

UNAUDITED CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS & RELATED ANNOUNCEMENT

For the Six Months & Full Year Ended 31 December 2022

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Condensed Interim Consolidated Statement of Comprehensive Income

		2H2022	2H2021	Change	FY2022	FY2021	Change
	Note	Rp ' million	(Restated)* Rp ' million	%	Rp ' million	(Restated)* Rp ' million	%
Revenue	4	9,724,211	10,700,942	(9.1)	17,797,065	19,658,529	(9.5)
Cost of sales		(7,328,424)	(7,651,391)	(4.2)	(13,238,358)	(14,585,970)	(9.2)
Gross profit		2,395,787	3,049,551	(21.4)	4,558,707	5,072,559	(10.1)
Gross profit %		24.6%	28.5%		25.6%	25.8%	
Selling and distribution expenses		(286,652)	(372,845)	(23.1)	(492,762)	(852,936)	(42.2)
General and administrative expenses		(353,292)	(387,525)	(8.8)	(770,446)	(765,786)	0.6
Foreign exchange gain/(loss)		59,058	(3,759)	n/m	66,615	(2,312)	n/m
Other operating income		124,837	99,870	25.0	197,695	133,321	48.3
Other operating expenses		(337,629)	(797,517)	(57.7)	(605,269)	(914,446)	(33.8)
Share of results of associate companies		(17,673)	(28,067)	(37.0)	(41,281)	(60,997)	(32.3)
Share of results of joint ventures		88,203	75,442	16.9	51,930	104,357	(50.2)
(Loss)/gain arising from changes in fair value of biological assets		(28,358)	146,623	n/m	(136,112)	112,690	n/m
Profit from operations		1,644,281	1,781,773	(7.7)	2,829,077	2,826,450	0.1
Impairment of goodwill		(126,803)	–	n/m	(126,803)	–	n/m
Financial income		53,505	37,724	41.8	95,546	70,099	36.3
Financial expenses		(300,148)	(306,101)	(1.9)	(579,912)	(630,221)	(8.0)
Profit before tax	5	1,270,835	1,513,396	(16.0)	2,217,908	2,266,328	(2.1)
Income tax expenses	6	(495,060)	(541,996)	(8.7)	(900,151)	(979,793)	(8.1)
Net profit for the period/year		775,775	971,400	(20.1)	1,317,757	1,286,535	2.4
Core profit after tax ⁽¹⁾		1,149,199	1,306,089	(12.0)	1,965,313	1,780,780	(10.4)
Profit attributable to:							
Owners of the Company		518,005	606,431	(14.6)	769,977	759,127	1.4
Non-controlling interests		257,770	364,969	(29.4)	547,780	527,408	3.9
		775,775	971,400	(20.1)	1,317,757	1,286,535	2.4

Notes

n/m denotes "Not Meaningful"

(1) Net profit before accounting for the effects of foreign exchange, fair value (loss)/gain on biological assets, expected credit losses of plasma receivables, impairment of property, plant and equipment, impairment of goodwill, adjustment of deferred tax due to changes in the tax rate, and rationalization costs.

* See note 2.2 for details about restatements for changes in accounting policies.

Condensed Interim Consolidated Statement of Comprehensive Income (cont'd)

	2H2022	2H2021	Change	FY2022	FY2021	Change
		(Restated)*			(Restated)*	
Note	Rp ' million	Rp ' million	%	Rp ' million	Rp ' million	%
Other comprehensive income (OCI):						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation	63,672	(54,052)	n/m	125,515	(21,111)	n/m
Items that will not be reclassified to profit or loss						
Change in fair value of financial asset at FVOCI	–	(16,951)	n/m	–	(17,265)	n/m
Re-measurement gain on employee benefits liabilities	190,432	83,296	128.6	189,629	93,690	102.4
Income tax effect related to re-measurement gain on employee benefits liabilities	(41,895)	(19,014)	120.3	(41,718)	(21,301)	95.9
Share of OCI of an associate company and joint ventures	206,764	(156,262)	n/m	436,703	(332,298)	n/m
Other comprehensive income, net of tax	418,973	(162,983)	n/m	710,129	(298,285)	n/m
Total comprehensive income	1,194,748	808,417	47.8	2,027,886	988,250	105.2
Total comprehensive income attributable to:						
Owners of the Company	874,101	419,551	108.3	1,417,041	431,092	228.7
Non-controlling interests	320,647	388,866	(17.5)	610,845	557,158	9.6
	1,194,748	808,417	47.8	2,027,886	988,250	105.2
Earnings per share (in Rupiah)						
Basic (Rp)	371	434	(14.5)	552	544	1.5
Diluted (Rp)	371	434	(14.5)	552	544	1.5

Notes

n/m denotes "Not Meaningful"

* See note 2.2 for details about restatements for changes in accounting policies.

Condensed Interim Statements of Financial Position

	Note	Group			Company	
		31/12/2022 Rp ' million	31/12/2021 (Restated)* Rp ' million	01/01/2021 (Restated)* Rp ' million	31/12/2022 Rp ' million	31/12/2021 Rp ' million
Non-current assets						
Biological assets		322,743	328,344	313,453	–	–
Property, plant and equipment	9	18,135,698	18,527,203	19,374,353	21,848	25,493
Right-of-use assets	9	2,058,633	1,959,874	1,967,628	–	–
Goodwill	10	3,084,624	3,211,427	3,211,427	–	–
Claims for tax refund		40,847	67,164	105,716	–	–
Deferred tax assets	11	276,080	383,308	554,896	–	–
Investment in subsidiary companies	12.1	–	–	–	10,707,410	10,706,846
Investment in associate companies	12.2	1,487,071	1,468,094	1,538,001	439,254	439,254
Investment in joint ventures	12.3	946,170	375,363	664,037	–	–
Amount due from a subsidiary		–	–	–	759,000	860,000
Advances and prepayments		393,470	421,767	333,716	–	–
Other non-current receivables		968,253	1,343,955	1,602,580	11	10
Total non-current assets		27,713,589	28,086,499	29,665,807	11,927,523	12,031,603
Current assets						
Inventories		3,268,036	2,655,342	2,671,909	–	–
Trade and other receivables		1,323,662	1,563,752	1,300,032	19,300	43,074
Advances and prepayments		490,321	460,274	340,544	306	151
Prepaid taxes		240,588	191,507	230,281	–	–
Biological assets		769,634	873,393	777,388	–	–
Assets held for sale	9	37,805	41,795	41,795	–	–
Cash and cash equivalents		4,422,371	3,763,644	2,446,494	94,621	36,394
Total current assets		10,552,417	9,549,707	7,808,443	114,227	79,619
Total assets		38,266,006	37,636,206	37,474,250	12,041,750	12,111,222
Current liabilities						
Trade and other payables and accruals		2,418,587	1,956,862	2,013,850	121,781	108,169
Advances and other payables		321,270	424,972	341,192	–	–
Lease liabilities	9	46,772	32,052	43,918	–	–
Interest-bearing loans and borrowings	14	6,912,271	7,246,412	6,583,123	218,032	641,392
Income tax payable		184,189	310,103	222,187	51	2
Total current liabilities		9,883,089	9,970,401	9,204,270	339,864	749,563
Net current assets/(liabilities)		669,328	(420,694)	(1,395,827)	(225,637)	(669,944)

Condensed Interim Statements of Financial Position (cont'd)

	Note	Group			Company	
		31/12/2022 Rp ' million	31/12/2021 (Restated)* Rp ' million	01/01/2021 (Restated)* Rp ' million	31/12/2022 Rp ' million	31/12/2021 Rp ' million
Non-current liabilities						
Interest-bearing loans and borrowings	14	2,232,058	3,087,699	4,772,696	394,534	–
Amounts due to related parties and other payables		603,593	618,913	516,143	–	–
Provisions		37,059	39,037	39,219	–	–
Lease Liabilities	9	123,039	11,200	20,125	–	–
Employee benefits liabilities		1,529,961	1,807,999	1,826,256	–	–
Deferred tax liabilities	11	705,515	665,021	580,420	29,645	25,207
Total non-current liabilities		5,231,225	6,229,869	7,754,859	424,179	25,207
Total liabilities		15,114,314	16,200,270	16,959,129	764,043	774,770
Net assets		23,151,692	21,435,936	20,515,121	11,277,707	11,336,452
Equity attributable to owners of the Company						
Share capital	15	3,584,279	3,584,279	3,584,279	10,912,411	10,912,411
Treasury shares		(390,166)	(390,166)	(390,166)	(390,166)	(390,166)
Revenue reserves		9,220,230	8,568,068	7,808,941	611,310	670,055
Other reserves		485,508	(161,556)	349,960	144,152	144,152
		12,899,851	11,600,625	11,353,014	11,277,707	11,336,452
Non-controlling interests		10,251,841	9,835,311	9,162,107	–	–
Total equity		23,151,692	21,435,936	20,515,121	11,277,707	11,336,452

Notes

* See note 2.2 for details about restatements for changes in accounting policies.

Condensed Interim Statements of Changes in Equity – the Group

	Attributable to owners of the Company					Non-controlling interests Rp ' million	Total equity Rp ' million
	Share capital Rp ' million	Treasury shares Rp ' million	Revenue reserves Rp ' million	Other reserves Rp ' million	Total Rp ' million		
At 1 January 2022	3,584,279	(390,166)	8,568,068	(161,556)	11,600,625	9,835,311	21,435,936
Net profit for the year	–	–	769,977	–	769,977	547,780	1,317,757
Other comprehensive income	–	–	–	647,064	647,064	63,065	710,129
Dividend payment to Company's shareholders	–	–	(117,815)	–	(117,815)	(194,315)	(312,130)
Balance at 31 December 2022	3,584,279	(390,166)	9,220,230	485,508	12,899,851	10,251,841	23,151,692

	Attributable to owners of the Company					Non-controlling interests Rp ' million	Total equity Rp ' million
	Share capital Rp ' million	Treasury shares Rp ' million	Revenue reserves Rp ' million	Other reserves Rp ' million	Total Rp ' million		
At 1 January 2021	3,584,279	(390,166)	7,768,281	349,960	11,312,354	9,134,574	20,446,928
Impact on application of IFRIC Agenda on SFRS(I) 1-19*	–	–	40,660	–	40,660	27,533	68,193
At 1 January 2021 (As restated)	3,584,279	(390,166)	7,808,941	349,960	11,353,014	9,162,107	20,515,121
Net profit for the year	–	–	759,127	–	759,127	527,408	1,286,535
Other comprehensive income	–	–	–	(328,035)	(328,035)	29,750	(298,285)
Increase share capital in a subsidiary	–	–	–	(183,481)	(183,481)	183,481	–
Dividend payments by subsidiary companies	–	–	–	–	–	(67,435)	(67,435)
Balance at 31 December 2021	3,584,279	(390,166)	8,568,068	(161,556)	11,600,625	9,835,311	21,435,936

* See note 2.2 for details about restatements for changes in accounting policies.

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 equity Rp ' million
At 1 January 2022	10,912,411	(390,166)	670,055	144,152	11,336,452
Net profit for the year	–	–	59,070	–	59,070
Dividend payment to Company's shareholders	–	–	(117,815)	–	(117,815)
Balance at 31 December 2022	10,912,411	(390,166)	611,310	144,152	11,277,707

Attributable to owners of the Company

	Share capital Rp ' million	Treasury shares Rp ' million	Revenue reserves Rp ' million	Other reserves Rp ' million	Total equity Rp ' million
At 1 January 2021	10,912,411	(390,166)	635,865	144,152	11,302,262
Net profit for the year	–	–	34,190	–	34,190
Balance at 31 December 2021	10,912,411	(390,166)	670,055	144,152	11,336,452

Condensed Interim Consolidated Statement of Cash Flows

	FY2022	FY2021 (Restated)
Note	Rp ' million	Rp ' million
Cash flows from operating activities		
Profit before taxation	2,217,908	2,266,328
Adjustments for:		
Depreciation and amortisation	1,473,746	1,435,916
Realisation of deferred costs	192,819	209,609
Unrealised foreign exchange (gain)/loss	(59,332)	135
Allowance/(write-back) for doubtful account	28	(2)
Loss/(gain) arising from changes in fair value of biological assets	136,112	(112,690)
Gain on write-off/disposal of right-of-use assets	(27)	(8,297)
Gain on disposal of property, plant and equipment	(1,632)	(5,140)
Gain on disposal of assets held for sale	(31,776)	–
Write-off of property, plant and equipment	16,165	179,654
Changes in allowance for decline in market value and obsolescence of inventories	78,323	13,194
Changes in provision for asset dismantling costs	(1,979)	(182)
Changes in estimated liability for employee benefits	55,095	225,377
Allowance for uncollectible and loss arising from changes in amortised cost of plasma receivables	13 369,384	352,527
Loss/(gain) arising from changes in amortised cost of long-term receivables	110	(39)
Share of results of associate companies	41,281	60,997
Share of results of joint ventures	(51,930)	(104,357)
Impairment of property, plant and equipment	157,425	313,452
Impairment of goodwill	126,803	–
Financial income	(95,546)	(70,099)
Financial expenses	579,912	630,221
Operating cash flows before changes in working capital	5,202,889	5,386,604
Changes in working capital:		
Decrease/(increase) in other non-current receivables	98,299	(21,698)
(Increase)/decrease in inventories	(691,017)	3,373
Decrease/(increase) in trade and other receivables	238,637	(265,784)
Increase in advances to suppliers	(30,047)	(119,730)
(Increase)/decrease in prepaid taxes, advances and prepayments	(154,137)	97,281
Increase/(decrease) in trade and other payables and accruals	298,338	(159,625)
Cash flows from operations	4,962,962	4,920,421
Interest received	93,039	69,241
Interest paid	(535,455)	(613,238)
Income tax paid	(930,161)	(652,883)
Net cash flows from operating activities	3,590,385	3,723,541

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

		FY2022	FY2021 (Restated)
	Note	Rp ' million	Rp ' million
Cash flows from investing activities			
Additions to property, plant and equipment	9	(1,239,002)	(1,016,528)
Additions to leases	9	(1,170)	(32,338)
Additions to biological assets		(198,863)	(190,075)
Decrease/(increase) in plasma receivables		16,276	(107,928)
Proceeds from disposal of property, plant and equipment	9	30,333	16,861
Proceeds from disposal of right-of-use assets		–	9,000
Advances for projects and purchases of property, plant and equipment		(13,175)	(55,387)
Dividend received from a joint venture		127,703	58,778
Additional investment in a joint venture		(83,447)	(9,796)
Additional investment in associate companies		(62,794)	–
Net cash flows used in investing activities		(1,424,139)	(1,327,413)
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings		6,149,714	901,800
Repayment of interest-bearing loans and borrowings		(7,408,151)	(1,942,369)
Proceeds from amount due to related parties		–	64,470
Dividend payments by subsidiaries to non-controlling interests		(194,315)	(67,435)
Dividend payment to Company's shareholders		(117,815)	–
Payment of principal portion of lease liability	9	(57,001)	(44,766)
Net cash flows used in financing activities		(1,627,568)	(1,088,300)
Net increase in cash and cash equivalents		538,678	1,307,828
Effect of changes in exchange rates on cash and cash equivalents		120,049	9,322
Cash and cash equivalents at the beginning of the year		3,763,644	2,446,494
Cash and cash equivalents at the end of the year		4,422,371	3,763,644

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 and full year ended 31 December 2022 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 unaudited condensed interim financial statements for the six months ("2H2022") and full year ended 31 December 2022 ("FY2022") 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 since the last interim financial statements for the period ended 30 June 2022.

The Group has applied the same accounting policies in the preparation of the financial statements for the current period/year as the FY2021 financial statements, except for the adoption of new and amended standards as set out in Note 2.1 and changes in accounting policies in Note 2.2 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 Company amounting to Rp225.6 billion (2021: Rp669.9 billion). The Directors are of the view that the Company has the ability to refinance the maturing debts 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 adopting those standards.

2.2 *Changes in accounting policies*

In April 2022, the Institute of Indonesia Chartered Accountants' Accounting Standard Board ("DSAK IAI") issued an explanatory material through a press release regarding the attribution of benefits to periods of service in accordance with PSAK 24: Employee Benefits which was adopted from IAS 19 Employee Benefits (equivalent to SFRS(I) 1-19 Employee Benefits).

2. Basis of Preparation (cont'd)

2.2 Changes in accounting policies (cont'd)

The press release states that the pattern of the pension program based on the Labor Law currently enacted in Indonesia is similar to those responded and concluded in the IFRS Interpretation Committee ("IFRIC") Agenda Decision on SFRS(I) 1-19.

In prior years, the Group attributed benefits under the defined benefit plan's benefit formula to periods of service from the date when employees provide their services until their retirement age. In 2022, based on the press release, the Group change the policy for attributing benefits under the plan to the date when employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits under the plan.

The Group has adopted the said explanatory material and accordingly changed its accounting policy regarding attribution of benefits to periods of service previously applied, and therefore the consolidated financial statements of the Group for the year ended 31 December 2022 have been restated for the previous period as follows. The change did not have an impact on the group's operating, investing and financing cash flows.

Consolidated statement of comprehensive income (extract)	As originally presented 2H2021 Rp'million	SFRS(I) 1-19 impact 2H2021 Rp'million	As restated 2H2021 Rp'million	As originally presented FY2021 Rp'million	SFRS(I) 1-19 impact FY2021 Rp'million	As restated FY2021 Rp'million
General and administrative expenses	(395,164)	7,639	(387,525)	(773,425)	7,639	(765,786)
Profit before tax	1,505,757	7,639	1,513,396	2,258,689	7,639	2,266,328
Income tax expenses	(541,005)	(991)	(541,996)	(978,802)	(991)	(979,793)
Net profit for the period/year	964,752	6,648	971,400	1,279,887	6,648	1,286,535

Statements of financial position (extract)	As originally presented Rp ' million	Restatement amount Rp ' million	As restated Rp ' million
As at 31 December 2021			
Non-current assets			
Deferred tax assets	398,509	(15,201)	383,308
Non-current liabilities			
Employee benefits liabilities	1,892,515	(84,516)	1,807,999
Deferred tax liabilities	661,628	3,393	665,021
Total liabilities	16,281,393	(81,123)	16,200,270
Net assets	21,370,014	65,922	21,435,936
Equity			
Revenue reserves	8,523,010	45,058	8,568,068
Other reserves	(154,807)	(6,749)	(161,556)
Non-controlling interests	9,807,698	27,613	9,835,311
Total equity	21,370,014	65,922	21,435,936
As at 31 December 2020			
Non-current assets			
Deferred tax assets	570,877	(15,981)	554,896
Non-current liabilities			
Employee benefits liabilities	1,913,683	(87,427)	1,826,256
Deferred tax liabilities	577,167	3,253	580,420
Total liabilities	17,043,303	(84,174)	16,959,129
Net assets	20,446,928	68,193	20,515,121
Equity			
Revenue reserves	7,768,281	40,660	7,808,941
Non-controlling interests	9,134,574	27,533	9,162,107
Total equity	20,446,928	68,193	20,515,121

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 applied to the FY2021 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 is 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 was applied in its FY2021 financial statements to calculate ECL for trade receivables.

The carrying amount of trade receivables as at 31 December 2022 is Rp1,200.2 billion (2021: Rp1,463.0 billion).

- Allowance for ECL of plasma receivables

The Group uses the same methodology and basis that were applied in its FY2021 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 effective interest rate ("EIR") amortisation as at 31 December 2022 is Rp2,304.4 billion (2021: Rp2,317.7 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 31 December 2022 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 FY2021 financial statements in evaluating whether it is reasonably certain to exercise the option to renew or to terminate the lease.

As at 31 December 2022, the balance of the lease contracts is presented as "Right-of-use assets" in the consolidated statements of financial position.

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

Goodwill was tested for impairment as at 31 October 2022. As at 31 December 2022, there was no significant change in the assumptions used by management that could have significant impact in determining the recoverable value of the goodwill. 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. The cash flows beyond the projected periods are extrapolated using the estimated terminal growth rate indicated above. The terminal growth rate used does not exceed the long-term average growth rate in Indonesia. The discount rate applied to the cash flow projections is derived from the weighted average cost of capital of the respective CGUs.

Management performed impairment assessment internally for all the CGUs and recorded an impairment loss of Rp126.8 billion for the goodwill allocated to five CGUs (i.e. PT SAIN, PT RAP, PT JS, PT CNIS and PT SBN as disclosed in Note 10) as the recoverable amount was lower than the carrying value of each respective CGU. Other than these five CGUs, the respective recoverable value of the other CGUs exceeds the carrying value as at 31 December 2022, and hence no impairment loss is required to be recognised.

The carrying amount of the Group's goodwill as at 31 December 2022 is Rp3,084.6 billion (2021: Rp3,211.4 billion). Further details are disclosed in Note 10.

- 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 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. While the Group believes that its assumptions are reasonable and appropriate, significant differences in the Group's actual experiences or significant changes in the Group's assumptions may materially affect its estimated liabilities for pension and employee benefits and net employee benefits expense.

The carrying amount of the Group's employee benefits liabilities as at 31 December 2022 is Rp1,530.0 billion (2021: Rp1,808.0 billion). The key assumptions applied in the determination of pension and employee benefits liabilities, are as follows:

Annual discount rate	:	5.2% - 7.4% (2021: 3.0% - 7.5%)
Future annual salary increase	:	4.0% (2021: 4.0%)
Annual employee turnover rate	:	6.0% for employees under 30 years old and linearly decrease until 0% at the age of 52 years
Annual disability rate	:	10% from mortality rate
Retirement age	:	55 years old
Mortality rate reference	:	Indonesian Mortality Table IV

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

- 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. 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. The net carrying amount of the Group's property, plant and equipment as at 31 December 2022 is disclosed in the consolidated statement of financial position.

- Biological 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 the income approach 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 has applied the actual harvest data subsequent to year end to derive the fair value of unharvested produce of oil palm and rubber at year end. For the valuation of oil palm seeds, sugar cane and timber, the Group has applied discounted cash flow models to derive its fair value.

The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these agricultural produces would affect the Group's profit or loss and equity. The carrying amount of the Group's biological assets as at 31 December 2022 (under Non-current assets and Current assets) is Rp1,092.4 billion (2021: Rp1,201.7 billion). The key assumptions applied in the determination of fair value of biological assets are as follow.

Biological assets under Non-current assets - Timber Plantations

For timber plantations, the Group appointed an independent valuer to determine the fair value of timber annually and any resultant gain or loss arising from the changes in fair values is recognised in the profit or loss. The independent valuer adopted the income approach for the fair valuation of timber using a discounted cash flow model. The cash flow models estimate the relevant future cash flows which are expected to be generated in the future and discounted to the present value by using a discount rate. The carrying amount of the Group's timber plantation as at 31 December 2022 is Rp322.7 billion (2021: Rp328.3 billion).

The key assumptions applied are as follows:

- (i) Timber tree is available for harvest only once about 8 years after initial planting.
- (ii) Discount rate used represents the asset specific rate for the Group's timber plantations operations which are applied in the discounted future cash flows calculation.
- (iii) The projected selling price of logs over the projection period are based on average selling price of the produce which is extrapolated based on changes of plywood log market price.

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

- Biological assets (cont'd)

Biological assets under Current assets - Agricultural produce of bearer plants

The Group adopted the income approach to measure the fair value of the unharvested agricultural produce of bearer plants which mainly comprise of FFB, oil palm seeds, latex and sugar cane.

The key assumptions applied on the fair value of FFB and latex are as follows:

- (i) Estimated volume of subsequent harvest as of reporting date;
- (ii) Selling price of FFB and latex based on the market prices at year end.

The key assumptions applied on the fair value of sugar cane are as follows:

- (i) Cane tree is available for annual harvest for 12 months after initial planting, and subsequently up to 3 more annual harvests;
- (ii) Discount rate used represents the asset specific rate for the cane produce which is applied in the discounted future cash flows calculation;
- (iii) The projected selling price of sugar over the projection period are based on the extrapolation of market prices and the forecasted price trend from the World Bank, but not exceeding the highest retail price imposed by the Ministry of Trade of Indonesia.

The key assumptions applied on the fair value of oil palm seeds are as follows:

- (i) Estimated volume of 6 months subsequent harvest as at reporting date;
- (ii) Discount rate used represents the asset specific rate for the seed produce which is applied in the discounted future cash flows calculation;
- (iii) The projected selling price of palm seeds over the projection period are based on the extrapolation of market prices.

- 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 recognises liabilities for expected income tax issues based on estimates of whether additional income taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax in the year in which such decision is made by the taxation authority. The carrying amount of the Group's tax payables as at 31 December 2022 is Rp184.2 billion (2021: Rp310.1 billion).

Claims for tax refund

The management exercises judgement to record the amount of recoverable and refundable tax claims by the Tax Office based on the interpretations of current tax regulations. The carrying amount of the Group's claims for tax refund and tax assessments under appeal as at 31 December 2022 is Rp40.8 billion (2021: Rp67.2 billion).

Deferred tax assets

Deferred tax assets are recognised 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 amount of the Group's deferred tax assets as at 31 December 2022 is Rp276.1 billion (2021: Rp383.3 billion).

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

- 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 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 as at 31 December 2022 is Rp3,268.0 billion (2021: Rp2,655.3 billion).

- 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 incremental borrowing rate therefore reflects the interest the Group would have to pay, which requires estimation when no observable rates are available (such as for entities within the Group that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and makes 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 have revenue that is recognised over time.

Revenue from a single region is disclosed separately when it exceeds 10% of the Group's revenue. For FY2022 and FY2021, other than Indonesia, no other country accounted for 10% or more of the Group's revenue.

	Plantations		Edible Oils and Fats		Eliminations		Total	
	2H2022 Rp ' million	2H2021 Rp ' million	2H2022 Rp ' million	2H2021 Rp ' million	2H2022 Rp ' million	2H2021 Rp ' million	2H2022 Rp ' million	2H2021 Rp ' million
Sales channel								
Third party	3,168,934	1,890,511	6,555,277	8,810,431	-	-	9,724,211	10,700,942
Inter-segment	2,903,651	4,048,110	15,620	1,033	(2,919,271)	(4,049,143)	-	-
	6,072,585	5,938,621	6,570,897	8,811,464	(2,919,271)	(4,049,143)	9,724,211	10,700,942
Primary geographical markets								
Indonesia	5,205,184	5,892,493	4,773,287	7,149,819	(2,919,271)	(4,049,143)	7,059,200	8,993,169
Outside Indonesia	867,401	46,128	1,797,610	1,661,645	-	-	2,665,011	1,707,773
	6,072,585	5,938,621	6,570,897	8,811,464	(2,919,271)	(4,049,143)	9,724,211	10,700,942
Major product lines								
CPO	4,454,025	4,464,617	-	-	(2,903,652)	(4,048,111)	1,550,373	416,506
Palm kernel & related products	658,763	581,365	-	-	-	-	658,763	581,365
Edible Oils and Fats	-	-	6,570,897	8,811,464	(15,619)	(1,033)	6,555,278	8,810,431
Others	959,797	892,639	-	-	-	1	959,797	892,640
	6,072,585	5,938,621	6,570,897	8,811,464	(2,919,271)	(4,049,143)	9,724,211	10,700,942

4. Disaggregation of revenue (cont'd)

	Plantations		Edible Oils and Fats		Eliminations		Total	
	FY2022 Rp ' million	FY2021 Rp ' million	FY2022 Rp ' million	FY2021 Rp ' million	FY2022 Rp ' million	FY2021 Rp ' million	FY2022 Rp ' million	FY2021 Rp ' million
Sales channel								
Third party	5,134,636	3,385,333	12,662,429	16,273,196	-	-	17,797,065	19,658,529
Inter-segment	6,592,674	7,176,019	16,771	3,244	(6,609,445)	(7,179,263)	-	-
	11,727,310	10,561,352	12,679,200	16,276,440	(6,609,445)	(7,179,263)	17,797,065	19,658,529
Primary geographical markets								
Indonesia	10,811,185	10,444,058	10,570,551	13,151,270	(6,609,445)	(7,179,263)	14,772,291	16,416,065
Outside Indonesia	916,125	117,294	2,108,649	3,125,170	-	-	3,024,774	3,242,464
	11,727,310	10,561,352	12,679,200	16,276,440	(6,609,445)	(7,179,263)	17,797,065	19,658,529
Major product lines								
CPO	8,736,116	7,895,170	-	-	(6,592,675)	(7,176,009)	2,143,441	719,161
Palm Kernel & related products	1,322,849	1,163,993	-	-	-	-	1,322,849	1,163,993
Edible Oils and Fats	-	-	12,679,200	16,276,440	(16,770)	(3,244)	12,662,430	16,273,196
Others	1,668,345	1,502,189	-	-	-	(10)	1,668,345	1,502,179
	11,727,310	10,561,352	12,679,200	16,276,440	(6,609,445)	(7,179,263)	17,797,065	19,658,529

5. Profit before taxation

The following items have been included in arriving at profit before tax:

	2H2022 Rp ' million	2H2021 Rp ' million	Change %	FY2022 Rp ' million	FY2021 Rp ' million	Change %
Depreciation of property, plant and equipment	713,718	691,572	3.2	1,381,936	1,358,785	1.7
Amortisation of deferred charges, right-of-use assets and others	51,725	24,029	115.3	91,810	77,131	19.0
Interest on borrowings and leases	289,976	297,340	(2.5)	565,018	617,404	(8.5)
Allowance for uncollectible and loss arising from changes in amortised cost	178,472	265,236	(32.7)	369,384	352,527	4.8
Write-off of property, plant and equipment	2,427	177,156	(98.6)	16,165	179,654	(91.0)
Gain on disposal of property, plant and equipment	(1,405)	(3,628)	n/m	(1,632)	(5,140)	(68.2)
Changes in provision for asset dismantling costs	(550)	(283)	94.3	(1,979)	(182)	>+500
Impairment of property, plant and equipment	131,210	313,452	(58.1)	157,425	313,452	(49.8)
Impairment of goodwill	126,803	-	n/m	126,803	-	n/m

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			
	2H2022	2H2021 (Restated)	FY2022	FY2021 (Restated)
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
Current income tax expense	315,780	439,669	795,329	741,613
Deferred income tax expense relating to origination and reversal of temporary differences	179,280	102,327	104,822	238,180
	495,060	541,996	900,151	979,793

7. Earnings 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 31 December 2022.

	Group					
	2H2022	2H2021 (Restated)	Change	FY2022	FY2021 (Restated)	Change
Earnings per share	Rp	Rp	%	Rp	Rp	%
Based on weighted average number of shares	371	434	(14.5)	552	544	1.5
Based on a fully diluted basis	371	434	(14.5)	552	544	1.5

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 31 December 2022 and 2021.

As at 31 December	Group		Company	
	FY2022	FY2021 (Restated)	FY2022	FY2021
Net asset value per share (Rp)	9,241	8,310	8,079	8,121
Net asset value per share (SGD 'cents) (converted at Rp11,659 /S\$1)	79.3	71.3	69.3	69.7

9. *Property, plant and equipment and Leases*

Property, plant and equipment

In FY2022, the Group acquired property, plant and equipment amounting to Rp1,239.0 billion (FY2021: Rp1,016.5 billion). The proceeds from the disposal of property, plant and equipment amounting to Rp30.3 billion (FY2021: Rp16.9 billion) and gain on disposal of property, plant and equipment amounting to Rp1.6 billion (FY2021: Rp5.1 billion)

During the year, the Group identified the existence of impairment indicators on certain rubber bearer plants upon consideration of the market environment, conditions of the rubber plantations, production yield and the outlook of these plantation estates and determined the recoverable amount based on fair value less costs of disposal ("FVLCD"), using discounted cash flow method. The Group recorded an impairment loss of Rp157.4 billion (FY2021: Rp300.5 billion) to reduce the carrying amount of certain rubber bearer plants to their estimated recoverable amounts. For the remaining rubber bearer plants, management concluded that the recoverable amount was higher than their carrying amounts and hence no impairment loss was required.

Right-of-use assets

In FY2022, the Group's addition to leases amounting to Rp1.2 billion (FY2021: Rp32.3 billion) and payment of principal portion of lease liabilities amounting to Rp57.0 billion (FY2021: Rp44.8 billion).

There is no disposal of right-of-use assets as of 31 December 2022. In FY2021, the proceeds from disposal of right-of-use assets amounted to Rp9.0 billion and gain on disposal of right-of-use assets amounted to Rp8.3 billion.

Asset held for sale

On 21 December 2017, a subsidiary, Lonsum entered into a Sale and Purchase Agreement ("SPA") with an entity under common control, PT ICBP for the sale of several parcels of its land with an area approximately of 125 hectares in the Province of Banten, Sumatra Indonesia. The said land was therefore classified as "Asset held for sale". The SPA had been amended to extend the completion date by 31 December 2023.

In December 2022, Lonsum executed part of the SPA with total transaction value of Rp35.8 billion for 8 parcels of land, covering 12 hectares by realising part of an advance paid by PT ICBP in 2018.

As of February 2023, the disposal of the remaining parcels of land is still being processed by both parties.

10. *Goodwill*

	31/12/2022	31/12/2021
	Rp ' million	Rp ' million
As at 1 January	3,211,427	3,211,427
Impairment of goodwill	(126,803)	–
Balance as at 31 December	<u>3,084,624</u>	<u>3,211,427</u>

10. Goodwill (cont'd)

Goodwill arising from business combination was allocated to the following cash-generating units ("CGU") for impairment testing:

	31/12/2022	31/12/2021
	Rp ' million	Rp ' million
Integrated plantation estates of Lonsum	2,909,757	2,909,757
Plantation estates of PT GS	8,055	8,055
Plantation estates of PT MPI	2,395	2,395
Plantation estates of PT SBN	–	234
Integrated plantation estates of PT CNIS	–	7,712
Plantation estates of PT LPI	37,230	37,230
Plantation estates and research facility of PT SAIN	–	113,936
Plantation estates of PT RAP	–	3,388
Plantation estates of PT JS	–	1,533
Integrated plantation estates of PT MISP	34,087	34,087
Plantation estates of PT SAL	86,996	86,996
Plantation estates of PT MLI	6,104	6,104
Total	3,084,624	3,211,427

Goodwill was tested for impairment as at 31 October 2022. As at 31 December 2022, there was no significant change in the assumptions used by management that could have a significant impact in determining the recoverable value of the goodwill.

The recoverable amount of the goodwill allocated to the plantation estates of 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.

The following assumptions were used to estimate the recoverable amounts:

Cash generating units	Carrying amount of goodwill	Pre-tax discount rate		Growth rate after forecast period	
		31 October 2022	31 October 2021	31 October 2022	31 October 2021
Recoverable amount assessment based on value-in-use					
Integrated plantation estates of Lonsum	2,909,757	13.00%	12.69%	5.30%	5.45%
Recoverable amount assessment based on FVLCD					
Plantation estates of PT GS	8,055	13.23%	12.80%	5.30%	5.45%
Plantation estates of PT MPI	2,395	13.02%	12.75%	5.30%	5.45%
Plantation estates of PT SBN	–	–	11.92%	–	5.45%
Integrated plantation estates of PT CNIS	–	–	11.86%	–	5.45%
Plantation estates of PT LPI	37,230	10.76%	10.48%	5.30%	5.45%
Plantation estates and research facility of PT SAIN	–	–	12.50%	–	5.45%
Plantation estates of PT RAP	–	–	12.45%	–	5.45%
Plantation estates of PT JS	–	–	12.50%	–	5.45%
Integrated plantation estates of PT MISP	34,087	12.79%	12.52%	5.30%	5.45%
Plantation estates of PT SAL	86,996	12.74%	9.51%	5.30%	5.45%
Plantation estates of PT MLI	6,104	10.70%	10.15%	5.30%	5.45%
Sub-total	174,867				
Grand total	3,084,624				

10. Goodwill (cont'd)

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.

The primary selling prices used in the discounted cashflow model are projected prices of CPO, rubber, sugar and logs.

- CPO The projected prices are based on the outlook from reputable independent forecasting service firm and the World Bank forecasts for the projection period.
- Rubber The projected prices (RSS1 and other rubber products of the Group) over the projection period are based on the extrapolation of actual selling prices and the forecasted price trend from the World Bank.
- Sugar The sugar prices used in the projection are based on the extrapolation of market prices and the forecasted price trend from the World Bank, but not exceeding the highest retail price imposed by the Ministry of Trade of Indonesia.
- Logs The projected prices of logs are based on the average selling prices of the produce which are extrapolated based on changes of market prices of plywood log.

The cash flows beyond the projected periods are extrapolated using the estimated terminal growth rate indicated above. The terminal growth rate used does not exceed the long-term average growth rate in Indonesia. The discount rate applied to the cash flow projections is derived from the weighted average cost of capital of the respective CGUs.

Changes to the assumptions used by the management to determine the recoverable amounts, in particular the CPO price, discount and terminal growth rates, can have significant impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of the goodwill for each of the CGU to materially exceed their respective recoverable amounts.

Based on the impairment assessment, an impairment loss of Rp126.8 billion was recognised to fully write-down the carrying amount of goodwill allocated to CGUs: PT SBN, PT CNIS, PT SAIN, PT RAP and PT JS, as the carrying values of the goodwill for these CGUs were in excess of their respective recoverable amounts.

11. Deferred tax

Deferred tax relates to the following:

	31/12/2022	31/12/2021 (Restated)
	Rp ' million	Rp ' million
Temporary tax differences:		
Property, plant and equipment	(919,608)	(906,980)
Biological assets	(164,121)	(179,791)
Withholding tax on unremitted foreign interest income	(29,645)	(25,207)
Adjustments for uncollectible and loss arising from changes in amortised cost of plasma receivables	75,636	111,553
Allowance for employees benefit expenses	20,419	33,350
Allowance for decline in market value and obsolescence of inventories	44,764	27,847
Provision for unrecoverable advance	12,915	12,915
Employee benefits liabilities	328,041	388,920
Deferred inter-company profits	30,931	29,291
Tax losses carry forward	103,384	189,704
Impairment of property, plant and equipment	92,142	60,643
Others	(24,293)	(23,958)
Total	<u>(429,435)</u>	<u>(281,713)</u>
Classified as:		
Deferred tax assets	276,080	383,308
Deferred tax liabilities	<u>(705,515)</u>	<u>(665,021)</u>

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

12.1 Investment in subsidiary companies

	Company	
	31/12/2022	31/12/2021
	Rp ' million	Rp ' million
Shares, at cost	10,706,846	10,706,846
Issuance of shares for investment in a new subsidiary	564	–
Carrying value of investment	<u>10,707,410</u>	<u>10,706,846</u>

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 of subsidiaries. There was no acquisition and disposal of subsidiary during the reporting period/year.

On 22 September 2022, the Group incorporated a new subsidiary, Indofood Agri Trading Pte. Ltd., and the issued share capital of the subsidiary was S\$50,000 (equivalent to Rp564 million). The subsidiary is 100% owned by the Group.

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 31 December 2022.

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

12.2 Investment in associate companies

	Group	
	31/12/2022	31/12/2021
	Rp ' million	Rp ' million
Cost of investment, at cost	1,940,736	1,877,942
Cumulative share of results and other comprehensive income	(566,316)	(509,133)
Foreign currency translation	99,730	86,364
Gain from deemed disposal	12,921	12,921
Carrying value of investment	<u>1,487,071</u>	<u>1,468,094</u>

The Group's associate companies remained the same as those in FY2021 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").

During the year, PT SIMP injected additional Rp4.0 billion in PT PSM and Rp58.8 billion in Daitocacao, respectively.

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 of 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 31 December 2022.

12.3 Investment in joint ventures

	Group	
	31/12/2022	31/12/2021
	Rp ' million	Rp ' million
Cost of investment (including acquisition related costs)	1,102,748	1,019,301
Cumulative share of results	404,025	352,095
Cumulative share of other comprehensive income	(39,078)	(491,684)
Loss on deemed disposal	(87,049)	(87,049)
Foreign currency translation	(247,995)	(358,522)
Dividend payment	(186,481)	(58,778)
Carrying value of investment	<u>946,170</u>	<u>375,363</u>

The list of joint ventures remained unchanged as to those in FY2021 financial statements, comprising Companhia Mineira de Açúcar e Álcool Participações ("CMAA") and Bússola Empreendimentos e Participações S.A ("Bússola").

In April 2022, the shareholders injected additional capital of BRL 75 million in Bussola, whereby the Group's 36.21% share was BRL 27.16 million or equivalent to Rp83.4 billion (2021: BRL 3.621 million or equivalent to Rp9.8 billion).

Management has performed an impairment assessment to assess the recoverable amounts of the investment in joint ventures. Based on the assessment, the recoverable amounts were in excess of the carrying value of the investments in joint ventures and hence no impairment loss was recognised as at 31 December 2022.

13. Financial assets and financial liabilities

Set out below is an overview of financial assets and financial liabilities of the Group as at 31 December 2022 and 2021:

	Group		Company	
	31/12/2022 Rp ' million	31/12/2021 Rp ' million	31/12/2022 Rp ' million	31/12/2021 Rp ' million
Financial Assets				
Cash and bank	4,422,371	3,763,644	94,621	36,394
Trade and other receivables	1,345,523	1,578,638	778,311	903,084
Plasma receivables	946,392	1,329,070	–	–
Financial Liabilities				
Trade and other payables	3,022,180	2,575,775	121,781	108,169
Interest-bearing loans and borrowings	14 9,144,329	10,334,111	218,032	641,392

Receivables that are impaired

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

	Group	
	31/12/2022 Rp ' million	31/12/2021 Rp ' million
As at 1 January	148	150
Allowance/(write-back) for the year	27	(2)
As at 31 December	175	148

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

	Group	
	31/12/2022 Rp ' million	31/12/2021 Rp ' million
As at 1 January	988,672	640,052
Allowance for the year	427,176	543,457
Adjustments of EIR amortisation	(57,792)	(190,930)
Write-off	(53)	(3,907)
As at 31 December	1,358,003	988,672

14. Borrowings and debt securities

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	Rp ' million	Rp ' million	Rp ' million	Rp ' million
Current				
Interest bearing debt payable in one year or less, or on demand				
Secured *	2,301,239	2,288,220	–	–
Unsecured	4,611,032	4,958,192	218,032	641,392
Sub-total	6,912,271	7,246,412	218,032	641,392
Non-current				
Interest bearing debt repayable after one year				
Secured *	1,387,525	2,337,699	–	–
Unsecured	844,533	750,000	394,534	–
Sub-total	2,232,058	3,087,699	394,534	–
Total borrowings and debt securities	9,144,329	10,334,111	612,566	641,392

Details of the collaterals

* The 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 the reporting year.

15. Share capital

The Company did not issue any shares during the year. As of 31 December 2022 and 2021, 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 31 December 2022 and 2021.

	Company			
	31/12/2022		31/12/2021	
	No of shares	Amount	No of shares	Amount
	('000)	Rp ' million	('000)	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 31 December 2022 and 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 2021.

16. Dividends

The Company declared and paid a final tax exempt (one-tier) dividend of Rp117.8 billion or 0.8 Singapore cents per share (2021: 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⁽¹⁾ Rp ' million	Other related parties⁽²⁾ Rp ' million
Sales of goods	FY2022	7	5,397,208	2,275,767
	FY2021	19	5,636,745	3,028,360
Purchases of packaging materials	FY2022	-	89,923	-
	FY2021	-	132,860	-
Purchases of services, transportation equipment and spare parts	FY2022	-	5,592	87,408
	FY2021	-	5,356	79,754
Royalty fee expenses	FY2022	6,975	-	-
	FY2021	6,515	-	-
Pump service expenses	FY2022	-	-	8,391
	FY2021	-	-	7,782
Rental expenses	FY2022	-	41,220	7,744
	FY2021	-	40,785	8,381
Insurance expenses	FY2022	-	-	19,927
	FY2021	-	-	21,032
Other operating income	FY2022	-	6,080	-
	FY2021	-	5,011	-
Financial income	FY2022	-	-	31,881
	FY2021	-	-	14,135
Financial expenses	FY2022	-	-	30,442
	FY2021	-	-	28,735

(1) Transactions with entities under common control.

(2) Transactions with members of Salim Group and its associates.

18. **Impairment of non-financial assets**

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

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

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, a recent market transaction or an appropriate valuation model is used such as discounted cash flow method.

18. Impairment of non-financial assets (cont'd)

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

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

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

The Group recognised an impairment loss of Rp157.4 billion (2021: Rp300.5 billion) for its rubber plantation, and this was recognised as part of other operating expenses in the condensed interim consolidated statement of comprehensive income. The recoverable amount was based on FVLCD using income approach (level 3) based on the present values of the expected net future cash flows, discounted at a rate of 11.65%.

The Group also recognised an impairment loss of Rp126.8 billion (2021: nil) for the goodwill allocated to five CGUs: PT SBN, PT CNIS, PT SAIN, PT RAP and PT JS, as the carrying values of the goodwill for these CGUs were in excess of their respective recoverable amounts determined based on FVLCD using discounted cash flow model.

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.

19. Fair value measurement (cont'd)

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
As at 31 December 2022			
<i>Recurring fair value measurements</i>			
Biological assets - timber plantations	–	–	322,743
Biological assets - agricultural produce	–	282,339	487,295
As at 31 December 2021			
<i>Recurring fair value measurements</i>			
Biological assets - timber plantations	–	–	328,344
Biological assets - agricultural produce	–	410,468	462,925

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 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/year.

20.1 Business segments

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

2H2022	Plantations Rp ' million	Edible Oils and Fats Rp ' million	Others/ eliminations^a Rp ' million	Total Rp ' million
Revenue				
Sales to external customers	3,168,934	6,555,277	–	9,724,211
Inter-segment sales	2,903,651	15,620	(2,919,271)	–
Total sales	<u>6,072,585</u>	<u>6,570,897</u>	<u>(2,919,271)</u>	<u>9,724,211</u>
Share of results of associate companies	2,386	–	(20,059)	(17,673)
Share of results of joint ventures	–	–	88,203	88,203
Segment results	<u>801,375</u>	<u>646,251</u>	<u>198,277</u>	<u>1,645,903</u>
Net finance costs				(246,643)
Foreign exchange gain				59,058
Impairment of property, plant and equipment				(131,210)
Impairment of goodwill				<u>(126,803)</u>
Profit before tax				1,270,835
Income tax expense				<u>(495,060)</u>
Net profit for the period				<u>775,775</u>
Other segment information:				
Capital expenditure	764,548	102,565	–	867,113
Depreciation and amortization	664,117	55,526	45,800	765,443
Loss from changes in fair value of biological assets	(28,358)	–	–	(28,358)
Changes in employee benefits	(93,792)	19,999	–	(73,793)
Impairment of property, plant and equipment	131,210	–	–	131,210
Impairment of goodwill	<u>126,803</u>	<u>–</u>	<u>–</u>	<u>126,803</u>

^a Eliminations only refers to inter-segment sales

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

20.1 **Business segments (cont'd)**

2H2021	Plantations Rp ' million	Edible Oils and Fats Rp ' million	Others/ eliminations ^a Rp ' million	Total Rp ' million
Revenue				
Sales to external customers	1,890,511	8,810,431	–	10,700,942
Inter-segment sales	4,048,110	1,033	(4,049,143)	–
Total sales	<u>5,938,621</u>	<u>8,811,464</u>	<u>(4,049,143)</u>	<u>10,700,942</u>
Share of results of associate companies	(2,314)	–	(25,753)	(28,067)
Share of results of joint ventures	–	–	75,442	75,442
Segment results	<u>1,751,887</u>	<u>283,089</u>	<u>16,633</u>	<u>2,051,609</u>
Net finance costs				(268,377)
Foreign exchange loss				(3,759)
Impairment of property, plant and equipment				<u>(313,452)</u>
Profit before tax				1,513,396
Income tax expense				<u>(541,996)</u>
Net profit for the period				<u>971,400</u>
Other segment information:				
Capital expenditure	720,055	24,358	–	744,413
Depreciation and amortization	641,732	55,342	18,527	715,601
Gain from changes in fair value of biological assets	146,623	–	–	146,623
Changes in employee benefits	201,943	17,890	–	219,833
Impairment of property, plant and equipment	<u>313,452</u>	<u>–</u>	<u>–</u>	<u>313,452</u>

^a Eliminations only refers to inter-segment sales

20. Segment and revenue information (cont'd)

20.1 Business segments (cont'd)

FY2022	Plantations Rp ' million	Edible Oils and Fats Rp ' million	Others/ eliminations ^a Rp ' million	Total Rp ' million
Revenue				
Sales to external customers	5,134,636	12,662,429	–	17,797,065
Inter-segment sales	6,592,674	16,771	(6,609,445)	–
Total sales	<u>11,727,310</u>	<u>12,679,200</u>	<u>(6,609,445)</u>	<u>17,797,065</u>
Share of results of associate companies	2,935	–	(44,216)	(41,281)
Share of results of joint ventures	–	–	51,930	51,930
Segment results	<u>2,092,499</u>	<u>842,227</u>	<u>(25,488)</u>	<u>2,909,238</u>
Net finance costs				(484,366)
Foreign exchange gain				66,615
Impairment of property, plant and equipment				(157,425)
Impairment of goodwill				<u>(126,803)</u>
Profit before tax				2,217,908
Income tax expense				<u>(900,151)</u>
Net profit for the year				<u>1,317,757</u>
<u>As at 31 December 2022</u>				
Assets and liabilities				
Segment assets	29,292,567	6,191,679	(860,379)	34,623,867
Goodwill	<u>3,084,624</u>	–	–	<u>3,084,624</u>
Prepaid taxes				240,588
Deferred tax assets				276,080
Claims for tax refund				40,847
Total assets				<u>38,266,006</u>
Segment liabilities	<u>4,639,158</u>	<u>1,783,200</u>	<u>(2,069,126)</u>	<u>4,353,232</u>
Unallocated liabilities				9,871,378
Deferred tax liabilities				705,515
Income tax payable				184,189
Total liabilities				<u>15,114,314</u>
Other segment information:				
Capital expenditure	1,333,113	127,139	–	1,460,252
Depreciation and amortisation	1,282,634	110,560	80,552	1,473,746
Loss from changes in fair value of biological assets	(136,112)	–	–	(136,112)
Changes in employee benefits	13,498	41,597	–	55,095
Impairment of property, plant and equipment	157,425	–	–	157,425
Impairment of goodwill	<u>126,803</u>	–	–	<u>126,803</u>

^a Eliminations only refers to inter-segment sales

20. Segment and revenue information (cont'd)

20.1 Business segments (cont'd)

FY2021 (Restated)	Plantations Rp ' million	Edible Oils and Fats Rp ' million	Others/ eliminations ^a Rp ' million	Total Rp ' million
Revenue				
Sales to external customers	3,385,333	16,273,196	–	19,658,529
Inter-segment sales	7,176,019	3,244	(7,179,263)	–
Total sales	<u>10,561,352</u>	<u>16,276,440</u>	<u>(7,179,263)</u>	<u>19,658,529</u>
Share of results of associate companies	(15,230)	–	(45,767)	(60,997)
Share of results of joint ventures	–	–	104,357	104,357
Segment results	<u>2,670,535</u>	<u>480,592</u>	<u>(52,273)</u>	<u>3,098,854</u>
Net finance costs				(560,122)
Foreign exchange loss				(2,312)
Impairment of property, plant and equipment				<u>(313,452)</u>
Profit before tax				2,266,328
Income tax expense				<u>(979,793)</u>
Net profit for the year				<u>1,286,535</u>
As at 31 December 2021				
Assets and liabilities				
Segment assets	28,909,706	4,788,595	84,499	33,782,800
Goodwill	<u>3,211,427</u>	–	–	<u>3,211,427</u>
Prepaid taxes				191,507
Deferred tax assets				383,308
Claims for tax refund				67,164
Total assets				<u>37,636,206</u>
Segment liabilities	<u>3,510,627</u>	<u>1,180,922</u>	<u>(599,735)</u>	4,091,814
Unallocated liabilities				11,133,332
Deferred tax liabilities				665,021
Income tax payable				310,103
Total liabilities				<u>16,200,270</u>
Other segment information:				
Capital expenditure	1,218,333	32,454	–	1,250,787
Depreciation and amortisation	1,272,766	111,420	51,730	1,435,916
Gain from changes in fair value of biological assets	112,690	–	–	112,690
Changes in employee benefits	187,313	38,064	–	225,377
Impairment of property, plant and equipment	<u>313,452</u>	–	–	<u>313,452</u>

^a Eliminations only refers to inter-segment sales

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 December 2022 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 FY2022 have not been audited or reviewed.

2. *Review of performance of the Group*

Financial Performance

Overview: FY2022 was a challenging year in the face of highly volatile commodity markets and several policies introduced by the Indonesian government to control domestic cooking oil prices. Prices of most agricultural commodities increased sharply in March/April 2022 due to the Russia-Ukraine conflict and tight South American soybean supplies arising from droughts in the early part of the year. This was further aggravated by the Indonesia government's temporary export ban on palm oil, which tightened the global edible oil supply. Consequently, the export ban led to higher CPO stocks in Indonesia and lower prices in June 2022. Despite lifting the export ban subsequently and cutting export levies to encourage exports, Indonesia's palm oil exports did not return to normal levels as the government required companies to sell a portion of their CPO output in the domestic market before issuing export permits. Nonetheless, CPO prices (CIF Rotterdam) averaged higher at US\$1,370 per tonne in 2022 compared to US\$1,210 per tonne in 2021.

Despite a strong recovery in FFB production in 2H2022, the Group recorded a softer set of 2H2022 results on lower selling prices of palm products (i.e. crude palm oil (CPO) down 13% and palm kernel (PK) down 24% compared to 2H2021) and rising palm production costs. Net profit after tax declined 20% to Rp776 billion in 2H2022 mainly due to lower gross profit from the Plantation Division, loss on changes in fair value of biological assets and impairment of goodwill. The decline was partly negated by lower S&D expenses, lower impairment and write-off of property, plant and equipment. For the full year, the Group's net profit after tax improved by 2% to Rp1,318 billion from Rp1,287 billion in FY2021. This was largely due to a higher profit contribution from the EOF Division.

Segment Overview: Plantation Division recorded a strong 10% recovery in FFB nucleus production in 2H2022, leading to FY2022 growth of 2%. This, coupled with higher purchases of FFB from external parties, enabled CPO production to grow strongly by 20% in 2H22 and 7% for the full year.

Plantation Division's revenue increased 2% in 2H2022 due to higher sales volume of palm products in line with higher production, however this was partly offset by lower selling prices of palm products. Operating profit was lower in 2H2022 mainly due to higher production costs. On a full-year basis, plantation revenue increased by 11% on higher palm selling prices. Despite higher revenue and cost control measures, the division reported lower operating profit in FY2022 due to a net build-up in inventories of 40,000 tonnes of CPO and higher production costs.

The EOF Division's refinery operations remained resilient. Despite lower sales volume for cooking oil due to policy changes and higher CPO input costs, it delivered higher profitability due to competitive pricing strategies and a recovery in industrial and consumer margarine sales following the gradual lifting of COVID-19 restrictions. Revenue declined by 25% in 2H2022 and 22% in FY2022 on lower sales volume of EOF products but was partly offset by higher selling prices. Despite this, it delivered higher operating profit in 2H2022 and FY2022.

Revenue: The Group's consolidated revenue (after elimination of inter-segment sales) in 2H2022 and FY2022 decreased 9% and 10% over the same periods last year, mainly due to lower sales from the EOF Division.

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

Cost of sales: Lower cost of sales in 2H2022 and FY2022 was mainly due to lower CPO input costs by the EOF Division in line with lower EOF sales.

Gross profit: In 2H2022, the Group's gross profit declined by 21% mainly due to higher palm production costs. For the full year, the Group's gross profit declined by 10% despite higher average selling prices of palm products and EOF products. The decline was mainly due to a net build-up in year end inventories of 40,000 tonnes of CPO and rising palm production costs.

Selling and Distribution Expenses (S&D): S&D expenses declined 23% in 2H2022 and 42% in FY2022 mainly due to lower export levy/duty, and lower freight and distribution charges arising from lower sales volume of EOF products.

General and Administration Expenses (G&A): G&A decreased 9% in 2H2022 mainly due to lower salary and benefit costs. On a full-year basis, G&A costs remained under control and came in close to last year.

Foreign Exchange Gain: The Group recognised a foreign currency gain of Rp67 billion in FY2022 mainly due to the translation of US dollar-denominated net assets position (i.e. cash and loans) as of 31 December 2022. The foreign currency gain was mainly due to weakening of the Indonesia Rupiah against the US Dollar to Rp15,731/US\$ as of 31 December 2022 versus Rp14,269/US\$ last year-end.

Other Operating Expenses: The significant decrease in other operating expenses in FY2022 was mainly due to lower impairment and write-off of property, plant and equipment compared to last year. The lower other operating expenses in 2H2022 were likewise caused by these two items and lower provision for plasma receivables.

Share of Results of Associate Companies: The Group reported improved results from all its associate companies. The share of losses declined to Rp41 billion in FY2022 compared to Rp61 billion in FY2021.

Share of Results of Joint Ventures (JVs): The Group's share of JV profit increased 17% in 2H2022, but full year results remained lower at Rp52 billion versus Rp104 billion in last year. Despite higher operating results, this was offset by higher interest expenses, foreign exchange loss and loss arising from changes in the fair value of biological assets.

Loss arising from Changes in Fair Values of Biological Assets: In FY2022, the Group reported a loss from changes in fair value of biological assets of Rp136 billion compared to a gain of Rp113 billion in FY2021. The loss in FY2022 was mainly due to lower FFB prices and higher production costs. The gain in FY2021 was mainly due to higher FFB prices compared to the year before.

Impairment of Goodwill: During the year, management has identified the existence of impairment indicators for certain subsidiaries. Management performed an impairment assessment and recorded an impairment loss on goodwill of Rp127 billion as the recoverable amount was lower than the carrying value for certain subsidiaries.

Profit from Operations: In 2H2022, the Group's profit from operations decreased 8% to Rp1,644 billion on lower gross profit and loss from changes in fair value of biological assets. This decline was offset by lower S&D expenses and lower operating expenses as explained above. For the full year, profit from operations was flat to last year at Rp2,829 billion for similar reasons.

Financial Income/(Expenses): Higher financial income was related to fixed deposit income arising from higher cash levels. The Group's financial expenses decreased by 8% in FY2022 mainly due to lower loans than last year.

Net Profit After Tax (NPAT): The Group reported a 20% decline in NPAT to Rp776 billion in 2H2022 due to lower operating profit and impairment of goodwill. Despite a softer 2H2022 performance, the Group's FY2022 NPAT came in slightly higher than last year at Rp1,318 billion.

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

Attributable Profit to the Owners of the Company: FY2022 attributable profit came in close to last year at Rp770 billion.

Review of Financial Position

As of 31 December 2022, the Group's total non-current assets were Rp27.7 trillion compared to Rp28.1 trillion in December 2021. The decrease was mainly due to the depreciation of property, plant and equipment, lower plasma receivables, lower deferred tax assets and impairment of goodwill. This was partly offset by higher investment in joint ventures.

The Group recorded total current assets of Rp10.6 trillion as of December 2022 compared to Rp9.5 trillion in December 2021. The increase was mainly due to higher CPO inventories and higher cash levels, partly offset by lower trade receivables in line with lower EOF sales and lower biological assets.

The Group's total liabilities decreased by 7% to Rp15.1 trillion. This was mainly due to (i) net repayment of interest-bearing loans and borrowings during the year; (ii) lower employee benefits liabilities, which were determined based on actuarial calculations in accordance with the Indonesian Labour Law; (iii) lower advances and taxes payable; and (iv) lower income tax payable. The decrease was partly offset by higher trade and other payables and accruals, and higher lease liabilities.

As of 31 December 2022, the Group recorded net current assets of Rp669 billion compared to a net current liabilities position in the last year-end. The improved position was mainly due to refinancing a short-term loan into a long-term loan.

The Group's net debt-to-equity ratio decreased from 0.31 times last year-end to 0.20 times as of December 2022. The improved ratio was mainly due to the combined effects of higher cash and lower interest-bearing loans and borrowings.

Review of Cash Flows

The Group continued to generate strong operating cash flows of Rp3,590 billion in FY2022 compared to Rp3,724 billion last year.

Net cash flows used in investing activities were close to last year's level at Rp1,424 billion, mainly related to additions of property, plant and equipment, and bearer plants; and net investment in JV and associated companies.

The Group recorded net cash used in financing activities of Rp1,628 billion in FY2022 compared to Rp1,088 billion last year. This comprised mainly of net repayment of loans and dividend payments during the year.

The Group's cash level increased from Rp3,764 billion as of December 2021 to Rp4,422 billion as of December 2022 largely due to a net increase in cash from operations.

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

Commodity prices are likely to remain highly volatile amid uncertainties driven by global developments. Specifically, ongoing tensions between the US and China could continue to impede the pace of global growth and recovery. Energy and commodity prices could escalate with geopolitical conflicts and rising protectionism. Climate change and weather patterns could have an adverse impact on plantation crops and operations.

In response to these events, we will continue prioritising capital expenditure on replanting in Riau and Sumatra, and critical infrastructure, and tighten cost controls. We will also continue to focus on crop management activities and explore relevant innovations and mechanisation programmes to raise plantation productivity.

In the year ahead, our refinery operations will be focusing on the growth and recovery of EOF sales volumes through competitive pricing strategies. We also expect to enter into the growing segment for affordable branded packed cooking oil in 2023. Efforts will also be supported by thematic advertising campaigns.

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?

Type of dividend: First and final dividend
Dividend type: Cash
Dividend per share: 0.8 Singapore cent
Tax rate: Tax-exempt (one-tier)

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

Type of dividend: First and final dividend
Dividend type: Cash
Dividend per share: 0.8 Singapore cent
Tax rate: Tax-exempt (one-tier)

(c) Date Payable

The payment of dividend will be subject to the approval by shareholders at the forthcoming Annual General Meeting to be convened on 14 April 2023, and will be paid on 10 May 2023.

(d) Books Closure Date

The Share Transfer Books and Register of Members of Indofood Agri Resources Ltd will be closed at 5.00 p.m. on 28 April 2023 for the purpose of determining shareholders' entitlements to a first and final (tax exempt one-tier) dividend. Duly completed and stamped registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. at 1 Harbourfront Avenue, Keppel Bay Tower #14-03/07, Singapore 098632 up to 5.00 p.m. on 28 April 2023 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares as at 5.00 p.m. on 28 April 2023 will be entitled to the dividend.

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 year ended 31 December 2022 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 FY2022:

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
PT ISM Group	
<ul style="list-style-type: none">Sales of cooking oil, margarine and othersPurchase of goods, services and assets	5,404 141
Salim Group	
<ul style="list-style-type: none">Sales of cooking oil, seeds and materialPurchases of goods and servicesShareholder loansCorporate guarantees	2,276 519 1,678 1,684

Save as disclosed above, there were no additional IPT (excluding transactions of less than S\$100,000 each) entered into during the financial year under review pursuant to Rule 907 of the Listing Manual of the SGX-ST.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers under Rule 720(1)

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

8. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, we confirm that no persons occupying managerial positions in the Company or any of its principal subsidiaries who are a relative of a director or Chief Executive Officer or substantial shareholder of the Company.

BY THE ORDER OF THE BOARD

Mark Julian Wakeford
Chief Executive Officer and Executive Director
28th February 2023