market value and obsolescence of inventories		5,907	94,785
Changes in provision for asset dismantling costs		101	816
Change in estimated liability for employee benefits		5,544	191,725
Allowance for uncollectible and loss arising from changes in amortised cost		87,291	20,412
Loss arising from changes in amortised cost of long term receivables		(43)	(141)
Share of results of associate companies		32,930	201,179
Share of results of joint ventures		(28,915)	(30,054)
Financial income		(32,375)	(36,982)
Financial expenses		324,120	397,285
<b>Operating cash flows before changes in working capital</b>		<b>1,982,977</b>	<b>1,307,144</b>
Changes in working capital:			
Decrease in other non-current receivables		20,092	275,352
(Increase)/decrease in inventories		(240,195)	155,181
Increase in trade and other receivables		(143,147)	(109,544)
Increase in advances to suppliers		1,802	161,165
Increase in prepaid taxes, advances and other payable		34,323	180,408
Increase in trade and other payables and accruals		433,970	222,857
<b>Cash flows from operations</b>		<b>2,089,822</b>	<b>2,192,563</b>
Interest received		31,447	37,002
Interest paid		(323,087)	(379,014)
Income tax paid		(352,437)	(141,802)
<b>Net cash flows from operating activities</b>		<b>1,445,745</b>	<b>1,708,749</b>

## Condensed Interim Consolidated Statement of Cash Flows (cont'd)

	Note	1H2021 Rp ' million	1H2020 Rp ' million
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment	9	(417,950)	(566,578)
Additions to leases	9	(1,769)	(4,101)
Additions to biological assets		(72,939)	(65,696)
Increase in plasma receivables		(62,273)	(77,972)
Proceeds from disposal of property, plant and equipment	9	3,532	6,403
Advances for projects and purchases of fixed assets		(47,844)	(18,529)
<b>Net cash flows used in investing activities</b>		<b>(599,243)</b>	<b>(726,473)</b>
<b>Cash flows from financing activities</b>			
Proceeds from interest-bearing loans and borrowings		826,800	605,000
Repayment of interest-bearing loans and borrowings		(1,061,641)	(673,066)
Payment of principal portion of lease liability	9	(22,252)	(27,288)
<b>Net cash flows used in financing activities</b>		<b>(257,093)</b>	<b>(95,354)</b>
<b>Net increase in cash and cash equivalents</b>		<b>589,409</b>	<b>886,922</b>
<b>Effect of changes in exchange rates on cash and cash equivalents</b>		<b>19,330</b>	<b>25,731</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>2,446,494</b>	<b>1,787,462</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>3,055,233</b>	<b>2,700,115</b>



## Notes to the Condensed Interim Consolidated Financial Statements

### 1. *Corporate information*

Indofood Agri Resources Ltd. (the "Company") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Singapore Exchange Securities Trading Limited ("SGX-ST"). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the "Group").

The Group is a vertically-integrated agribusiness group, with its principal activities comprising research and development, oil palm seed breeding, cultivation of oil palm plantations, production and refining of crude palm oil ("CPO"), cultivation of rubber, sugar cane, cocoa, tea, and industrial timber plantations, and marketing and selling these end products.

These activities are carried out through the Company's subsidiaries, associates and joint ventures. The principal activity of the Company is that of an investment holding company.

PT Indofood Sukses Makmur Tbk ("PT ISM"), incorporated in Indonesia, and First Pacific Company Limited, incorporated in Hong Kong, are the penultimate and ultimate parent company of the Company, respectively. The immediate holding company is Indofood Singapore Holdings Pte Ltd, incorporated in Singapore.

### 2. *Basis of Preparation*

The condensed interim financial statements for the six months ended 30 June 2021 ("1H2021") have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020 ("FY2020").

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as the FY2020 financial statements, except for the adoption of new and amended standards as set out in Note 2.1 below.

The condensed interim financial statements are presented in Indonesia Rupiah ("Rp") which is the Company's functional currency and all values are rounded to the nearest million ("Rp million") except when otherwise indicated.

The financial statements have been prepared on a going concern basis notwithstanding the net current liabilities of the Group and the Company amounting to Rp1,648 billion (31 December 2020: Rp1,396 billion) and Rp724 billion (31 December 2020: Rp191 billion) respectively. The Directors are of the view that the future cash flows generated from operations, ability to refinance the maturing debts, together with the undrawn committed banking facilities, the Group and the Company will be able to meet its financial obligations.

#### 2.1 *New and amended standards adopted by the Group*

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of the adopting those standards.

### 3. *Use of judgements and estimates*

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the FY2020 consolidated financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are presented below. The methodology and procedures for determining the provisions, allowances and key estimates of the following amounts have not changed since the last year end.

- Allowance for expected credit loss ("ECL") of trade receivables

The Group uses the same provision matrix that were applied in its FY2020 financial statements to calculate ECL for trade receivables.

The carrying amount of trade receivables as at 30 June 2021 is Rp1,235.0 billion (31 December 2020: Rp1,195.6 billion).

- Allowance for ECL of plasma receivables

The Group uses the same methodology and basis that were applied in its FY2020 financial statements to calculate ECL of plasma receivables.

The gross carrying amount of the Group's plasma receivables before the allowance for ECL and the adjustments of EIR amortisation as at 30 June 2021 is Rp2,272.1 billion (31 December 2020: Rp2,213.7 billion).

An impairment analysis is performed at each reporting date to measure ECL. The Group's allowance for uncollectible and adjustments of EIR amortisation of plasma receivables as at 30 June 2021 is disclosed in Note 13.

- Lease term of contracts with renewal and terminal options - the Group as lessee

The Group has lease contracts for various assets of land, buildings and office equipment used in its operations. The Group is restricted from assigning and subleasing the leased assets. The Group has several lease contracts that include extension and termination options. The Group applied the same basis as in its FY2020 financial statements in evaluating whether it is reasonably certain to exercise the option to renew or to terminate the lease.

As at 30 June 2021, the balance of the lease contracts is presented as "Right-of-use assets" in the consolidated balance sheet.

### 3. *Use of judgements and estimates (cont'd)*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are presented below:

- Goodwill impairment

In the case of goodwill, such assets are subject to annual impairment test and whenever there is an indication that such asset may be impaired. Management has to use its judgement in estimating the recoverable amount. The recoverable amounts of the CGU were determined using discounted cash flow model based on cash flow projections covering a period of 10 years for plantation estates in early development stage and 5 years for established plantations. Under the income approach, the expected future cash flows are discounted to the present value by using a discount rate. The estimation of future cash flows requires the use of a number of other significant operational and predictive assumptions, such as fresh fruit bunch ("FFB") yield rate, extraction rate, projected selling price, inflation rate, exchange rate and also factors in the terminal value after the implicit period of five years.

No impairment indicators were identified as at 30 June 2021 based on the CGU's business performance. The Group performed its annual impairment test in October 2020. The key assumptions used to determine the recoverable amount for the CGU were disclosed in annual consolidated financial statements for the year ended 31 December 2020.

- Pension and employee benefits

The determination of the Group's obligations and cost for pension and employee benefits liabilities is dependent on its selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions remained the same as last year end, include among others, discount rates, future annual salary increase, annual employee turnover rate, disability rate, retirement age and mortality rate. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognised immediately in other comprehensive income as and when they occur.

As at 30 June 2021, the balance of the related actuarial liability for employee benefits is presented as "Employee benefits liabilities" in the consolidated balance sheet.

- Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 4 to 30 years, which remained to be the same as in its FY2020 financial statements. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised.

- Biological assets

Biological assets primarily comprise of timber plantations (which are presented as part of Non-current assets), and the unharvested agricultural produce of bearer plants which comprise FFB, oil palm seeds, latex and sugar cane (which are presented as part of Current assets). The Group recognises its timber plantations and agricultural produce of bearer plants at fair value less costs to sell, which requires the use of accounting estimates and assumptions.

The Group adopts consistent income approach as in its FY2020 financial statements to measure the timber plantations and fair value of unharvested produce of bearer plants. The significant assumptions applied to determine the fair value of biological assets included the projected selling prices, production yields, discount rate, inflation rate and exchange rates. For the valuation of unharvested fruit bunches of oil palm and latex of rubber, the Group applied the actual harvest data subsequent to reporting period to derive the fair value of unharvested produce of oil palm and rubber

### **3. Use of judgements and estimates (cont'd)**

- Biological assets (cont'd)

as at 30 June 2021. For the valuation of oil palm seeds, sugar cane and timber, the Group applied discounted cash flow models to derive its fair value.

- Income tax

Significant judgement is involved in determining provision for income tax. Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income which requires future adjustments to tax income and expense already recorded. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group adopts consistent methodology as in its FY2020 financial statements in recognition of liabilities for expected income tax issues based on estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax in the year in which such decision is made by the taxation authority.

Deferred tax assets are recognised on the same basis as in its FY2020 financial statements for all unused tax losses to the extent that it is probable that there will be sufficient taxable profit within the next 5 years against which the tax losses can be utilised. Significant management estimates are required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

The carrying amounts of the Group's tax payables and deferred tax assets as at 30 June 2021 are disclosed in the consolidated balance sheet.

- Allowance for decline in market value of inventories and obsolescence of inventories

Allowance for decline in market value of inventories and obsolescence of inventories is estimated on the same basis as in its FY2020 financial statements, which based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated.

The carrying amount of the Group's inventories is disclosed in the consolidated balance sheet.

- Estimating the Incremental Borrowing Rate of a Lease

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term.

The Group continues to use the same methodology that were applied in its FY2020 financial statements to estimate the incremental borrowing rate using observable inputs (such as market interest rates) when available and make certain entity-specific estimates as necessary.

### **4. Disaggregation of revenue**

Revenue represents the value arising from the sales of palm oil, rubber, sugar, edible oils, and other agricultural products. Revenue is disaggregated to Plantations and Edible Oils and Fats segment. The timing of transfer of goods is determined at a point in time. The Group does not has revenue that is recognised over time.

Revenue from a single region is disclosed separately when it exceeds 10% of the Group's revenue. For 1H2021 and 1H2020, other than Indonesia, no other country accounted for 10% or more of the Group's revenue.

#### 4. Disaggregation of revenue (cont'd)

	Plantations		Edible Oils and Fats		Others/eliminations		Total	
	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020	1H2021	1H2020
	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million	Rp million
<b>Sales channel</b>								
Third party	1,494,822	1,328,148	7,462,765	5,544,446	-	-	8,957,587	6,872,594
Inter-segment	3,127,909	2,243,956	2,211	419	(3,130,120)	(2,244,375)	-	-
	4,622,731	3,572,104	7,464,976	5,544,865	(3,130,120)	(2,244,375)	8,957,587	6,872,594
<b>Primary geographical markets</b>								
Indonesia	4,551,565	3,500,668	6,001,451	4,825,192	(3,130,120)	(2,244,375)	7,422,896	6,081,485
Outside Indonesia	71,166	71,436	1,463,525	719,673	-	-	1,534,691	791,109
	4,622,731	3,572,104	7,464,976	5,544,865	(3,130,120)	(2,244,375)	8,957,587	6,872,594
<b>Major product lines</b>								
CPO	3,430,553	2,769,034	-	-	(3,127,898)	(2,243,946)	302,655	525,088
Palm Kernel & related products	582,628	374,240	-	-	-	-	582,628	374,240
Edible Oils and Fats	-	-	7,464,976	5,544,865	(2,211)	(419)	7,462,765	5,544,446
Others	609,550	428,830	-	-	(11)	(10)	609,539	428,820
	4,622,731	3,572,104	7,464,976	5,544,865	(3,130,120)	(2,244,375)	8,957,587	6,872,594

#### 5. Profit/ (loss) before taxation

The following items have been included in arriving at profit/ (loss) from operations:

	1H2021 Rp' million	1H2020 Rp' million	Change %
Depreciation of property, plant and equipment	667,213	638,102	4.6
Amortisation of deferred charges, right of use assets and others	53,102	35,788	48.4
Interest on borrowings and leases	320,064	390,901	(18.1)
Allowance for uncollectible and loss arising from changes in amortised cost	87,291	20,412	327.6
Write-off of property, plant and equipment	2,498	57	n/m
Gain on disposal of property, plant and equipment	(1,512)	(253)	497.6
Changes in provision for asset dismantling costs	101	816	(87.6)

## 6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	1H2021 Rp' million	1H2020 Rp' million
Current income tax expense	301,944	154,248
Deferred income tax expense relating to origination and reversal of temporary differences	135,853	(29,002)
	<u>437,797</u>	<u>125,246</u>

## 7. Earnings/ (loss) per share

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 2021.

	1H2021 Rp ' million	Group 1H2020 Rp ' million	Change %
<b>Earnings per share (Rp)</b>			
Based on weighted average number of shares	109	(308)	n/m
Based on a fully diluted basis	109	(308)	n/m

## 8. Net asset value

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 (excluding 51,878,300 held as treasury shares) as of 30 June 2021 and 31 December 2020.

	Group		Company	
	30/06/2021	31/12/2020	30/06/2021	31/12/2020
Net asset value per share (Rp)	7,981	8,104	8,085	8,097
Net asset value per share (SGD 'cents) (converted at Rp10,781 /S\$1)	74.0	75.2	75.0	75.1

## 9. Property, plant and equipment and Leases

In 1H2021, the Group acquired assets amounting to Rp418.0 billion (1H2020: Rp566.6 billion) and proceeds from disposed of assets amounting to Rp3.5 billion (1H2020: Rp6.4 billion).

In 1H2021, the Group's addition to leases amounting to Rp1.8 billion (1H2020: Rp4.1 billion) and payment of principal portion of lease liabilities amounting to Rp22.3 billion (1H2020: Rp27.3 billion).

The Company does not has addition or disposal of assets and leases in 1H2021 and 1H2020.

## 10. Goodwill

	<b>30/06/2021</b>	<b>31/12/2020</b>
	<b>Rp' million</b>	<b>Rp' million</b>
<b>Cost</b>		
Balance as at 1 January and 30 June	3,211,427	3,211,427

The goodwill arose largely from the acquisition of PT PP London Sumatra Indonesia Tbk ("PT Lonsum"). Management engaged an independent valuer to determine the recoverable amount of the goodwill annually, only for PT Lonsum's integrated plantation estates. The recoverable amounts of other goodwill from other acquisitions were determined internally by management.

The recoverable amount of the goodwill allocated to the plantation estates of PT Lonsum has been determined based on value-in-use calculations. The recoverable amounts of the goodwill allocated to all other plantation estates were determined based on fair value less costs of disposal ("FVLCD"), using discounted cash flow method. The FVLCD derived is categorised under Level 3 of the fair value hierarchy.

Goodwill that have an indefinite useful life are not subject to amortisation and are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. No impairment indicators were identified as at 30 June 2021 based on the CGU's business performance. The Group performed its annual impairment test in October 2020. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

## 11. Deferred tax

Deferred tax relates to the following:

	<b>30/06/2021</b>	<b>31/12/2020</b>
	<b>Rp' million</b>	<b>Rp' million</b>
<b>Temporary tax differences:</b>		
Property, plant and equipment	(819,739)	(918,583)
Biological assets	(139,212)	(115,160)
Withholding tax on unremitted foreign interest income	(22,789)	(20,325)
Adjustments for uncollectible and loss arising from changes in amortised cost of plasma receivables	140,056	121,133
Allowance for employees benefit expenses	48,128	35,466
Allowance for decline in market value and obsolescence of inventories	29,057	83,361
Provision for unrecoverable advance	11,741	11,741
Employee benefits liabilities	360,285	366,520
Deferred inter-company profits	36,870	28,616
Tax losses carry forward	218,149	400,739
Others	(575)	202
Total	<u>(138,029)</u>	<u>(6,290)</u>
<b>Classified as:</b>		
Deferred tax assets	486,252	570,877
Deferred tax liabilities	<u>(606,281)</u>	<u>(577,167)</u>

## 12. Investment in subsidiary companies, associate companies and joint ventures

### 12.1 Investment in subsidiary companies

	Company	
	30/06/2021 Rp' million	31/12/2020 Rp' million
Carrying value of investment	10,706,846	10,706,846

The Group held less than 50% effective shareholdings in certain subsidiaries but owned, directly and indirectly, more than half of the voting power in the list subsidiaries. There was no acquisition and disposal of subsidiary during the interim reporting period.

Management has performed an impairment assessment to assess the recoverable amounts of investment in subsidiary companies, comprising PT Salim Ivomas Pratama Tbk ("PT SIMP"), PT Lonsum, IFAR Brazil Pte. Ltd.. Based on the assessment, the recoverable amounts were in excess of the carrying value of the investments in subsidiary companies and hence no impairment loss was recognised as at 30 June 2021. The key assumptions used to determine the recoverable amounts for investment in subsidiary companies were disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

### 12.2 Investment in associate companies

	Group	
	30/06/2021 Rp' million	31/12/2020 Rp' million
Cost of investment, at cost	1,877,942	1,877,942
Cumulative share of results and other comprehensive income	(468,801)	(435,878)
Foreign currency translation	89,286	83,016
Gain from deemed disposal	12,921	12,921
Carrying value of investment	1,511,348	1,538,001

The Group's associate companies remained the same as those in FY2020 financial statements, comprising FP Natural Resources Limited ("FPNRL"), Asian Assets Management Pte Ltd ("AAM"), PT Aston Inti Makmur ("AIM"), PT Prima Sarana Mustika ("PT PSM") and PT Indoagri Daitocacao ("Daitocacao").

Management has performed impairment review on the associates companies, and there were no indicators of impairment, except for the investment in FPNRL. Management has further assessed the recoverable amount using the underlying investment of FPNRL in Roxas Holdings Inc ("Roxas"), using a discounted cash flow model. The recoverable amount was in excess of the carrying value of the investment in FPNRL and hence no impairment loss was recognised as at 30 June 2021.



## 12. Investment in subsidiary companies, associate companies and joint ventures (cont'd)

### 12.3 Investment in joint ventures

	Group	
	30/06/2021 Rp' million	31/12/2020 Rp' million
Cost of investment (including acquisition related costs)	1,009,505	1,009,505
Cumulative share of results and other comprehensive income	(71,034)	76,094
Loss on deemed disposal	(87,049)	(87,049)
Foreign currency translation	(306,526)	(334,513)
Carrying value of investment	544,896	664,037

The list of joint ventures remained unchanged as to those in FY2020 financial statements, comprising Companhia Mineira de Açúcar e Álcool Participações (“CMAA”) and Bússola Empreendimentos e Participações S.A (“Bússola”).

There were no indicators of impairment on investment in joint ventures as at 30 June 2021 and hence no further assessment is required to determine the recoverable amount.

## 13. Financial assets and financial liabilities

Set out below is an overview of financial assets and financial liabilities of the Group as at 30 June 2021 and 31 December 2020:

	Group		Company	
	30/06/2021 Rp' million	31/12/2020 Rp' million	30/06/2021 Rp' million	31/12/2020 Rp' million
<b>Financial Assets</b>				
Cash and bank	3,055,233	2,446,494	31,593	18,539
Trade and other receivables	1,377,966	1,328,943	950,647	1,060,154
Plasma receivables	1,548,653	1,573,669	-	-
<b>Financial Liabilities</b>				
Trade and other payables	2,945,785	2,529,993	109,682	109,075
Interest-bearing loans and borrowings	14 11,146,947	11,355,819	737,484	822,322

### Receivables that are impaired

The Group's trade receivables that are collectively impaired at the balance sheet date and the movement of the allowance account used to record the impairment are as follows:

	Group	
	30/06/2021 Rp' million	31/12/2020 Rp' million
As at 1 January	149	53
Allowance for the year	(2)	97
As at 30 June / 31 December	147	150

### 13. Financial assets and financial liabilities (cont'd)

#### Receivables that are impaired (cont'd)

An analysis of the movement in allowance for uncollectible and adjustments of EIR amortisation of plasma receivables are as follows:

	Group	
	30/06/2021 Rp' million	31/12/2020 Rp' million
As at 1 January	640,052	584,853
Allowance for the year	56,453	41,229
Adjustments of EIR amortisation	30,838	13,970
Write-off	(3,821)	-
As at 30 June / 31 December	<u>723,522</u>	<u>640,052</u>

### 14. Borrowings and debt securities

	Group		Company	
	30/06/2021 Rp' million	31/12/2020 Rp 'million	30/06/2021 Rp' million	31/12/2020 Rp 'million
Interest bearing debt payable in one year or less, or on demand				
Secured *	2,247,919	2,150,705	-	-
Unsecured	5,079,284	4,432,418	737,484	190,418
<b>Sub-total</b>	<b>7,327,203</b>	<b>6,583,123</b>	<b>737,484</b>	<b>190,418</b>
Interest bearing debt repayable after one year				
Secured *	3,069,744	3,390,792	-	-
Unsecured	750,000	1,381,904	-	631,904
<b>Sub-total</b>	<b>3,819,744</b>	<b>4,772,696</b>	<b>-</b>	<b>631,904</b>
<b>Total borrowings and debt securities</b>	<b>11,146,947</b>	<b>11,355,819</b>	<b>737,484</b>	<b>822,322</b>

#### Details of the collaterals

\* The above bank borrowings are secured by corporate guarantees of a subsidiary in proportion to its equity ownerships.

There is no loan default or breach of a loan agreement that has not been remedied on or before the end of interim reporting period.

### 15. Share capital

The Company did not issue any shares during the period. As of 30 June 2021 and 31 December 2020, the number of issued shares was 1,447,782,830, of which 51,878,300 shares were held as treasury shares.

There were no outstanding convertibles as at 30 June 2021 and 31 December 2020.

**15. Share capital (cont'd)**

	Company			
	30/06/2021		31/12/2020	
	No of shares ( <b>'000</b> )	Amount Rp' million	No of shares ( <b>'000</b> )	Amount Rp' million
Share capital	1,447,783	10,912,411	1,447,783	10,912,411
Less: Treasury shares	(51,878)	(390,166)	(51,878)	(390,166)
Share capital excluding treasury shares	1,395,905	10,522,245	1,395,905	10,522,245

There were no sales, transfers, cancellation and/or use of treasury shares as of 30 June 2021 and 31 December 2020.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

**16. Dividends**

There is no dividend recommended for the period ended 30 June 2021 (30 June 2020: Nil).

**17. Related party transactions**

The following transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

Nature of transactions	Period	A shareholder of the Group Rp' million	Related Companies <sup>(1)</sup> Rp' million	Other related parties <sup>(2)</sup> Rp' million
Sales of goods	1H2021	16	2,703,396	1,175,326
	1H2020	6	2,042,446	1,066,079
Purchases of packaging materials	1H2021	-	73,238	-
	1H2020	-	66,944	-
Purchases of services, transportation equipment and spare parts	1H2021	-	1,623	32,864
	1H2020	-	1,569	42,742
Royalty fee expenses	1H2021	2,226	-	-
	1H2020	1,236	-	-
Pump service expenses	1H2021	-	-	3,413
	1H2020	-	-	2,976
Rental expenses	1H2021	-	-	24,815
	1H2020	-	-	24,843
Insurance expenses	1H2021	-	-	12,044
	1H2020	-	-	9,585
Other operating income	1H2021	-	2,249	-
	1H2020	-	3,973	-

<sup>(1)</sup> Transactions with entities under common control.

<sup>(2)</sup> Transactions with members of Salim Group and its associates.

## 18. Impairment of non-financial assets

For assets excluding goodwill, an assessment is made as to whether there is any indication that required additional impairment loss to be recognized or previously recognized impairment losses for an asset may no longer exist or may have decreased. Based on the assessment, no impairment loss is required to recognize or reverse as at 30 June 2021.

## 19. Fair value measurement

The Group measures non-financial assets, such as biological assets, at fair value at each reporting date.

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

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

The following table provides the fair value hierarchy of the Group's assets and liabilities in accordance with the level of inputs to valuation techniques used to measure fair value:

	Quoted prices in active markets for identical assets (Level 1) Rp' million	Significant other observable inputs (Level 2) Rp' million	Significant unobservable inputs (Level 3) Rp' million
<b>As at 30 June 2021</b>			
<i>Recurring fair value measurements</i>			
Biological assets - timber plantations	-	-	315,435
Biological assets - agricultural produce	-	290,791	428,763
Available-for-sale financial asset at FVOCI	-	-	16,328
<b>As at 31 December 2020</b>			
<i>Recurring fair value measurements</i>			
Biological assets - timber plantations	-	-	313,453
Biological assets - agricultural produce	-	324,007	453,381
Available-for-sale financial asset at FVOCI	-	-	15,888

## 20. Segment and revenue information

The Group is organised into the following main business segments:

- Plantations segment is mainly involved in the development and maintenance of oil palm, rubber and sugar cane plantations and other business activities relating to palm oil, rubber and sugar cane processing, marketing and selling. This segment is also involved in the cultivation of cocoa, tea and industrial timber plantations.
- Edible oils and fats segment produces, markets and sells edible oil, margarine, shortening and other related products and its derivative products.

The Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management who

## 20. Segment and revenue information (cont'd)

regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

The following table presents revenue and profit and certain asset and liability information regarding the Group's business segments:

### 20.1 Business segments

1H2021	Plantations Rp' million	Edible Oils and Fats Rp ' million	Others/ eliminations Rp' million	Total Rp' million
Revenue				
Sales to external customers	1,494,822	7,462,765	-	8,957,587
Inter-segment sales	3,127,909	2,211	(3,130,120)	-
Total sales	4,622,731	7,464,976	(3,130,120)	8,957,587
Share of results of associate companies	(12,916)	-	(20,014)	(32,930)
Share of results of joint ventures	-	-	28,915	28,915
Segment results	918,648	197,503	(68,906)	1,047,245
Net finance costs				(291,745)
Foreign exchange gain				1,447
Profit before tax				752,932
Income tax expense				(437,797)
Net profit for the period				315,135
Other segment information:				
Capital expenditure	498,278	8,096	-	506,374
Depreciation and amortisation	631,034	56,078	33,203	720,315
Loss from changes in fair value of biological assets	(33,933)	-	-	(33,933)
Provision for employee benefits	(14,629)	20,173	-	5,544
<b>As at 30 June 2021</b>				
Assets and liabilities				
Segment assets	27,678,487	4,730,103	(523,232)	31,885,358
Investment in associate companies	1,303,371	-	207,977	1,511,348
Investment in joint ventures	-	-	544,896	544,896
Goodwill	3,211,427	-	-	3,211,427
Prepaid taxes				242,339
Deferred tax assets				468,252
Claims for tax refund				68,781
Total assets				37,932,401
Segment liabilities	3,968,905	1,280,762	(530,021)	4,719,646
Unallocated liabilities				11,785,606
Deferred tax liabilities				606,281
Income tax payable				194,107
Total liabilities				17,305,640

## 20. Segment and revenue information (cont'd)

### 20.1 Business segments (cont'd)

1H2020	Plantations Rp' million	Edible Oils and Fats Rp' million	Others/ eliminations Rp' million	Total Rp' million
Revenue				
Sales to external customers	1,328,148	5,544,446	-	6,872,594
Inter-segment sales	2,243,956	419	(2,244,375)	-
Total sales	3,572,104	5,544,865	(2,244,375)	6,872,594
Share of results of associate companies	(6,932)	-	(194,247)	(201,179)
Share of results of joint ventures	-	-	30,054	30,054
Segment results	(63,434)	204,559	(3,072)	138,053
Net finance costs				(360,303)
Foreign exchange loss				(56,667)
Loss before tax				(450,042)
Income tax expense				(125,246)
Net loss for the period				(575,288)
Other segment information:				
Capital expenditure	635,710	24,174	-	659,884
Depreciation and amortisation	592,888	53,202	27,800	673,890
Loss from changes in fair value of biological assets	(146,972)	-	-	(146,972)
Provision for employee benefits	162,208	29,517	-	191,725
<b><u>As at 31 December 2020</u></b>				
Assets and liabilities				
Segment assets	27,095,478	4,684,273	(609,859)	31,169,892
Investment in associate companies	1,316,287	-	221,714	1,538,001
Investment in joint ventures	-	-	664,037	664,037
Goodwill	3,211,427	-	-	3,211,427
Prepaid taxes				230,281
Deferred tax assets				570,877
Claims for tax refund				105,716
Total assets				37,490,231
Segment liabilities	3,548,912	1,356,694	(681,297)	4,224,309
Unallocated liabilities				12,019,640
Deferred tax liabilities				577,167
Income tax payable				222,187
Total liabilities				17,043,303

## 21. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

## Other Information Required by Listing Rule Appendix 7.2

### 1. *Audit review*

The condensed interim statement of financial position of Indofood Agri Resources Ltd and its subsidiaries as at 31 June 2021 and the related condensed interim consolidated statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim consolidated statement of cash flows and certain explanatory notes for 1H2021 have not been audited or reviewed.

### 2. *Review of performance of the Group*

#### **Financial Performance**

**Overview:** Despite the continued impact of COVID-19 on the global economy, the Group reported a net profit after tax of Rp315 billion in 1H2021, reversing from a net loss of Rp575 billion in the same period last year. The significant improvement in profitability was attributable to a remarkable turnaround in the Plantation Division on higher selling prices of palm products (i.e. crude palm oil (CPO) and palm kernel (PK)).

CPO prices have recovered strongly from a low in mid-2020 following the onset of a La Nina event and reduced CPO supply, and coupled with improved demand and tighter supply of soft oils such as soy oil and sunflower oil. CPO prices (CIF Rotterdam) was at an average of US\$1,128 per tonne in 1H2021, compared to US\$655 per tonne in 1H2020.

In 1H2021, the Group's Plantation Division revenue increased 29% mainly attributable to higher selling prices of palm products. However, this was slightly offset by lower sales volume of CPO (-1%) and PK related products (-3%) in line with lower CPO production.

EOF Division's revenue improved by 35% in 1H2021 attributable to both higher selling prices and sales volume of EOF products. Despite higher CPO purchase costs and the challenging Covid-19 situation in Indonesia, this division continues to perform steadily with higher sales volume of EOF products and maintaining its profitability.

**Revenue:** The Group reported Rp8,958 billion in 1H2021 consolidated revenue (after elimination of inter-segment sales), increasing 30% over 1H2020 on higher selling prices of palm products (CPO +26% and PK +62%) and edible oils & fats (EOF) products, as well as higher sales volume of EOF products.

**Cost of sales:** Higher cost of sales was mainly due to higher purchases of fresh fruit bunches (FFB) from external parties in the Plantation Division, as well as higher purchases of raw materials i.e. CPO by the EOF Division on higher demand from the domestic market.

**Gross profit:** In 1H2021, the Group's gross profit improved significantly by 112% compared to 1H2020, bolstered by higher selling prices of palm products and EOF products, as well as higher sales volume of EOF products. This was partly offset by higher CPO purchase cost.

**Selling and distribution expenses (S&D):** S&D expenses increased 93% to Rp480 billion in 1H2021 mainly due to higher export levy and duty related to higher export sales of EOF products.

**Other Operating Expenses:** Other operating expenses increased 98% to Rp117 billion in 1H2021 compared to 1H2020 mainly due to higher allowance for uncollectible and loss arising from changes in amortised cost.

**Foreign Exchange Gain/ (Loss):** The foreign exchange impacts were principally attributable to the translation of US dollar denominated loans, assets and liabilities. In 1H2021, the Group recognised a foreign currency gain of Rp1 billion compared to Rp57 billion loss in 1H2020. The foreign currency gain was mainly due to strengthening of Indonesia Rupiah against US Dollar to Rp14,496/US\$ as of 30 June 2021 versus Rp14,105/US\$ as of 31 December 2020.

## 2. *Review of performance of the Group (cont'd)*

**Share of Results of Associate Companies:** The Group reported significant lower share of losses from its associate companies in 1H2021 of Rp33 billion versus Rp201 billion in 1H2020. The higher losses in 1H2020 had been impacted by a recognition of Rp163 billion one-off impairment loss on assets and goodwill, and catch-up of depreciation relating to a sugar asset at Philippines which previously classified as held for sale.

**Loss arising from Changes in Fair Values of Biological Assets:** In 1H2021, the Group reported lower losses from changes in fair value of biological assets of Rp34 billion compared to Rp147 billion in 1H2020. The loss in 1H2021 was mainly due to lower FFB volume. Meanwhile, the fair value loss of Rp147 billion in 1H2020 was mainly due to lower prices and production volume of FFB compared to a year ago.

**Profit/ (loss) from Operations:** The Group reported a marked turnaround in profit from operations, registering a profit of Rp1,045 billion in 1H2021 compared to loss of Rp90 billion in 1H2020 mainly due to higher gross profit, lower losses from associate companies and lower losses arising from changes in fair value of biological assets. This was partly offset by higher selling and distribution expenses.

**Financial Expenses:** In 1H2021, the Group's financial expenses decreased by 18% in 1H2021 mainly due to lower blended interest rate in line with lower benchmark interest rates and lower outstanding loan compared to 1H2020.

**Income Tax Expense:** The Group recognised higher income tax expenses of Rp438 billion in 1H2021 compared to Rp125 billion in 1H2020 mainly attributable to higher taxable income and higher deferred tax arising from provision for tax losses carried forward.

**Net Profit/ (Loss) After Tax:** The Group reported a profit of Rp315 billion in 1H2021 compared to a loss of Rp575 billion in 1H2020. This was mainly due to higher profit from operations as explained above and lower financial expenses, but this was partly offset by higher income tax expense.

The Group reported attributable profit to equity holders of Rp153 billion in 1H2021, compared to attributable loss of Rp429 billion in 1H2020. Core profit was Rp475 billion in 1H2021 compared to a core loss of Rp37 billion in 1H2020.

### **Review of Financial Position**

As at 30 June 2021, the Group reported total non-current assets of Rp29.2 trillion compared to Rp29.7 trillion in December 2020. The decrease was mainly due to lower property, plant and equipment arising from depreciation, lower deferred tax assets arising from lower provision for tax losses carried forward and lower investment in joint ventures. This was partly offset by higher prepayments of expenses.

The Group reported total current assets of Rp8.8 trillion as at June 2021 compared to Rp7.8 trillion in December 2020. This was mainly due to increase in cash arising from free cash flows generated from improved operational result during the period, and higher raw materials and finished products in the EOF Division.

The current liabilities of the Group were Rp10.4 trillion as at June 2021 compared to Rp9.2 trillion as at December 2020. This was mainly due to higher current maturities of long-term loans and borrowings, as well as higher trade and other payables and accruals.



## **2. Review of performance of the Group (cont'd)**

As at June 2021, the non-current liabilities of the Group were Rp6.9 trillion compared to Rp7.8 trillion as at December 2020. The decrease mainly due to repayment of loan installments and the reclassification of current maturities of long-term loans and borrowings.

As at June 2021, the Group's net debt to total equity ratio decreased from 0.44 times as at December 2020 to 0.39 times. This was mainly due to the combined effects of higher cash and lower gross debts compared to prior year end.

### **Review of Cash Flows**

The Group reported higher operating cash flows before working capital of Rp1,983 billion, compared to Rp1,307 billion in 1H2020. However, cash flows from operation in 1H2021 came in lower than 1H2020 mainly due to higher working capital and higher income tax paid.

Net cash flows used in investing activities were lower at Rp599 billion in 1H2021 compared to Rp726 billion in 1H2020 mainly due to lower additions of property, plant and equipment.

The Group recorded higher net cash out flows of Rp257 billion in financing activities in 1H2021 compared to Rp95 billion in 1H2020. This was mainly due to higher net repayment of loan during 1H2021.

The Group's cash level increased from Rp2,446 billion as at December 2020 to Rp3,055 billion as at June 2021 largely due to higher operating free cash flows.

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

Not applicable.

## **4. 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 operating period and the next 12 months**

The economic uncertainties arising from the COVID-19 pandemic, and erratic weather patterns will affect crop production and commodity prices. CPO prices are sensitive to demand of key import markets, like China and India, together with Indonesia's domestic demand growth and biodiesel mandate, the demand of substitutes such as soy oil, and the movement of crude oil prices which affect discretionary biodiesel demand.

Amidst the volatile commodity price environment, our focus in 2021 is to prioritise our capital investment in growth areas, particularly replanting on older oil palm plots in Riau and North Sumatra. Other initiatives include improvement of FFB yields through active crop management, cost controls and pursue innovations that can raise plantation productivity.

## **5. Dividends**

### **5a. If a decision regarding dividend has been made.**

*(a) Current Financial Period Reported On - any dividend recommended for the current financial year reported on?*

No dividend has been declared/ recommended for the financial period ended 30 June 2021.

*(b) Any dividend declared for the previous corresponding period?*

No dividend has been declared for the financial period ended 30 June 2020.

**5b. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared/ recommended for the financial period ended 30 June 2021 in view of the financial position of the Company i.e. Indofood Agri Resources Ltd.

**6. 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 the interest person transactions ("IPT") for 1H2021:

Name of Interested Person	Aggregate value of all IPT during the financial period under review (excluding transactions less than \$100,000 and IPT conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	Rp 'billion	Rp 'billion
<b>PT ISM Group</b>		
<ul style="list-style-type: none"> <li>• Sales of cooking oil, margarine and others</li> <li>• Purchase of goods, services and assets</li> </ul>	<p>-</p> <p>-</p>	<p>2,706</p> <p>98</p>
<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> <li>• PT SIMP subscribed new shares in PT Mentari Subur Abadi</li> </ul>	<p>-</p> <p>-</p> <p>-</p> <p>-</p> <p>807</p>	<p>1,175</p> <p>220</p> <p>1,510</p> <p>1,833</p> <p>-</p>

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

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to the attention which may render the Group's unaudited condensed interim financial statements for the six months ended 30 June 2021 to be false or misleading in any material aspect.

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

The Company confirms that is has procured undertakings from all its directors and executive officers in the form set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY THE ORDER OF THE BOARD

Mark Julian Wakeford  
Chief Executive Officer and Executive Director

13 August 2021