

UNAUDITED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2019

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 - Q3			Group - YTD 9 months		
	30/09/2019	30/09/2018	Change	30/09/2019	30/09/2018	Change
	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
Revenue	3,592,943	3,706,057	(3.1)	10,094,574	10,261,936	(1.6)
Cost of sales	(2,997,025)	(3,093,707)	(3.1)	(8,867,578)	(8,497,221)	4.4
<b>Gross Profit</b>	<b>595,918</b>	<b>612,350</b>	<b>(2.7)</b>	<b>1,226,996</b>	<b>1,764,715</b>	<b>(30.5)</b>
Gross Profit %	16.6%	16.5%		12.2%	17.2%	
Selling and distribution expenses	(135,687)	(150,649)	(9.9)	(389,723)	(392,580)	(0.7)
General and administrative expenses	(265,908)	(238,575)	11.5	(730,069)	(675,499)	8.1
Foreign exchange loss	(9,432)	(39,333)	(76.0)	(2,300)	(137,965)	(98.3)
Other operating income	30,413	18,418	65.1	77,030	55,892	37.8
Other operating expenses	(113,807)	(25,146)	352.6	(174,426)	(76,725)	127.3
Share of results of associate companies	(16,371)	(5,917)	176.7	(41,645)	4,858	n/m
Share of results of joint ventures	22,080	48,345	(54.3)	(16,184)	59,567	n/m
Gain arising from changes in fair value of biological assets	31,411	16,338	92.3	64,570	5,091	n/m
<b>Profit from operations</b>	<b>138,617</b>	<b>235,831</b>	<b>(41.2)</b>	<b>14,249</b>	<b>607,354</b>	<b>(97.7)</b>
Financial income	20,819	22,498	(7.5)	69,894	77,429	(9.7)
Financial expenses	(217,277)	(189,740)	14.5	(650,762)	(521,083)	24.9
<b>(Loss)/ profit before tax</b>	<b>(57,841)</b>	<b>68,589</b>	<b>(184.3)</b>	<b>(566,619)</b>	<b>163,700</b>	<b>n/m</b>
Income tax expenses	(132,627)	(86,854)	52.7	(146,831)	(228,346)	(35.7)
<b>Net loss for the period</b>	<b>(190,468)</b>	<b>(18,265)</b>	<b>n/m</b>	<b>(713,450)</b>	<b>(64,646)</b>	<b>n/m</b>
<b>Core (loss)/ profit after tax <sup>(1)</sup></b>	<b>(132,791)</b>	<b>23,193</b>	<b>n/m</b>	<b>(676,113)</b>	<b>95,524</b>	<b>n/m</b>
<b>Loss attributable to:</b>						
Owners of the Company	(125,676)	8,739	n/m	(400,003)	(10,064)	n/m
Non-controlling interests	(64,792)	(27,004)	139.9	(313,447)	(54,582)	474.3
	<b>(190,468)</b>	<b>(18,265)</b>	<b>n/m</b>	<b>(713,450)</b>	<b>(64,646)</b>	<b>n/m</b>

Notes

n/m denotes "Not Meaningful"

(1) Earnings before the accounting for the effects of foreign exchange, fair value gain on biological assets and EIR amortization of financial assets.

	Group - Q3			Group - YTD 9 months		
	30/09/2019	30/09/2018	Change	30/09/2019	30/09/2018	Change
	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
<b>Other comprehensive income (OCI):</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Foreign currency translation	(65,586)	21,330	n/m	(87,434)	(29,835)	193.1
<b>Items that will not be reclassified to profit or loss</b>						
Unrealised (loss)/ gain for available-for-sales investment	(8)	-	n/m	71	-	n/m
Re-measurement (loss)/ gain on employee benefits liability	(1,093)	8,038	n/m	(3,278)	24,116	n/m
Share of OCI of an associate company and joint venture	(4,141)	(9,829)	(57.9)	(3,799)	(37,194)	(89.8)
<b>Other comprehensive income for the period, net of tax</b>	<b>(70,828)</b>	<b>19,539</b>	<b>(462.5)</b>	<b>(94,440)</b>	<b>(42,913)</b>	<b>120.1</b>
<b>Total comprehensive income</b>	<b>(261,296)</b>	<b>1,274</b>	<b>n/m</b>	<b>(807,890)</b>	<b>(107,559)</b>	<b>n/m</b>
<b>Total comprehensive income attributable to:-</b>						
Owners of the Company	(195,986)	23,103	n/m	(492,586)	(68,380)	n/m
Non-controlling interests	(65,310)	(21,829)	199.2	(315,304)	(39,179)	n/m
	<b>(261,296)</b>	<b>1,274</b>	<b>n/m</b>	<b>(807,890)</b>	<b>(107,559)</b>	<b>n/m</b>

n/m denotes "Not Meaningful"

**\* Reclassification 2018 figures**

The 2018 figures in the statement of comprehensive income have been reclassified to conform with current period presentation.

	As restated	As previously reported	Change	As restated	As previously reported	Change
<b>Statement of comprehensive income</b>	<b>3Q18</b>	<b>3Q18</b>		<b>9M18</b>	<b>9M18</b>	
Cost of sales	(3,093,707)	(3,081,758)	(11,949)	(8,497,221)	(8,461,373)	(35,848)
Selling and distribution expenses	(150,649)	(149,935)	(714)	(392,580)	(390,439)	(2,141)
General and administrative expenses	(238,575)	(251,238)	12,663	(675,499)	(713,488)	37,989

**Additional Information: -**

Earnings before interests and tax expense, depreciation and amortization (“EBITDA”)

	Group - Q3			Group - YTD 9 months		
	30/09/2019	30/09/2018	Change	30/09/2019	30/09/2018	Change
	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
Profit from operations	138,617	235,831	(41.2)	14,249	607,354	(97.7)
Add: Depreciation & amortisation	469,953	464,464	1.2	1,217,384	1,151,290	5.7
Less: Gain arising from changes in fair value of biological assets	31,411	16,338	92.3	64,570	5,091	n/m
Less: Foreign exchange loss	(9,432)	(39,333)	(76.0)	(2,300)	(137,965)	(98.3)
EBITDA excludes foreign exchange loss	586,591	723,290	(18.9)	1,169,363	1,891,518	(38.2)
EBITDA%	16.3	19.5		11.6	18.4	

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

Other information:-	Group - Q3			Group - YTD 9 months		
	30/09/2019	30/09/2018	Change	30/09/2019	30/09/2018	Change
	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
Depreciation of property, plant and equipment	431,457	432,766	(0.3)	1,130,916	1,098,947	2.9
Amortisation of deferred charges, right of use assets and others	38,496	31,698	21.4	86,468	52,343	65.2
Interest on borrowings	212,940	184,349	15.5	637,882	507,001	25.8
Effective interest rate (EIR) amortisation of financial assets (i.e. plasma receivables)	94,830	17,642	437.5	117,638	43,526	170.3
Write-off of property, plant and equipment	2	4	(50.0)	2,958	324	n/m
Gain on disposal of property, plant and equipment	(317)	(3,395)	(90.7)	(1,294)	(1,513)	(14.5)
Changes in provision for asset dismantling costs	837	92	n/m	2,162	(3,039)	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	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Non-current assets</b>				
Biological assets	331,365	328,500	-	-
Property, plant and equipment	19,522,749	21,213,418	33,632	36,400
Right of use of assets	1,918,261	-	-	-
Goodwill	3,245,317	3,245,317	-	-
Claims for tax refund	166,361	284,779	-	-
Deferred tax assets	1,133,614	1,125,003	-	-
Investment in subsidiary companies	-	-	10,706,846	10,633,423
Investment in associate companies	1,780,428	1,469,721	551,139	551,139
Investment in joint ventures	776,697	809,373	-	-
Amount due from a subsidiary	-	-	1,150,000	1,150,000
Advances and prepayments	386,717	476,077	-	-
Other non-current receivables	1,481,705	1,433,224	10	10
<b>Total non-current assets</b>	<b>30,743,214</b>	<b>30,385,412</b>	<b>12,441,627</b>	<b>12,370,972</b>
<b>Current assets</b>				
Inventories	2,354,946	2,428,365	-	-
Trade and other receivables	1,265,901	1,395,471	101,858	93,424
Advances and prepayments	469,740	181,652	629	169
Prepaid taxes	403,071	336,031	-	-
Biological assets	523,797	516,656	-	-
Assets held for sale	41,795	41,795	-	-
Cash and cash equivalents	1,891,619	2,228,869	40,611	153,545
<b>Total current assets</b>	<b>6,950,869</b>	<b>7,128,839</b>	<b>143,098</b>	<b>247,138</b>
<b>Total assets</b>	<b>37,694,083</b>	<b>37,514,251</b>	<b>12,584,725</b>	<b>12,618,110</b>
<b>Current liabilities</b>				
Trade and other payables and accruals	2,005,716	1,810,233	113,652	114,796
Advances and taxes payable	412,771	234,699	-	-
Interest-bearing loans and borrowings	6,788,916	6,971,649	127,566	1,085,351
Income tax payable	5,577	27,609	-	9
<b>Total current liabilities</b>	<b>9,212,980</b>	<b>9,044,190</b>	<b>241,218</b>	<b>1,200,156</b>
<b>Net current liabilities</b>	<b>(2,262,111)</b>	<b>(1,915,351)</b>	<b>(98,120)</b>	<b>(953,018)</b>

	Group		Company	
	30/09/2019	31/12/2018	30/09/2019	31/12/2018
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	4,870,542	4,218,271	929,992	-
Amounts due to related parties and other payables	427,859	427,859	-	-
Provision and other liabilities	34,170	32,007	-	-
Lease Liabilities	93,749	-	-	-
Employee benefits liabilities	2,507,417	2,323,955	-	-
Deferred tax liabilities	596,347	614,776	14,635	7,942
<b>Total non-current liabilities</b>	<b>8,530,084</b>	<b>7,616,868</b>	<b>944,627</b>	<b>7,942</b>
<b>Total liabilities</b>	<b>17,743,064</b>	<b>16,661,058</b>	<b>1,185,845</b>	<b>1,208,098</b>
<b>Net assets</b>	<b>19,951,019</b>	<b>20,853,193</b>	<b>11,398,880</b>	<b>11,410,012</b>
Share capital	3,584,279	3,584,279	10,912,411	10,912,411
Treasury shares	(390,166)	(390,166)	(390,166)	(390,166)
Revenue reserves	7,633,482	8,075,562	732,483	743,615
Other reserves	427,005	517,935	144,152	144,152
	<b>11,254,600</b>	<b>11,787,610</b>	<b>11,398,880</b>	<b>11,410,012</b>
Non-controlling interests	8,696,419	9,065,583	-	-
<b>Total equity</b>	<b>19,951,019</b>	<b>20,853,193</b>	<b>11,398,880</b>	<b>11,410,012</b>

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

	Group	
	30/09/2019	31/12/2018
	Rp ' million	Rp ' million
(i) Interest bearing debt payable in one year or less, or on demand		
Secured	2,199,350	2,129,298
Unsecured	4,589,566	4,842,351
<b>Sub-total</b>	<b>6,788,916</b>	<b>6,971,649</b>
(ii) Interest bearing debt repayable after one year		
Secured	3,940,550	4,218,271
Unsecured	929,992	-
<b>Sub-total</b>	<b>4,870,542</b>	<b>4,218,271</b>
<b>Total interest bearing debt payable</b>	<b>11,659,458</b>	<b>11,189,920</b>
(iii) Lease liabilities *	93,749	-
<b>Total borrowings and debt securities</b>	<b>11,753,207</b>	<b>11,189,920</b>

Details of the collaterals

The above bank term loans and investment loans are secured by corporate guarantees from a subsidiary and charge over the plantation assets of the respective subsidiary.

\* These lease liabilities were relating to the adoption of SFRS(I) 16 Leases.

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 - Q3		Group - YTD 9 months	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Cash flows from operating activities</b>				
(Loss) /profit before taxation	(57,841)	68,589	(566,619)	163,700
Adjustments:				
Depreciation and amortisation	469,953	464,464	1,217,384	1,151,290
Realisation of deferred costs	125,803	97,235	186,399	136,077
Unrealised foreign exchange (gain)/ loss	(1,312)	59,430	(11,821)	156,586
Gain arising from changes in fair value of biological assets	(31,411)	(16,338)	(64,570)	(5,091)
EIR amortisation of financial assets	94,830	17,642	117,638	43,526
Write-off of property, plant and equipment	2	4	2,958	324
Gain on disposal of property, plant and equipment	(317)	(3,395)	(1,294)	(1,513)
Changes in allowance for decline in market value and obsolescence of inventories	57,066	47,414	38,397	31,614
Changes in provision for asset dismantling costs	837	92	2,162	(3,039)
Change in estimated liability for employee benefits	93,257	87,570	279,755	262,718
Changes in fair value of long-term receivables	(135)	(46)	(454)	37
Share of results of associate companies	16,371	5,917	41,645	(4,858)
Share of results of joint ventures	(22,080)	(48,345)	16,184	(59,567)
Financial income	(20,819)	(22,498)	(69,894)	(77,429)
Financial expenses	217,277	189,740	650,762	521,083
<b>Operating cash flows before working capital changes</b>	<b>941,481</b>	<b>947,475</b>	<b>1,838,632</b>	<b>2,315,458</b>
<b>Changes in working capital</b>				
Other non-current assets	104,363	(200,204)	157,907	(108,836)
Inventories	(102,554)	(343,493)	35,022	(849,777)
Trade and other receivables	47,961	23,307	(16,915)	(438,351)
Advances to suppliers	(53,416)	118,913	(156,038)	(14,604)
Prepaid taxes	(5,768)	(12,906)	25,305	(17,335)
Trade and other payables and accruals	(100,663)	14,732	153,133	492,070
Advances from customers	117,947	1,886	79,789	27,436
<b>Cash flows generated from operations</b>	<b>949,351</b>	<b>549,710</b>	<b>2,116,835</b>	<b>1,406,061</b>
Interest received	20,123	23,631	69,709	79,535
Interest paid	(215,361)	(194,544)	(646,504)	(511,877)
Income tax paid	(68,268)	22,174	(281,762)	(468,023)
<b>Net cash flows generated from operating activities</b>	<b>685,845</b>	<b>400,971</b>	<b>1,258,278</b>	<b>505,696</b>

	Group - Q3		Group - YTD 9 months	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Cash flows from investing activities</b>				
Additions to property, plant and equipment	(359,427)	(406,226)	(1,183,930)	(1,101,003)
Additions to biological assets	(62,194)	(874)	(139,179)	(5,104)
Increase in plasma receivables	(42,109)	(106,726)	(156,793)	(225,611)
Proceeds from disposal of property, plant and equipment	1,606	10,672	8,196	20,623
Advances for projects and purchases of fixed assets	(29,011)	(31,195)	(85,262)	(85,156)
Investment in a joint venture	(68,485)	-	(68,485)	(99,984)
Investment in associate companies	-	(4,800)	(357,516)	(109,323)
<b>Net cash flows used in investing activities</b>	<b>(559,620)</b>	<b>(539,149)</b>	<b>(1,982,969)</b>	<b>(1,605,558)</b>
<b>Cash flows from financing activities</b>				
Proceeds from interest-bearing loans and borrowings	701,278	1,790,005	3,045,846	3,576,155
Repayment of interest-bearing loans and borrowings	(829,507)	(1,953,903)	(2,557,120)	(2,888,445)
Proceeds from amount due to related parties	-	-	-	66,200
Dividend payment by subsidiaries to non-controlling interests	-	(166,204)	(52,325)	(166,401)
Dividend payment to Company's shareholders	-	-	(36,662)	(102,713)
<b>Net cash flows (used in)/ generated from financing activities</b>	<b>(128,229)</b>	<b>(330,102)</b>	<b>399,739</b>	<b>484,796</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,004)</b>	<b>(468,280)</b>	<b>(324,952)</b>	<b>(615,066)</b>
<b>Effect of changes in exchange rates on cash and cash equivalents</b>	<b>2,403</b>	<b>25,207</b>	<b>(12,298)</b>	<b>59,672</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,891,220</b>	<b>2,817,353</b>	<b>2,228,869</b>	<b>2,929,674</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,891,619</b>	<b>2,374,280</b>	<b>1,891,619</b>	<b>2,374,280</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 capitalization 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	
	30/09/2019	30/09/2018	30/09/2019	30/09/2018
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
<b>Issued Share</b>				
Balance as at 1 January / 30 September <sup>(1)</sup>	3,584,279	3,584,279	10,912,411	10,912,411
<b>Treasury shares of the Company</b>				
Balance as at 1 January / 30 September	(390,166)	(390,166)	(390,166)	(390,166)
<b>Reserves</b>				
Balance as at 1 January (FRS framework)	8,075,562	8,327,924	743,615	810,774
Cumulative effects of adopting SFRS(l) <sup>#</sup>	-	(24,634)	-	-
Cumulative effects of adopting SFRS(l) 16	(3,762)	-	-	-
<b>Adjusted balance as at 1 January</b>	<b>8,071,800</b>	<b>8,303,290</b>	<b>743,615</b>	<b>810,774</b>
Dividend payment	(36,662)	(102,713)	(36,662)	(102,713)
Actuarial (loss)/ gain on employee benefits liability	(1,653)	9,566	-	-
Net (loss)/ profit for the period	(400,003)	(10,064)	25,530	108
<b>Balance as at 30 September</b>	<b>7,633,482</b>	<b>8,200,079</b>	<b>732,483</b>	<b>708,169</b>
<b>Other Reserves*</b>				
Balance as at 1 January (FRS framework)	517,935	582,329	144,152	144,152
Cumulative effects of adopting SFRS(l) <sup>#</sup>	-	24,634	-	-
<b>Adjusted balance as at 1 January</b>	<b>517,935</b>	<b>606,963</b>	<b>144,152</b>	<b>144,152</b>
Share of other comprehensive loss of a joint venture	(85,605)	(81,245)	-	-
Share of other comprehensive (loss)/ gain of an associate company	(5,367)	13,364	-	-
Unrealised gain for available-for-sales investment	42	-	-	-
<b>Balance as at 30 September</b>	<b>427,005</b>	<b>539,082</b>	<b>144,152</b>	<b>144,152</b>
<b>Non-controlling Interests</b>				
Balance as at 1 January	9,065,583	9,318,284	-	-
Cumulative effects of adopting SFRS(l) 16	(1,535)	-	-	-
<b>Adjusted balance as at 1 January</b>	<b>9,064,048</b>	<b>9,318,284</b>	-	-
Dividend payment	(52,325)	(166,401)	-	-
Actuarial (loss)/ gain on employee benefits liability	(1,625)	14,550	-	-
Foreign currency translation	(261)	851	-	-
Unrealised gain for available-for-sales investment	29	-	-	-
Net loss for the period	(313,447)	(54,582)	-	-
<b>Balance as at 30 September</b>	<b>8,696,419</b>	<b>9,112,702</b>	-	-
<b>Total Equity</b>	<b>19,951,019</b>	<b>21,045,976</b>	<b>11,398,880</b>	<b>11,374,566</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 the former Singapore Financial Reporting Standard framework, SFRS 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.

# The figures were restated due to the application of exemptions upon the adoption of SFRS(l) framework where the cumulative currency translation differences for all foreign operations are deemed to be zero at the date of transition, 1 January 2017. As a result, the amount of Rp24,634 million was adjusted against the opening retained earnings as at 1 January 2017.

- (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 September 2019 and 31 December 2018, 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 September 2019 and 31 December 2018.

- (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	
	30/09/2019 ( ' 000)	31/12/2018 ( ' 000)
Total number of issued shares	1,447,783	1,447,783
Less: Treasury shares	(51,878)	(51,878)
Total number of issued shares excluding treasury shares	<b>1,395,905</b>	<b>1,395,905</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 and 30 September 2019	<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 except for the adoption of new or revises SFRS(I) that are mandatory for financial years beginning on or after 1 January 2019.

**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.**

SFRS (I) 16 Leases

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Group adopted the SFRS(I) 16 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019.

On the adoption of SFRS(I) 16, the Group has chosen, on a lease-by-lease basis, to measure the right-of-use asset at its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019.

In addition, the Group elected the following practical expedients:

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics

On the adoption of SFRS(I) 16, the Group recognised right-of-use assets of Rp123 billion and lease liabilities of Rp129 billion for its leases previously classified as operating leases, with a corresponding decrease in the opening retained earnings of Rp3.8 billion and non-controlling interests of Rp1.5 billion as of 1 January 2019. In addition, the Group will present land use rights of Rp1,849 billion as right-of-use assets as of 1 January 2019.

The Group has adopted the modified retrospective approach on the adoption of SFRS(I) 16. If the Group chose to adopt the full retrospective approach, the effects on the Balance Sheet would be as follows: -

	<b>30 September 2019</b>	<b>31 December 2018 Restated</b>	<b>1 January 2018 Restated</b>
Property, plant and equipment	19,522,749	19,363,743	19,342,621
Right of use of assets	1,918,261	1,972,074	2,007,205
Deferred tax assets	1,133,614	1,126,768	1,347,777
Lease Liabilities	93,749	129,461	174,630
Revenue reserves	7,633,482	8,071,800	8,301,633
Non-controlling interests	8,696,419	9,064,048	9,317,539

**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 September 2019.

	Group - Q3			Group - YTD 9 months		
	30/09/2019	30/09/2018	Change %	30/09/2019	30/09/2018	Change %
Earnings per share (Rp)						
Based on weighted average number of share	(90.0)	6.3	n/m	(286.6)	(7.2)	n/m
Based on a fully diluted basis	(90.0)	6.3	n/m	(286.6)	(7.2)	n/m

**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 (excluding 51,878,300 held as treasury shares) as of 30 September 2019 and 31 December 2018.

	Group		Company	
	30/09/19	31/12/18	30/09/19	31/12/18
Net asset value per share (Rp)	8,063	8,444	8,166	8,174
Net asset value per share (SGD 'cents) (converted at Rp10,258/S\$1)	78.6	82.3	79.6	79.7

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 - Q3			Group - YTD 9 months		
	30/09/2019 Rp ' million	30/09/2018 Rp ' million	Change %	30/09/2019 Rp ' million	30/09/2018 Rp ' million	Change %
<b>Revenue</b>						
Plantations						
External sales	991,764	956,693	3.7	2,291,456	2,443,395	(6.2)
Inter-segment sales *	1,234,247	1,290,397	(4.4)	3,418,641	3,662,108	(6.6)
Sub-total	2,226,011	2,247,090	(0.9)	5,710,097	6,105,503	(6.5)
Edible Oils & Fats **						
External sales	2,601,179	2,749,364	(5.4)	7,803,118	7,818,541	(0.2)
Inter-segment sales	1,352	6,738	(79.9)	2,847	7,596	(62.5)
Sub-total	2,602,531	2,756,102	(5.6)	7,805,965	7,826,137	(0.3)
Elimination of inter-segment sales	(1,235,599)	(1,297,135)	(4.7)	(3,421,488)	(3,669,704)	(6.8)
<b>Total revenue to external parties</b>	<b>3,592,943</b>	<b>3,706,057</b>	<b>(3.1)</b>	<b>10,094,574</b>	<b>10,261,936</b>	<b>(1.6)</b>
<b>Gross Profit</b>	<b>595,918</b>	<b>612,350</b>	<b>(2.7)</b>	<b>1,226,996</b>	<b>1,764,715</b>	<b>(30.5)</b>
Gross Profit %	16.6%	16.5%		12.2%	17.2%	

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

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

### Financial Performance

**Overview:** The Group reported weak results with higher net losses of Rp190 billion and Rp713 billion in 3Q2019 and 9M2019 respectively. This was resulted from weak agricultural commodity prices that continued to affect the performance of the Group's oil palm plantations. The Group was further affected by higher other operating expenses, lower contribution from joint ventures and associate companies, and higher financial expenses. The lower results were partially offset by lower foreign exchange loss and gain arising from changes in fair value of biological assets.

**Revenue:** The Group's consolidated revenue (after elimination of inter-segment sales) decreased 3% and 2% respectively in 3Q2019 and 9M2019. Despite higher sales volume of palm products and sugar, Plantation division's revenue come in flat in 3Q2019 and decreased 7% in 9M2019 which mainly due to lower selling prices of palm products.

EOF division's revenue declined 6% in 3Q2019 and came in flat in 9M2019. This division performed well with higher profit contribution on higher sales volume of edible oils and fats products and lower raw material costs i.e. CPO.

**Gross profit:** The Group's 3Q2019 and 9M2019 gross profit declined 3% and 31% respectively mainly due to lower palm product prices (CPO -7%, PK -32%) in 3Q2019, and (CPO -13%, PK -40%) in 9M2019. This was partially offset by higher profit contribution from the EOF Division on higher sales volume and lower raw material costs in 9M2019.

**Selling and Distribution Expenses (S&D):** S&D decreased 10% in 3Q2019 mainly due to lower A&P, distribution expenses and sales export tax. On year-to-date basis, S&D was close to last year.

**General and Administrative Expenses (G&A):** G&A increased 12% in 3Q2019 and 8% in 9M2019 compared to the comparative periods in prior year mainly due to higher salaries costs relating to wage inflation and streamlining of workforce.

**Other Operating Expenses:** Higher operating expenses in 3Q2019 and 9M2019 were mainly due to higher expected credit losses relating to plasma receivables arising from changes in assumptions for production volume and prices of fresh fruit bunches.

**Foreign Exchange Loss:** The foreign exchange impacts were principally attributable to the translation of US dollar denominated loans, assets and liabilities. The Group recognized foreign currency loss of Rp2 billion in 9M2019 compared to Rp138 billion loss in 9M2018. Lower foreign currency loss was mainly due to strengthening of Indonesia Rupiah against US Dollar to Rp14,174/US\$ as of 30 September 2019 versus Rp14,481/US\$ at the end of December 2018.

**Share of Results of Associate Companies:** In 3Q2019, the Group recognized Rp16 billion loss from its associate companies compared to Rp6 billion loss in 3Q2018. On year-to-date basis, the Group recognised Rp42 billion loss compared to a profit of Rp5 billion in prior year. This was mainly attributable to losses from FPNRL, reflecting intense competition and higher interest expenses relating to Roxas sugar business in the Philippines.

**Share of Results of Joint Ventures:** The Group's share of profit of joint ventures of Rp22 billion in 3Q2019 was lower compared to Rp48 billion in 3Q2018. On 9M2019, the Group recognised share of losses in joint ventures of Rp16 billion compared to a profit of Rp60 billion in prior year. This was mainly due to forex losses arising from the weakening of Brazilian real and higher expenses relating to the development of the sugar operation in Brazil.

**Gain Arising from Changes in Fair Values of Biological Assets:** The Group reported Rp65 billion biological assets gain in 9M2019 compared to Rp5 billion gain in 9M2018. The fair value gain in 9M2019 was mainly due to fresh fruit bunches valuation on higher prices and volume.

**Profit from Operations:** Profit from operations declined 41% in 3Q2019 mainly due to higher G&A costs and higher other operating expenses. In 9M2019, lower profit from operation was mainly due to lower gross profit, higher operating expenses and lower contribution from joint ventures and associates. This was partially offset by lower foreign exchange loss and gain arising from changes in fair value of biological assets.

**Financial Expenses:** The Group's 3Q2019 and 9M2019 financial expenses grew by 15% and 25% respectively over the same periods in 2018 mainly due to higher working capital facilities and higher blended interest rate.

**Income Tax Expense:** The Group recognised lower income tax expenses in 9M2019 in line with lower operating performance. However, the effective tax rates remained high mainly due to non-deductible expenses and write-off of certain tax losses carried forward.

**Net Loss After Tax:** The Group reported higher net losses after tax of Rp190 billion in 3Q2019 and Rp713 billion in 9M2019 compared to the comparative periods in last year. This was mainly due to weak operating profit and higher financial expenses. The Group's core loss was Rp676 billion in 9M2019 versus a core profit of Rp96 billion in 9M2018.

### **Review of Financial Position**

Total non-current assets were Rp30.7 trillion in September 2019, this was slightly higher compared to Rp30.4 trillion in December 2018. The increase was mainly attributable to capital injections in associate companies (i.e. AIM and Daitocacao) of Rp358 billion, additions of fixed assets and rights of use assets, and higher plasma receivables. This was partly offset with lower claims for tax refund.

The Group's total current assets declined slightly from Rp7.1 trillion in December 2018 to Rp6.9 trillion as of September 2019. The decrease was mainly due to (i) lower cash level; (ii) lower trade and other receivables; and (iii) lower CPO and palm kernel oil stock, partially offset by higher sugar stock, fertilizer and edible oil products. This was partly offset by higher advances for CPO purchases and prepayments.

As of September 2019, total current liabilities of Rp9.2 trillion were Rp0.2 trillion higher than that in December 2018. The Group reported higher accruals of expenses and higher advances and tax payables, partially offset by lower short-term interest-bearing loans and borrowings following the renewal of a long-term loan.

The Group reported net current liabilities of Rp2.3 trillion in September 2019 due to higher proportion of cheaper short-term loans and borrowings. The Group will continue to review its capital structure to maximise return.

Total non-current liabilities increased 12% to Rp8.5 trillion as of September 2019 compared to Rp7.6 trillion in last year end. This was mainly due to higher interest-bearing loans and borrowings following the renewal of a long-term facility and higher employee benefits liabilities.

### **Review of Cash Flows**

Despite soft operating results, the Group generated higher net cash flows from operations of Rp1,258 billion in 9M2019 compared to Rp506 billion in 9M2018. This was mainly due to improved working capital arising from lower inventories and trade and other receivables.

Net cash flows used in investing activities in 9M2019 was Rp1,983 billion compared to Rp1,606 billion in 9M2018 mainly attributable to additions of property, plant and equipment, biological assets and investment in associate companies of Rp358 billion and a joint venture of Rp68 billion.

Net cash flows generated from financing activities were Rp400 billion in 9M2019 compared to Rp485 billion in 9M2018. The decrease was mainly due to lower net drawdowns of bank facilities and lower dividend payment.

The Group's cash levels decreased from Rp2,229 billion at end December 2018 to Rp1,892 billion at September 2019.

**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.***

The ongoing US-China trade tensions continue to affect the global trade flows and economic growth. These uncertain global developments have negatively impacted the prices of agricultural commodities. Rotterdam CIF CPO prices decreased 11% to an average of US\$535 per tonne in 9M2019 from US\$601 per tonne in FY2018. CPO prices will remain volatile with demand projected from key import markets like China and India, together with the relative price of palm oil to crude oil which affects discretionary biodiesel demand.

Against this backdrop of a volatile commodity price environment, we prioritise our capital expenditure investment in growth area and focus on cost control measures and other innovations to increase productivity.

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

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

Nil.

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

Nil.

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

The Board will review this at year end.

**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 the interest person transactions ("IPT") for YTD September 2019:

Name of Interested Person	Aggregate value of all IPT conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	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>2,674</p> <p>142</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> </ul>	<p>1,339</p> <p>555</p> <p>861</p> <p>2,880</p>

**14. Confirmation that the issuer has procured undertakings 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.



**15. 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 financial statements for the third quarter ended 30 September 2019 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 October 2019