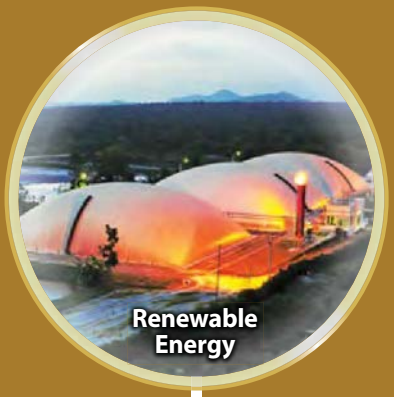
ANJ

Annual Report
2013



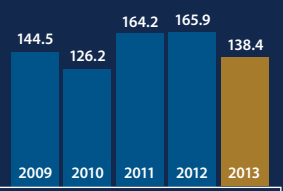
A New Platform for Sustainable Growth

PT AUSTINDO NUSANTARA JAYA Tbk.

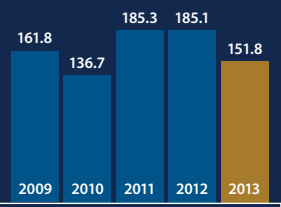
ANJ Financial Highlights

	2013	2012	2011	2010	2009
Results from Operations (US$ million)					
Revenue from sales and service concessions	138.4	165.9	164.2	126.2	144.5
Total income	151.8	185.1	185.3	136.7	161.8
Gross profit	48.1	77.7	80.7	60.8	81.8
EBITDA	37.8	63.3	69.5	48.1	62.0
Net income from continuing operations	21.9	42.0	45.8	24.5	27.0
Net income from discontinued operations	0	56.7	10.6	8.1	-
Net income for the year	21.9	98.7	56.3	32.6	27.0
attributable to the owners of the company	22.0	96.3	55.6	31.4	26.0
attributable to non-controlling interests	(0.1)	2.4	0.7	1.2	1.0
Total Comprehensive Income	1.1	95.6	50.1	44.5	n/a
attributable to owners of the company	1.3	93.3	49.4	43.2	n/a
attributable to non-controlling interests	(0.2)	2.3	0.7	1.3	n/a
Earnings per Share (US$)					
Basic earnings per share	0.00680	0.07970	0.17808	0.10066	0.08310
Basic earnings per share from continuing operations	0.00680	0.03473	0.14646	0.07852	0.08310
Diluted earnings per share from continuing operations	0.00678	-	-	-	-
Financial Position (US$ million)					
Cash and cash equivalents	41.4	76.6	90.9	132.3	119.4
Total current assets	72.1	109.3	647.4	317.0	280.2
Total assets	397.4	399.4	912.7	735.3	592.6
Bank loans and convertible bonds*	1.4	3.8	2.3	205.7	113.2
Total current liabilities	19.2	55.9	394.7	135.2	106.4
Total liabilities	32.7	71.7	413.5	283.3	172.0
Total equity	364.7	327.7	499.2	452.0	420.6
Financial Ratios					
Return on assets (%)	5.5	10.5	5.0	3.3	4.6
Return on equity (%)	6.0	12.8	9.2	5.4	6.4
EBITDA margin (%) **	27.3	38.2	42.3	38.1	42.9
Net profit margin (%)	14.4	22.7	24.7	17.9	16.7
Current ratio	3.8	2.0	1.6	2.3	2.6
Liabilities to equity ratio	0.1	0.2	0.8	0.6	0.4
Liabilities to assets ratio	0.1	0.2	0.5	0.4	0.3
Net debt to equity ratio	(0.1)	(0.2)	(0.2)	0.2	(0.0)

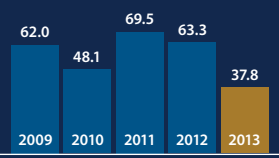
* Convertible bond is the bond instrument issued to some third parties by one of our subsidiaries whose business had been sold by us to a third party.
** Calculated as EBITDA divided by the sum of revenue from sales and service concessions.



Revenue from sales and service concessions (US$m)



Total income (US$m)



EBITDA (US$m)

Net income from continuing operations (US$m)

Contents

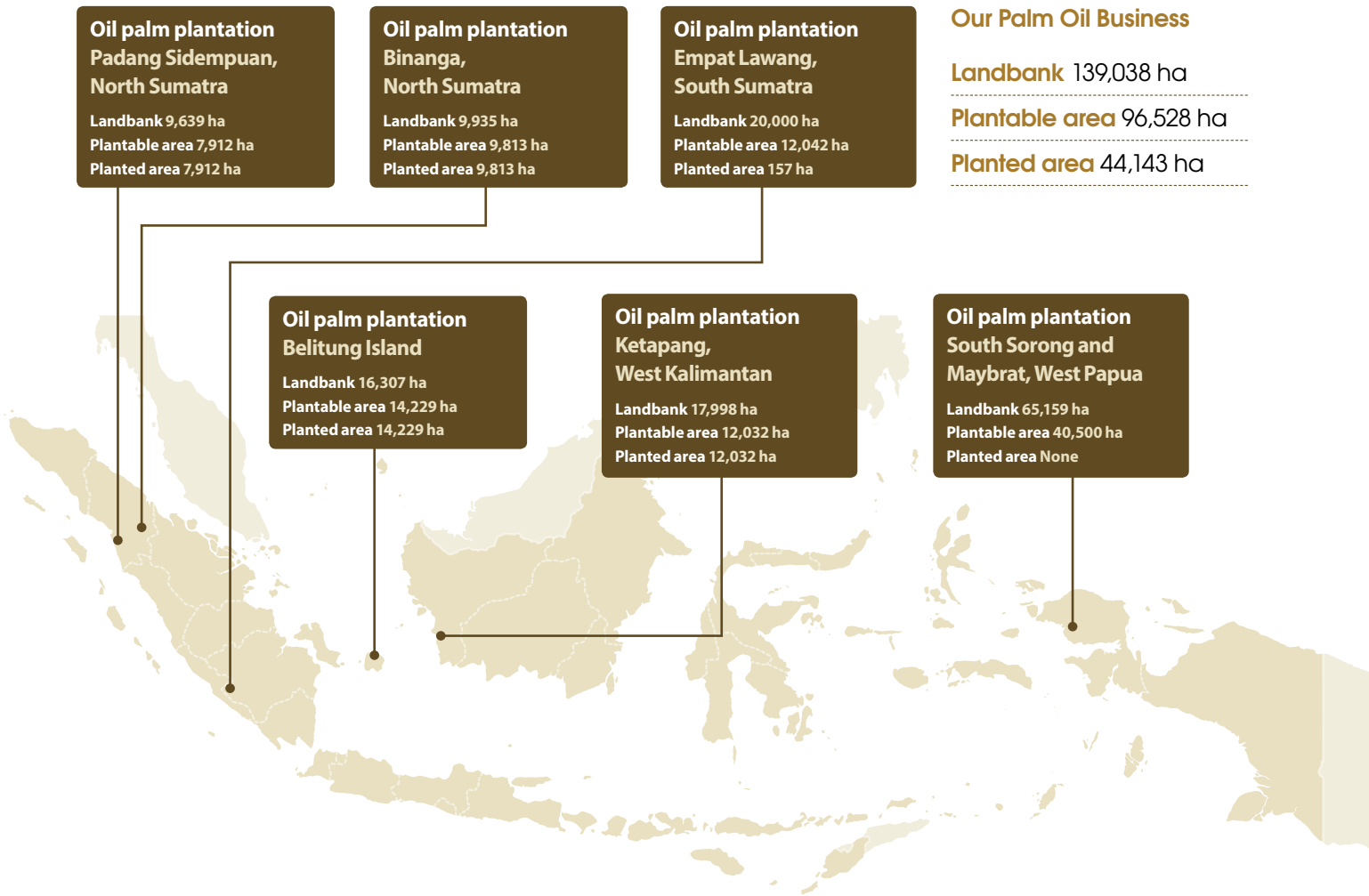
ANJ at a Glance

Welcome to the 2013 Annual Report of PT Austindo Nusantara Jaya Tbk. ("ANJ" or "the Company"). We are proud to be an Indonesian food and renewable energy company, engaged principally in palm oil and sago starch production and processing as well as in biogas and geothermal power generation.

This is our inaugural report as a publicly traded company following our listing on the Indonesia Stock Exchange in May 2013, when we offered 10% of the shares of the Company in an initial public offering. This report has been prepared according to the regulations of the Indonesian Financial Services Authority (OJK).

ANJ is an Indonesian holding company principally engaged through subsidiaries in producing crude palm oil and palm kernel. We are at the forefront of innovation and operational efficiency in plantation management and palm oil processing, with the overall goal of improving yields and productivity. We are also in the process of leveraging our experience in efficient plantation management to expand into sago harvesting and food production, as well as developing a complementary renewable energy business.

We currently own and operate four oil palm plantations: two in North Sumatra, one on Belitung Island off the eastern coast of Sumatra and one in West Kalimantan. We are also currently



Our Palm Oil Business

Landbank 139,038 ha

Plantable area 96,528 ha

Planted area 44,143 ha

developing new plantations in West Papua and in South Sumatra. In 2013, we produced 609,149 tonnes of fresh fruit bunches from our three mature plantations in North Sumatra and Belitung (an average yield of 19.1 tonnes per hectare), which we milled into 134,933 tonnes of crude palm oil.

As of the end of 2013, we had a total landbank of 139,038 hectares, with 44,143 hectares planted or under development, 52,385 hectares available for future planting and 42,510 hectares not planted as it is set aside for conservation or to adhere to RSPO requirements for non-plantable areas.

We are in the process of commencing operations in our sago harvesting and processing business and saw considerable progress in 2013.

We also began commercial operations of our biogas business as part of our renewable energy segment, with our first biogas power plant, at our Belitung Island plantation, commissioned in December 2013.

We have minority stakes in two geothermal power plant operations in Indonesia in partnership with Chevron Group, as well as a minority stake in a coal-fired and diesel power plant business in Indonesia in partnership with Freeport-McMoRan Copper & Gold Inc.

Finally, we also have non-core operations in tobacco processing, where we serve as a processor and intermediary between tobacco growers and domestic and international producers of cigars and cigarettes.

In 2013, we recorded US$151.8 million of total income, EBITDA of US$37.8 million and net income from continuing operations of US$21.9 million.

This report has been prepared as a detailed and accurate picture of ANJ, its subsidiaries and their activities in 2013. We hope you find it useful, and we welcome your feedback. Please email **corsec@anj-group.com** with your comments.

A Note on Abbreviations

Several abbreviations appear throughout this report in connection to the Company's core plantation business:
CPO — Crude Palm Oil, the oil extracted from the fruit of the oil palm.
PK — Palm Kernel, a fibrous cake that results from crushing the seeds at the center of the oil palm fruit.
FFB — Fresh Fruit Bunches, the clusters of oil palm fruit as cut and harvested from the oil palms and the raw material for milling into CPO and PK.

Our Vision

To become a world-class food and renewable energy company that elevates the status of the Indonesian people.

Our Mission

Committed to produce quality products that are environmentally-friendly whilst adhering to best management practices that achieve excellent performance, ensure good employee welfare and empower the community as equal partners.

Our Values

- Integrity
- Respect for People and the Environment
- Continuous Improvement

Report from the Board of Commissioners

Dear Shareholders,

While 2013 was a challenging year for businesses in the palm oil sector, it also represented a landmark year for ANJ with a successful initial public offering that saw our debut as a public company listed on the Indonesia Stock Exchange. This was a major step in our strategy to achieve our vision for ANJ to become a world-class food and renewable energy company.

In 2012, management had reoriented the Company's core business to palm oil, sago starch and renewable energy, and divested a number of non-core units. In 2013 — as suggested by this annual report's theme, "A New Platform for Sustainable Growth" — the foundations were laid for ANJ's next stage, a gradual but systematic expansion over the coming decade to a business several times larger than ANJ is today. In 2014 these foundations will be strengthened.

Strategy in Action

2013 began with a vigorous demonstration of ANJ's growth strategy through the acquisition in January of two companies with 65,159 hectares of landbank in West Papua. Preparations were rapidly begun for the planting of oil palms, including the successful compensation of all of the land by the end of the year.

We regard this development as vital for ANJ's future, as we believe the lion's share of our growth prospects lie in eastern Indonesia, particularly in Papua. We are proud to be developing sustainable plantations there that will not only put its rich land to effective use in producing resources for the nation, but will also directly benefit the surrounding communities.

The IPO in May was another major step along this path to growth, as it extends the professional footing of the Company to suit this new era and formalizes governance principles and structures that will help us manage our growth carefully. Importantly also, it raised US$35 million that has enabled us to intensify the practical work of laying the foundations for growth.

In this vein, the year also saw us reach our planting target at our oil palm estate in West Kalimantan on schedule, the start of land compensation at our South Sumatra landbank, significant progress in developing out sago starch business in Papua, the start of commercial operations at our first biogas-fuelled power plant, located at our Belitung Island Plantation, and the completion of the ANJ Learning Center, an integrated training facility that will raise our ability to develop talent.

In our oversight role of the Board of Directors, the Commissioners were pleased to note all of these achievements. We also acknowledge management's ongoing efforts to meet the challenges of the latest and perhaps toughest part of ANJ's evolution, an ongoing reorganization of the Company's internal corporate structures.

ANJ has grown in large part through acquisitions, and many of our subsidiary companies, which are spread throughout Indonesia, have historically operated as independent enterprises. In order to create efficiencies and ensure consistent best practices across our range of subsidiaries, the Directors in 2013 began the process of moving corporate process functions such as legal, finance, human resources, business development, IT and corporate social responsibility away from individual subsidiaries and centralizing them under ANJ while preserving subsidiaries' direct access to key support functions.

This has been a considerable challenge, particularly in terms of avoiding disruptions and building acceptance among our subsidiaries, and we are pleased to have seen the Board of Directors remain committed and proactive in driving the process forward. As part of the process, management also recruited a large number of talented staff at all levels in 2013, and began putting in place robust human capital policies to foster good governance throughout the group. Completing this process and continuing to establish comprehensive governance structure will be the focus of 2014.

Facing Challenges

The focus on preparing future growth to some extent dulled the pain of a weak year in our palm oil business in which our production volumes and sales revenue dipped. Much of this was attributable to events beyond the Company's control, as it was primarily a result of lower crude palm oil prices in the global market combined with poor weather denting our ability to produce palm fruit.

One other area of difficulty also stood out in 2013, as we experienced some further delays in developing our sago starch project in West Papua, mostly due to its remote location and rudimentary infrastructure. The Commissioners remain confident,

The focus on preparing future growth to some extent dulled the pain of a weak year in our palm oil business.

Arifin Mohamed Siregar
Independent Commissioner

Josep Kristiadi
Independent Commissioner

Anastasius Wahyuhadi
Commissioner

Istama Tatang Siddharta
Commissioner

Sjakon George Tahija
Commissioner

Adrianto Machribie
President Commissioner (Independent)

George Santosa Tahija
Commissioner

though, that the project remains on the right track and that the difficulties experienced will prove only a temporary obstacle, and will also serve as a lesson in planning a potential expansion or future enterprises of a similar nature.

Business Prospects

Looking forward, we continue to support management's strategies to increase our production capacity, improve efficiency on our estates, explore further acquisitions, expand into complementary businesses such as sago starch, and enhance our social engagement with communities surrounding our plantations. We believe expectations of a long-term rise in palm oil prices but short-term fluctuations are sensible, and that trends such as increasing demand for biofuels will benefit us.

The Board of Commissioners met regularly with the Board of Directors in 2013 to evaluate progress in the restructuring and other business activities and to provide guidance. From observing the performance of the Board of Directors in 2013, and taking into account the external pressures on earnings in 2013, we are confident that the Company is soundly managed.

We look forward in 2014 and beyond to the Directors continuing to make their best efforts to steer ANJ onto a sustainable path to growth.

Appreciation

There were no changes to the composition of the Board of Commissioners in 2013.

In concluding, I express appreciation and gratitude on behalf of the Board of Commissioners to the Board of Directors and to all of our employees and stakeholders for their dedication and continuous support in working together to take ANJ to a new level.

On behalf of the Board of Commissioners,

Adrianto Machribie
President Commissioner

Report from the Board of Directors

Dear Shareholders,

It is a pleasure to present, on behalf of the Board of Directors, ANJ's first annual report as a public company.

The Company's listing on the Indonesian Stock Exchange in 2013 was one of the highlights of what was otherwise a tough year, characterized by volumes and revenue in our palm oil business lower than we had expected. Net income came to US$21.9 million, down 47.9% on 2012, with the major cause being a drop in average crude palm oil (CPO) selling price of 11.8% to US$689. As more than 90% of our revenue comes from our palm oil business, this drop (and a corresponding drop in price for palm kernel oil) significantly affected our financial performance.

Another factor was a lower CPO production volume, and thus a correspondingly lower CPO sales volume of 168,781 tonnes, 4.7% lower than 2012, due to a resting period for trees at our North Sumatra I Plantation and adverse weather conditions, especially at our Belitung Island Plantation.

Our revenue was also affected by lower dividend income from our minority palm oil investments and by lower revenue from our power plant investment, PT Darajat Geothermal Indonesia, which was partially shut down for much of the year for repairs following a fire. Meanwhile, we did see an increase in sales in our tobacco production business by 15.1% to US$6.1 million.

Operational Developments

The harsh business environment in 2013 in many ways helped cement confidence in our strategy of long-term growth and capacity-building, which will help us ride out difficult periods.

We see a significant proportion of ANJ's future growth coming from the eastern side of Indonesia, and in 2013 we realized longstanding plans to expand our palm oil business to Papua by acquiring PT Permata Putera Mandiri (PPM) and PT Putera Manunggal Perkasa (PMP), which have 65,159 hectares of landbank in Maybrat and South Sorong, West Papua. This is adjacent to the 40,000-hectare concession that our subsidiary PT ANJ Agri Papua (ANJAP) is developing into a sago starch business, and we are aiming to create significant synergies and savings through shared infrastructure.

We were pleased to report that by the end of 2013, PPM and PMP had already completed the land compensation process necessary for the award of land cultivation rights, which are expected to be granted by mid-2014. PPM and PMP are now preparing for first planting during 2014.

We successfully executed a number of other planned projects:

• We met our planting target for our West Kalimantan Plantation, and completed the design and tender for a mini processing mill. We expect the first fruit to be harvested in the second half of 2014, marking the start of a consistent new revenue stream for the future.

• Our subsidiary PT Austindo Aufwind New Energy's biogas plant at our Belitung Island Plantation commenced commercial operation on December 31 as the first biogas-fuelled independent power producer (IPP) in Indonesia to sell its electricity commercially to state power utility PT PLN (Persero). We are pleased that this will also contribute to revenues from 2014 onwards, and we are now developing plans for similar plants at our other plantations.

• Our commitment to training and staff development was also evident in 2013 with the construction and launch of our new ANJ Learning Center (ALC) at our Belitung Island Plantation. It will be our core management training and will also offer a wide variety of training opportunities to develop our people.

At the same time, ANJAP faced delays in commissioning its sago processing mill in West Papua. By the end of 2013, it had begun final equipment adjustments and trial runs, but commercial production is not expected until 2015. As the majority of ANJ's Directors serve as Commissioners for all of our major subsidiaries — a mechanism to ensure maximum oversight over our wide range of businesses — we are fully informed on developments in our sago project and confident that commerical operations will be successful when they begin.

Corporate Governance

We solidified our corporate governance policies and structures to meet the responsibilities we inherited when we became a public company in May. We formally established an independent Audit Committee, a Risk Management Committee, Corporate Social Responsibility Committee and Compensation and Benefit Committee and published a code of conduct applicable across our group. We also introduced consolidated Key Performance Indicators (KPIs), principally to monitor progress towards our objectives. These KPIs will apply to management at ANJ

The harsh business environment in many ways helped cement confidence in our strategy of long-term growth.

Sucipto Maridjan
Director

Istini Tatiek Siddharta
Deputy President Director

Suwito Anggoro
President Director

Achmad Hadi Fauzan
Non-Affiliated Director

and subsidiaries, part of our continuing drive to standardize procedures and best practices across our group of companies. The challenge is to bring our diverse group into a single culture. During 2013 we laid the foundations for this and began harmonizing policies across the group. This will continue in 2014.

Looking Ahead

Our activities in 2013 demonstrated our consistent focus on achieving our long-term strategies for growth, primarily in palm oil plantations, as outlined later in this annual report. In this, we recognize a major challenge in scaling up our business: our established plantations in the west of Indonesia are small to medium size with established infrastructure; we anticipate much of our future growth in much larger estates with less developed infrastructure. To meet this challenge, we are prioritizing our integration efforts to make knowledge and people transfers easier, and targeted staff recrutment and training to build our talent pool to be ready for the next stage of ANJ's development.

Management Changes

The Board of Directors experienced one change in 2013 as we welcomed Achmad Hadi Fauzan on February 1 as a Non-Affiliated/Risk Management and Compliance Director.

There were also several changes in key managers of our subsidiaries. On behalf of the Board of Directors, I wish to express profound appreciation to Koh Bing Hock, who retired as President Director of PT Austindo Nusantara Jaya Agri (ANJA) in December 2013. During his leadership he greatly contributed to the ANJ's development. We warmly welcome Geetha Govindan as new President Director of ANJA.

We also express our gratitude to Ho Chew An, who retired as President Director of ANJAP in September 2013, and welcome Handi Belamande Syarif as a new Operations Director of ANJAP.

Conclusion

The year ahead will inevitably bring its own challenges but I am sure by working together and keeping focused on our priorities and objectives, we will propel ANJ to greater success each year.

On behalf of the Board of Directors,

Suwito Anggoro
President Director

Company Profile

Overview

ANJ is committed to produce quality products that are environmentally-friendly, whilst adhering to the best management practices that achieve excellent performance, ensure good employee welfare and empower the community as equal partners.

From its establishment in 1993 until 2012, ANJ included agribusiness, financial services and healthcare among its core businesses. Since 2012, we began to shift our core business to focus on agribusiness along with emerging food and renewable energy businesses. The Company is now primarily engaged in integrated cultivating and harvesting fresh fruit bunches (FFB) from our oil palm plantations and milling FFB into crude palm oil (CPO) and palm kernel (PK).

We currently own and operate four oil palm plantations: two in North Sumatra, one on Belitung Island off the eastern coast of Sumatra and one in West Kalimantan. We have also started planting certain areas of a landbank that we own in South Sumatra, and we are preparing a landbank in West Papua for planting.

ANJ has been committed since its inception to improving business practices in Indonesia, and we strive to be a leader in innovation and operational efficiency in plantation management and palm oil processing. We continually strive to improve yields and productivity. We are committed to produce quality products that are environmentally-friendly, whilst adhering to the best management practices that achieve excellent performance, ensure good employee welfare and empower the community as equal partners. This is achieved by unrelenting commitment to our core values: integrity, respect for people and the environment, and continuous improvement.

A closeup of female oil palm flowers ready for pollination.The prime pollination window is only several days.

Our Business Activities, Products and Services

Oil Palm Plantations and Landbanks

This annual report refers repeatedly to our oil palm plantation properties, which are located in various provinces of Indonesia. They are referred to as follows:

- **North Sumatra I Plantation:** Our oil palm plantation of 9,935 hectares in Binanga, North Sumatra, run by our subsidiary PT Austindo Nusantara Jaya Agri (ANJA);
- **North Sumatra II Plantation:** Our oil palm plantation of 9,639 hectares in Padang Sidempuan, North Sumatra, run by our subsidiary PT Austindo Nusantara Jaya Agri Siais (ANJAS);
- **Belitung Island Plantation:** Our oil palm plantation of 16,307 hectares on Belitung Island, Bangka Belitung Province, run by our subsidiary PT Sahabat Mewah dan Makmur (SMM);
- **West Kalimantan Plantation:** Our oil palm plantation of 17,998 hectares in Ketapang, West Kalimantan, run by our subsidiary PT Kayung Agro Lestari (KAL).

The Company also has two oil palm landbank properties:

- **South Sumatra Landbank:** Our landbank of 20,000 hectares located in Empat Lawang, South Sumatra, run by our subsidiary PT Galempa Sejahtera Bersama (GSB); as of the fourth quarter of 2013 the Company had started planting areas of this landbank;
- **West Papua Landbank:** Our as yet unplanted landbank of 65,159 hectares in Sorong Selatan and Maybrat, West Papua, run by our subsidiaries PT Permata Putera Mandiri (PPM) and PT Putera Manunggal Perkasa (PMP).

Currently, our two North Sumatra plantations and Belitung Island Plantation are our only producing oil palm plantations, with mature oil palms and an on-site processing mill at each property. The West Kalimantan Plantation was planted more recently and the palms are due for first harvesting in mid-2014.

The Company is a member of the international Roundtable on Sustainable Palm Oil (RSPO) and has received RSPO certification for our Belitung Island Plantation and our North Sumatra I Plantation. We are also in the process of applying for RSPO certification for our North Sumatra II Plantation.

As at Dec. 31, 2013, the Company had a total planted area of 44,143 hectares within a total landbank of 139,038 hectares. Of this area, 31,954 hectares, or 72.4%, of our total planted area contained mature oil palms (aged four years or older), and 12,189 hectares, or 27.6%, of our total planted area contained immature oil palms (aged three years or younger). The total planted area increased from 40,852 hectares as at Dec. 31, 2012.

The Company has also entered into a memorandum of understanding in relation to the potential acquisition of a further 40,000 hectares of landbank located at Maybrat, West Papua.

The average age of our oil palms across all of the Company's plantations as at Dec. 31, 2013 was 11.0 years. Within the total landbank, the Company has a plantable but as yet unplanted landbank of 52,385 hectares, for which the Company has obtained or is in the process of obtaining the necessary permits and rights to develop into oil palm plantations.

A Brief History of ANJ

1993
• The Company was established.

2000
• PT Austindo Agro Nusantara and PT Austindo Nusantara Resources merged into the Company.

2001
• PT Austindo Investama Jaya, PT Austindo Mining Corporindo and PT Austindo Nusantara Energi merged into the Company.

2003
• Acquired PT Sahabat Mewah dan Makmur.

2004
• Acquired PT Austindo Nusantara Jaya Agri Siais (previously PT Ondop Perkasa Makmur).

2005
• Acquired PT Kayung Agro Lestari.

2006
• Acquired PT Austindo Nusantara Jaya Agri (previously known as PT Eka Pendawa Sakti).

2010
• PT ANJ Agri Papua obtained permit (IUPHHBK) to use 40,000 hectares of land in West Papua to develop sago plantation.

2012
• Divested the financial services and healthcare business and focused on agribusiness, emerging food and renewable energy businesses.
• Acquired PT Galempa Sejahtera Bersama.

2013
• Acquired PT Permata Putera Mandiri and PT Putera Manunggal Perkasa.
• Listed on the Indonesian Stock Exchange (IDX).
• Commercial operation began of biogas plant of PT Austindo Aufwind New Energy.

Awards for ANJ in 2013

In 2013 our North Sumatra Plantation I received:
• International Sustainabilty and Carbon Certification (ISCC), a European standard for biomass and greenhouse gas emissions compliance.
• Certification for OHSAS 18001, a British standard for health and safety best practice.
• Certification for SMK3, the Indonesian Government's accreditation for health and safety management.
In addition, our Belitung Island Plantation received a PROPER Blue award for environmental management from the Ministry of the Environment.

The remaining portions of the Company's landbank are either not plantable due to topography or are used for voluntary initiatives such as environmental conservation, riverine buffers and conservation of historical and culturally significant sites, as well as infrastructure such as roads and employee housing and amenities. At our West Kalimantan Plantation, the Company intends to transfer 20% of the landbank in order to meet our obligations to the Indonesian Government's Plasma Program once the Company has obtained land cultivation rights (HGU), planting has been completed and Plasma Program co-operatives have been established.

In 2013, we produced 609,419 tonnes of FFB, declining from from 695,479 tonnes in 2012. Our oil palm plantations yielded on average 19.1 tonnes of FFB per hectare of mature oil palms, from 21.8 tonnes in 2012. The Company expects to continue to improve its FFB yields in coming years as a result of a favorable age profile of our trees and enhanced regime of fertilizer application.

The Company produces CPO and PK primarily from FFB that it harvests from its oil palm plantations and uses all of the FFB produced by its plantations in its own mills. As at Dec. 31, 2013, the three palm oil processing mills that we operate at our plantations each had a production capacity of 60 tonnes per hour, for an aggregate processing capacity of 180 tonnes per hour, or 1,080,000 tonnes per year.

In 2013, the Company produced 159,360 tonnes of CPO, a decline from 178,263 tonnes in 2012. The Company produced 36,031 tonnes of PK in 2013, from 40,503 tonnes in 2012. The Company's CPO extraction rate (OER) was 21.8%, from 22.0% in 2012, while kernel extraction rate (KER) was 4.9%, from 5.0% in 2012.

In addition to the major holdings described above, the Company has minority stakes ranging from 15.9% to 20.0% in Indonesian palm oil businesses with a total planted area of approximately 27,249 hectares. In order to maximize utilization and profits of its mills, the Company also purchases FFB from third parties.

Other Businesses

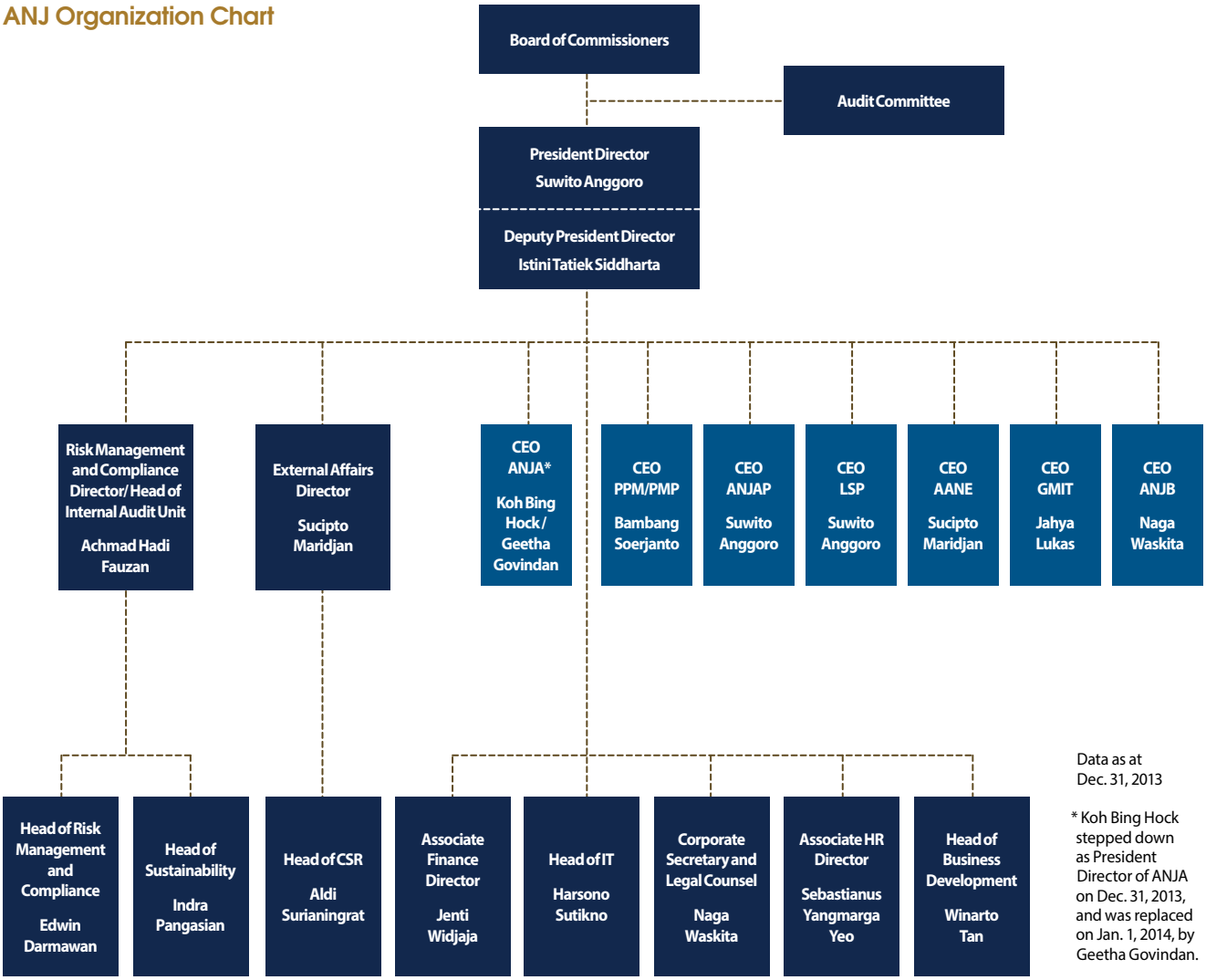
The Company is also in the process of commencing operations in a sago harvesting and processing business. Our Papua Sago Project is located in South Sorong, West Papua. The Company has constructed the first sago starch mill to process sago logs from the 40,000 hectares of land for which the Company has harvesting licenses.

The Company also has minority stakes in two geothermal power plant operations in Indonesia in partnership with Chevron Group, as well as a minority stake in a coal-fired and diesel power plant business in Indonesia in partnership with Freeport-McMoRan Copper & Gold Inc.

Additionally, the Company has developed a biogas business as part of its renewable energy segment, with the first biogas power plant starting commercial operations in December 2013.

The Company also has non-core operations in tobacco processing, where we serve as a processor and intermediary between tobacco growers and domestic and international producers of cigars and cigarettes.

ANJ Organization Chart



Data as at Dec. 31, 2013

* Koh Bing Hock stepped down as President Director of ANJA on Dec. 31, 2013, and was replaced on Jan. 1, 2014, by Geetha Govindan.

Corporate Business Activities

ANJ's Articles of Association have been amended several times since its establishment in 1993.

The most recent amendment was made pursuant to Deed No. 161 of Dr. Irawan Soerodjo, SH, M.Si., Notary in Jakarta, dated Jan. 17, 2013, with respect to the Company's shareholders' approval on, among other items:

(i) the change of the Company's status to become a publicly listed company;

(ii) the change of the Company's name from PT Austindo Nusantara Jaya to PT Austindo Nusantara Jaya Tbk; and

(iii) the amendment to the Company's Articles of Association to be in accordance with capital market laws and regulations.

Based on the Articles of Association, ANJ engages in the business of trading and services. To achieve its purpose and objective, the Company may carry out the following business activities:

Main business activities

a) Carry out business in the sector of trade, which includes carrying out import, export, local and inter-island trading, acting as wholesaler, surveyor/supplier, distributor, agent and retailer of goods, either for its own account or for the account of other parties by means of mandate or commission; and

b) Carry out business in the sector of services, which includes obtaining business opportunities and carrying out investment (including but not limited to granting of financial facilities and other facilities to a third party), except for legal and tax services.

Supporting business activities

a) Provide services to other parties by utilizing the assets owned by the Company; and

b) Carry out other business related to and supporting the business activities listed above in accordance with prevailing laws and regulations.

Our Core Strengths

We believe that we are well positioned to take advantage of the growth in the palm oil industry and that our qualities will continue to differentiate us from our competitors. We intend to leverage our strengths to expand our oil palm plantation area, to increase our milling capacity and to improve our overall operational efficiency to increase our production of CPO and PK.

We believe also that our ongoing process of diversifying and expanding into non-palm oil areas, such as sago starch and biogas power generation, fit well with our core competencies and will allow us to develop sustainable and scalable long-term businesses. Our principal strengths include the following:

Well positioned to capture growth in the oil palm sector.
Palm oil is the world's most consumed vegetable oil due to its competitive price and versatility, and consumption is predicted to keep growing at a fast pace. Its production costs are low, and as it is free of trans-fats, it is well positioned to benefit from ongoing growth in consumption of edible oils worldwide. Growing population and economic development in Asian countries such as China, India, Indonesia and Malaysia, the key consuming markets of oil palm, should account for much of this growth.

Palm oil is the world's most consumed vegetable oil due to its competitive price and versatility, and consumption is predicted to keep growing at a fast pace. Its production costs are low, and as it is free of trans-fats, palm oil is well positioned to benefit from the ongoing growth in consumption of edible oils worldwide.

Favorable maturity profile and significant landbank supporting sustainable production growth.
An oil palm typically has a commercial life span of 25 years and potentially up to 30 years or more. About 36.6% of our oil palms are in the prime period of their commercial life of between eight and 20 years and 45% are either still young or immature at seven years or less. Meanwhile, in our landbanks we have an aggregate plantable landbank area of 52,385 hectares of land available for plantation. Through both of these factors we believe we are well placed to support strong and sustainable future growth.

Established cost management procedures.
In recent years we have implemented best management practices in order to reduce costs associated with planting, fertilizing, harvesting and processing operations. Examples include:

- Strategically located plantations and CPO mills to allow us to deliver our product efficiently;
- Increased and innovative use of automation, including motorized harvesting, mechanized FFB loading and Indonesia's first fully automated palm oil processing mill;
- Agronomic and agricultural practices, such as leaf and soil sampling to tune fertilizer usage, use of legume cover crops to reduce weeds, use of empty fruit bunches and mill effluent as nutrients, progressive pruning of palms to increase productivity, use of high-quality imported fertilizers.
- Improvement of harvesting processes, such as through block harvesting to improve manpower productivity and reduce transportation, and training of harvesters to better assess fruit ripeness and collect loose fruit to reduce wastage.
- Improvement of administrative and support systems such as computerized estate accounting, management and communications systems to increase efficiency, plus improved physical security to guard against theft, fire and human or cattle incursions.

An experienced management team committed to strong corporate governance.
Our management team has proven abilities in managing the commercial, operational and financial aspects of our business. Members of our senior management team have an average of more than 25 years' experience in the industry and have extensive knowledge as well as valuable and long-standing relationships with customers, suppliers and other market participants. We believe in the importance of sound corporate governance through detailed management reporting systems, high ethical standards and transparency internally and in dealing with our customers.

Young palms are watered in a nursery at our West Kalimantan Plantation. Harvesting will begin there on our first mature palms in 2014.

Consistent track record of profitability and strong financial position.
Growth in our business and cost efficiencies have helped us achieve a consistent track record of profitability:

	2010	2011	2012	2013
Total revenue from sales and service concessions (US$m)	126.2	164.2	165.9	138.4
Net income from continuing operations (US$m)	24.5	45.8	42.0	21.9
Adjusted EBITDA margin (%)	38.1	42.3	38.2	27.3

This profitability is supported by our strong balance sheet and liquidity position, with cash and cash equivalents of US$41.4 million and only US$1.4 million in bank debt as at Dec. 31, 2013, which allows us to plan, develop and implement our growth strategies.

Strong environmental standards and socio-economic development policies.
We regard corporate social responsibility as essential and aim to promote practices that minimize any potential adverse effects to the environment of our plantations and production processes and that benefit surrounding communities. We promote policies that include:

• Operating in an environmentally responsive manner, such as not practising open-burning; implementing integrated pest management to minimize pesticide use, for example using barn owls to control rats and using viral solutions to control leaf-eating caterpillars and bagworms, plus encouraging beneficial plant growth to attract natural predators; recycling waste palm materials by using them as mulch, boiler fuel or to make biogas for power generation.

• Developing communities in which we operate and providing amenities for our employees, including through providing communities with public works and infrastructure, medical facilities, schools and places of worship, in addition to providing housing, medical care, schooling and training for our employees and their families.

Commitment to certification.
We are committed to meeting best practices and abiding by the highest standards in relation to sustainable palm oil production. As such we are a member of the Roundtable on Sustainable Palm Oil (RSPO) and have received RSPO certification for two plantations and are applying for certification for a third.

Our Subsidiaries

1 PT Austindo Nusantara Jaya Agri (ANJA)
Palm oil plantations

ANJA was established in March 1986 and acquired by ANJ in August 2006. It is engaged in planting, developing and cultivating oil palms, delivering crude palm oil (CPO) and palm kernel (PK), and activities related to their production and marketing. It owns, manages and operates our North Sumatra I Plantation in Binanga, North Sumatra. Through its subsidiaries, it also holds interests in our six other palm oil plantations and landbanks.

As at Dec. 31, 2013, ANJA had a total of 9,935 hectares, of which 9,813 hectares were planted and contain mature oil palms. Its plantation processing mill processes fresh fruit bunches (FFB) from our own plantation as well as FFB purchased from third parties. The mill has a capacity of 60 tonnes of FFB per hour.

2 PT Sahabat Mewah dan Makmur (SMM)
Palm oil plantations

SMM was established in July 1985, acquired by ANJ in March 2003 and sold to ANJA in December 2004. SMM is engaged in planting, developing and cultivating oil palms, delivering CPO and PK, and activities related to their production and marketing. SMM owns, manages and operates our Belitung Island Plantation. The first oil palm seedlings were planted there in 1990 and its palm oil processing mill was completed in 1996.

As at Dec. 31, 2013, the plantation had a total area of 16,307 hectares, of which 14,229 hectares were planted and contain mature oil palms. A processing mill there primarily processes FFB from our plantation. FFB purchased from third parties is minimal. To serve the plantation's growing FFB production, in 2005 SMM increased mill capacity from 30 tonnes of FFB per hour to 45 tonnes. In May 2006, SMM further increased this to 60 tonnes per hour.

3 PT Austindo Nusantara Jaya Agri Siais (ANJAS)
Palm oil plantations

ANJAS was established in May 2002 and acquired by ANJA in November 2004. It owns, manages and operates our North Sumatra II Plantation at Padang Sidempuan, North Sumatra. As at Dec. 31, 2013, the plantation had a total area of 9,639 hectares, of which 7,912 were planted and contained mature oil palms.

4 PT Kayung Agro Lestari (KAL)
Palm oil plantations

KAL was established in September 2004 and acquired by ANJA in December 2005. It owns and cultivates oil palms at our West Kalimantan Plantation in Ketapang, West Kalimantan. As at Dec. 31, 2013, KAL held a location permit for 17,998 hectares of land, of which 12,032 hectares are planted, but not yet mature. The first oil palm seedlings were planted in 2010.

5 PT Galempa Sejahtera Bersama (GSB)
Palm oil plantations

GSB was established in January 2012 and was acquired by ANJA in May 2012. GSB holds a location permit for 20,000 hectares of oil palm plantation in Empat Lawang, South Sumatra, with an estimated plantable area of 12,042 hectares. As at Dec. 31, 2013, GSB had completed planting of 157 hectares.

6 PT Permata Putera Mandiri (PPM)
Palm oil plantations

PPM was established in July 2007 and was acquired by ANJA in January 2013. PPM holds a plantation business permit for 40,000 hectares of oil palms in South Sorong, West Papua, with an estimated plantable area of 21,500 hectares. The Company plans to begin planting palms in 2014.

7 PT Putera Manunggal Perkasa (PMP)
Palm oil plantations

PMP was established in November 1999 and acquired by ANJA in January 2013. PMP holds a plantation business permit for 25,159 hectares of oil palms in South Sorong and Maybrat, West Papua, with an estimated plantable area of 19,000 hectares. The Company plans to begin planting palms in 2014.

8 PT Aceh Timur Indonesia (ATI)
Agribusiness (palm oil)

ATI was established in July 1952 and acquired by ANJ in 1997. It is a holding company of our minority stake in PT Simpang Kiri Plantation Indonesia, which has an oil palm plantation in southeast Aceh.

9 PT Perusahaan Pertanian, Perkebunan, Perindustrian dan Perdagangan Surya Makmur (SM)
Agribusiness (palm oil)

SM was established in September 1962 and acquired by ANJ in 1997. It is a holding company of our minority stake in PT Bilah Plantindo, which has an oil palm plantation at Kotapinang, North Sumatra.

10 PT ANJ Agri Papua (ANJAP)
Agribusiness (sago)

ANJAP was established in September 2007 to develop and oversee ANJ's Papua sago project focusing on building a sago starch business. ANJAP holds a license to operate a concession of 40,000 hectares of sago forest in West Papua.

11 PT Lestari Sagu Papua (LSP)
Agribusiness (sago)

LSP was established in November 2011 to engage primarily in non-timber forest resources concession businesses and the processing of various kinds of sago starch, as well as the marketing and transportion of sago starch. It is currently still in development and yet to commence operations.

12 PT Austindo Aufwind New Energy (AANE)
Renewable energy (biogas)

AANE was established in October 2008 and operates ANJ's biogas business with a power plant at our Belitung Island Plantation, using methane from waste material to generate electricity. In 2013 AANE was granted a license to be an independent power producer (IPP) and began commercial operation on Dec. 31, 2013.

13 PT Darajat Geothermal Indonesia (DGI)
Renewable energy (geothermal)

DGI was established in April 1999 to engage in electricity power supply and to build, own, operate and sell steam power and/or electricity. DGI is a part of a consortium along with Chevron Geothermal Indonesia Ltd. and Chevron Darajat Ltd. and owns a 5% participating interest. Since Feb. 7, 2003, the consortium has acted as the contractor group to PT Pertamina Geothermal Energy to develop the Darajat Power Project Unit II and III.

14 PT Gading Mas Indonesian Tobacco (GMIT)
Agribusiness (tobacco)

GMIT was established in March 1970 and runs our tobacco business, which consists primarily of the processing of tobacco purchased from individual farmers in Indonesia. This tobacco is sold to cigar and cigarette producers in Indonesia, Europe and China.

15 PT Austindo Nusantara Jaya Boga (ANJB)
Consumer products

ANJB was established in May 2013 by the Company to engage in our emerging food business. ANJB is developing consumer products from sago, principally cookies and biscuits.

Business Details of ANJ and Subsidiaries

Name	Registration details	Foundation date	Board of Commissioners	Board of Directors
ANJ **PT Austindo Nusantara Jaya Tbk.**	Domicile: South Jakarta Registered address: Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910 Tel: +62 21 2965 1777, Fax: +62 21 2965 1788 E-mail: corsec@anj-group.com, Website: www.anj-group.com	April 16, 1993	Adrianto Machribie (PC) George Santosa Tahija Sjakon George Tahija Anastasius Wahyuhadi Istama Tatang Siddharta Josep Kristiadi Arifin Mohamed Siregar	Suwito Anggoro (PD) Istini Tatiek Siddharta Sucipto Maridjan Achmad Hadi Fauzan

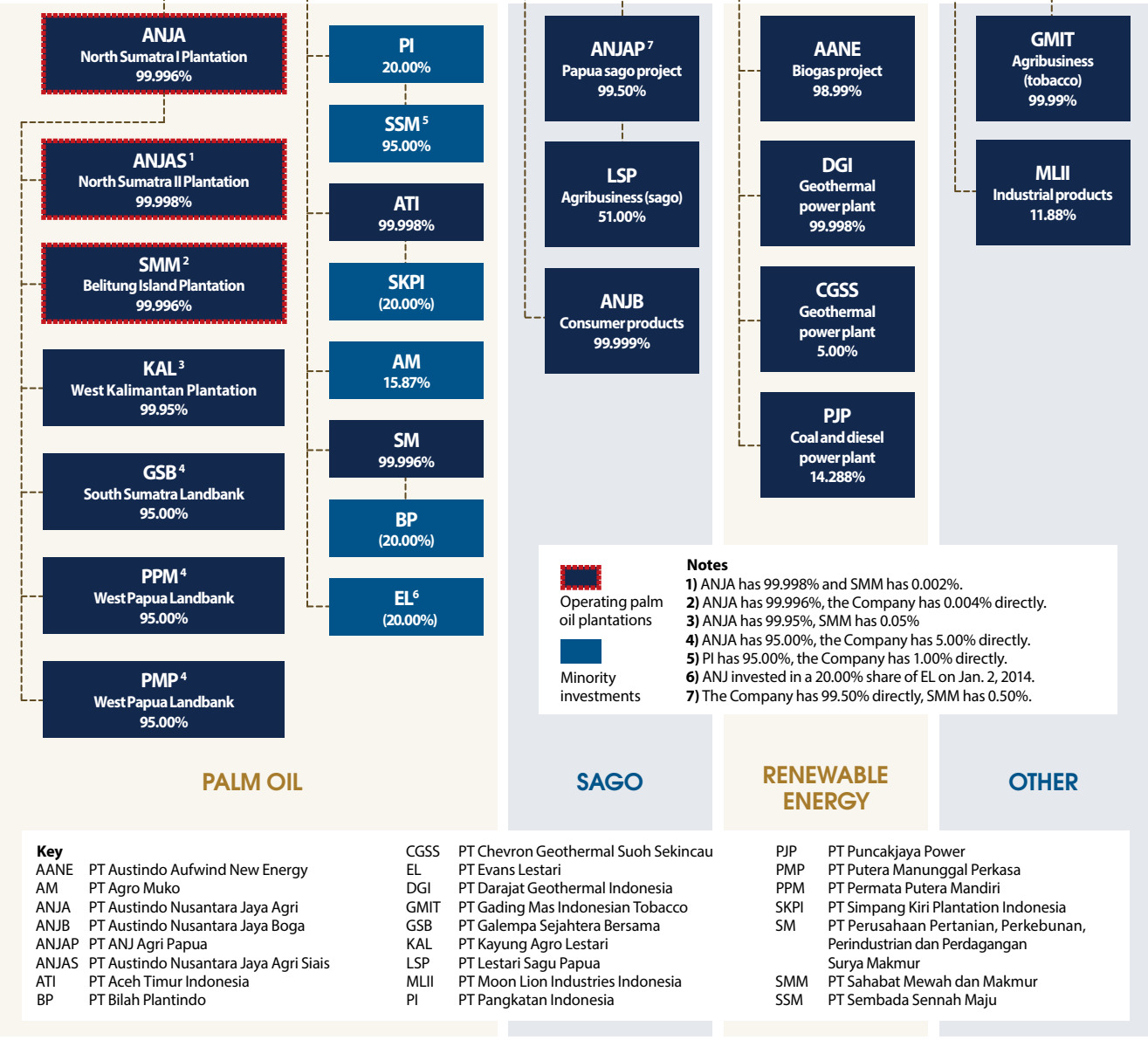
Subsidiary name and registered address	Principal business location	Line of business	Commercial operations began	Board of Commissioners and Board of Directors	ANJ effective ownership
ANJA **PT Austindo Nusantara Jaya Agri** Wisma BII, 7th Floor, Jl. P. Diponegoro No. 18, Medan, North Sumatra	Binanga, North Sumatra	Palm oil plantations	1995	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Anastasius Wahyuhadi Directors: Koh Bing Hock (PD)*, Sucipto Maridjan, Nopri Pitoy, Aloysius D'Cruz, Sebastianus Yangmarga Yeo	99.99%
ANJAS **PT Austindo Nusantara Jaya Agri Siais** Wisma BII, 7th Floor, Jl. P. Diponegoro No. 18, Medan, North Sumatra	Padang Sidempuan, North Sumatra	Palm oil plantations	2009	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Anastasius Wahyuhadi Directors: Koh Bing Hock (PD)*, Sucipto Maridjan, Nopri Pitoy, Sebastianus Yangmarga Yeo	99.99%
SMM **PT Sahabat Mewah dan Makmur** Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	Belitung, Bangka Belitung	Palm oil plantations	1994	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Anastasius Wahyuhadi Directors: Koh Bing Hock (PD)*, Sucipto Maridjan, Nopri Pitoy, Sebastianus Yangmarga Yeo	99.99%
KAL **PT Kayung Agro Lestari** Wisma BII, 7th Floor, Jl. P. Diponegoro No. 18, Medan, North Sumatra	Ketapang, West Kalimantan	Palm oil plantations	At pre-operating stage	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Anastasius Wahyuhadi Directors: Koh Bing Hock (PD)*, Sucipto Maridjan, Nopri Pitoy, Sebastianus Yangmarga Yeo	99.99%
GSB **PT Galempa Sejahtera Bersama** Wisma BII, 7th Floor, Jl. P. Diponegoro No. 18, Medan, North Sumatra	Empat Lawang, South Sumatra	Palm oil plantations	At pre-operating stage	Commissioner: Suwito Anggoro Director: Sucipto Maridjan	99.99%
PPM **PT Permata Putera Mandiri** Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	South Sorong, West Papua	Palm oil plantations	At pre-operating stage	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Anastasius Wahyuhadi , Budi Yasa Directors: Bambang Soerjanto (PD), Sucipto Maridjan, Sebastianus Yangmarga Yeo	99.99%
PMP **PT Putera Manunggal Perkasa** Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	South Sorong and Maybrat, West Papua	Palm oil plantations	At pre-operating stage	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Anastasius Wahyuhadi , Budi Yasa Directors: Bambang Soerjanto (PD), Sucipto Maridjan, Sebastianus Yangmarga Yeo	99.99%
ATI **PT Aceh Timur Indonesia** Graha Irama, 3rd Floor, Jl. H.R. Rasuna Said Kav. 1-2, Jakarta 12950	Jakarta	Agribusiness (palm oil)	1998	Commissioner: George Santosa Tahija Director: Anastasius Wahyuhadi	99.99%
SM **PT Perusahaan Pertanian, Perkebunan, Perindustrian dan Perdagangan Surya Makmur** Wisma BII, 7th Floor, Jl. P. Diponegoro No. 18, Medan, North Sumatra	Medan, North Sumatra	Agribusiness (palm oil)	1998	Commissioner: George Santosa Tahija Director: Anastasius Wahyuhadi	99.99%
ANJAP **PT ANJ Agri Papua** Graha Irama, 3rd Floor, Jl. H.R. Rasuna Said Kav. 1-2, Jakarta 12950	South Sorong, West Papua	Agribusiness (sago)	At pre-operating stage	Commissioners: George Santosa Tahija (PC), Istini Tatiek Siddharta, Anastasius Wahyuhadi Directors: Suwito Anggoro (PD), Sucipto Maridjan, Sebastianus Yangmarga Yeo, Handi Belamande Syarif	99.99%
LSP **PT Lestari Sagu Papua** Graha Irama, 3rd Floor, Jl. H.R. Rasuna Said Kav. 1-2, Jakarta 12950	South Sorong, West Papua	Agribusiness (sago)	At pre-operating stage	Commissioners: George Santosa Tahija (PC), Hendrik Sasmito Directors: Suwito Anggoro (PD), Chan Hian Siang	51%
AANE **PT Austindo Aufwind New Energy** Graha Irama, 3rd Floor, Jl. H.R. Rasuna Said Kav. 1-2, Jakarta 12950	Belitung, Bangka Belitung	Renewable energy (biogas)	2013	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Anastasius Wahyuhadi, Koh Bing Hock** Directors: Sucipto Maridjan (PD), Thomas Wagner	98.99%
DGI **PT Darajat Geothermal Indonesia** Graha Irama, 3rd Floor, Jl. H.R. Rasuna Said Kav. 1-2, Jakarta 12950	Darajat, West Java	Renewable energy (geothermal)	1998	Commissioners: George Santosa Tahija (PC), Anastasius Wahyuhadi Director: Sucipto Maridjan	99.99%
ANJB **PT Austindo Nusantara Jaya Boga** Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	Jakarta	Consumer products	At pre-operating stage	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Anastasius Wahyuhadi Directors: Naga Waskita (PD), Sucipto Maridjan, Sebastianus Yangmarga Yeo	99.99%
GMIT **PT Gading Mas Indonesian Tobacco** Jl. Gajah Mada No. 254, Jember, East Java	Jember, East Java	Agribusiness (tobacco)	2000	Commissioners: George Santosa Tahija (PC), Suwito Anggoro, Istini Tatiek Siddharta, Sucipto Maridjan, Anastasius Wahyuhadi, Harso Wardono** Directors: Jahya Lukas (PD), Erwan Santoso	99.99%

* Koh Bing Hock stepped down on Dec. 31, 2013, and was replaced as President Director on Jan. 1, 2014, by Geetha Govindan. Koh Bing Hock also became a commissioner of ANJA on Jan. 1, 2014

** Until Dec. 31, 2013

ANJ Group Corporate Structure

Data as at Dec. 31, 2013



Key

AANE	PT Austindo Aufwind New Energy
AM	PT Agro Muko
ANJA	PT Austindo Nusantara Jaya Agri
ANJB	PT Austindo Nusantara Jaya Boga
ANJAP	PT ANJ Agri Papua
ANJAS	PT Austindo Nusantara Jaya Agri Siais
ATI	PT Aceh Timur Indonesia
BP	PT Bilah Plantindo
CGSS	PT Chevron Geothermal Suoh Sekincau
EL	PT Evans Lestari
DGI	PT Darajat Geothermal Indonesia
GMIT	PT Gading Mas Indonesian Tobacco
GSB	PT Galempa Sejahtera Bersama
KAL	PT Kayung Agro Lestari
LSP	PT Lestari Sagu Papua
MLII	PT Moon Lion Industries Indonesia
PI	PT Pangkatan Indonesia
PJP	PT Puncakjaya Power
PMP	PT Putera Manunggal Perkasa
PPM	PT Permata Putera Mandiri
SKPI	PT Simpang Kiri Plantation Indonesia
SM	PT Perusahaan Pertanian, Perkebunan, Perindustrian dan Perdagangan Surya Makmur
SMM	PT Sahabat Mewah dan Makmur
SSM	PT Sembada Sennah Maju

Business Details of ANJ Associated Companies

Name and registered address	Principal business location	Line of business	Commercial operations began	Board of Commissioners and Board of Directors	ANJ effective ownership
PI **PT Pangkatan Indonesia** Gedung Graha Aktiva, Suite 1001, 10th Floor, Jl. H.R. Rasuna Said, Blok X-1, Kav. 3, Jakarta	Pangkatan, Labuhan Batu, North Sumatra	Palm oil plantations	1997	Commissioners: Philip Anthony Fletcher (PC), Peter Edwin Hadsley-Chaplin, Tristan Robert Julian Price, Koh Bing Hock Directors: Chandra Sekaran K.V. Nair (PD), Guna Sekaran Uthiradam, Markian Gunawan	20.00%
SKPI **PT Simpang Kiri Plantation Indonesia** Gedung Graha Aktiva, Suite 1001, 10th Floor, Jl. H.R. Rasuna Said, Blok X-1, Kav. 3, Jakarta	Simpang Kiri, Aceh	Palm oil plantations	1998	Commissioners: Philip Anthony Fletcher (PC), Peter Edwin Hadsley-Chaplin, Tristan Robert Julian Price, Anastasius Wahyuhadi Directors: Chandra Sekaran K.V. Nair (PD), Markian Gunawan, Osde Simbolon	20.00%
BP **PT Bilah Plantindo** Gedung Graha Aktiva, Suite 1001, 10th Floor, Jl. H.R. Rasuna Said, Blok X-1, Kav. 3, Jakarta	Bilah, Labuhan Batu, North Sumatra	Palm oil plantations	1998	Commissioners: Philip Anthony Fletcher (PC), Peter Edwin Hadsley-Chaplin, Tristan Robert Julian Price, Anastasius Wahyuhadi Directors: Chandra Sekaran K.V. Nair (PD), Guna Sekaran V. Uthidaram, Aleksa Sihombing	20.00%

Shareholder Structure

In 2013, ANJ began a new chapter, transitioning from a privately held company to a public company as the final step of a detailed corporate restructuring plan. The listing of 10% of the Company's shares on the Indonesian Stock Exchange (IDX) was intended to provide the Company access to capital to support its future expansion plans in its three lines of business. Prior to the listing, the Company was wholly owned by the Tahija family through individual shareholdings and corporate entities.

The Financial Services Authority (OJK) issued an effective letter for the Company's initial public offering on May 1, 2013. The Company officially listed its shares on the IDX on May 8, 2013, under the stock code "ANJT". A total of 333,350,000 common shares were offered with a nominal value of Rp 100 per share. The share price at the Initial Public Offering (IPO) was Rp 1,200 per share. The Company's share price closed at Rp 1,490 at the end of 2013, with market capitalization of Rp 4.97 trillion.

Details of Share Ownership

Following the listing, and as at Dec. 31, 2013, the authorized capital of the Company amounted to Rp 1.2 trillion, consisting of 12 billion shares, each with a nominal value of Rp 100. Issued and paid capital amounted to Rp 333,335,000,000, consisting of 3,333,350,000 shares, each with a nominal value of Rp 100. The ownership of shares was as follows:

George Santosa Tahija *156,242,000*
Sjakon George Tahija *156,147,130*
PT Memimpin Dengan Nurani *1,343,804,685*
PT Austindo Kencana Jaya *1,343,804,685*
Yayasan Tahija *1,500*
Public *333,350,000*

As at Dec. 31, 2013, only George Santosa Tahija and Sjakon George Tahija owned shares among the Commissioners or Directors of the Company. Indonesian investors owned 97.39% of the total issued shares and foreign investors 2.61%. No public shareholders owned 5% or more of our shares.

The Company has no other securities listed. No securities rating agency was associated with the Company's public share offering.

Corporate Actions and Share Suspensions

After the IPO on 8 May 2013, the number of shares increased from 3,000,000,000 shares to 3,333,350,000 shares. The nominal price remained at Rp100 per share. There were no corporate actions such as stock splits, reverse stock split, stock dividends, stock bonuses, or a decline in the nominal value of shares during 2013 besides the IPO. There was no suspension of share trading during 2013.

Shareholder Types as at Dec. 31, 2013

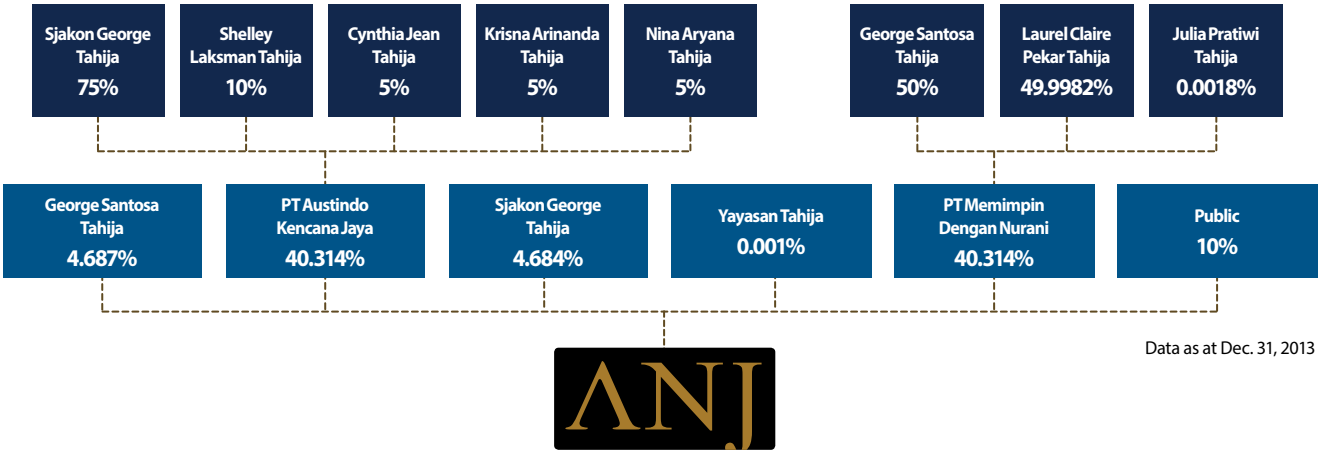
	Investors	Total Shares	% shares
Domestic			
Retail	54	317,838,630	9.54%
Employee	948	3,295,500	0.10%
Foundation	1	1,500	0.00%
Pension Fund	2	4,474,000	0.13%
Insurance	4	145,098,000	4.35%
Corporation	6	2,708,667,370	81.26%
Mutual Fund	24	66,891,000	2.01%
Sub-Total	1,039	3,246,266,000	97.39%
Foreign			
Retail	2	24,500	0.00%
Corporation	17	87,059,500	2.61%
Sub-Total	19	87,084,000	2.61%
Total	**1,058**	**3,333,350,000**	**100%**

Capital Market Supporting Professionals

External Auditor: Osman Bing Satrio & Eny
Address: The Plaza Office Tower, 32 Floor,
Jl. M.H. Thamrin Kav. 28-30, Jakarta 10350, Indonesia.
Service provided: Audit for the Company's financial statements.
Fees: US$60,000. ***Period of assignment:*** 2012, 2013.

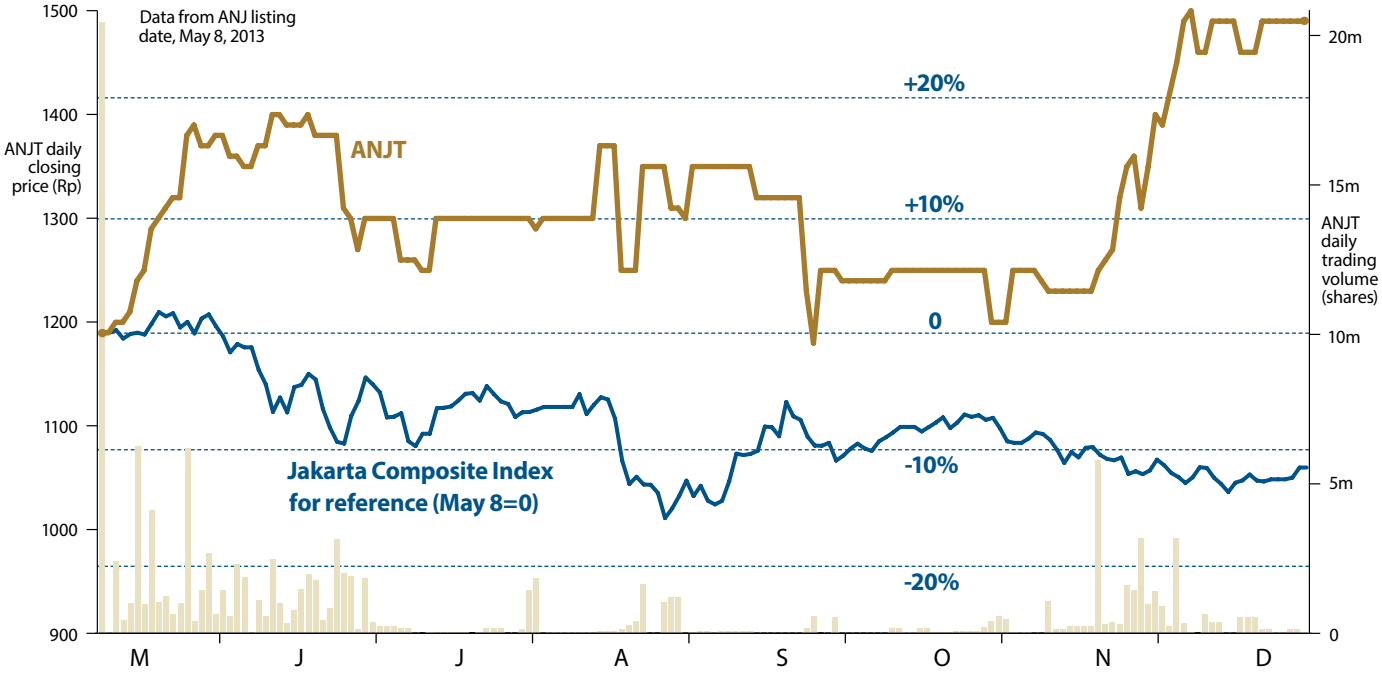
Shares Administration Agency: PT Datindo Entrycom
Address: Puri Datindo, Wisma Sudirman,
Jl. Jend. Sudirman Kav 34-35, Jakarta 10220, Indonesia.
Services provided: Keep and maintain the shareholders register, prepare the register for the General Meeting of Shareholders and assist in dividend and bonus shares payment.
Annual fee: Rp. 40,000,000. ***Period of assignment:*** Since 2013-2014.

ANJ Majority and Controlling Share Structure



Data as at Dec. 31, 2013

ANJT Share Price vs JCI 2013



ANJT Quarterly Share Price Data 2013

Figures in rupiah unless stated otherwise	Q1	Q2	Q3	Q4
Open	Shares not listed until May 2013	1,190	1,300	1,240
High		1,430	1,380	1,500
Low		1,150	1,180	1,200
Close		1,300	1,250	1,490
Total volume traded per quarter (shares)		78,144,000	12,759,500	27,565,500
Total value of quarterly trades		101,177,160,000	16,605,715,000	36,767,745,000
Outstanding shares (shares)		3,333,350,000	3,333,350,000	3,333,350,000
Market capitalization		4,333,355,000,000	4,166,687,500,000	4,966,691,500,000

Profiles of the Board of Commissioners

For a full discussion of the roles, responsibilities and activity of the Board of Commissioners, please turn to the Corporate Governance section on page 54.

Adrianto Machribie President Commissioner (Independent)

Mr Machribie is an Indonesian citizen, 72 years of age. He was born in Bandung on July 1, 1941.

Experience: Mr Machribie became a Commissioner of the Company in July 1996 and was appointed as President Commissioner in September 2003. He is a member of many professional organizations. He is currently the President Director of PT Media Televisi Indonesia (Metro TV), a 24-hour Indonesian news channel.

Previously, he served as Chief Executive Officer of PT Freeport Indonesia, and after retirement as a Commissioner of the company and the key Senior Advisor to the Office of the Chairman of parent company Freeport-McMoRan Copper & Gold Inc.

Education: Mr Machribie holds a Master's Degree in social science from the Institute of Social Studies, The Hague, and a Bachelor's Degree in Law from the University of Indonesia.

Affiliations: Mr Machribie has no affiliate relationships with other member of the Board of Commissioners, Board of Directors or shareholders of the Company.

Basis of Appointment as President Commissioner: Deed No.32 of Esther Mercia Sulaiman, S.H., Notary in Jakarta, dated Sep. 24, 2003.

George Santosa Tahija Commissioner

Mr Tahija is an Indonesian citizen, 55 years of age. He was born in Jakarta on Aug. 28, 1958.

Experience: Mr Tahija has served as a Commissioner of the Company since December 2012 after more than 20 years as President Director.

He is a member of the Board of Trustees of Darden School, University of Virginia, the Board of Supervisors of Endeavor Indonesia, and founder and Chairman of the Bali-based Coral Triangle Center (CTC). He is a founding member and Trustee of the Dharma Bermakna Foundation whose vision is Progressive Education in Indonesia, a founding member of PSKD Mandiri School, Jakarta, a member of The Nature Conservancy (TNC) Indonesia Chapter Advisory Board and TNC Asia Pacific Council, the Board of Trustees of the Asia Business Council (ABC), Global Executive MBA Advisory Board at the Darden School, University of Virginia, and the Young President's Organization (YPO) Indonesia Chapter.

Education: Mr Tahija holds a Bachelor's Degree in Mechanical Engineering from Trisakti University, Indonesia, and an MBA from the Darden School, University of Virginia.

Affiliations: Mr Tahija is the brother of Sjakon George Tahija, a member of the Board of Commissioners of the Company.

Basis of Appointment as a Commissioner: Deed No.72 of Mala Mukti, S.H., Notary in Jakarta, dated Dec. 14, 2012.

Sjakon George Tahija Commissioner

Dr Tahija is an Indonesian citizen, 61 years of age. He was born in Jakarta on Dec. 17, 1952.

Experience: Dr Tahija has served as a Commissioner of the Company since it was established.

Dr Tahija is a practising vitreo-retinal consultant and founder of Klinik Mata Nusantara, a national chain of eye clinics. He also serves as the chairman of the clinic's Medical Advisory Board.

Education: Dr Tahija graduated from the University of Indonesia in 1980 with a Bachelor's Degree in Medicine.

Affiliations: Dr Tahija is the brother of George Santosa Tahija, a member of the Board of Commissioners of the Company.

Basis of Appointment as a Commissioner: Deed No.72 of Sutjipto, S.H., Notary in Jakarta, dated Apr. 16, 1993.

Arifin Mohamed Siregar Independent Commissioner

Mr Siregar is an Indonesian citizen, 80 years of age. He was born in Medan on Feb. 11, 1934.

Experience: Dr Siregar was the Governor of Bank Indonesia from 1983 to 1988, the Minister of Trade from 1988 to 1993 and the Indonesian Ambassador to the United States of America from 1993 to 1997. He became a Commissioner of the Company in April 2001. He is also the President Commissioner of PT Airfast Indonesia and a Commissioner of PT Cabot Indonesia.

He has served as Chairman of the Strategic Advisory Board of Ancora Capital Management Pte. Ltd. since November 2009, and as an advisor to Procter & Gamble Indonesia since August 2010.

Education: Dr Siregar obtained a Bachelor of Arts degree from the Netherlands School of Economics, Rotterdam, in 1956, and a Master's degree in Economics in 1958 and a PhD in Economics in 1960, both from the University of Munster in Germany.

Affiliations: Dr Siregar has no affiliate relationships with any other member of the Board of Commissioners, Board of Directors or shareholders of the Company.

Basis of Appointment as a Commissioner: Resolution of the Annual General Meeting of Shareholders dated May 21, 2001, confirmed by Deed No.1 of Amrul Partomuan Pohan, S.H., Notary in Jakarta, dated Jul. 2, 2001.

Anastasius Wahyuhadi Commissioner

Mr Wahyuhadi is an Indonesian citizen, 68 years of age. He was born in Klaten on Apr. 15, 1946.

Experience: Mr Wahyuhadi was ANJ's Corporate Services Director from 1997 to 2005 and became a Commissioner of the Company in January 2006. He is also a Commissioner or Director of a number of ANJ's subsidiaries.

He has served as a board member of a number of multinational and national companies in Indonesia.

He is active in philanthropy activities and is currently the Chairman of the Board of Management of the Tahija Foundation.

Education: Mr Wahyuhadi holds a Bachelor's Degree in Law from Satyawacana University in Indonesia.

Affiliations: Mr Wahyuhadi has no affiliate relationships with any other member of the Board of Commissioners, Board of Directors or shareholders of the Company.

Basis of Appointment as a Commissioner: Deed No.49 of Esther Mercia Sulaiman, S.H., Notary in Jakarta, dated Jan. 10, 2006.

Istama Tatang Siddharta Commissioner

Mr Siddharta is an Indonesian citizen, 54 years of age. He was born in Jakarta on June 16, 1959.

Experience: Mr Siddharta became a Commissioner of the Company in July 2004. Prior to this, he was the Chairman of Siddharta, Siddharta & Widjaja, the Indonesian affiliate of the international accounting firm KPMG. He is a member of the Institute of Indonesian Accountants. He is also an Independent Commissioner of PT Mitra Pinasthika Mustika Tbk.

Education: Mr Siddharta holds a Master's Degree in Accounting from the University of Indonesia.

Affiliations: Mr Siddharta is the brother of Istini Tatiek Siddharta, a member of the Board of Directors of the Company.

Basis of Appointment as a Commissioner: Deed No.24 of Esther Mercia Sulaiman, S.H., Notary in Jakarta, dated Jul. 6, 2004.

Josep Kristiadi Independent Commissioner

Mr Kristiadi is an Indonesian citizen, 66 years of age. He was born in Yogyakarta on Mar. 24, 1948.

Experience: Mr Kristiadi joined the Company as an Independent Commissioner in March 2012. He also serves as the Secretary to the Centre for Strategic and International Studies Foundation.

Prior to joining ANJ, Mr Kristiadi held various positions including lecturer at the Faculty of Social and Political Sciences, Atma Jaya University, lecturer at The National Resilience Institute, guest lecturer at the Army's College of Joint Staff and Command, Bandung, guest lecturer at the Air Force's College of Staff and Command, Bandung, lecturer at the National Resilience Institute, lecturer at the National Police College of Staff, Bandung, and head of the Department of Politics and Deputy Executive Director at CSIS, Jakarta.

He is a columnist and commentator for a range of domestic and international media, particularly on political development, civil-military relations, security and constitutional reform.

Education: Mr Kristiadi earned a Doctorate in political science from Gadjah Mada University, Yogyakarta in 1995.

Affiliations: Mr Kristiadi has no affiliate relationships with any other member of the Board of Commissioners, Board of Directors or shareholders of the Company.

Basis of Appointment as a Commissioner: Mr Kristiadi was appointed based on Deed No.2 of Esther Mercia Sulaiman, S.H., Notary in Jakarta, dated Mar. 5, 2012.

Profiles of the Board of Directors

The following is a brief biography of each of ANJ's directors. For a full discussion of the roles, responsibilities and activity of the Board of Directors, please turn to the Corporate Governance section on page 54.

Suwito Anggoro President Director

Mr Anggoro is an Indonesian citizen, 60 years of age. He was born in Malang on Feb. 2, 1954.

Experience: Mr Anggoro joined the Board of Commissioners of the Company in July 2010 and later was appointed as the Deputy President Director of the Company in February 2012. Mr Suwito was appointed as President Director of the Company in December 2012.

He began his career with PT Chevron Pacific Indonesia (CPI), previously PT Caltex Pacific Indonesia. He served as President Director of CPI from 2005 to 2010 and then President Commissioner until March 2011. In addition, he has served on the Board of Commissioners of PT Dalle Energy since March 2012.

Education: Mr Anggoro received a degree in Electrical Engineering from the Bandung Institute of Technology, Bandung in 1979, a Master's Degree in Power System Engineering from Union College, Schenectady, New York in 1986, and a certification in International Business Management from University of Michigan, Ann Arbor, in 2000. He has also completed a course on power system engineering at General Electric in the United States.

Affiliations: Mr Anggoro has no affiliate relationships with any other member of the Board of Commissioners, Board of Directors or shareholders of the Company.

Basis of Appointment as President Director: Deed No. 72 of Mala Mukti, S.H., Notary in Jakarta, dated December 14, 2012.

Istini Tatiek Siddharta Deputy President Director

Mrs Sidharta is an Indonesian citizen, 51 years of age. She was born in Jakarta on Oct. 31, 1962.

Experience: Mrs Siddharta joined the Company as the Group Finance Director in 2001, a role in which she has remained for over 10 years. She was appointed as the Deputy President Director of the Company in December 2012.

She started her career as a public accountant and was subsequently made a Partner at Siddharta, Siddharta & Harsono in Indonesia, a member firm of Coopers & Lybrand, which later became a member firm of KPMG in 1998.

She is an active member of the Institute of Indonesian Accountants, as well as a member of the Consultative Board of Financial Accounting Standards of the Institute of Indonesian Accountants. She was chairwoman for the Indonesian Financial Accounting Standards Board from 2000 to 2002.

Education: Mrs Siddharta holds a Bachelor's Degree in Accounting from the University of Indonesia and an MBA from the John Anderson School at the University of California, Los Angeles.

Affiliations: Mrs Siddharta is the sister of Istama Tatang Siddharta, a member of the Board of Commissioners of the Company.

Basis of Appointment as Deputy President Director: Deed No. 72 of Mala Mukti, S.H., Notary in Jakarta, dated Dec. 14, 2012.

The next generation: Some of the first seedlings being readied for planting at a nursery at our developing plantation area in West Papua.

Sucipto Maridjan External Affairs Director

Mr Maridjan is an Indonesian citizen, 54 years of age. He was born in Tanjung Pinang on July 12, 1959.

Experience: Mr Maridjan was appointed as a director of the Company in October 2012. He is also a director of numerous ANJ subsidiaries.

Prior to joining the Company, Mr Maridjan held senior roles with Australian mining companies in Indonesia. He has over 20 years' experience in resource-based administrative management. He joined ANJ's Mining & Energy Division in 1997 as a Director of our mining services company and Coal Contract of Work company. He also had responsibility for minority interests in gold projects in Indonesia with Newmont (formerly Normandy Anglo Asian) and Meekatharra Minerals, and with power generation projects through a joint venture with Duke Energy in Papua at Freeport and with Chevron Texaco in West Java with the Darajat Geothermal Project.

Education: Mr Maridjan holds a degree in economic studies from Universitas Nasional of Jakarta.

Affiliations: Mr Maridjan has no affiliate relationships with any other member of the Board of Commissioners, Board of Directors or shareholders of the Company.

Basis of Appointment as a Director: Deed No. 107 of Mala Mukti, S.H., Notary in Jakarta, dated Oct. 30, 2012.

Achmad Hadi Fauzan Non-Affiliated/Risk Management and Compliance Director

Mr Fauzan is an Indonesian citizen, 53 years of age. He was born in Pasuruan on Feb. 28, 1961.

Experience: Mr Fauzan joined the Company and was appointed as Non-Affiliated/Risk Management and Compliance Director in February 2013.

Prior to joining the Company, Mr Fauzan worked for PT HM Sampoerna Tbk. for 25 years with his last positions being Corporate Affairs Director and Statutory Director. Mr Fauzan also worked for PT Sampoerna Agro Tbk. for five years as Corporate Affairs Director and President Director of a number of subsidiaries of PT Sampoerna Agro Tbk.

Education: Mr Fauzan received a Bachelor of Arts from Kennedy Western University, United States, in 1998 and an MBA from Kennedy Western University, United States, in 2001.

Affiliations: Mr Fauzan has no affiliate relationships with any other member of the Board of Commissioners, Board of Directors or shareholders of the Company.

Basis of Appointment as a Director: Deed No. 161 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated Jan. 17, 2013.

Profiles of Key Members of Management

The names, positions and profiles of key members of management of the Company as at Dec. 31, 2013.

Koh Bing Hock ANJA President Director (to December 2013)

Mr Koh served as President Director and Chief Executive Officer of ANJA since November 2005. Prior to this he was Director of Operations of ANJA since October 2002, Head of Engineering from November 2001 and a consultant to ANJA from June 2000.

He has four decades of experience in the palm oil industry in Malaysia and Indonesia, including serving as Engineering Director at PT Ukindo from October 1997 to October 1998 and Senior Production Controller at PT Sinar Mas Agro Resources and Technology Tbk. from January 1988 to September 1997. He also had 10 years of experience with Sime Darby Plantations Berhad, Malaysia, before moving into Indonesia.

He has a Higher National Diploma in Mechanical Engineering from UTM Malaysia, a Steam Engineers' Certificate of Competency (first grade), a Systems Analysis & Design Certificate from the National Computer Centre, Manchester, UK, and an Asian International Executive Program certificate from INSEAD in Singapore.

Geetha Govindan ANJA President Director (from January 2014)

Mr Govindan has replaced Koh Bing Hock as President Director of ANJA from January 2014.

He has worked in the plantation industry for more than 30 years, and joined ANJ after 13 years at PT REA Kaltim Plantations, where his most recent position was Vice President Director from 2008 to 2013. Prior to that he served as Director of Operations from 2005 to 2008.

His other positions included Chief Operating Officer and Estates Controller. He has also worked as a regional controller for PT Sinar Mas Agro Resources and Technology Tbk, and prior to this he spent 16 years with Socfin Co. Bhd in Malaysia as an Estate Manager.

He has a Bachelor of Science degree from the University of Madras, India, a Diploma in Human Resource Management from the University of Malaya, Malaysia.

Aloysius D'Cruz ANJA Director

Mr D'Cruz has been the Estate Director of ANJA since early 2011. Prior to joining ANJA, he was the Joint President of Birla Lao Pulp and Plantations Co. Ltd, a subsidiary of India's Aditya Birla Group in Laos. He has also held key roles in a number of plantation companies, including Riaufiber Plantations and Sinar Mas Forestry Plantations in Riau as well as Sime Darby Plantations in Malaysia.

He received a Bachelor of Science degree in Agriculture from Allahabad University of India in 1973 and an Associate Diploma from the Incorporated Society of Planters Malaysia in 1979.

Nopri Pitoy ANJA Director

Ms Pitoy has served as Director and Chief Financial Officer of ANJA since May 2011. She joined ANJA in June 2001 and was appointed as Head of Finance and Accounts in January 2006.

Prior to joining ANJA, she was a financial controller of the Ukindo group and started her career in the public accounting firm PricewaterhouseCoopers in Jakarta. She has more than 15 years experience in the palm oil industry.

She received a Bachelor of Commerce degree with major in Accounting and Information Systems from the University of New South Wales in Sydney, Australia.

Sebastianus Yangmarga Yeo ANJA Director

Mr Yeo has served as Human Resources Director in ANJA since September 2011. Prior to joining ANJA, he was Human Resources Director of PT Panarub Industry, a company of about 18,000 employees. Prior to this, he worked for 14 years at PT Indah Kiat Pulp & Paper Corp., with his last position as Human Resources General Manager, managing approximately 1,200 employees.

Mr Yeo started his career in 1988 as a management trainee at PT Astra International Corporation and his last position was as a Branch Manager at PT Astra Credit Company, Jakarta.

He has a Bachelor of Engineering degree from Atma Jaya University and a Mandarin Language certificate from National Taiwan Normal University.

Bambang Soerjanto PPM and PMP President Director

Mr Soerjanto has served as President Director of PPM and PMP since January 2013. He previously served as Finance Director at PT Citra Borneo Indah, President Director at PT Indonesia Ferry (Persero), Finance Director at PT Djakarta Lloyds (Persero), Risk Management Director at PT Bahana Pembinaan Usaha Indonesia, Commissioner at PT Bahana TCW Investment Management, President Director at PT Grahaniaga Tatautama, President Commissioner at PT Sarana Sultra Ventura, Vice President at Citibank N.A. Jakarta and Senior Field Engineer at Schlumberger Overseas S.A.

He has a Bachelor's Degree in Telecommunications Engineering from Bandung Institute of Technology and an MBA from the University of Chicago Booth School of Business.

Handi Belamande Syarif ANJAP Operations Director

Mr Syarif has served as Operations Director at ANJAP since October 2013. Previously he was Vice President Cargo at Garuda Indonesia Airlines and before that he held senior managerial positions at Coca-Cola Amatil, Reckitt Benckiser, Gillette and Virginia Oil Company.

He received a Bachelor of Science degree in Computer Engineering from the Colorado School of Mines, Colorado, United States, in 1987.

Thomas Wagner AANE Director

Mr Wagner has served as Director of AANE since the Company was formed in 2008 as a joint venture with Aufwind Group, today a subsidiary of German energy company BayWa r.e. renewable energy GmbH.

Before focusing on AANE in 2012 he was responsible for several national and international biogas and business development projects at BayWa r.e since 2006. Earlier activities include a mining venture in Kalimantan and a position as Supervising Director for BFI-Group, a Factoring and IT services company in Bremen, Germany.

He is a Certified Project Manager (GPM/IPMA) and holds a law degree (Diplom) of Ludwig Maximilian University of Munich and the German state of Bavaria.

Jahya Lukas GMIT President Director

Mr Lukas joined GMIT in 2001 and currently serves as President Director.

Previously he worked for PT British American Tobacco as a manager in the Leaf, Agribusiness (Vanilla) and Trade Marketing departments.

He received a Bachelor's degree in Agriculture majoring in Agronomy, from the Faculty of Agriculture, Satya Wacana Christian University, Salatiga.

Erwan Santoso GMIT Operations Director

Mr Santoso has served as Operations Director at GMIT since joining the Company in 2007.

Prior to joining GMIT he was Leaf Operations Manager at PT Philip Morris Indonesia from 2002 to 2007. Before this he worked as Crop Manager at Bentoel Prima Group from 2001 to 2002, Operations Manager at PT Drassindo, part of the Mustika Ratu Group, from 1998 to 2000, and Business Plan & Control Section Head at PT Sumalindo, part of PT Astra International Tbk., from 1994 to 1998.

He received a Bachelor's degree in Agronomy from the Bogor Institute of Agriculture in 1993.

Human Resources

At ANJ, we appreciate that our success is directly attributable to the quality, professionalism and dedication of our employees. Recognizing this, we believe in investing in our employees to safeguard our future success and encourage their success.

In practical terms, we believe in keeping our organization slim and filling it with highly competent and experienced people. Our experienced human resources team finds, recruits and trains our best people and works to keep them, helping to expand our employee numbers during our ongoing period of rapid growth.

As at Dec. 31, 2013, we had 5,103 full-time employees, 4.6% more than at the end of 2012. Of these, 28 are employed directly by ANJ at our headquarters in Jakarta, and the remaining full-time employees are located at our plantations and properties across Indonesia. In addition to several hundred permanent employees, ANJ relies on 4,687 workers in our plantation operations.

The tables opposite and charts below show our employee numbers by education, age group, position and status.

We believe that the training, compensation and other benefits that we provide our employees, together with the operational systems that we have put in place, have resulted in high productivity and stability among the employees working on our plantations.

Remuneration

We are committed to providing our plantation workers with a competitive remuneration package and we were one of the first oil palm plantation companies in Belitung Island to introduce a bonus scheme for workers, with bonuses based on company profitability and individual performance.

All our plantation workers who harvest FFB work on an incentive system whereby they receive certain performance bonuses if they harvest an amount of FFB which exceeds certain target levels that are set for each of our plantations. If they do not achieve the lowest target level, they still receive a base salary equal to the minimum wage of the region in which they are working. Moreover, they can earn larger bonuses with each target level reached.

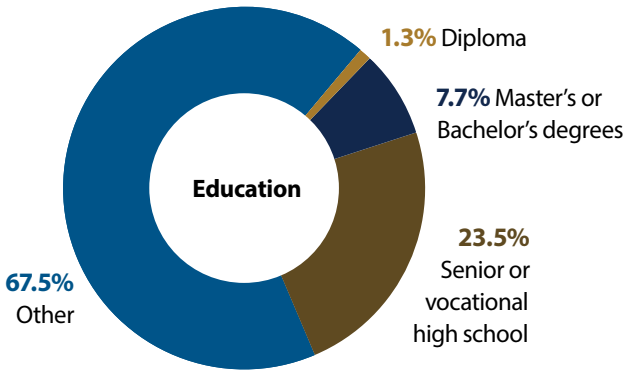
We will continue to directly employ a high percentage of our harvesters, rather than using contract workers. We believe that this will enable us to increase supervision over, and training of, our harvesters, helping us to uphold quality control and maintain labor cost efficiency. We also plan to continue to focus on incentivizing our plantation workers to achieve greater operational efficiencies by compensating them with performance bonuses.

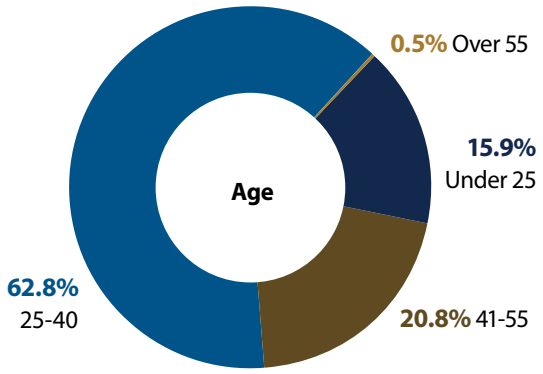
We use an estate ranking system that tracks estate performance across a number of metrics, including productivity and cost control, as well as environmental responsibility and safety. We believe that this ranking system helps to motivate our managers and other employees to constantly improve their performance, while also providing us with insight into areas that require further attention and improvement.

Training

We provide both technical and management training to our staff and management employees. For non-staff employees, ANJ provides technical training to improve the Company's operational efficiency. For a full breakdown of the courses and

Manpower Ratios, 2013

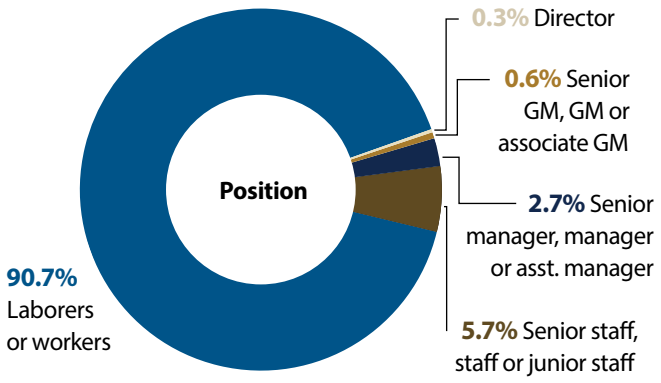


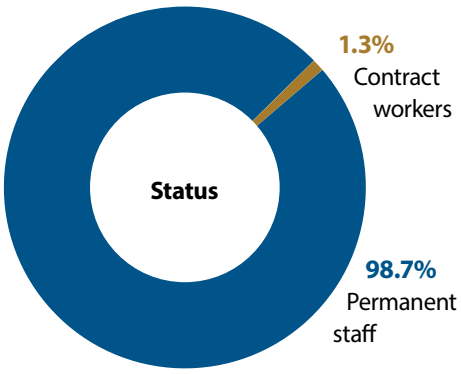


Manpower 2012 and 2013

	2012			2013		
	ANJ	Subsidiaries	Total	ANJ	Subsidiaries	Total
Total Manpower	12	4,868	**4,880**	33	5,139	**5,172**
By Education Level						
Master's or bachelor's degree	12	478	**490**	30	367	**397**
Diploma*				-	67	**67**
Senior or vocational high school	-	1,981	**1,981**	3	1,216	**1,219**
Other	-	2,409	**2,409**	-	3,489	**3,489**
By Age Group						
Over 55	3	21	**24**	3	22	**25**
41-55	3	1,242	**1,245**	9	1,069	**1,078**
25-40	5	2,688	**2,693**	16	3,231	**3,247**
Under 25	1	917	**918**	5	817	**822**
By Position						
Director	3	7	**10**	7	9	**16**
Senior GM, GM or associate GM	1	13	**14**	6	26	**32**
Senior manager, manager or assistant manager	2	59	**61**	10	131	**141**
Senior staff, staff or junior staff	6	289	**295**	8	286	**294**
Laborers or workers	-	4,500	**4,500**	2	4,687	**4,689**
By Status						
Contract workers	3	-	**3**	5	64	**69**
Permanent staff	9	4,868	**4,877**	28	5,075	**5,103**

* Before 2013, diploma qualifications were classified as degree-level qualifications





training events that were offered in 2013, please see the table on page 30.

In 2004, we set up a training school at our North Sumatra I Plantation in Binanga to train new and existing staff in various aspects of our operations.

Our policy of on-going investment in training for both staff and non-staff employees has resulted in thousands of our employees attending training programs related to technical and managerial training, culture building and general seminars. We will continue to focus on training employees who we believe show potential for development.

In line with this aim, we developed plans to open a new training center at Belitung Island Plantation as part of our management training program, and by the end of 2013 these plans came to fruition as we completed construction of the facility. See the box story at right for details.

Quality of Life

In addition to continuing professional development through training, we believe in investing in improving staff living conditions, including providing good quality housing, healthcare and facilities for recreation, child education and daycare.

In addition to providing basic facilities such as housing, water and other services at no charge to our employees, we have built recreational facilities and other amenities for them on our plantations.

Furthermore, we provide free medical services, employing one resident doctor at each of our plantations along with other qualified medical personnel in our polyclinics. We have also provided additional nutrition for the children of workers to help eliminate the number of malnourished children in the vicinity of our plantations.

Child daycare facilities are also provided to our workers so that both parents can choose to work on our plantations if they wish.

Our support for our employees has led in the past to our receiving presidential awards relating to the empowerment of women in 2004, 2005, 2006 and 2008.

We also strive to maintain strong relationships with our employees as well as with our local communities through our various development and corporate social responsibility programs, including assisting in the development and maintenance of public works such as public roads and bridges and in the building of places of worship for the community. For more information on this please see page 78.

Social Security

We are registered with and make contributions to JAMSOSTEK, the national workers social security scheme. In addition, our Belitung Island Plantation has a labor union associated with Serikat Pekerja Seluruh Indonesia ("SPSI"), a national labor union. We negotiate our collective bargaining agreement with the union at our Belitung Island Plantation once every two years.

As part of the Company's equal treatment policy there has been no difference in terms of salary packages or any other benefits between union members and non-members.

The New ANJ Learning Center

Among the highlighted developments for ANJ in 2013 was the building of our new Learning Center within our Belitung Island Plantation, which is intended to raise the group's training capacity dramatically.

Construction began early in the year and took until December, allowing a soft opening of the facility on December 10 attended by ANJ President Director Suwito Anggoro, ANJ Commissioner Anastasius Wahyuhadi, ANJA President Director Koh Bing Hock and a number of representatives of ANJ's management and staff.

The state-of-the-art building has two floors and a total area of 1,286 square meters. It has a range of fully equipped training rooms, which will be used principally for management trainee courses and training for ANJ group employees to enhance their performance and insight. Among the training streams to be offered will be soft skills and technical training.

The learning center also has accommodation facilities for up to 80 participants, and management trainees stay at the

The center stands in landscaped grounds and is equipped with catering and accommodation facilities as well as a teaching block.

The learning center will improve the performance and motivation of ANJ group employees in line with our core value of continuous improvement.

center during their training process. Support facilities at the center include discussion and break rooms, dining room, prayer room, kitchen and laundry areas.

The learning center will improve the performance and motivation of ANJ group employees in line with our core value of continuous improvement.

A grand opening of the center was held in January 2014, attended by members of the management team of ANJ group.

Training Courses and Events Attended by Staff of ANJ and Subsidiaries in 2013

Board Level

- Annual Palm and Lauric Oil Conference and Exhibition and Price Outlook 2013
- 9th Indonesian Palm Oil Conference and Price Outlook 2014
- Performance Management Systems
- Media and public speaking training
- Workshop on capital market reporting and disclosures
- The 11th International Sago Symposium

Manager Level

Technical
- Integrated Pest Control Training

Management Skills
- Palm Oil Plantation Production Management Course
- Workshop and Dialog on Employment

Technical Support
- Employee Engagement Survey: Tools and Strategy
- SOP Documentation Systems
- Risk Management Summit 2013 (Integrating Risk Management with Business Continuity and Internal Audit)

Industry related
- 5th Palm Oil Summit
- Indonesia Sustainable Palm Oil (ISPO) Seminar 2013

Staff Level

Sustainability
- Understanding ISO 14001 Training

Occupational Health and Safety
- Defensive Driving
- HR Forum "Going Beyond Together"
- HIRA Training
- Incident Investigation Training
- Occupational Health Training

Technical
- Limited Herbicide Usage Training
- Decrease of Emissions and Mitigation of Greenhouse Gases in the Field and Palm Oil Plantations
- Warehouse Maintenance Training
- IAMPI Exam Preparation and Certification
- Palm Oil Harvest Management, Preparation, Problems and Quality
- Mass Balancing and Traceability
- RTD Simulation in Mill (Reaction to Chemical Spills)
- Predictive Maintenance System
- Spraying Technique
- BBC Training
- Chemical Handling Training
- Ergonomics Training
- Ergonomic Working Estate Training
- Harvest and Motorized Cutter Training
- Production Training
- Refreshed Fertilization Training
- Turbine SOP Training
- Traceability Training
- PROPER Seminar (Company Performance on Environment Ministry's Environmental Management Evaluation Program)
- Mini-Tractor and Mini-Excavator Training
- HPT Training (LLPDKS and Tritaba)
- Kemenakertrans RI Certified General Health and Safety Experts
- Rodenticide Training
- Kemenakertrans RI Certified SMK3 Auditor Training
- Limited Usage of Pesticide Training
- Preventive Maintenance Training

Values
- ANJ Values Workshop
- ANJ Value Champions (Spirit Talk, Workshop, Critical Conversations)

Management Skills
- Coaching and Mentoring
- MBA Training for Executive Secretaries and PAs (3-day course)
- Mill Budget Training
- Increasing Technical Competence and Managerial Skills of Palm Oil Harvesting Foreman
- "Saving Your Project: Resolving and Winning a Project Dispute" Seminar

Technical Support
- "ABC Industrial Relations" HR Training, Manpower and Management Series
- National Workshop on Employment: Basic Human Resource Management
- Internal Audit of Integrated Management Systems Training
- One-day Seminar: Critical Accounting and Audit Issues on Implementation of PSAK based on IFRS to Plantation Industry
- How to Design, Manage and Conduct On-the-Job Training Programs
- Intensive Course in Plantation Law VI
- Basic EHS Training
- Fertilizers and Fertilization Knowledge
- HR Management and Planning
- Process Monitoring
- Hazard Identification Risk Assessment, Permit System, Investigation and Accident Reporting Training
- Employment Training
- Risk Assesment Training
- Workshop on Strategic Community Investment in Palm Oil Plantations
- Workshop on Junior High School Education Data
- New IR Practitioner
- Annual Scientific Meeting IV and National Deliberation of Indonesian Association of General Practitioners
- ANJA Sunfish Training

Industry related
- IALE Talk 1 (Permentan 26/2007 Socialization Regarding Plantation Business Licences)

- 3rd Indonesian Palm Oil Plantations Business and Legal Forum
- 11th Annual Roundtable Meeting on Sustainable Palm Oil and 10th Annual RSPO General Assembly
- IALE Talk 2 (Inpres No. 6 of 2013, Socialization on Forestry Moratorium)

Non-Staff Level

Sustainability
- Environmental, Health and Safety Regulations (LK3)
- Organic and Non-Organic Waste Separation
- High Conservation Value Training
- RSPO and HCV Training
- RSPO, HCV and RTD Training
- RSPO and K3 Training

Occupational Health and Safety
- Accident Impact Briefing
- Safety Briefing
- Occupational Health and Safety Basics and Rewards and Penalties
- Harvesting System and Personal Protective Harvesting Tools
- "Harvesters' Biggest Mistakes": Personal Protective Equipment Usage and Safety
- Personal Protective Equipment for Spraying Training
- Fire Drills and Disaster Socialization
- Fire-Fighting Training
- APAR Usage and Safe Assembling Area
- Weed Control and Personal Protection for Spraying

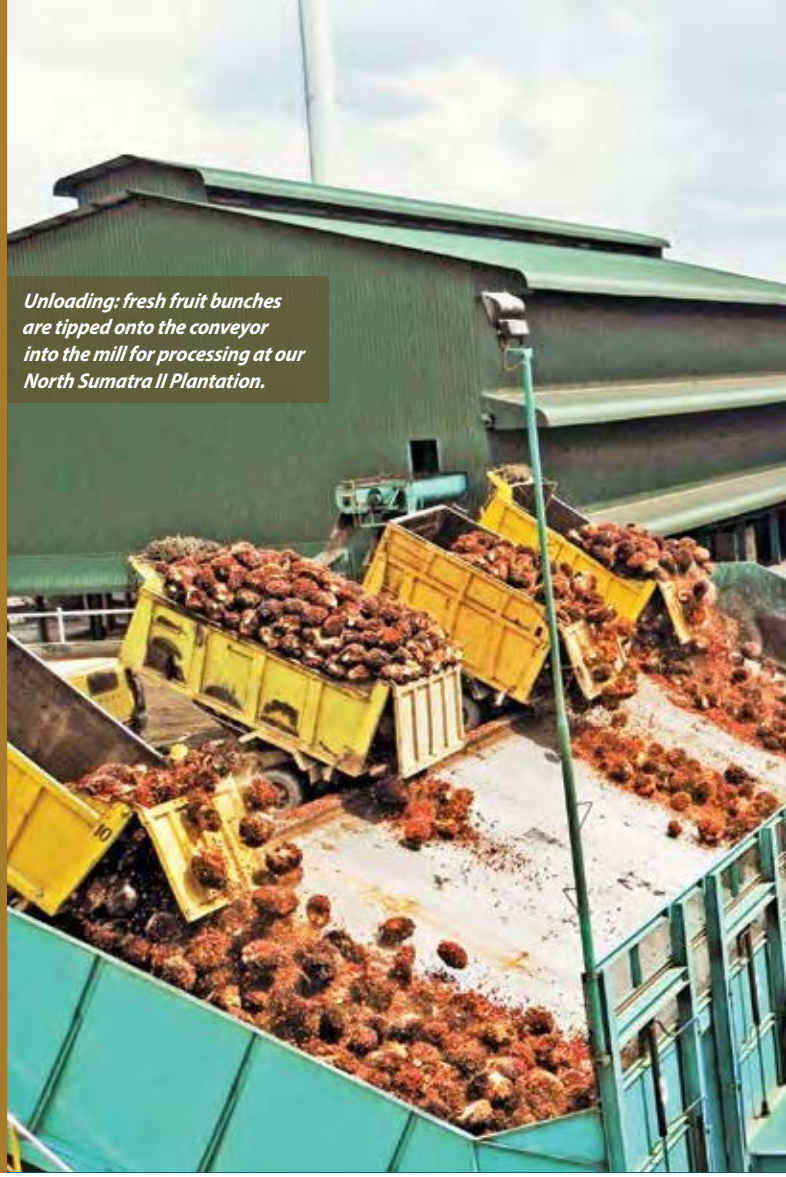
Harvesting fresh fruit bunches. Harvesters are fully trained in the use of machinery and safety procedures.

- Environmental, Health and Safety Road Show (Socialization, Permits and Housing Environment by EHS/ISPO Anticipation, Pollution by Medicines)
- SMK3 Safety Index and Safety Audit
- Occupational Health and Safety and Hazard Identification Risk Assessment Training
- First Aid Training
- Emergency Response Team and Simulation Training
- Disaster Simulation (Emergency Response Team)
- Occupational Health and Nutrition Training
- B3 Waste Handling Training
- PHT and Personal Protective Equipment Training

Technical
- Certified Lift/Carry Machinery Operators and Electrical Technician Training
- Technical Welder Training
- Welding Expert Training
- Knowledge of Fertilizer and Fertilization
- Termite Control
- Logistics Administration Training (Warehouse)
- JARTEST WTP Analysis Training
- Sprayer Member/Calibration Tools Training
- Boiler and Turbine Training
- Estate Ranging "Harvest and Maintenance" Training
- Siais Working Mill Instruction Training
- Fertilization Training
- Use of Chemicals for Warehouse Officer Training
- P2K3 Permit System and Skill Training
- Harvester Safety Training for Existing and New Employees
- Mill Skills Training
- Spraying Training

Technical Support
- Personal Taxation Filing Technique
- Computer Basics
- Microsoft Excel Training
- Understanding Open Office Program (Calc) Training
- Oracle Discoverer Desktop 9i
- Administration Training (Payroll Costs)
- TD Plants and Oracle Training
- Harvest Permit on PLN Track and Mixing Hazardous Chemicals Training
- Basic Education for PT SMM Guards

Ready for action: The morning rally at our Belitung Island Plantation. Workers are monitored for use of personal protective equipment and given regular training.



Unloading: fresh fruit bunches are tipped onto the conveyor into the mill for processing at our North Sumatra II Plantation.

Management Discussion and Analysis

Review of Operations

2013 saw significant development for ANJ. We began an expansion of our palm oil businesses into West Papua, completed our planting plan at our West Kalimantan Plantation, started commercial operation of our Belitung Island biogas plant and progressed in our new sago starch project in West Papua.

Our core business has three separate segments: palm oil, sago starch and renewable energy. Palm oil is the only long-established segment and currently is still the principal cash-generator for the group.

The other two segments are complementary to our palm oil business. Our sago starch business is still in development and had not begun commercially operating in 2013, and our renewable energy segment is relatively new and began commercial operation only on Dec. 31, 2013.

For our sago starch venture we are able to leverage the expertise we have gained in the management of our palm oil business, while our renewable energy business is intended to allow us to make environmentally friendly and profitable use of waste products in our plantation business as well as reduce the fuel costs of running our operations.

2013 was a busy year of expansion for ANJ, starting with the acquisition of two palm oil landbank properties totalling 65,159 hectares in West Papua in January, and over the course of the year there were a number of other notable achievements:

- We met our planting target for our West Kalimantan Plantation;
- We carried out compensation and started clearing activities at the newly acquired landbank properties in West Papua as well as our landbank in South Sumatra;

• We continued constructing our first processing mill at our sago project in West Papua;

• We completed construction of our biogas power project in Belitung and started commercial production and sales to the state power utility, PT PLN (Persero).

A discussion of each business segment follows below.

Palm Oil

In 2013, we had three producing plantations — North Sumatra I, North Sumatra II and Belitung Island — and four non-producing estates — West Kalimantan, South Sumatra and two landbanks at South Sorong and Maybrat in West Papua that were acquired in January 2013.

Land Area

Following the latest acquisitions in West Papua, which total 65,159 hectares, our total landbank now amounts to 139,038 hectares with a total plantable area of 96,528 hectares.

Of this plantable area, the total area already planted as at Dec. 31, 2013, was 44,143 hectares. This represents an increase of 3,291 hectares from 40,852 hectares as at Dec. 31, 2012 due to the new planting of 3,134 hectares at our West Kalimantan Plantation and 157 hectares at our South Sumatra Landbank during 2013.

The total area of mature palms, all in the three producing estates, remains the same as in 2012 at 31,954 hectares.

Changes in Palm Oil Plantation Profile

	2013	2012	% Chg
Palm Planted Area (Ha)			
Total Planted Area	**44,143**	40,852	8.1%
Mature	**31,954**	31,954	0.0%
Immature	**12,189**	8,898	37.0%
Mature Palm Area Distribution (Ha)			
Belitung Island	**14,229**	14,229	0.0%
North Sumatra I	**9,813**	9,813	0.0%
North Sumatra II	**7,912**	7,912	0.0%
Palm Age Profile (Ha)			
Immature (< 4 years)	**12,189**	8,898	37.0%
Mature: Young (4-7 years)	**7,676**	10,120	-24.2%
Mature: Prime (8-20 years)	**16,164**	16,195	-0.2%
Mature: Old (> 20 Years)	**8,114**	5,639	43.9%
Average Age	**11.0**	10.9	1.3%

Production

Total FFB production from these three producing estates in 2013 was 609,149 tonnes, 12.4% lower than the 695,479 tonnes produced in 2012 and 122,851 tonnes lower than our early production target for 2013 of 732,000 tonnes. The lower FFB production was caused principally by the impact of agronomic resting of palm trees at our North Sumatra I Plantation following two consecutive years of bumper crops in 2011 and 2012, as well as the long-term effect of unfavourable weather in Belitung Island.

As a direct consequence of lower FFB production, CPO and PK production were also down and resulted in a lower CPO sales volume of 168,781 tonnes and PK sales volume of 36,158 tonnes, compared to 177,125 tonnes and 40,447 tonnes respectively in 2012. Our early sales volume targets for CPO and PK for 2013 were 207,603 tonnes and 42,565 tonnes respectively. Our average extraction rates in 2013 were 21.8% for CPO and 4.9% for PK, compared to 22.0% and 5.0% respectively in 2012.

In addition to agronomic resting and the effect of inclement weather, another significant contribution to the decline in our sales revenue from the palm oil segment came from a significantly lower average CPO selling price recorded in 2013 following sharp declines in the latter part of 2012 brought about global oversupply. Although the price began to climb in the fourth quarter of 2013, our selling price for the full year averaged US$689 per tonne, a drop of 11.8% from an average US$781 per tonne in 2012.

Increasing efficiency is a continual objective at ANJ, and our estate managerment put their best efforts into managing costs in 2013's challenging environment of low selling prices and lower production. As a result, although the decline in selling price and production volume combined to see a drop of sales revenue from palm oil and palm kernel of around 16.7%, we were able to maintain our EBITDA margin at a healthy 27.3% in 2013. The actual revenue received from the palm oil segment was 25.7% lower than our pre-year target revenue of USD173.3million, while EBITDA margin was 48.3% lower than our EBITDA target of 52.8%. Our EBITDA margin was further supported as we benefited from a depreciation of the Indonesian rupiah against the US dollar in 2013, since we book revenue in dollars but pay the majority of our expenses in rupiah.

In 2014, we are targeting an increase in production volume and sales to return at least to 2012 levels, with an average CPO selling price of US$700 per tonnes.

Operational Developments

The significant operational improvements and developments in 2013 included the following:

• Mechanization of infield collection (the gathering and transport of FFB from trees to roadways): ANJA added 1,557 hectares at North Sumatra I Plantation, and SMM added 2,108 hectares at Belitung Island Plantation, reducing the need for manpower and speeding up harvesting times. It is estimated that the cumulative effect will be to reduce harvester numbers by a total of 76.

• KAL completed its planting plan at West Kalimantan Plantation, with a planted area of 12,032 hectares. The first seedlings were planted at West Kalimantan in 2010, and the first harvesting is due to begin in 2014.

• GSB began the first planting at our South Sumatra Landbank at Empat Lawang. Land compensation and release continued through the year, and we were able to plant a total of 157 hectares during 2013.

• Roundtable for Sustainable Palm Oil (RSPO) surveillance audits were carried out at ANJA's North Sumatra I Plantation in September and at SMM's Belitung Island Plantation in October. SMM received RSPO certification in 2011 and ANJA in 2012. We

Left: Palm fruit are tipped out of a boiler unit before mashing at our North Sumatra II Plantation. Right: Monitoring in the mill at our Belitung Island Plantation

intend for North Sumatra II Plantation run by ANJAS at Padang Sidempuan to receive certification as soon as possible, and an RSPO pre-audit was conducted there in May.

As an RSPO-certified producer, we anticipate a premium for the certified palm oil products we sell, and in 2013 SMM realized US$233,113 and ANJA realized US$174,141 in additional revenue through this premium from the sales of certified CPO and PKO.

• The final audits for certification under the mandatory Indonesian Sustainable Palm Oil (ISPO) program were completed on SMM in September and on ANJA in October. Certification is expected in 2014. ISPO certification is also pending for ANJAS.

• ANJA received certification in July 2013 under the International Sustainability and Carbon Certification (ISCC) scheme, which measures achievements in sustainable operations and limiting greenhouse gas emissions. SMM was certified in June 2012.

• ANJA received certification in February 2013 for compliance with OHSAS 18001 for its occupational health and safety management systems.

• A number of mill improvements were made in 2013, including at North Sumatra I Plantation, where a replacement boiler and a high-speed sludge separator and oil purifier to improve oil quality and recovery ratio were fully commissioned in December. At North Sumatra II Plantation, a new steam turbine and alternator was installed to provide stable electricity for the mill and housing complex, and an empty-bunch press installed to improve oil extraction rates.

• A number of permanent staff housing units were built, with eight replacement units and two new ones at North Sumatra I Plantation, 25 new units of different types at North Sumatra II Plantation, six new units at the Belitung Island Plantation and 17 new units at our West Kalimantan Plantation.

Production Volumes and Productivity

Key Production Figures	2013	2012	% Chg
Total FFB Production (tonnes)			
FFB from our estates	609,149	695,479	-12.4%
FFB bought from third party	122,113	116,460	4.9%
Total FFB processed	**731,262**	**811,939**	**-9.9%**
Mill Capacity (tonnes per hour)			
Total capacity across estates	180	180	0%
FFB Production by Estate (tonnes)			
Belitung Island	252,474	300,130	-15.9%
North Sumatra I	203,434	270,159	-24.7%
North Sumatra II	153,241	125,190	22.4%
Total Oil Palm Processed (tonnes)			
CPO	159,360	178,263	-10.6%
Palm Kernel	36,031	40,503	-11.0%
Productivity (tonnes/Ha unless stated)			
FFB yield Belitung Island	17.7	21.1	-15.9%
FFB yield North Sumatra I	20.7	27.5	-24.7%
FFB yield North Sumatra II	19.4	15.8	22.4%
FFB yield average	**19.1**	**21.8**	**-12.4%**
CPO yield	4.2	4.8	-12.5%
CPO extraction rate	21.8%	22.0%	
PK extraction rate	4.9%	5.0%	

Sales Volumes, 2012 to 2013

Key Production Figures	2013	2012	% Chg
Sales Volume (Tonnes)			
CPO	168,781	177,125	-4.7%
Palm Kernel	36,158	40,447	-10.6%
Sales Value (US$million)			
CPO	116.3	138.4	-16.0%
Palm Kernel	12.4	16.2	-23.5%
Average Selling Price Ex-Mill (US$/tonne)			
CPO	689	781	-11.8%
Palm Kernel	343	400	-14.3%

Sago Segment

We have been awarded by the local government a right to develop and process the sago logs from 40,000 hectares of natural sago forest in West Papua for which we have harvesting licenses. During 2013 we have been constructing a sago starch mill to process sago logs from the first 6,000 hectares. For an overview of the mechanics of sago palm harvesting, see the story opposite.

Infrastructure Development

Our first sago mill had reached the final stage of construction by the end of 2013, and production trials were scheduled for the first half of 2014. Management then will conduct a thorough review on how well the machines work in integration. Depending on the result of this review, we may start providing samples for our prospective customers, and our commercial production of sago starch may commence in the first half of 2015. This mill experienced a delay from our original planned schedule of commencing commercial operations in the fourth quarter of 2013 due to delays in preparations to integrate sago production machinery.

Our venture in South Sorong is our first experience of commercially developing the dense natural forest of sago palms. We are required to develop and maintain infrastructure such as canals for transporting sago palm logs to our processing mills, permanent housing and other facilities for our employees and mills at fixed locations in our Papua Sago Project area. The area is located mainly in swampland and is relatively far from any town or city and thus remote from reliable infrastructure and electricity supplies. In these circumstances, we have met with some delays due to logistical and construction challenges.

As at Dec. 31, 2013, our total investment in this sago business stood at US$22.9 million. We remain confident that our sago business promises good returns once we begin commercial production.

Sago Starch Marketing

We believe that there is a significant demand for sago starch relative to world supply. We intend to market our future sago production to customers in Japan, China, Indonesia and other parts of the world where there is a significant market for starch. We are engaged in informal discussions with potential customers for our starch, as well as researchers on a collaborative arrangement to develop downstream sago starch products, which we expect to lead to the creation of a food business.

We established a new subsidiary company, PT Austindo Nusantara Jaya Boga (ANJB), in 2013 to engage in developing our emerging food business. ANJB is developing consumer products from sago, principally cookies and biscuits.

Sago palms are a relatively low-maintenance, low-labor crop, requiring minimal pruning and no fertilization or pest management.

How Sago Starch Is Made

Sago starch is derived from the sago palm, a perennial plant found in Southeast Asia and Oceania. Sago palm has traditionally been used as a subsistence crop. The most valuable part of the plant is the starch contained in the trunk, which is consumed as food. Nearly all of a total global wild stand area estimated at over two million hectares is in Indonesia and Papua New Guinea.

Sago palms have a typical lifecycle of approximately 10 years, made up of four stages:

- *Rosette Stage*. From a seedling, the young sago palm develops without trunks and grows at a relatively slow rate for about 45 months.
- *Bole Formation Stage*. The trunk (or bole) of the sago palm grows to its maximum height over about 54 months and begins producing starch.
- *Inflorescence and Fruiting Stage*. At approximately 10 years of age, the sago palm reaches maturity and begins to flower. Harvesting is typically carried out three months before or after the palms begin to mature and flower.
- *Post-Inflorescence and Fruiting Stage*. Following maturity, the sago palm begins to naturally decompose before eventually falling.

Sago palms are a relatively low maintenance, low labor crop, requiring minimal pruning and no fertilization or pest management. As they grow in swampy waters, they have a high tolerance to pests, diseases, drought and floods. Typically, palms in the wild grow in dense populations of 250 to 400 per hectare as the trees spread by vegetative propagation, from shoots and layering, as well as seeds. Due to the continuous production of off-shoots to replenish a harvested palm, the sago palm's economic life is theoretically perpetual.

Natural sago palms at our West Papua estate.

Over time, commercial cultivation of sago palm has developed. Plantations are mostly found in Sarawak, Malaysia and the Riau Islands of Indonesia. In these areas, the plants are grown on peat soils and are harvested for the commercial production of starch. We have no plans to develop commercial plantations. Our business plan is to utilize natural sago forest.

Sago Harvesting and Starch Production

We plan to harvest sago logs at designated areas across our harvesting land in a sustainable manner. Since sago palms take approximately 10 years to mature, we plan to harvest matured sago palms selectively, averaging not more than 10% of the total stand in any area in each year. We believe this selective harvest management will allow us to maintain a continuous supply of sago logs for harvesting.

We estimate that dry starch yields vary between three and six tonnes per hectare per annum.

1 Palms are harvested typically by teams of six workers, who use chainsaws to fell the main trunk of the sago palm and cross-cut the trunk into smaller log sections about 1.5 meters long. The entire trunk of the palm except the bark is used for starch production. We plan to employ approximately 80 teams of six workers for harvesting in the initial periods of our business.

2 Logs are either sent to a starch mill for processing into wet starch and then drying. Our primary means of transport in the harvesting area is by floating bound rows of logs along canals constructed by us.

3 At the mill, logs are stripped of their bark by mechanical rotary blades and rasped into shreds.

4 These are then mashed and boiled to extract the starch into solution, which is then sieved to remove the wood fibers.

5 The solution is fed into rotary vacuum filters which separate the starch from the slurry and allows it to be collected as a paste.

6 After hot-air drying, the result is dry starch powder.

Our Belitung Island biogas power plant, showing two of the three methane storage tanks. The white tower on the left is a gas cleaner, and behind it is the power generator. Below, a closeup of the gas flaring tower used to burn off excess methane.

Renewable Energy Segment

Our renewable energy business currently consists of one biogas electricity-generating plant and minority interests in one operational traditional power plant (a coal-fired and diesel power plant), one operational geothermal power plant and one geothermal power project in the exploration phase.

Belitung Biogas Power Plant

The biogas power plant at our Belitung Island Plantation is our first of its type. It is run by our subsidiary PT Austindo Aufwind New Energy (AANE), formed in 2008 as a joint venture between ANJA and German company Aufwind Schmack Asia Holding GmbH with the objective of developing and operating renewable energy projects in Indonesia, where feasible under the Clean Development Mechanism (CDM), a Kyoto Protocol initiative under the United Nations Framework Convention on Climate Change encouraging emissions-reduction projects to generate credits for use in emissions trading schemes.

The purpose of the biogas plant is to process the Belitung Island Plantation's palm oil mill effluent (POME) and waste water and to reduce greenhouse gas emissions by capture and combustion of methane emissions from the waste. It thus reduces the environmental impact of our operations by reducing the methane released from our effluent ponds. The project was registered as a CDM project in 2009 and was fully operational in 2012.

In 2012 it was decided to take advantage of a new Indonesian framework introduced for renewable energy sales to the national grid run by PLN, allowing us to monetize an otherwise unused by-product of our palm oil mills.

The 1.2MW capacity power plant became commercially operational and started selling electricity to PLN on Dec. 31, 2013. We have an agreed price of Rp 975/kwh, adjustable to new pricing if announced by PLN. Our Power Purchase Agreement (PPA) with PLN is valid for 15 years.

With this move, AANE became the first Independent Power Producer in Indonesia to operate a biogas plant and sell the electricity commercially. The plant has had a total investment of approximately US$3.5 million, with US$1 million in financing obtained from the proceeds of ANJ's IPO and the rest from the Company's cash reserves.

The only off-taker for electric power from our facilities is PLN. As we are also not pushing into project locations outside the group, we are currently not actively marketing our services or products.

We chose Belitung Island for our first biogas plant for several factors, including good infrastructure, accessibility and support from the government and local community.

We are currently exploring the development of a second biogas facility at our North Sumatra I Plantation, and we expect in the medium term to implement biogas projects at each of our producing plantations to maximize use of their byproducts and generate additional value across the group's business units.

Other Power Plants

The first geothermal power project in which we have an investment is located in the Darajat Geothermal Resource field in West Java. Our subsidiary DGI is part of a consortium along with companies under Chevron Group and holds a minority stake of 5% in two of the area's power plants, Darajat II and Darajat III, which have a combined capacity of 211 megawatts per month.

The consortium acts as a contractor to PT Pertamina Geothermal (PGE), a subsidiary of the state-owned oil and gas company PT Pertamina (Persero), to provide power generated by geothermal steam that PGE sells to PLN.

Darajat III operated without major incident in 2013, however Darajat II suffered a shutdown of almost nine months, required for the installation of new monitoring equipment due to a fire at one of its static generators in April 2013. Operations were not resumed until January 2014.

The other investment that we have in geothermal power is a plant located in West Lampung, Sumatra, that is still under the exploration stage. We also hold a minority interest of 5% in this investment in partnership with Chevron Global Energy Inc.

The traditional power plants in which we have an investment consist of three 65 megawatt coal-fired generators and one 215 megawatt diesel powered generator in West Papua. We own a 14.288% stake in the partnership with Freeport-McMoRan Gold and Copper Inc.

Review of Financial Performance

The revenues from sales of CPO and PK continue to constitute the bulk of the Company's revenues. Our total revenues from sales in 2013 amounted to US$138.4 million, with revenues from sales of CPO and PK accounting for 93.0% of this.

Sales were lower than in 2012 due to a combination of lower CPO prices and lower production volumes, along with a reduction in dividend and share of income in associated companies. The Company's financial position remained solid, however, with assets stable and liabilities significantly decreased.

The management discussion and analysis on the Company's financial performance in 2013 that follows is based on the Consolidated Financial Statements and Notes to the Financial Statements as of and for the years ended Dec. 31, 2013 and 2012. These were audited by public accounting firm Osman Bing Satrio & Eny, which has given an unqualified opinion that they are a fair representation of the Company's financial position.

Financial Results 2013

Income Sources

In 2013, 88.8% of our total income came from revenue from sales from our palm oil and tobacco businesses, compared to 86.4% in 2012. Of this revenue from sales, 95.5% came from sales of CPO and PK, compared to 96.7% in 2012.

The remainder of our total income came from:

- Service concession revenue, which represents revenue of PT Darajat Geothermal Indonesia (DGI), our subsidiary holding a 5% interest in a consortium with Chevron Group that acts as a contractor to PT Pertamina Geothermal Energy (PGE) to provide geothermal power that PGE sells to PLN;
- Share in net income of associates, which reflects our share of net income from companies where we hold a 20% or greater minority interest or companies over which we have a significant influence;
- Dividend income, which primarily reflects dividends received from investments in entities in which we hold less than a 20% interest;
- Interest and other income.

Revenue from Sales

Total revenue from sales in 2013 was US$134.8 million, a decrease of 15.7% from US$159.9 million in 2012.

Our CPO sales revenue declined by 16.0%, from US$138.4 million in 2012 to US$116.3 million following a 11.8% decrease in the average CPO selling price from US$781 per tonne to US$689 per tonne — which was in line with the trend in global CPO prices — combined with a drop in sales volume of 4.7% from 177,125 tonnes to 168,781 tonnes.

Alongside CPO sales revenue, our PK sales revenue also decreased, by 23.5% from US$16.2 million in 2012 to US$12.4 million in 2013, due to a drop in the PK selling price of 14.2% from US$400 per tonne in 2012 to US$343 per tonne in 2013 and a drop in sales volume of 10.6% from 40,447 tonnes in 2012 to 36,158 tonnes in 2013.

On the other hand, tobacco sales revenue increased by 15.1% from US$5.3 million to US$6.1 million in 2013, despite a lower sales volume in 2013 than 2012. In 2013, we sold higher-margin tobacco products and consequently secured an average price approximately 40% higher than the price in 2012.

Service Concession Revenue

Our service concession revenue in 2013 decreased by 40.0% from US$6 million to US$3.6 million following a shutdown of almost nine months at Darajat II power plant for repairs. As a result, no service concession revenue was received by our subsidiary PT Darajat Geothermal Indonesia (DGI) during the shutdown period. Operation was resumed in January 2014.

Share in Net Income of Associates

Share in net income of associates was also affected by the decline in CPO and PK selling prices during 2013. This income decreased by 35.9% from US$3.9 million to US$2.5 million. In addition, the decline in CPO prices in 2013 affected the profit of our minority investments in palm oil associates, which resulted in a lower dividend being distributed.

Dividend income

Dividend income also decreased in 2013 by US$4.7 million or 59.5%, from US$7.9 million in 2012 to US$3.2 million in 2013, mainly due to the absence of an extraordinary dividend from one of our investments.

Interest Income

Interest income decreased by US$0.9 million or 45.0%, from US$2.0 million in 2012 to US$1.1 million due to a lower cash balance in 2013 following the dividend distribution of US$293 million in 2012 primarily received from the sale of our discontinued operations. The cash balance remaining with the Company following this payment was an amount sufficient to support our operational and capital expenditures in 2013.

Foreign Exchange Gain

We recorded a foreign exchange gain of US$3.2 million in 2013 compared to US$2 million in 2012, following the appreciation

Consolidated Statements of Comprehensive Income

In US$millions unless otherwise stated	2013	2012	Difference	% Change
Income	**151.8**	185.1	(33.3)	-18.0%
Expenses	**118.4**	125.8	(7.4)	-5.9%
Income before tax	**33.4**	59.3	(25.9)	-43.7%
Net income from continuing operations	**21.9**	42.0	(20.1)	-47.9%
Net income from discontinued operations	**-**	56.7	(56.7)	-
Net income for the year	**21.9**	98.7	(76.8)	-77.8%
Net income attributable to the owners of the company	**22.0**	96.3	(74.4)	-77.2%
Net income attributable to non-controlling interests	**(0.1)**	2.4	(2.5)	-104.2%
EBITDA	**37.8**	63.3	(25.5)	-40.3%
EBITDA margin	**27.3%**	38.2%		

Consolidated Statements of Financial Position

In US$millions unless otherwise stated	2013	2012	Difference	% Change
Current assets	**72.1**	109.3	(37.2)	-34.0%
Non-current assets	**325.3**	290.1	35.2	12.1%
Total assets	**397.4**	399.4	(2.0)	-0.5%
Current liabilities	**19.2**	55.9	(36.6)	-65.6%
Non-current liabilities	**13.5**	15.8	(2.4)	-14.9%
Total liabilities	**32.7**	71.7	(39.0)	-54.4%
Equity attributable to the owners of the compnay	**364.2**	327.0	37.2	11.4%
Total equity	**364.7**	327.7	37.0	11.3%

of the US dollar against the Indonesian rupiah during 2013, because our cash and cash equivalents are held mainly in US dollars, including those subsidiaries whose reporting currency is in rupiah.

Total Income

The above results led to a decline in total income of US$33.3 million or 18.0%, from US$185.1 million in 2012 to US$151.8 million in 2013.

Cost of Sales

Our cost of sales increased by US$0.9 million or 1.2% from US$85.7 million in 2012 to US$86.7 million in 2013, with the largest contributing factor being an increase in costs relating to sales of CPO and PK from US$81.7 million in 2012 to US$82.1 million in 2013. The increase in cost of sales relating to sales of CPO and PK was due to:

FFB costs. Aggregate harvesting expenses decreased by US$1.5 million or 13.9%, from US$10.8 million in 2012 to US$9.3 million in 2013, primarily due to lower production of FFB.

Maintenance expenses of mature plantation decreased by US$2.2 million or 9.2%, from US$23.8 million in 2012 to US$21.6 million in 2013, mainly from a lower fertilizer cost.

Indirect expenses, including depreciation of property, plant and equipment, increased by US$0.8 million or 5.4%, from US$14.7 million in 2012 to US$15.5 million in 2013.

Depreciation of mature plantation decreased by US$0.3 million or 3.4%, from US$8.7 million in 2012 to US$8.4 million in 2013.

The cost of FFB purchases from third parties increased by US$0.1 million or 0.6%, from US$15.9 million to US$16.0 million in 2013, following a 4.9% rise in volume purchased (from 116,460 tonnes in 2012 to 122,133 tonnes in 2013); the cost from this rise was offset by the impact of a decline in purchase prices in line with the global decline in CPO selling prices.

Factory overhead costs, including depreciation of property, plant and equipment. These increased by US$1.1 million or 15.3%, from US$7.2 million to US$8.3 million in 2013; this was mainly driven by the depreciation of leased assets from a sale and leaseback transaction in December 2012.

Finished goods. We had an inventory of CPO and PK of US$4.8 million at the start of 2013, which was reduced to an

inventory of US$1.9 million as at Dec. 31, 2013. (For comparison, CPO and PK inventory was US$5.4 million at the beginning of 2012.) The adjustment in inventory during 2013 resulted in a US$2.4 million increase in our 2013 cost of sales.

The cost of sales in our tobacco business also contributed to the increase in 2013 cost of sales. It increased from US$4.0 million in 2012 to US$4.6 million due to the higher purchase price and processing cost of higher quality tobacco.

Cost of Service Concession

The cost of our service concession increased by US$0.9 million or 44.0%, from US$2.5 million in 2012 to US$3.6 million in 2013, driven by the expense of repairs for the Darajat II static generator.

Selling Expenses

Selling expenses increased by US$0.2 million or 9.1%, primarily associated with a higher transportation cost following the increase in sales volume at our North Sumatra II Plantation.

Personnel Expenses

Our personnel expenses decreased by US$8.8 million or 43.8%, from US$20.1 million in 2012 to US$11.3 million, primarily due to the absence of one-off termination benefits expense in 2012.

General and Administrative Expenses

General and administrative expenses decreased by US$2.5 million or 16.8%, from US$14.9 million to US$12.4 million in 2013. The decrease was primarily due to a US$1.8 million drop in professional fees as we did not incur professional fees related to restructuring and acquisition activities as we had in 2012. In addition, donations to charitable causes also declined from US$1.5 million in 2012 to US$0.2 million.

On the other hand, we incurred a higher expense for leasing office space by US$0.6 million as the result of the sale of an office property in 2012. We also recorded a US$0.3 million expense from share-based compensation relating to the Management Stock Option Plan (MSOP) granted in 2013 following the Company's initial public offering.

Loss from Liquidation of a Subsidiary

Loss from liquidation of a subsidiary amounted to US$1.0 million, representing the realization of cumulative translation adjustments on PT Prima Mitra Nusatama (PMN), a subsidiary under liquidation, the bookkeeping for which was in Indonesian rupiah.

Income Before Tax

Our income before tax decreased by US$25.9 million or 43.7% from US$59.3 million in 2012 to US$33.4 million in 2013.

Tax Expense

Our tax expense decreased by US$5.8 million or 33.5%, from US$17.3 million in 2012 to US$11.5 million in 2013. The decrease in tax expense was primarily due to a lower income before tax in 2013 as well as the recognition of deferred tax benefits on tax loss carry-forward in certain subsidiaries.

Net Income from Continuing Operations

As a result of the above, our net income for the year from continuing operations decreased by US$20.1 million or 47.9% from US$42.0 million in 2012 to US$21.9 million in 2013.

Net Income from Discontinued Operations

In 2012, we booked US$56.7 million income from discontinued operations related to the sale of our businesses in car rental, multi finance, and general insurance, which did not recur in 2013.

Other Comprehensive Income (Loss)

Other comprehensive income (loss) mainly consists of foreign exchange differential from translation of subsidiaries' financial statements. In 2012, the foreign exchange differentials from translation of subsidiaries' financial statements was negative US$4.9 million.

In 2013, this foreign exchange differential jumped significantly to negative US$21.2 million, meaning that the US dollar equivalent value of our subsidiaries' equity, for which the bookeeping was in Indonesian rupiah, decreased significantly by US$21.1 million as a result of a weakening of the rupiah against the US dollar from Rp 9,670 to Rp 12,189.

As a consequence, our net income for 2013 was adversely affected and resulted in total comprehensive income of US$1.1 million compared to US$95.6 million in 2012.

Net Cash Provided by (Used in) Operating Activities

Our net cash used in operating activities during 2013 was US$6.8 million, an increase of US$34.5 million compared to net cash provided by operating activities in 2012 of US$27.7 million. The higher cash utilization in 2013 was primarily due to lower cash received from customers due to lower sales revenue from palm oil products, combined with a significantly higher corporate income tax payment in 2012 due to gains from sale of subsidiaries.

Net Cash Provided by (Used in) Investing Activities

Our net cash used in investing activities during 2013 was US$60.2 million, an increase of US$277.7 million compared to net cash provided by investing activities of US$217.5 million in 2012. The net cash provided in 2012 was mainly contributed by the proceeds from the sale of subsidiaries and trading securities amounting to US$248.6 million, while spending related to capital expenditures and investment was US$54.9 million.

In 2013, there were no extraordinary proceeds from the disposal of investment, while spending related to capital expenditures and investment was US$69.7 million, including the acquisition of two new estates in West Papua for US$22.7 million.

Net Cash Provided by (Used in) Financing Activities

Our net cash provided by financing activities in 2013 was US$31.9 million, an increase of US$291.5 million compared to net cash used of US$259.6 million in 2012. In 2012, we distributed dividends to shareholders of US$293.0 million while in 2013, we obtained US$36.5 million in net proceeds from the issuance of shares during the Company's initial public offering.

Current Assets

Current assets decreased by US$37.2 million, from US$109.3 million in 2012 to US$72.1 million in 2013. The decrease was primarily driven by the decrease in cash and cash equivalents.

Continual attention to repairs and maintenance in our mills helps to keep costs down.

Non-Current Assets
Non-current assets in 2013 amounted to US$325.2 million, an increase of US$35.2 million from US$290.0 million in 2012, primarily due to a rise in advance payments relating to the legal processing of land rights and purchase of property, plant and equipment.

Total Assets
Total assets booked in 2013 were US$397.4 million, compared to US$399.4 million in 2012.

Current Liabilities
Current liabilities declined by US$36.7 million, from US$55.9 million to US$19.2 million in 2013. This was mainly due to the settlement of 2012 corporate income tax payable in April 2013 and repayment of bank loans.

Non-Current Liabilities
Non-current liabilities declined from US$15.8 million in 2012 to US$13.5 million, or by US$2.3 million, mainly due to a decrease in post-employment benefit (translation effect) and deferred revenue related to a sale and lease-back transaction in one of our subsidiaries.

Total Liabilities
Total liabilities as of Dec. 31, 2013 were US$32.7 million compared to US$71.7 million in 2012.

Total Equity
Total equity in 2013 was US$364.7 million, an increase of US$37.0 million from US$327.7 million in 2012 primarily due to the increase in capital stock and additional paid-in capital related

to our Initial Public Offering on May 8, 2013. The increase in retained earnings from current-year net income was offset by the decrease in other comprehensive income from the cumulative translation adjustment.

Operating Ratios

The following are our operating ratios in 2013 in comparison to those in 2012:

Gross Margin
Due to the nature of ANJ's businesses, our gross profit is calculated by subtracting the sum of cost of sales and cost of service concession from the sum of revenue from sales and service concession revenue. Our gross margin is measured by dividing the gross profit with the sum of revenue from sales and service concession revenue.

Our gross margin in 2013 was 34.8% compared to 46.8% in 2012. This decrease of 12 percentage points was primarily driven by the decrease both in sales volume and average selling price of CPO and PK during 2013 that followed a global CPO price decline.

EBITDA Margin
Our EBITDA is generally calculated by subtracting selling expenses, personnel expenses and general and administrative expenses from gross profit, then adding back depreciation and amortization expenses. An exception was made for calculating the 2012 EBITDA, which was calculated by adding back the one-off termination benefit expense of US$8.5 million.

Our EBITDA margin is measured by dividing EBITDA by the sum of revenue from sales and service concession revenue. Our EBITDA margin in 2013 was 27.3% compared to 38.2% in 2012. The decrease in EBITDA margin by 10.9 percentage points was primarily due to the decrease both in sales volume and average selling price of CPO and PK during 2013 following the global CPO price decrease.

Net Profit Margin
Our net income for the year from continuing operations was US$21.9 million in 2013 compared to US$42.0 million in 2012, while total income was US$151.8 million and US$185.1 million in 2013 and 2012 respectively. Our net profit margin in 2013 was 14.4% in comparison to 22.7% in 2012.

Return on Assets
Return on assets (ROA) is computed by dividing net income for the year from continuing operations for the period by the total assets at end of the period. ROA in 2013 was 5.5% compared to 10.5% in 2012 following a much lower net income generated in 2013.

Return on Equity
Return on equity (ROE) is computed by dividing net income from continuing operations for the year by the total equity at the end of the year. ROE in 2013 was 6.0% compared to 12.8% in 2012 following a much lower net income generated in 2013.

Receivables Turnover
The collectability of trade receivables is measured by the number of days required by a company to turn the receivables over into cash collection. This turnover is calculated by dividing the total days in the year (365) with the quotient of total revenue from sales during the period and trade receivable at the end of the period. The lower the number of days, the faster the receivable is turned over into cash.

Since the sales of our palm oil are made on a tender basis, where cash advance payment is required of buyers before delivery, then no trade receivables are incurred. Thus, our trade receivables only come from the revenue from sales of tobacco and service concession revenue. In 2013, our receivables turnover was 28 days, lower than the 46 days recorded in 2012.

Financial Ratios

Our financial ratios in 2013 compared to 2012 are as follows:

Current Ratio
Current ratio is measured by dividing total current assets by total current liabilities at the end of end of the period. Our current ratio in 2013 increased to 3.75x from 1.96x in 2012 as a result of lower current liabilities in 2013.

Cash Ratio
In 2013, 57% of our current assets were in the form of cash and cash equivalents. Cash ratio is calculated by dividing total cash and cash equivalent with total current liabilities at the end of period. Our cash ratio increased from 1.37x in 2012 to 2.15x in 2013, demonstrating a strong liquidity capacity.

Debt-to-Equity Ratio (DER)
The ability to meet liabilities is reflected in the ratio of total liabilities to equity. The lower the ratio, the better the ability of the Company to meet its liabilities. Our total liabilities in 2013 were US$32.7 million, down from US$71.7 million in 2012. The two major components of our total liabilities in 2013 were a post-employment benefit obligation (23.2%) and other payables (17.4%). In 2013, our debt-to-equity ratio was 0.09x, a decline from 0.22x in 2012, reflecting a stronger capability to meet our liabilities.

Net Debt to Equity Ratio (Net DER)
In addition, we also measured the net debt-to-equity ratio. This is calculated by dividing net debt by equity, where net debt represents the interest-bearing liabilities minus cash and cash equivalents. As in 2012, we incurred negative net debt in 2013, reflecting a higher balance of our cash and cash equivalents compared to our interest-bearing liabilities. Our net debt-to-equity ratio in 2013 remained strong at -0.11x compared to -0.22x in 2012.

Capital Structure

We believe that a strong balance sheet is essential to safeguard our ability to sustain our businesses. A sound capital structure is founded on a balanced mix in the use of equity and leverage.

Historically, we tended to enjoy high liquidity as a result of strong cash generation from our stable palm oil business. This helped us build a solid net cash position. As we redefined our core businesses in 2012, we initiated a new chapter of expansion across the group into palm oil, sago and renewable energy in an effort to drive value creation for shareholders. In order to finance this expansion, we have taken advantage of our strong liquidity, supplemented by the proceeds from the initial public offering (IPO) in May 2013.

Any remaining funding requirement will be met through introduction of a modest degree of leverage into the Company's capital structure. As at Dec. 31, 2013, we have secured two loan facilities amounting to US$50 million with Citibank N.A. and PT Bank OCBC NISP Tbk.. Neither had been drawn down.

In 2013 our capital structure still concentrated on equity; from 2014 we will prudently increase our leverage, either from bank loans, bonds or other resources, up to a level of no more than 0.5 times net debt to shareholders' equity. Net debt is defined as total liabilities less cash and cash equivalents, while equity is defined as total equity, as shown in the consolidated statements of financial position.

Material Commitments to Capital Expenditure

In 2013, we spent US$48 million on capital expenditure. Of this, US$40 million was spent developing our new palm oil estates and businesses in sago starch and renewable energy. The remaining US$8 million was spent on routine capital expenditure. The total expenditure was financed primarily by existing cash and cash from operations in addition to the net proceeds from the IPO.

In 2014, in line with our commitment to grow our core businesses, we plan to increase our capital expenditure significantly. In addition to our routine maintenance-related capital expenditure for our established plantations in North Sumatra and in Belitung Island, we have a number of expansion plans that we expect to continue to implement or to initiate on our newly-developed estates and business segments over the coming three years. Our plans include:

- Completing construction of a palm oil processing mill and supporting infrastructure at our West Kalimantan Plantation;
- Compensation, land-clearing, nursery expenses, construction of infrastructure and planting of 6,500 hectares of new oil palms at our landbank properties in West Papua and South Sumatra;
- Continued development of infrastructure to support our operations in our sago starch business such as completing construction of our processing mill and infrastructure such as jetty, canals, roads, power generators and facilities for our employees including offices, housing, schools and clinics;
- An expansion of the electricity-generating capacity of our existing biogas power plant in Belitung Island and establishment of a similar biogas electricity generation project at our North Sumatra I Plantation.

In 2014, in line with our commitment to grow our core businesses, we plan to increase our capital expenditure significantly. We have a number of expansion plans that we expect to continue to implement or to initiate.

We anticipate that our capital expenditure in 2014 will be around US$80 million, financed primarily by existing cash, cash from operations and external financing, including but not limited to bank loans. Our overall expenditure levels and our allocation among projects remain subject to many uncertainties. We may increase, reduce or suspend our planned capital expenditures or change the timing and area of our capital expenditure spending from the estimates described above in response to market conditions or for other reasons.

Our actual capital expenditure may also be significantly higher or lower than the planned amount due to factors including, among others, unplanned cost overruns, our ability to generate sufficient cash flows from operations and our ability to obtain adequate external financing for planned capital expenditures.

Material Events and Information Occurring After the Accountant's Reporting Date

- On Jan. 30, 2014, ANJA drew down US$6,000,000 from its working capital credit facility with PT Bank OCBC NISP Tbk. This loan will be due on April 30, 2014 but can be rolled over each quarter. On Feb. 21, 2014, ANJA made an additional drawdown of US$4,000,000, which will be due on May 21, 2014, but can be rolled over each quarter.
- On Feb. 14, 2014, the loan agreement between ANJA and Citibank N.A. was amended so that KAL and ANJA became joint parties to the credit facility of US$25 million from Citibank N.A. On Feb. 17, 2014, KAL drew down US$6,000,000 from its credit facility with Citibank N.A. This loan will be due on May 19, 2014, but can be rolled over each quarter. On Feb. 21, 2014, ANJA also made an additional drawdown of US$4,000,000 from this joint facility, which will be due on May 22, 2014, but can be rolled over each quarter.
- On Feb. 4, 2014, KAL obtained the decree of certificate of land rights title (Hak Guna Usaha), a last step before the issuance of the certificate, for its 10,920 hectares of land located in Laman Satong, Kuala Satong and Kuala Tolak, Ketapang, West Kalimantan for a period of 35 years.
- On Feb. 3 and 4, 2014, ANJA, ANJAP, PPM and PMP paid refundable security deposits totaling US$8,500,000 to PT Airfast Indonesia in accordance with the aircraft charter agreement.
- On Feb. 24, 2014, ANJA signed Conditional Sale and Purchase Agreement (CSPA) No. 66 drawn up before Notary Mala Mukti, S.H., LL.M. with Wodi Kaifa Ltd. to purchase 8,550,000 shares, for a 95% ownership, of PT Pusaka Agro Makmur (PAM), a palm oil plantation company with a location permit of approximately 40,000 hectares in Maybrat, West Papua. The implementation of the share sale and purchase transaction shall depend on the fulfillment of condition precedents as stipulated in the CSPA with the target closing date on Oct. 31, 2014.

Images of our IPO: A board at the Indonesia Stock Exchange signals ANJT's debut in the market. Below left: Members of the public register at the public expose introducing the IPO on April 15. Below right: President Director Suwito Anggoro receives a certificate on the stock's debut on May 8.

Use of IPO Proceeds

The proceeds from our IPO amounted to Rp400.02 billion (US$41.07 million), or approximately Rp346,480 million (US$35.57 million) after deduction of fees and commissions and certain expenses incurred in connection with the offering. As stated in our IPO prospectus, our intended use of the proceeds was approximately as follows:

- 60.64% or US$21.57 million for the expansion and development of our existing palm oil plantations and newly acquired landbanks;
- 28.11% or US$10 million for repayment of loans in relation to the acquisition of landbanks in West Papua in 2013;
- 8.43% or US$3 million for construction of the processing mill and infrastructure for our sago starch business;
- 2.81% or US$1 million to complete the installation of electricity generators at our Belitung Island biogas plant and to establish a similar biogas electricity generation project at our North Sumatra I Plantation.

As at Dec. 31, 2013, a total of US$32.57 million or 91.57% of our IPO proceeds had been allocated to and used as detailed, with the exception of the sago starch segment, in which all spending relating to the construction of the processing mill had been made using our existing cash, resulting in a balance of US$3 million of IPO proceeds as yet unused.

There has been no change to the intended use of proceeds.

Material Information on Related-Party Transactions

ANJ has a minimal level of transactions with related parties. During 2013 we had related parties' transactions with our shareholders (AKJ, MDN and Yayasan Tahija) and also with our direct and indirect subsidiaries (ANJA, DGI, ATI, SM, SMM, LSP, PPM, PMP and ANJB). We have disclosed the most significant transactions in the notes to the consolidated statement of financial position as follows:

• We donated US$34,000 to Yayasan Tahija for corporate social responsibility (CSR) activities in 2013, which represented 0.27% of total general and administration expenses.

• GMIT uses land and buildings owned by PT Austindo Kencana Jaya and PT Memimpin Dengan Nurani as its office, employee housing, training center and warehouse based on a lend-and-use agreement dated May 17, 2012. This agreement will expire on May 17, 2014. Under the terms of this agreement, GMIT has no obligation to pay anything to AKJ or to MDN, however GMIT has to bear and pay the land and building tax, fire insurance, repair and maintenance, electricity, water, telephone, security and all other maintenance costs related to the land and building during the lend-and-use agreement period.

• The Company charged management fees to ATI, SM and DGI amounting to US$48,000 each for 2013. The Company also charged management fees to AANE amounting to US$30,000 for 2013.

• The Company charged rental fees for offices used by ANJA, PPM, PMP, ANJAP, ANJB, SMM, LSP and AANE amounting to US$48,304 during 2013.

• In 2013, the Company purchased software from MDN valued at US$4,141.

Dividend Policy

Under Indonesian law the decision with regards to dividends is made by a resolution of the shareholders at the annual or general meeting of shareholders upon the recommendation of the Board of Directors. We may declare dividends in any year if we have positive retained earnings.

Prior to the end of a financial year, an interim dividend may be distributed so long as it is permitted under our Articles of Association and provided that the interim dividend does not result in our net assets becoming less than the total issued and paid-up capital and the compulsory reserves. Such distribution is determined by our Board of Directors after first being approved by our Board of Commissioners. If after the end of the relevant financial year, we suffer losses, the distributed interim dividend must be returned by the shareholders to us, and our Board of Directors and Board of Commissioners will be jointly and severally liable if the interim dividend is not returned.

In the three-year period ended Dec. 31, 2012, we paid an aggregate of US$308,750,000 as dividends to our shareholders. Of this amount, US$293,000,000 was distributed in 2012 from cash and cash equivalents primarily received from the sale of our discontinued operations and from the previous year's accumulated retained earnings.

Following our IPO on May 8, 2013, we intend to pay dividends at a rate of up to 50% of our consolidated net income starting from 2014 (derived from 2013 earnings), after provisioning for all statutory reserves. The dividend rate, and our ability to pay dividends in the future, will depend upon future retained earnings, financial condition, cash flows and working capital requirements as well as regulatory restrictions and other requirements.

To the extent that a decision is made to declare dividends, dividends will be declared in Indonesian rupiah. Holders of our shares on the applicable record dates will be entitled to the full amount of dividends approved, subject to any Indonesian withholding tax imposed. Dividends received by a non-Indonesian holder of shares will be subject to 20% Indonesian withholding tax or a lower rate based on tax treaties.

Our dividend policy is a statement of present intention and is not legally binding as it is subject to modification by our Board of Directors with shareholders' approval at a general meeting of shareholders.

Changes of Accounting Policy

In 2013, ANJ adopted Financial Accounting Standard (PSAK) No. 38, "Business Combination of Entities Under Common Control," that was applicable effective from Jan. 1, 2013. Changes to ANJ's accounting policies have been made as required, in accordance with the transitional provisions of this standard.

This revised standard provides a narrower scope as it only covers business combination transactions between entities under common control, while the previous standard covered certain transactions between entities under common control that were not necessarily business combinations. The revised standard refers to PSAK 22, "Business Combination," in determining what constitutes a business.

The new standard retains the application of the pooling of interest method where assets and liabilities acquired in the business combination are recorded by the acquirer at their book values. The difference between the transfer price and the book value of the business combination which was previously recorded under equity as Difference in Value of Restructuring Transactions of Entities Under Common Control (SINTRES) is now presented as Additional Paid-In Capital. The difference between the transfer price and the net assets acquired will always remain as part of the acquirer's Additional Paid-In Capital, and should not be recycled to profit and loss.

The previous standard requires the recycling of the SINTRES to profit and loss when the relevant entities are no longer under common control or when the corresponding assets, liabilities, shares or other ownership instruments are transferred to an entity which is not under common control.

ANJ has also adopted Amendment to PSAK 60, "Financial Instruments : Disclosure." Among other, the standard requires disclosure of the description of collateral held as security and of other credit enhancements, and their financial effect (e.g. quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect to the amount that best represents the maximum exposure to credit risk.

Industry and Market Outlook

Palm oil is the world's most consumed vegetable oil due to its competitive price and versatility. According to agribusiness research firm LMC International, global consumption of CPO was 22.5 million tonnes in 2002 and is expected to increase to approximately 58.3 million tonnes in 2015. This growth is expected to be mainly driven by, among other factors, growing population and economic development in countries in the Asian region such as China, India, Indonesia and Malaysia, the key consuming markets of oil palm. We believe we are well-positioned to benefit from increased demand for CPO and other oil palm products.

CPO is used in food and non-food products, and competes in these segments with other edible oils, such as soybean oil, rapeseed oil, sunflower oil, peanut oil, coconut oil and others.

Rapid expansion in oil palm plantings has led to a substantial increase in world CPO production. CPO production has grown from 25.3 million tonnes in 2002 to 52.7 million in 2012, accounting for about a third of the world output of the nine leading vegetable oils in terms of product volume. LMC estimates that global CPO production will be 61.3 million tonnes, with a share of 35.1%, by 2015.

Southeast Asia dominates global CPO output, with over 58 million tonnes produced in 2013. Indonesia produced 31 million tonnes of CPO, or more than 50% of the global total, while Malaysia produced 19.2 million tonnes, or more than 30%.

Consumption

CPO is used predominantly in cooking, notably for frying food where its stability properties are highly valued, and as a baking and confectionery fat where its comparative hardness is appreciated. CPO is also used as a biofuel and as a feedstock for oleochemicals in fatty acid production.

Demand is dispersed internationally, with the EU, China, India and Indonesia each accounting for over 10% of global CPO consumption annually, with Indonesia coming close to overtaking India as the largest consumer. Indonesian demand has been boosted by local manufacturing of biodiesel and oleochemicals, many of whose end-products are exported, as Indonesian processors take advantage of export tax incentives for manufacturing for export.

Exports

CPO is the leading global vegetable oil in terms of exports, with an estimated market share of 61.5% in 2012. Exports grew at an average annual rate of 8.3% from 17.7 million tonnes in 2002 to 39.1 million in 2012. LMC estimates that 2015 CPO exports will be 45.7 million tonnes, which would represent 62.7% of global vegetable oil exports.

Close to 80% of global CPO output is exported from its country of production. Most exports are of refined oils, since the Indonesian and Malaysian governments both provide incentives to encourage investment in refineries by applying higher export taxes on CPO than they do on downstream products, including refined oils, biodiesel and oleochemicals. Indonesia is the largest exporter of CPO. Its share has remained fairly constant since 2010 as domestic processing has expanded.

CPO is traded in the international commodity markets, and pricing is generally determined by the supply and demand for these products. As such, we do not compete directly with other CPO and PK producers, except on the basis of delivery time and the location of our plantations and mills.

Outlook

As a tree crop, with long gestation periods between plantings and output, the oil palm has a gap of several years between price signals to prospective planters and the output from the plantings. The relationship between prices and plantings provides a reliable method of forecasting output for several years to come. There is a close link between CPO prices in Southeast Asia and oil palm seed sales in Indonesia. Higher CPO prices, the trend seen over the past decade, encourage a higher level of plantings, which is reflected in higher germinated seed sales.

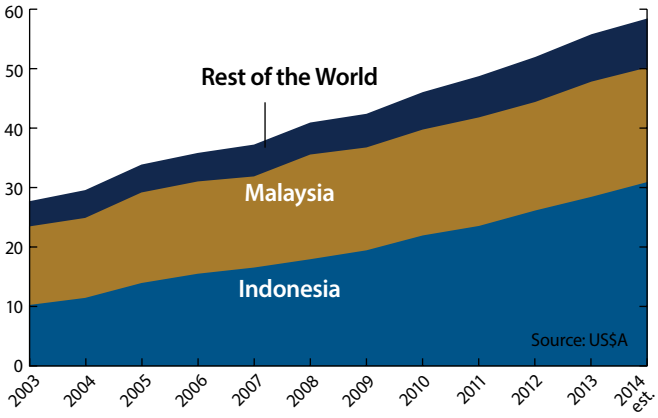
Higher CPO prices globally are being driven, and should continue to be driven, by growth in global demand for palm oil along with other vegetable oils. Global vegetable oil production is expected to increase by over 30% by 2020. The OECD in a 2011-2020 outlook paper saw palm oil output in Indonesia and Malaysia collectively expanding by almost 45%, raising their share in global output to 36%.

The production costs for oil palm are low in comparison to other crops of a similar nature, and as it is free of trans fats, palm oil is well positioned to benefit from the growth in consumption of vegetable oils worldwide.

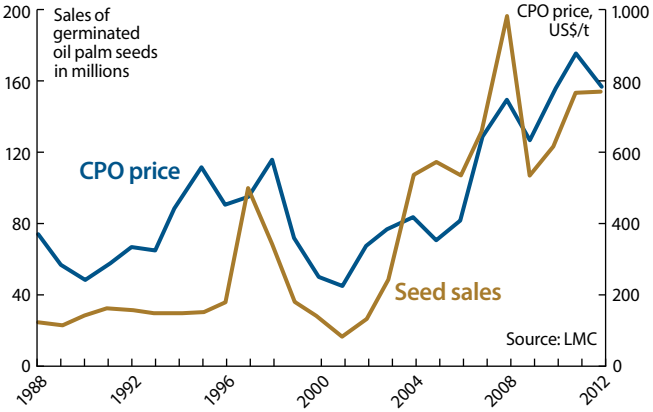
We thus see the business prospects for palm oil as very encouraging, with demand expected to continue growth in the long term. Developing countries including Indonesia are thus set to continue to dominate the continuing rise in vegetable oil consumption, with increasing demand for biodiesel projected to contribute significantly to global growth in consumption, along with export growth opportunities from producing nations. Demand is growing for greener sources of fuel, and globally governments are imposing regulations mandating increased use of biofuels as a component in the transport fuel mix.

The demand for sustainable palm oil, specifically, will increase as nations demand greener sources for food and fuel. While

World Palm Oil Production, 2003-2014



Indonesian Seed Sales vs CPO Price, 1988-2012



there are at present only modest incentives for producers to commit to producing certifiably sustainable palm oil products, generally we expect tariffs and taxes to increase on non-sustainable certified commodities and market prices to adjust to favor sustainable products so that they become cheaper for consumers. This will advantage producers such as ANJ, which is committed to producing sustainable palm oil products.

Sago Starch

Sago starch forms only a small part of the world native starch production, which is dominated by corn starch mostly produced in the US and China, cassava starch mostly produced in Asia, and potato and wheat starches mostly produced in Europe.

The total global commercial production of native starch rose from about 16.7 million tonnes in 2002 to 27 million tonnes in 2011, of which sago has accounted for a stable 30,000-40,000 tonnes in each of those years. Sago starch is currently produced in significant commercial volumes only in Malaysia.

China has historically been the largest producer and consumer of native starch, and Indonesia is also a significant consumer. World consumption of native starch is forecast to grow by 3.6 million tonnes from 27.0 million tonnes in 2011 to 30.6 million by 2015, with over half this growth expected to occur in China. Indonesian demand is forecast to expand at a compound annual growth rate of 4% from 2.4 million tonnes in 2011 to 2.8 million tonnes in 2015. It is expected that corn will continue to provide the main raw material for future native starch demand, with the balance of growth expected to be satisfied primarily by Asian native cassava starch.

The Starch Market

Markets (in food, textiles and paper-making, for example) of native starches are well established and starch processing margins are kept relatively low by competition among suppliers.

Traded volumes of native starch rose at a CAGR of 5.5% per year from 2002 to 2011, with imports and exports each totalling just under 4 million tonnes in 2011. Thailand and the EU are the principal exporters of native starch, and exports are shifting increasingly in recent years in favor of cassava starch. In 2011, China was the largest importer of native starch, followed by Indonesia, where native starch imports exceeded 0.5 million tonnes in 2010 and 2011, almost 15% of the aggregate global imports.

Outlook

With increasing global demand for starch leading to increased production and demand in Asia particularly on the rise, we believe that there is a significant opportunity to build a food business based on commercial production of starch in Indonesia. Although competition among starch producers is historically fierce, our belief is strengthened by the fact that demand in Indonesia is not matched by domestic supply, making it a significant net importer of native starch.

We believe that the market conditions are right for us to build a sustainable starch business for both domestic consumption and for export from West Papua's natural wild sago palm forests.

Biogas

Support for renewable energy is fast rising around the world, and more and more countries, including Indonesia and other Asian nations, are creating the necessary framework and regulatory conditions for a fast growth of the biogas industry and other developing renewable energy technologies.

Global trends focused on actions to control or mitigate climate change are driving increased adoption of renewable energy sources in general, along with volatility in the price and supply of fossil fuels such as oil, coal and natural gas, as well as lower tolerance for the environmental hazards of fossil fuels.

This scenario is set to foster a boom in biogas, the most sustainable of biofuels, with industry estimates suggesting increases of installed electricity generation capacity of 60% over the coming five years.

In Indonesia particularly, which faces a long-term power crisis with demand for electricity rising dramatically as a result of tens of millions more people joining the middle class in coming decades, we expect to see a strong encouragement and increasingly favorable regulatory regime for biogas power producers that help feed electricity into the national grid.

Business Strategies and Future Plans

Until 2012, ANJ's core businesses included agribusiness, financial services and healthcare. In 2012, we shifted focus to our agribusiness interests as well as emerging food and renewable energy businesses and began a new chapter of growth to strengthen these businesses. Having started by focusing on building sound business foundations, relationships and an advanced corporate social responsibility program, our strategic plan now stresses leveraging our business strengths to maintain growth and increase efficiencies. We plan to implement the following business strategies and future plans:

1) Significantly Increase Levels of New Oil Palm Plantings
We intend to expand our oil palm plantations by developing existing plantable land that is not yet planted. As at Dec. 31, 2013, we had a total plantable area of 96,528 hectares, of which 52,385 hectares was as yet unplanted.

During 2013, we completed our planting plan at our West Kalimantan Plantation, giving us a planted area of 12,032 hectares at this plantation, and commenced the first planting at our landbank property in South Sumatra, with 157 hectares planted of a total plantable area of 12,042 hectares. Planting continues here in 2014, and we intend to begin planting at our landbank properties in West Papua, acquired in January 2013, where there is a plantable area of 40,500 hectares.

Under our current planting strategy, we aim to plant about 6,500 hectares during 2014 through concurrent planting at our South Sumatra and West Papua estates.

We are advanced in pre-planting activities at both locations in order to ensure that land is available for planting in accordance with our planting strategies. Such activities include securing sufficient seedlings and developing nurseries, clearing plantable land, engaging with local communities and land compensation.

We will continue to implement our growth strategy designed to maximize yields from planted areas. As part of this strategy, we have begun planting an increased number of next-generation hybrid clone palms. These allow for more dense planting and are easier to harvest and maintain due to their shorter height.

Our growth strategy also involves planting oil palms in a manner to better allow us to mechanize our harvesting. We implemented this new planting strategy at our West Kalimantan Plantation and expect that implementing it at our Papua and South Sumatra landbank properties will lead to increased yields and assist in lowering maintenance and harvesting costs.

2) Improve Our Operational Efficiencies to Maximize Yields
We believe that continuous improvement in our operational efficiencies has been, and will continue to be, instrumental to our success and long-term sustainability.

As part of this initiative, we built the first fully-automated palm oil processing mill in Indonesia at our North Sumatra II Plantation, which requires fewer workers per shift to operate. We are also planning the installation of automated boilers at our North Sumatra I Plantation and Belitung Island Plantation processing mills when the time comes to replace their boilers.

We intend to continue our disciplined implementation of best management practices, including the scheduling of fertilizer application and harvesting of ripe FFB, the harvesting of palms in predefined blocks, the use of empty fruit bunches in immature areas and in poor soil conditions to improve soil fertility and soil structure and the use of slow-release fertilizers. We plan to maintain efficient irrigation systems, reduce soil erosion and minimize surface water run-off, as well as look at developing and using alternative fertilizers, such as breaking down empty fruit bunches as compost, in order to reduce our fertilizer requirements. We intend to continually upgrade our operating processes to optimize efficiency, including progressively mechanizing the process of loading, unloading and transporting FFB at all of our plantations.

We will continue to directly employ a high percentage of our harvesters, rather than using contract workers. We believe that this will enable us to increase supervision over, and training of, our harvesters, helping us to enforce our quality control procedures and maintain labor cost efficiency. We will continue to focus on training employees who we believe show potential for development and incentivize our plantation workers to achieve greater operational efficiencies by compensating them with performance bonuses. We will continue to refine our estate ranking system that tracks estate performance across a number of metrics, including productivity, cost control, and environmental responsibility and safety.

In addition, we intend to introduce certain quality improvement projects, as well as strive to continue developing new innovations at our processing mills, such as our patented FFB cage pusher and condensate recovery tower, which we believe have reduced our labor costs.

3) Explore Potential Acquisition Opportunities
We have a strong track record of acquiring plantations and landbank in a disciplined, sustainable manner and implementing our proven best management practices at such acquired properties, including our North Sumatra plantations and our Belitung Island Plantation. We believe this experience will enable us to replicate such successes in any future acquisitions.

A busy year: 2013 saw many developments in our Papua palm oil project: Main: "The Hexagon," an operations base for land clearance. Above: the first seed planting; aerial mapping with a state-of-the-art drone quadcopter; ANJ Commissioner George Tahija on the inaugural trip for a new river taxi to transport employees.

We continually seek opportunities for further landbank and plantation acquisitions across Indonesia. We rigorously assess all such opportunities against our acquisition criteria, including:

- Optimal condition of assets including soil, terrain, rainfall and at least one accessible river to supply our water requirements;
- Optimal size and location of the available land, which should ideally be in a continuous block of at least 8,000 hectares with existing infrastructure such as inland roads and port access;
- The achievement of IUP land rights prior to the acquisition and the absence of any overlapping land rights or concessions;
- Available local labor and receptive local communities; and
- Potential for rehabilitation and for future expansion through acquisition of adjacent land and/or plantations.

We believe we are well positioned to complete further oil palm landbank and plantation acquisitions as we have a strong balance sheet and liquidity position, both of which were further improved by the proceeds of our IPO in 2013. We thus believe that we have various options to fund any acquisitions that meet our strict acquisition criteria, including through an adjustment of our dividend policy or by prudently increasing our leverage (to a level of no more than 0.5 times net debt to shareholders' equity).

We have a strong track record of acquiring plantations and landbank in a disciplined, sustainable manner and implementing our proven best management practices at such acquired properties, including our North Sumatra plantations and our Belitung Island Plantation. We believe this experience will enable us to replicate such successes in any future acquisitions.

4) Expand into Complementary Business Lines

We are currently developing our sago and renewable energy businesses, both of which are complementary to our palm oil business and allow us to leverage the expertise we have gained in the management of our palm oil business. In 2013 we have been constructing a sago starch mill in West Papua to process sago logs and starch from the 40,000 hectares of land for which we have harvesting licenses. We have also constructed canals and other infrastructure to allow the transport of sago logs and employees, as well as facilities for transporting our sago starch to end customers.

A panorama of our West Kalimantan Plantation, which will see its first harvesting in 2014.

We believe that there is a significant demand for sago starch relative to world supply. We intend to market our future sago production to customers in Indonesia, Japan, China and wherever there is a significant market for starch. We have established a subsidiary, PT Austindo Nusantara Jaya Boga (ANJB), to develop and market sago starch products, and we are in discussions with potential customers for our starch and with researchers on a collaborative arrangement to develop downstream sago starch products, which we expect to lead to a successful food business.

We have also begun commercial operation of our first biogas facility, run by our subsidiary AANE at our Belitung Island Plantation. In addition to allowing us to monetize an otherwise unused byproduct of our palm oil mills by generating electricity and selling it to PLN, the biogas facility also reduces the environmental impact of our operations.

We expect that further expansion into food and renewable energy businesses will strengthen our overall performance by opening access to new, less cyclical earnings. We believe these represent potentially high-growth businesses and will assist with our long-term sustainable growth.

AANE is focused on power generation from renewable sources. The primary focus is biomass available from the other plantations operated by ANJ group. We are now exploring the development of a second biogas facility at our North Sumatra I Plantation and plan over time to develop similar biogas power plants at all of our producing plantations to maximize use of their byproducts and generate additional value across the group's business units.

Future growth would thus be supported by the expanding plantation assets in the group. Beyond that we see possibilities to potentially partner with third-party plantations to implement similar projects.

To increase supply of biomass electricity, tariffs for such electricity provided to PLN might be increased in the future. In this event we would expect significant improvements which would accordingly support our future revenues.

5) Expand Our Corporate Social Responsibility Initiatives to Deepen Relationships with Stakeholders

We have a rich history of corporate social responsibility and have continuously striven to develop community support platforms, conservation plans and sustainability initiatives. We plan to continue to implement additional support initiatives for employees and the community at our existing plantations and enter into similar initiatives at our future plantations. We also intend to continue our productive dialogues with non-governmental organizations to ensure that our operations are in line with international best practices relating to the responsible production of palm oil.

We plan to implement Plasma programs at our West Kalimantan Plantation and at the plantations to be developed on our West Papua and South Sumatra landbank properties. In addition, though we have no legal obligation to do so, we are currently developing voluntary community involvement programs at our North Sumatra plantations and our Belitung Island Plantation that are similar to Plasma programs.

Under these programs, we will assist the local communities in the formation of a co-operative, which will hold land in or near our existing plantations. We will then train them to plant and maintain the plantations and purchase the resulting FFB from the co-operative for processing in our mills.

We believe that this expanded community involvement will foster even greater relations with the surrounding communities and allow them to further raise their standard of living, while also aligning their interests with ours.

Our corporate governance process stresses transparency, which is why we have published annual reports for our business for more than two decades while still a private company and not required to do so. Here are the covers of each report since the first in 1994.

Corporate Governance

Structures and Policies

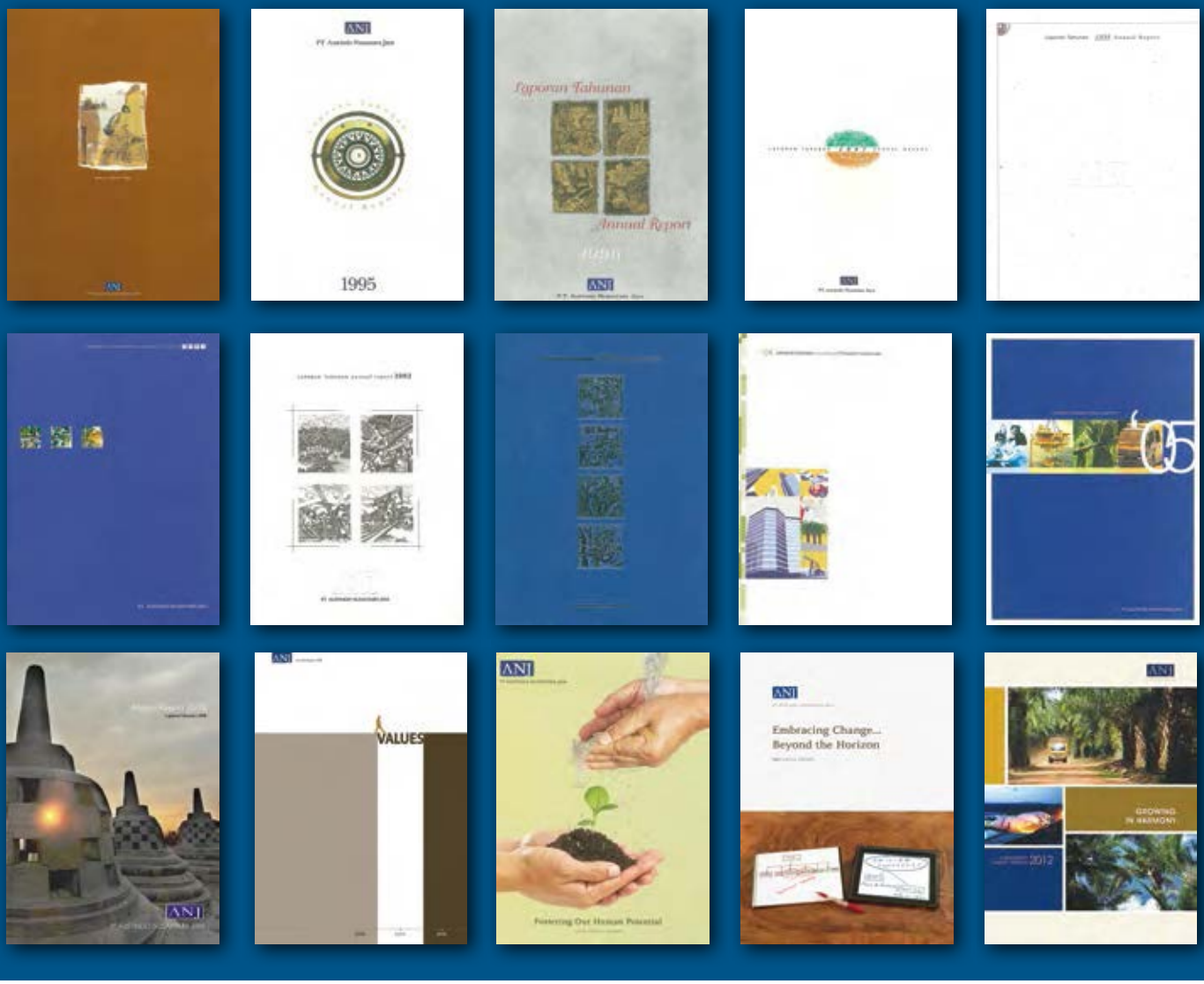
Our senior management team's members have an average of more than 25 years experience in the industry and bring with them extensive knowledge of the plantation industry and valuable and long-standing relationships with customers, suppliers and other market participants.

We believe in the importance of sound corporate governance through detailed management reporting systems and high ethical standards in operating our business. This is in line with our core values of integrity, respect for people and the environment, and continuous improvement — values that we strive to instill in our employees and which we consider essential to our success.

The emphasis of our corporate governance process is on transparency, both within our group as well as in our interactions with our customers and suppliers. This is reflected in our policy to publish annual reports for our business since 1994, while still a private company.

Our management team consists of experienced executives with proven abilities in managing the commercial, operational and financial aspects of our business. Members of our senior management team have an average of more than 25 years experience in the industry and bring with them extensive knowledge of the plantation industry and valuable and long-standing relationships with customers, suppliers and other market participants.

Our management team has demonstrated a successful track record in managing our existing operations and identifying and executing acquisition opportunities. We believe that the quality



and expertise of our management team will be a key factor in achieving our goal of operating and maintaining our plantations in accordance with best management practices for plantation management.

To bring ourselves up to an international standard of governance, our management has actively been involved in a number of national and international forums and associations, including the Asian Corporate Governance Association (ACGA), Asian Business Leadership Forum (ABLF), Association for Business Communication (ABC), Young Presidents Organization (YPO) and Asosiasi Pengusaha Indonesia (APINDO).

The following section describes the bodies, committees, structures and policies that combine to form our mechanisms of corporate governance.

General Meeting of Shareholders

A general meeting of shareholders is an organ of the Company in which its shareholders make the decisions relating to the Company, subject to the provisions of the Articles of Association and the applicable laws and regulations. To protect the interests of the shareholders, the Company is committed to ensure that general meetings of shareholders are convened on time as determined in the Articles of Association of the Company and regulations of the Financial Services Authority (OJK).

A general meeting of shareholders of the Company takes the form of an Annual General Meeting (AGM) or an Extraordinary General Meeting (EGM). The AGM should be convened once a year at the latest six months after the end of the financial year of the Company. An EGM may be convened any time as deemed necessary for the interests of the Company.

During the year 2013, the Company convened one EGM on January 17 and one AGM on February 18.

EGM Resolutions

The resolutions of the EGM were as follows:

1. To approve the plan of the Company to carry out an initial public offering (IPO) and to list shares of the Company at the Indonesian Stock Exchange (IDX) as well as to change the status of the Company to become a public company.

2. To approve a change of the Company's name to PT Austindo Nusantara Jaya Tbk.

3. To approve the issuance of portfolio shares of the Company and to offer/sell the new shares to be issued from the portfolio by means of IPO to the public, with a maximum 1,000,000,000 new shares with the nominal Rp 100 value of each share, subject to prevailing laws and regulations including capital market regulations and IDX regulations at the place where the shares of the Company are listed;

4. To approve an employee stock allocation program (ESA program) for employees of the Company up to a maximum 1% of the new shares to be issued from portfolio shares to the public by means of the IPO and to sell the allocated shares with

a 20% discount to the IPO price, but not less than the nominal value per share.
5. To approve the issuance of new shares from portfolio shares of the Company up to a maximum 1.5% of the total number of issued and paid-up capital after IPO for a management stock option plan (MSO plan).
6. To approve the listing of all shares of the Company after the IPO for the shares offered and sold to the public by means of the capital market, including for the ESA program and MSO plan, as well as for all shares owned by the Company's shareholders (other than public shareholders) at the Indonesian Stock Exchange, as well as to approve the register of the shares of the Company in the Collective Depository in accordance with the Indonesian Securities Central Depository's regulations.
7. To approve a change in composition of the membership of the Board of Directors and the Board of Commissioners, by dismissing with honor all of the previous members of the Board of Directors and the Board of Commissioners by giving release and discharge (*acquit et de charge*) from their terms of office, and to appoint new members of the Board of Directors and the Board of Commissioners of the Company. Therefore, the new composition of the members of the Board of Commissioners and the Board of Directors of the Company became:

Board of Commissioners
Adrianto Machribie ..... *President Commissioner (Independent)*
George Santosa Tahija ..... *Commissioner*
Sjakon George Tahija ..... *Commissioner*
Anastasius Wahyuhadi ..... *Commissioner*
Istama Tatang Siddharta ..... *Commissioner*
Josep Kristiadi ..... *Independent Commissioner*
Arifin Mohamed Siregar ..... *Independent Commissioner*

Board of Directors
Suwito Anggoro ..... *President Director*
Istini Tatiek Siddharta ..... *Deputy President Director*
Sucipto Maridjan ..... *Director*
Achmad Hadi Fauzan ..... *Non-Affiliated Director*

8. To grant power to the Board of Directors to take all and each action as required for an IPO by means of the capital market, including the ESA program and MSO plan.
9. To grant power to the Board of Directors and/or Board of Commissioners and/or Corporate Secretary to restate in separate deed before a notary for the amount of issued and paid-up capital, including the ESA program and MSO plan, as well as to confirm the composition of the shareholders of the Company after IPO and MSO plan.
10. To amend the entire Articles of Association of the Company for the IPO in accordance with prevailing capital market regulations.

AGM Resolutions
The resolutions of the AGM were as follows:
1. a) To approve and ratify the Company's consolidated financial statements for the financial year ending Dec. 31, 2012, Dec. 31, 2011, Dec. 31, 2010, and Jan. 1, 2010, or Dec. 31, 2009, which were audited by independent public accountant Osman Bing Satrio & Eny.
b) To give release and discharge (*acquit et de charge*) to the Board of Directors and the Board of Commissioners of the Company for all of their management actions and supervisory duties in the financial year ending Dec. 31, 2012, as long as such actions were reflected in the annual report and/or financial statements of the Company.
2. To reconfirm the terms of office of the Board of Commissioners and the Board of Directors.
3. To authorize the Board of Commissioners to elect and appoint an independent public accountant to audit the Company's books for the financial year 2013-2014 and to determine its honorarium with consideration of the Board of Directors' opinions.
4. To approve the policy relating to the performance of the Company for the year 2012 as follows:
a) That the Company set aside the reserve fund from operational income for the financial year ending Dec. 31, 2012, in the amount of Rp 53,752,187,400 or equivalent US$5,550,618 based on the Bank of Indonesia's middle rate on Feb. 15, 2012, of Rp 9,684 per US$1, so that the total of reserve fund amounted to Rp 60,000,000,000 or equivalent US$6,226,184.
b) That the Company distribute the dividend for the operating income and rest of net income/retained earnings for the financial year ending Dec. 31, 2012, in the amount of US$199,000,000, comprising:
i) An interim dividend in the amount of US$34,000,000, distributed on Aug. 2012.
ii) An interim dividend in the amount of US$135,000,000, distributed on Sep. 9, 2012.
iii) An interim dividend in the amount of US$30,000,000, distributed on Dec. 21, 2012.

The Board of Directors and the Board of Commissioners have completed all of the resolutions as stipulated by the shareholders at the AGM and EGM.

The Board of Commissioners

The Board of Commissioners has the task of supervising the management of the Company. The principal function of the Board of Commissioners is to give recommendations to and supervise the policies of the Board of Directors. The Board of Commissioners is also responsible for monitoring the policies performed by the Board of Directors and to give advice and input to the Board of Directors in the execution of its management duties in accordance with the provisions of the Articles of Association of the Company and the applicable laws and regulations.

Members of the Board of Commissioners are appointed by the shareholders at a general meeting of shareholders. Under the Articles of Association of the Company, the Board of Commissioners is required to comprise at least two members, and one of them is to be appointed as the President Commissioner. The term of office for the Board of Commissioners is up to the third AGM following their appointment, subject to the ability of shareholders at a general meeting to dismiss a commissioner during his or her term of

office or to re-appoint a commissioner whose term of office has expired. As at Dec. 31, 2013, the composition of the Board of Commissioners was as follows:

Adrianto Machribie ..... *President Commissioner (Independent)*
George Santosa Tahija ..... *Commissioner*
Sjakon George Tahija ..... *Commissioner*
Anastasius Wahyuhadi ..... *Commissioner*
Istama Tatang Siddharta ..... *Commissioner*
Josep Kristiadi ..... *Independent Commissioner*
Arifin Mohamed Siregar ..... *Independent Commissioner*

Commissioner Profiles
For a full profile of each commissioner, please see page 20.

Independence
The members of the Board of Commissioners have fulfilled the requirements as stipulated by laws and regulations, especially the capital market regulations. At present, the composition of the Board of Commissioners is set at seven members, of whom three commissioners are independent commissioners. This composition is in compliance with capital market regulations which require that more than 30% of the total membership of the Board of Commissioners comprises independent commissioners. Independence of the Board of Commissioners is to ensure the efficacy of the check and balance mechanism.

Meetings
Meetings of the Board of Commissioners may be held at any time if deemed necessary by one or more members of the board, or upon a written request from the Board of Directors, or upon written request of one or more of the shareholders jointly representing one-tenth of the total number of shares with valid voting rights.

Invitations to meetings of the Board of Commissioners are served by the President Commissioner, or if absent by a member of the board appointed by the President Commissioner. The invitation must be sent at the latest three days prior to the date of the meeting, excluding the date of the invitation and the date of the meeting. Meetings are held at the Company's place of domicile or place of business. Meetings are to be chaired by the President Commissioner, or if unable to be present by one of the board members present. A meeting of the board is valid and binding if more than one half of its members are present or represented in the meeting.

Resolutions of board meetings must be adopted based on deliberations to reach a consensus. If a consensus cannot be reached, the resolutions may be adopted based on the affirmative votes of more than one half of the total number of votes validly exercised in the meeting. Each member of the board has equal voting rights in expressing his or her opinions in the meeting. Each member is entitled to cast one vote and up to one additional vote for another member he or she is representing.

During the year ended Dec. 31, 2013, the Board of Commissioners of the Company convened five meetings. All meetings of the board were held jointly with the Board of Directors. The table below lists attendance of board members:

Member	Meetings	Attendance
Adrianto Machribie	5	100%
George Santosa Tahija	5	100%
Sjakon George Tahija	5	100%
Arifin Mohamed Siregar	5	100%
Anastasius Wahyuhadi	5	100%
Istama Tatang Siddharta	5	100%
Josep Kristiadi	5	100%

Remuneration
The Board of Commissioners is given an honorarium and/or an allowance, the amount of which is determined by shareholders at a general meeting of shareholders.

During the year ended Dec. 31, 2013, the members of the Board of Commissioners and the Board of Directors of the Company were paid cumulative remuneration of US$2.2 million.

Training
The Company is committed to providing opportunities and support as required by members of the Board of Commissioners to develop their competence and improve their skills in performing their duties. Training programs attended by members of the Board of Commissioners in 2013 included:
• Media and public speaking training, March 26, Communica1 communications consultancy, Jakarta.
• Workshop on capital market reporting and disclosures, October 7, Mochtar Karuwin Komar Law Firm, Jakarta.
• The 11th International Sago Symposium, November 6-8 , Manokwari, West Papua.

Audit Committee

The Audit Committee's responsibilities are to assist the Board of Commissioners in improving the quality of financial statements, ensuring the effectiveness of the Company's internal control system (see page 63) to minimize operational risks and fraud risk in managing the Company, oversee the qualifications and independence of internal and external auditors and identify matters for the attention of the Board of Commissioners, including the Company's compliance with prevailing laws and regulations and adherence to ANJ's group values.

Structure and Membership
Based on the Audit Committee Charter, the committee was formed by Decree of the Board of Commissioners No. 001/ANJ/2013 dated Feb. 6, 2013, and is therefore accountable to and reports directly to the Board of Commissioners. The Audit Committee is independent of the Company's management.

The Audit Committee comprises a chairman, who is also one of the independent commissioners of the Company, and two members appointed by the Board of Commissioners on Feb. 6, 2013, who will serve until the third AGM. All of the Audit Committee members satisfy the membership criteria stated in

Bapepam-LK Regulation No. IX.I.5. The committee's chairman and members as at Dec. 31, 2013, were as follows:

Arifin Mohamed Siregar (Chairman)
For a full profile of Mr Siregar, please see page 21.

Muljawati Chitro
Ms Chitro is an Indonesian citizen, 47 years of age, born in Jakarta on Feb. 27, 1967.

Experience: Ms Chitro has served as a member of the Audit Committee of ANJ since 2013. She has also been a partner in Public Accountant Muljawati, Rini & Partner since 2000, a member of the Audit Committee at PT Asuransi Wana Artha since 2011 and a member of the Audit Committee of PT Samudera Indonesia Tbk. since 2009.

She previously served as Person in Charge in the Education Section, Institute of Public Accountants Indonesia from 2005 to 2012, as a member of the Audit Committee at PT Asuransi Bintang Tbk. from 2005 to 2010, member of the Audit Committee of PT Century Textile Industry Tbk. from 2002 to 2008, member of the Audit Committee of PT Metrodata Tbk. from 2002 to 2003 and Associate Partner in Public Accountants Siddharta, Siddharta & Wijaya from 1988 to 2000.

Education: Ms Chitro holds a Degree in Economics from Atma Jaya University in 1990 and a Master's Degree in Finance from PPM School of Management in 2002.

Danrivanto Budhijanto
Mr Budhijanto is an Indonesian citizen, 42 years of age, born in Cimahi on Nov. 14, 1971.

Experience: Mr Budhijanto has served as an Audit Committee member of ANJ since 2013. He has also been a Listed Arbitrator at the Intellectual Property Rights Arbitration and Mediation Agency (BAM HKI) since 2011, a Listed Arbitrator at the Indonesian National Board of Arbitration (BANI) since 2010, a lecturer in the Graduate Program, Padjajaran University, Bandung since 2003 and a lecturer in the Law Faculty at Padjajaran University in Bandung since 1998.

Previously, he was a member of the Telecommunications Regulatory Committee in the Indonesian Telecommunication Regulatory Authority (BRTI) at the Ministry of Communication and Informatics from 2009 to 2012, a member of the Audit Committee at PT Kimia Farma Tbk. from 2005 to 2012, a lecturer in the Master's Program in the Management, Business and Management School, Bandung Institute of Technology from 2007 to 2008, a lecturer in the Master's Program of Telecommunication Management, Telkom Institute of Management, Bandung from 2005 to 2008 and an Associate Lawyer at Makes & Partners law firm from 1995 to 1997.

Education: He received a Degree in Law from Padjajaran University, Bandung in 1995; a Master's degree in Information Technology Law from John Marshall Law School, Chicago, US, in 2003; and a Doctorate in Science of Law from Padjajaran University, Bandung, in 2009.

2013 Activity Report
In line with its responsibilities, the Audit Committee performed oversight duties in 2013 by reviewing the implementation of risk management by the Company's Board of Directors, reviewing quarterly financial reports issued to the public and the authorities, reviewing the independence and performance of external auditors, reviewing the Company's compliance with applicable laws and regulations, and reviewing the implementation of internal audit functions and management follow-ups.


Audit Committee members Arifin Mohamed Siregar, Muljawati Chitro and Danrivanto Budhijanto.

During 2013, the Audit Committee, in collaboration with the Risk Management and Compliance Department, held four meetings, comprising three meetings with the Company's Board of Directors and one meeting with the external auditors. Attendance was as follows:

Audit Committee (4 meetings in 2013)	Meetings attended
Arifin Mohamed Siregar (Chairman)	4
Muljawati Chitro	4
Danrivanto Budhijanto	3

Other Committees

In addition to other governance organs, the Company has a Risk Management Committee, a Compensation and Benefit Committee and a Corporate Social Responsibility Committee.

For all three committees, the term of office for the members is up to the third AGM following their appointment. Under ANJ policy, all three committees are also independent in their operations. All three committees were established based on Board of Commissioners' Resolution No. 08/BOC/ANJ/Gen/2013 dated May 10, 2013. For profiles and resumes of the members, please see pages 20-23.

Risk Management Committee
The role of the Risk Management Committee is to monitor and provide guidance and advice to the Board of Directors on the overall risk management practices of the Company. For more information on risk management, please see page 66.

During 2013, the committee conducted 45 meetings, all held jointly with the Board of Directors. The committee's membership as at Dec. 31, 2013 and meeting attendance was as follows:

Risk Management Committee: (45 meetings in 2013)	Meetings attended
George Santosa Tahija (Chairman)	37
Adrianto Machribie	35
Anastasius Wahyuhadi	39
Josep Kristiadi	38

Compensation and Benefit Committee
The role of the Compensation and Benefit Committee is to approve new senior management recruits to the Company, to review and approve promotions and to determine the remuneration structure (including amounts) for senior management of the Company and its subsidiaries.

As at Dec. 31, 2013, the committee comprised Sjakon George Tahija as Chairman and George Santosa Tahija and Istama Tatang Siddharta as members. During 2013 the committee issued 11 resolutions in relation to its duty.

Corporate Social Responsibility Committee
The Corporate Social Responsibility Committee's role is to monitor and provide guidance and advice to the Board of Directors on the development and execution of the Company's corporate social responsibility plans and activities. For more information on corporate social responsibility, see page 70.

As at Dec. 31, 2013, the committee comprised Anastasius Wahyuhadi as Chairman and Adrianto Machribie, Josep Kristiadi and Sjakon George Tahija as members. During 2013 this committee had various combined meetings with the Risk Management Committee.

We believe in the importance of sound corporate governance through detailed management reporting systems and high ethical standards in operating our business. This is in line with our core values of integrity, respect for people and the environment, and continuous improvement.

The Board of Directors

The Board of Directors manages the day-to-day operations of the Company and steers it towards the stated goals, objectives and business activities. The board is responsible for the management of the business of the Company and for the appointment of principal senior management of the Company. Each member of the board has responsibilities in accordance with his/her competency and experience. The board performs its duties in good faith, following prevailing rules and regulations and always placing the best interests of the Company first. The board accounts for its duties performed to the shareholders through a general meeting of shareholders.

The members Board of Directors are appointed by the shareholders at a general meeting of shareholders. Under the Articles of Association of the Company, the board is required to comprise at least two members and one of them is to be appointed as the President Director. The term of office for the Board of Directors is up to the third AGM after their appointment, subject to the ability of shareholders at a general meeting to dismiss a director during his or her term of office or to re-appoint a director whose term of office has expired. As at Dec. 31, 2013, the composition of the Board of Directors was as follows:

Suwito Anggoro.....*President Director*
Istini Tatiek Siddharta .....*Deputy President Director*
Sucipto Maridjan..... *External Affairs Director*
Achmad Hadi Fauzan.....*Non-Affiliated Director/ Risk Management and Compliance Director*

Director Profiles
For a full profile of each director, please see page 22.

Duties and Responsibilities
The duties and responsibilities of each member of the Board of Directors are as follows:

President Director: Co-ordination, supervision and leadership of the Company's management, and for ensuring that all the Company's business activities are executed in accordance with the vision, mission and values of the Company, as well as responsibility for leading the Human Resources department.

Deputy President Director: Assisting the President Director in performing his duties and responsibilities; leading the Finance, Legal and Information Technology departments; ensuring that the Company complies with all reporting, accounting and audit requirements imposed by capital market regulations and to prepare and present an annual budget, other budgets and financial plans of the Company.

External Affairs Director: Planning, co-ordinating, directing, controlling, implementing and evaluating operational tasks with respect to General Affairs, Corporate Social Responsibility and Government Liaison departments.

Non-Affiliated Director/Risk Management and Compliance Director: Monitoring and reviewing the Company's risk management and internal control system, corporate governance for the interests of the minority shareholders and other stakeholders, sustainability and compliance to regulations.

The scene at the public expose to introduce the Company's IPO at the Ritz-Carlton Pacific Place in Jakarta on April 15, 2013.

For an explanation and analysis of the Company's internal control system and risk management, please see page 63.

While the Board of Directors is authorized to carry out corporate actions for and on behalf of the Company, a number of corporate actions must have the approval of the Board of Commissioners of the Company, including:

- Acquisition of a new business;
- Approval of the acquisition of a new business by a subsidiary;
- Acquisition or sale of assets or properties representing more than 5% of the total assets of the Company;
- Approval of the acquisition of new assets or properties by a subsidiary;
- Approval of the transfer or encumbrance of more than 50% of the total net assets or properties of a subsidiary;
- Changes in the Company's business plan or budget;
- Approval of any change in the annual business plan and/or budget of a subsidiary;
- Approval of the appointment and dismissal of any member of a subsidiary's Board of Directors or Commissioners or its auditor;
- Incurrence of operating expenditures or indebtedness from a bank;
- The entering into of any material contract other than in the ordinary course of business;
- The entering into of an agreement with a Director, Commissioner or shareholder of the Company (or their affiliates) other than on bona fide arms-length terms;
- Approval of any amendment to a subsidiary's articles of association or other constitutional documents, or a merger, acquisition, consolidation and spin-off of a subsidiary, or a bankruptcy, liquidation, winding up or dissolution of a subsidiary.

One particular strength of ANJ's governance is that the Directors of the Company act as either Commissioners or Directors of its core operating subsidiaries (except for the non-affiliated Director, as this is prohibited by prevailing laws and regulations). This means that the Company's Directors are fully informed about significant actions of its subsidiaries as they are usually required to have approved any such actions in their capacity as a Commissioner or Director of the subsidiary.

Meetings

Meetings of the Board of Directors may be held at any time if deemed necessary by one or more board members, or upon a written request from the Board of Commissioners, or upon written request of one or more of the shareholders jointly representing one-tenth of the total number of shares with valid voting rights.

Invitations to board meetings are served by any member authorized to represent the board, and must be sent at the latest three days prior to the date of the meeting, excluding the date of the invitation and the date of the meeting. Meetings are held at the Company's place of domicile or place of business. Meetings are to be chaired by the President Director, or if he is unable to be present by one of the board members present. A meeting of the board is valid and binding if more than one half of its members are present or represented in the meeting.

Resolutions of board meetings must be adopted based on deliberations to reach a consensus. If a consensus cannot be reached, the resolutions may be adopted based on the affirmative votes of more than one half of the total number of votes validly exercised in the meeting. Each member of the board has equal voting rights in expressing his or her opinions in the meeting. Each member is entitled to cast one vote and up to one additional vote for another member he or she is representing.

During the year ended Dec. 31, 2013, the Board of Directors convened 62 meetings. The Board of Directors held five meetings jointly with the Board of Commissioners, 45 meetings with the Risk Management Committee (RMC) and 12 meetings with the ANJ Executive Leadership Team (AELT). The table below sets out the attendance of board members at the various meetings:

Director	BoC (5)	RMC (45)	AELT (12)
Suwito Anggoro	5	37	12
Istini Tatiek Siddharta	5	39	12
Sucipto Maridjan	5	35	10
Achmad Hadi Fauzan	5	38	10

Remuneration

Members of the Board of Directors are given a salary and/or an allowance, the amount of which is determined by shareholders at a general meeting of shareholders, and such authority may be delegated to the Board of Commissioners and determined by our Compensation and Benefit Committee (see page 59 for details).

During the year ended Dec. 31, 2013, the members of the Board of Directors and the Board of Commissioners of the Company were paid cumulative remuneration of US$2.2 million.

In future, the Board of Directors will also receive remuneration through the MSOP program.

Performance Evaluation

The amount of remuneration that is received by the Board of Directors is based on the achievement of performance targets of the Company. Reviews of remuneration for the Board of Directors have consideration of the following aspects, among others:

1) Financial performance, in particular the level of Economic Value Added (EVA), and achievement of corporate key performance indicators (KPIs). These include area planted as well as other non-financial indicators including leadership in developing the internal structures and organization of the Company and its subsidiaries as well as achievement in guiding the Company towards its strategic objectives.

2) Individual performance, as assessed by the Compensation and Benefit Committee.

3) Fairness with other peer companies.

4) Consideration of the Company's long-term goals and objectives, including strategic development.

Training

The Company is committed to providing opportunities and support as required by members of the Board of Directors to develop their competence and to improve their skills in performing their duties as directors of the Company.

The board members take part in and attend training programs, seminars, and conferences in accordance with and relating to their respective responsibilities and skills.

Training programs attended by members of the Board of Directors of the Company in 2013 included:

- Media and public speaking training, March 26, Communica1 communications consulatancy, Jakarta.
- Workshop on capital market reporting and disclosures, October 7, Mochtar Karuwin Komar Law Firm, Jakarta.
- The 11th International Sago Symposium, November 6-8 , Manokwari, West Papua.

Corporate Secretary

The Corporate Secretary functions as a liaison bridging the Company with external parties, especially in managing the public perceptions of the Company's image and compliance with the Company's responsibilities.

Duties and Responsibilities

The Corporate Secretary is responsible for helping the Company implement good corporate and legal governance and ensuring that the Company complies with prevailing laws and regulations, especially capital market regulations.

The Corporate Secretary is also responsible for communications between the Company and the capital market authorities and the public, as well as ensuring that information disclosures and publications are made as required by the capital market regulations and other applicable laws and regulations.

The Corporate Secretary is responsible for timely and accurate communication and disclosure of information or data by the Company. In addition, the Corporate Secretary has a role in facilitating internal co-ordination within organs of the Company.

Particular duties and responsibilities of the Corporate Secretary during the financial year of 2013 were as follows:

1) Ensure full compliance to applicable laws and regulations, especially to prevailing IDX and capital market regulations.

2) Provide input and recommendations to the Company's Board of Directors in respect of the Company's compliance with and observance of applicable laws and regulations, particularly in the capital markets.

3) Liaise with and be responsible for correspondence with the OJK, IDX and other related parties.

4) Keep abreast of developments and changes in capital market regulations.

5) Give input and recommendations to the Company's Board of Directors regarding legal matters of the Company and corporate action plans.

6) Be responsible for organizing the Board of Directors meetings, the Board of Commissioners meetings and general meetings of shareholders.

7) Be responsible for organizing the annual public exposé.

The appointment period of the corporate secretary is from the appointment date until such time as a new corporate secretary is appointed by the Board of Directors.

Profile

The Company's Corporate Secretary as at Dec. 31, 2013, was Naga Waskita.

Mr Waskita graduated from the Faculty of Law of the Gadjah Mada University, Yogyakarta, in 1997. He obtained a Master's degree from the University of Groningen in the Netherlands in 2008. Before joining the Company in September 2012, he worked for 15 years for a prominent law firm in Indonesia.

He was appointed as Corporate Secretary of the Company pursuant to a Letter of Appointment No. 001/FAD/ANJ/2013 dated Jan. 3, 2013.

Internal Audit Unit

The Internal Audit Unit (IAU) is a strategic partner for shareholders and management and supports ANJ in managing resources productively and effectively to improve results for stakeholders and continue to uphold the Company's values.

The Company's management is responsible for the availability and continuous implementation of an adequate internal control system, including the fraud detection and prevention, errors and other irregularities. For an explanation of the Company's internal control system and risk management, see below.

The purpose of the IAU is to review and improve the effectiveness of the Company's financial and operational policies and the internal control system, risk management and good corporate governance. This is primarily conducted through:

a. Testing the effectiveness of policies, systems and procedures adopted by management and assessing compliance with them;

b. Safeguarding assets of the Company and preventing fraud by evaluating and assessing the adequacy and effectiveness of the internal control system, including transaction assessments, special reviews and assessment of regulation;

c. Giving recommendations and consultation to provide added value and improve the performance of the Company's activities.

The results of the IAU's evaluations are formally and regularly reported to the management and the Audit Committee.

Achmad Hadi Fauzan is the head of the IAU, and ultimately reports to the President Director. He was appointed based on Board of Commissioners Resolution No. 002/ANJ/2013 dated Feb. 6, 2013. For Mr Fauzan's profile and resume, please see page 23.

Responsibilities

The IAU's principal responsibilities include to:

a) Review the Company's internal control system to achieve organizational goals, including testing and evaluating internal control and risk management systems.

b) Formulate and implement an annual internal audit plan.

c) Provide accountability reports of implementation and achievement of the annual internal audit plan.

d) Evaluate the relevance, reliability and integrity of financial and management information.

e) Perform audit and assess the efficiency and effectiveness of finance, accounting, operations, human resources, marketing, information technology and other functions.

f) Verify the existence of assets and assess the effectiveness of asset safeguarding.

g) Assess compliance with internal instruction and relevant law.

h) Develop an internal audit report and submit it to the President Director, Audit Committee, and Board of Commissioners.

i) Give suggestions and recommendations for improving systems and procedures to prevent inefficiency and fraud at all management levels.

j) Give advice and consultation on effective and strong operational and financial systems.

k) Monitor, analyze and report on the implementation of suggested improvements.

l) Co-ordinate with appropriate management levels to execute investigative and corrective action in the event of any indications of fraud or systems failure.

m. Perform specific tasks as requested by the President Director and/or Audit Committee with regard to valuation, inspection, investigation, observation or review.
n. Establish and maintain effective communication and co-operation with the Audit Committee.
o. Prepare programs to evaluate the quality of internal audit tasks.

Structures and Activity in 2013
The IAU is part of the independent management structure, and therefore it is not allowed concurrent tasks and positions in operations at the Company and its subsidiaries.

The Head of the IAU is appointed and dismissed by the President Director with the approval of the Board of Commissioners. Each appointment, replacement or dismissal of the Head of the IAU is promptly notified to the OJK.

Auditors in the IAU have direct responsibilities to the Head of the IAU. To perform its duties, the IAU co-operates with the Audit Committee as described in the Audit Committee Charter.

Internal audit functions are organized by the Company's Risk Management and Compliance (RMC) Department, which is divided into west and east regions. The RMC Department reports ultimately to the President Director and the Audit Committee. Specific activities of the RMC Department during 2013 included conducting an examination of our plantation operations, with a special focus on nurseries, upkeep, harvesting and head office functions including procurement and warehousing management.

Internal Control System

Our internal control system is a set of processes designed to provide reasonable assurance that the Company's objectives are being achieved through identifying relevant business risks, analysing their impact and managing or mitigating them where appropriate.

With regard to financial control, our financial statements are generated from appropriate computer software, which minimizes the risk of error, financial transactions are reviewed by the Internal Audit Unit on a sample by sample basis and complete financial reports are reviewed by our Audit Committee on a quarterly basis. Finally, our overall financial internal control system and financial statements are audited by a reputable external auditor.

Financial results are reported regularly to the Board of Commissioners, Board of Directors, Audit Committee and Internal Audit Unit for control purposes.

Operational control is already embedded in our standard operating procedures (SOPs) and our code of conduct (see below), thus asset safeguarding, segregation of duties, and suitable authorization principles are already conducted in daily operation. In addition, we also carry out systematic periodic reviews of our SOPs and internal control framework to assess their effectiveness.

Compliance to law and regulation is further affirmed in our Code of Conduct. The Legal Department also periodically reviews our compliance with laws and regulations relevant to our business.

The above-mentioned system of internal control provides reasonable assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, no system of internal control can provide absolute assurance in this regard or against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

Code of Conduct and Corporate Culture

Code of Conduct
The Company developed a Corporate Code of Ethics in the Conduct of Business in 2013 as a reflection of its corporate values. This code of conduct emphasizes the importance of maintaining a good reputation with our stakeholders by upholding the principles of transparency, accountability, objectivity and equality.

The code was finalized and formally adopted by the Company's Board of Directors and Board of Commissioners on Jan. 1, 2014. It has been socialized to all General Manager level staff and gradually will be socialized to all employees during 2014, as well as being embedded as a part of the learning and development curriculum at our new ANJ Learning Center.

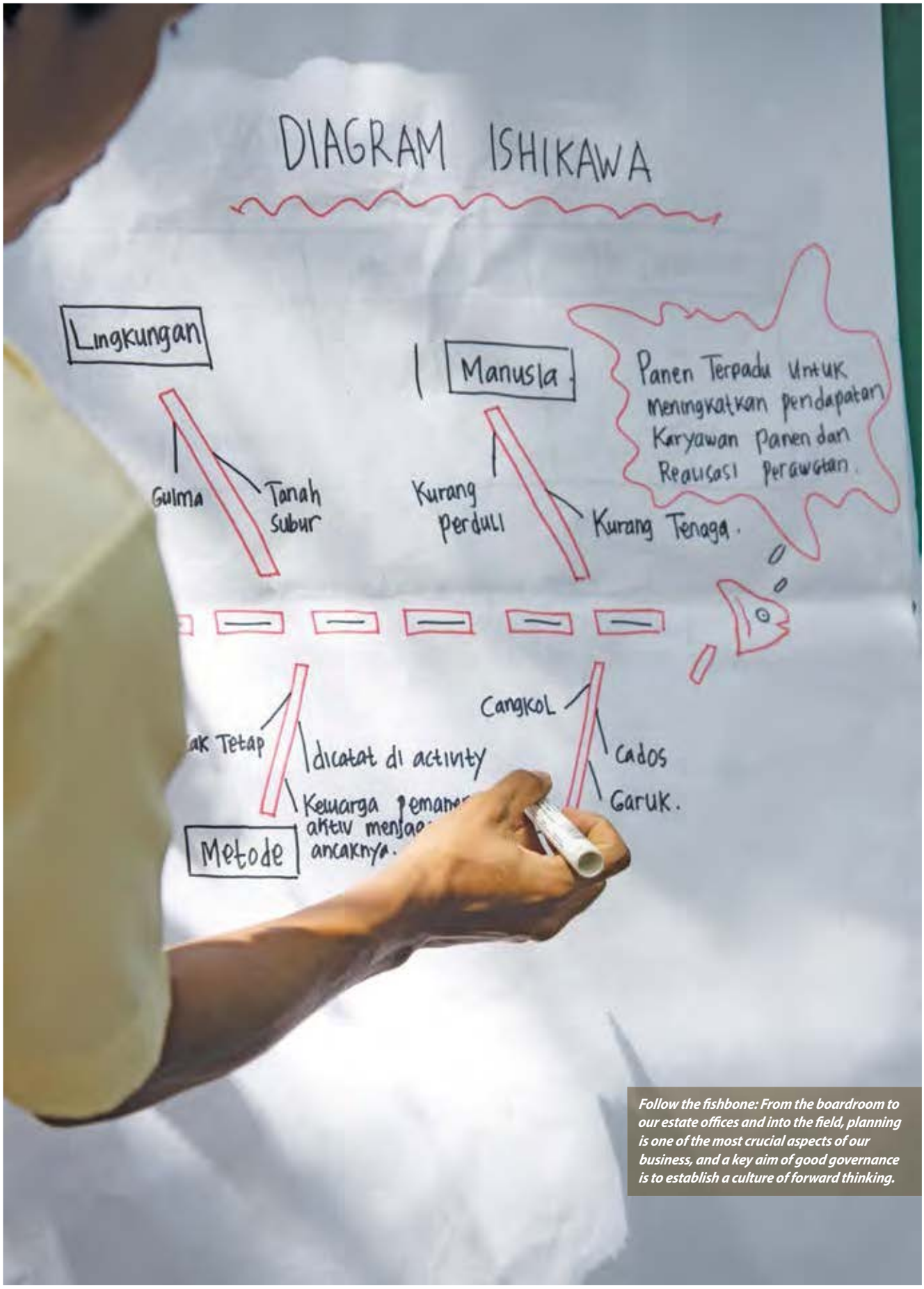
The code of conduct will be the primary source of guidance for employees in performing their duties effectively, safely and legally. All employees and all levels of management will be committed to adhere to the code to further strengthen our reputation for strong corporate governance. This commitment also applies where relevant to investors, stakeholders and business partners. The articles of the code of conduct cover:
- Compliance with relevant laws and regulations;
- Policies on workplace safety, health and the environment;
- Work relations;
- Relationships with suppliers and customers;
- Relations with the government;
- Conflicts of interest;
- Use and maintenance of company property;
- Company information and financial disclosure;
- Relationships with investors and the media;
- Insider trading.

The code will be reviewed periodically to ensure it is always relevant to and compatible with the Company's business growth.

Corporate Culture
The articles of corporate culture that are the foundation of the code of conduct relate to the Company's three core values that embody the corporate culture in our business operations and strategy. The core values are: Integrity, Respect for People and the Environment and Continuous Improvement.

Whistleblowing system

Currently we do not have a formal whistle-blowing system. However, the Company is committed to the highest ethical standards, and the ANJ Code of Conduct, as described above, serves as a set of guidelines for business practices in the Company. It underlines the importance that the Company attaches to preventing abuses such as fraud, corrupt practices or violations of business ethics or company rules. It explicitly empowers all employees to report any such activities in the best interest of the Company.



Follow the fishbone: From the boardroom to our estate offices and into the field, planning is one of the most crucial aspects of our business, and a key aim of good governance is to establish a culture of forward thinking.

We also have a "Value Champion" program which helps us translate the Company's core values and business ethics into daily practice, which we intend will further reduce potential violations.

Stock Ownership Programs

Employee Stock Allocation Program

In relation to the IPO in 2013, the shareholders of the Company approved a share ownership program for certain employees, including managers and assistant managers, who satisfied administrative requirements specified by the Company in the form of an Employee Stock Allocation Program (ESA Program).

Pursuant to this program, a fixed allotment of up to 1% of the shares offered in our IPO was offered and allotted to ESA Program participants in accordance with Bapepam-LK Regulation No. IX.A.7.

Under the ESA Program, the Company sold shares to program participants during the IPO at a 20% discount to the offer price. The Company provided loans to ESA Program participants to finance the purchase of shares allocated to them. These loans are to be repaid in four annual installments with funds deducted from the ESA Program participants' bonuses.

The ESA Program shares are subject to a lock-up period of at least 12 months commencing from the listing date or until such time as an ESA Program participant's loan has been repaid in full, after which the ESA Program participant will be able to sell or otherwise transfer his or her ESA Program shares.

If any of the ESA Program participants resigns before his or her loan is repaid in full, then upon such resignation the shares can be sold or transferred, and the ESA Program participant will be required to repay his or her ESA Program loan in full.

Management Stock Option Plan

In relation to the IPO in 2013, the shareholders of the Company approved a Management Stock Option Plan (MSO plan) for certain of the Company's senior management and directors, including the management and directors of its subsidiaries.

The MSO plan is an incentive program which gives participants an option to buy shares in the Company in the future at a predetermined price. Under the MSO plan, the maximum number of new shares that the Company can issue in relation to the MSO plan is 1.5% of the Company's subscribed and paid-up capital following the Company's initial public offering.

The MSO plan will be implemented in accordance with IDX rules, which state that the exercise price of the options must be at least 90% of the average closing price of the shares over the 25 trading days before the stock option implementation plan is reported to the IDX. The Company's Board of Directors will determine the terms and conditions for the exercise of the options issued under the MSO plan with due observance to the applicable laws and regulations.

The stock options will be granted as follows: 40% of the stock options will be granted at the Company's IPO; 30% at the first anniversary of the IPO; and 30% at the second anniversary.

Stock options issued under the MSO plan will be valid for three years after they are issued which includes a one-year vesting period from the date that they are issued, during which time option holders will not have the right to exercise their stock options. Upon the expiry of the vesting period, the options may be exercised at specifically determined periods of up to 30 trading days, up to two times per year.

Administrative Sanctions

No administrative sanctions from the capital market authorities were imposed on the Company, the Board of Commissioners or the Board of Directors during the financial year 2013.

There was one case of a financial sanction from a regional government body during the year, in which our subsidiary ANJAS received, recorded and settled a Rp7.6 billion fine (Surat Perintah Pembayaran – Denda) in relation to provision of forest resources (Provisi Sumber Daya Hutan) from the Forestry Office of South Tapanuli Regency Government.

The sanction related to a land clearance carried out by a third-party contractor which appeared to have conducted the clearance without first obtaining a land clearing license. The agreement between ANJAS and the third-party contractor specifically stipulated that the latter must have all required licenses for land clearing.

The settlement of this sanction by ANJAS has not materially affected its business activities and has not had a material impact on its financial condition.

Changes of Rules and Regulations

On Sep. 30, 2013, the Minister of Agriculture issued Regulation No. 98/Permentan/OT.140/9/2013 on the Guidelines of Plantation Business Licensing. This establishes a limitation of palm oil plantation areas to a total of 100,000 hectares for a company or a business group holding a plantation business license (commonly abbreviated as IUP in the Indonesian language). The regulation defines a business group as an association with a common ownership or management or an association which has a financial relationship.

The above-mentioned 100,000 hectare limitation does not apply, inter alia, to a publicly listed company which majority of the shares are held by the public. The regulation does not set the percentage representing majority meant by the regulators.

The regulation also introduces a new requirement for a plantation company to assist the development of nearby smallholders. This is with due observance of the land availability and the agreement between the Company in question and the smallholders. The regulation emphasizes that this is an addition to the Plasma Program obligations of a plantation company.

Lawsuits

The Company, the Board of Commissioners and the Board of Directors of the Company were not involved in any material case in civil, criminal, bankruptcy, taxation or arbitration proceedings with any court or arbitration board during the financial year 2013.

Risk Management

In common with all businesses, the Company inevitably faces a number of risks in conducting business. We believe that the management of risk in our business activities is the cornerstone of our continuing success, and accordingly we place extreme priority on understanding and proactively managing perceived risks.

Our main aim in risk management is to safeguard our long-term business continuity through ensuring reliable supply of our products to our customers at an acceptable margin to safeguard future growth and ensure returns to our shareholders. Due to the long-term and capital-intensive nature of plantation growing and harvesting, we take a proactive and conservative approach to anticipate and where possible neutralize risks.

In accordance with the Good Corporate Governance framework issued by the Financial Services Authority (OJK), the primary responsibility for risk management is taken by Board of Directors, in which its daily function to manage risk is coordinated under the Risk Management and Compliance Department. In addition to this department, the Company's Board of Commissioners also established a Risk Management Committee in May 2013 to provide guidance and advice to the Company's Board of Directors regarding the overall risk management process.

Risk management activities during each year adheres to the following process:

1) Corporate-wide risk appetite is determined.

2) Each significant business unit across the Company internally assesses risks and control initiatives.

3) An internal audit plan is drawn up to include high-risk areas.

Risks to Our Business

The following paragraphs provide a summary of our top ten business risks in 2013 at both operational and strategic level and specific efforts taken, where possible, to control or mitigate such risks. Any of the following risks, as well as additional risks and uncertainties not currently known to us, could adversely affect our business, cash flows, results of operations, financial condition and prospects. This summary should not be seen as an exhaustive list of all risks to our business.

Fluctuation of the CPO price in the international market influences the prices of our palm oil products.

International prices for our products are affected by a number of factors. These include changes in: the supply and/or demand levels for palm oil and those of substitute vegetable oils, in particular soybean oil and rapeseed oil; world production levels of CPO and other vegetable oils, which tend to be affected principally by global weather conditions and area of land under cultivation; world consumption and stock levels of CPO and other vegetable oils; import and export tariffs, including Indonesian export taxes and import tariffs applicable to the countries which import CPO; prices of other vegetable oils; environmental and conservation regulations; economic developments, as well as population growth, per capita consumption and food demand; weather conditions and other natural influences; and the world economy generally.

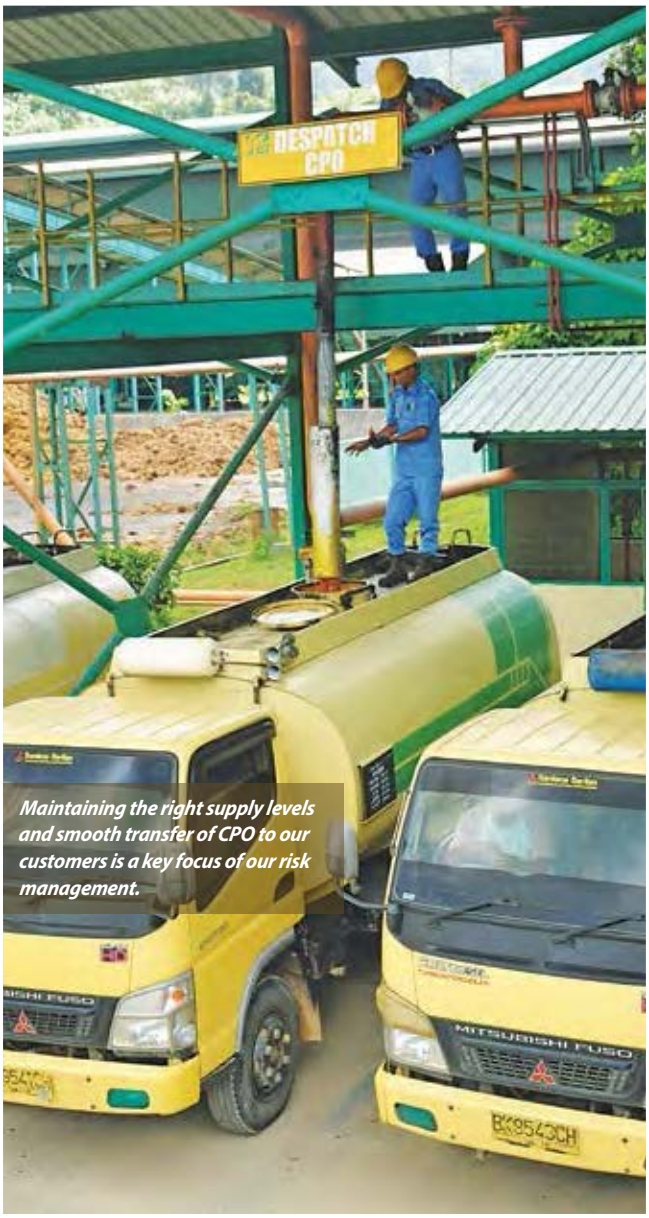
As in the case of the prices of many commodities, CPO prices have in the past been characterized by a high degree of volatility and cyclicality. In addition, taxes and other factors, such as Indonesian export taxes and regulations passed by authorities in major producing countries, including Indonesia, can also affect the international and domestic prices of our products. We set our reference price for the sale of our palm oil products by adjusting for, among other things, the applicable export tax for these products out of Indonesia.

ANJ Response

Our Board of Commissioners has authorized management to sell our product by entering into forward contracts if we believe that the CPO price trend is declining. Authorization has the following limitations: (i) Total volume of outstanding forward contracts may not exceed 30% of CPO production per month; (ii) The forward contract period does not exceed six months. (iii) Contracts may exceed 30% of CPO production per month or the contract period may exceed six months only with the approval of the Board of Commissioners.

Risk of delays or difficulties in developing our plantation land or acquiring, using, renewing or expanding land rights to our plantation land.

Government policies could limit or delay our ability to obtain adequate land rights to additional land that we may acquire for the development of new plantations or the expansion of our current plantations. In order to develop a plantation, we need to obtain land cultivation rights, or Hak Guna Usaha (HGU), for the plantation. An application to obtain HGU rights involves a number of stages, can take a significant period of time to be approved by the relevant authorities and there is a risk that we will encounter delays in obtaining HGU rights.



Maintaining the right supply levels and smooth transfer of CPO to our customers is a key focus of our risk management.

ANJ Response

1) We have developed good relationships based on mutual benefit with all stakeholders, including government agencies and representatives, and we work to maintain these relationships.
2) We ensure that we follow applicable laws and regulations and adhere to the principles of sustainable plantation business in order to reduce potential legal obstacles.

There is a risk of delays in developing plantations due to difficulties faced in the land compensation process.

In order to develop our plantations, we have to release the land we plan to use from third-party claims. This process usually involves challenging negotiation with local stakeholders (such as communities, tribes and influential figures). It is a condition imposed by the authorities in relation to an application for HGU land rights that plantation owners resolve any compensation issues that may exist in relation to the land.

Resolving such compensation issues can be a difficult and time-consuming process and can impact the development and operation of our plantation.

ANJ Response

1) In areas where we aim to develop a plantation, we establish a land compensation committee that includes community leaders, local authorities and neighboring industries to accelerate the compensation process amicably and improve communication. We also aim to offer attractive but reasonable compensation values for land.
2) We work to publicize and explain the benefits of our company's business to the community, including through employment opportunities, improved infrastructure, corporate social responsibility and its multiplier effects.

Risk of difficulties in attracting or retaining qualified personnel and skilled labor or attracting, recruiting, training or retaining suitable replacements where necessary.

We believe that the continued growth and success of our business depends on our ability to attract and retain highly qualified, skilled and experienced personnel in the palm oil industry. We compete for such personnel with other companies. In particular, we are heavily dependent upon our senior management team in relation to their expertise in the palm oil industry, and such key personnel would be difficult to replace. The departure of any member of our senior management team or our inability to attract, recruit, train and retain sufficiently qualified key personnel, such as managers (who manage our plantations and our mills), field assistants (who undertake planting and harvesting of FFB), engineers (who manage and maintain our facilities) and other qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

In addition, oil palm plantations require extensive manpower in the nurturing of seedlings, tree plantings, fertilizing, harvesting as well as other routine maintenance.

Harvesters and other plantation workers are increasingly mobile as it has become easier for such workers to move between plantations in order to benefit from better wages. If we are unable to hire and retain sufficient workers to maintain our labor force or if the minimum wage rate is increased significantly, our business, financial condition, results of operations and prospects could be materially and adversely affected.

ANJ Response

We aim to ensure that our employees enjoy a good quality of life while working on our plantations, with a healthy and safety environment, comfortable living standards, transportation, water, electricity, health care, clubhouse facilities, childcare facilities, training facilities and schooling.

We run a dedicated management training program for recent graduates and ensure continuous improvement of internal capabilities through intensive training and career path programs.

We also provide various retention programs for qualified personnel and senior management.

Communication and knowledge of field conditions help our estate managers plan better to solve problems.

This photo by Firman Barus at our Belitung Island Plantation was a winner in our competition to find the best staff photos of 2013!

Risk of social conflicts and disputes from land rights relating to our plantation land and landbank.

Even after land has been acquired for the development of a plantation or other uses, plantation owners commonly face contested land claims from people living or working on such land and are required to negotiate the payment of compensation with such claimants. Resolving such contested land rights issues can be a difficult and time-consuming process.

ANJ Response

1) We continually strive to develop and maintain relationships based on mutual benefit, and we ensure that we use fair processes and proper administration procedures.
2) We have developed sustainable corporate social responsibility initiatives to support social and economic development of communities surrounding our business operations.
3) We engage in regular communication and dialogue with community members to socialize the benefits of the Company's presence in their communities.

Risk of transport or logistic disruptions or mishaps which could adversely affect our operations.

We typically sell our products on an ex-mill, ex-jetty or FOB basis and our customers are responsible for transporting the products they purchase from us from our palm oil processing mills, jetty or ports close to our plantations.

In doing so, our customers depend on sea and land transportation, any disruption of these transportation services because of weather-related problems, strikes, lock-outs or other events could impair their ability to take delivery of our products or increase their freight costs, thereby making our products more expensive for them.

Such disruptions may also result in storage problems at our plantations. It is our practice to only sell CPO once we have the product available for supply in our storage facilities, which means that we are reliant on efficient transportation for timely off-take by our customers.

Our Papua projects also present logistics and construction challenges as those projects areas are located mainly in the interior of West Papua (palm oil) and in swampland (sago). Both are relatively far away from any town or city and, consequently, remote from reliable infrastructure and electricity supplies.

ANJ Response

We have invested in building flexible and reliable transportation systems and enter into transport contract agreements only with experienced and proven transportation companies.

In our Papua projects, due to the large scale of the land area and economic investment that we are making, we are developing integrated logistics systems to reduce the risk of disruption.

Adverse weather conditions and climate, natural disasters, disease and crop pests, and other factors can affect FFB production and the harvesting of FFB.
Due to the nature of our business, we are vulnerable to adverse weather conditions, natural disasters, disease, crop pests and other factors that affect FFB production and the harvesting of FFB that are outside our control.

Weather conditions, in particular, can have a significant impact on us as insufficient rainfall causes oil palms to produce fewer of the flowers which develop into FFB, and too much rain inhibits the effective fertilizing of oil palms, which results in reduced harvests of FFB and may delay fertilizing schedules. In addition, disease and crop pests can damage our oil palms, and haze from forest fires can prevent oil palms in our plantations from receiving adequate sunshine, interfering with their growth and development.

If any of the risks summarized above were to occur, our supply of FFB would be adversely affected, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

ANJ Response
We manage the risk of weather disruption by ensuring that we use a series of agronomical best practices, including:
- *Managing the volume of water in peat areas by using water gates;*
- *Applying FFB waste to the plantation land as mulch;*
- *Soil conservation and anti-erosion measures;*
- *Planting the cover crop Mucuna bracteata to reduce weeds and pests.*

Foreign exchange rate fluctuations risk.
Our financial reporting currency is the US dollar, and substantially all of our sales are denominated in US dollars, while our expenditures, including labor costs, are primarily denominated in Indonesian rupiah.

Due to the mismatch between the dollars we receive through our sales and the rupiah we pay for some of our operating expenses, any appreciation of the rupiah against the dollar will reduce our net income, both in dollar and rupiah terms. As a result, any significant appreciation in the value of the rupiah against the dollar could have an adverse effect on our expenditures and net profits.

ANJ Response
We have a policy in which we may enter into forward exchange rate contracts to hedge against foreign exchange rate fluctuations as long as the duration of any contract does not exceed six months and as long as the value of the contracts does not exceed the amount of rupiah needed for three months operational expenses.

In terms of cash holdings, our general policy is to only hold sufficient rupiah for two weeks of our operational requirements, however our policy permits us to increase our rupiah cash holding to a maximum amount adequate to cover up to three months of operation expenses, if and only if we consider that the future direction or trend of the rupiah is not favorable.

Risk of disruption to our operations from environmental groups, non-governmental organizations (NGO) and interested individuals.
Environmental groups, non-governmental organizations and interested individuals may seek to challenge or impair the ability of the Company to engage in plantation activities.

Several non-government organizations and charities maintain an influential presence around the areas of our plantations. They support a variety of causes, such as the protection of indigenous wildlife from land clearance. There is a risk that these organizations could become increasingly active in our plantation areas and influence the relevant authorities to make changes to current environmental regulations and impose more rigorous standards upon our operations.

Such activities may generate negative press about us and plantation companies in general. Any delay in production activities imposed as a result may adversely affect our reputation and disrupt our operations and may require us to increase spending on land preparation, thus affecting our results of operations which in turn may cause us to suffer financial loss.

ANJ Response
We maintain a good relationship and dialogue with all groups such as non-government organizations and charities with an interest in plantation activities.

We also ensure that our operations are in compliance in all material respects with applicable Indonesian environmental regulations and standards.

Risk of low understanding of our Plasma Program activities by local communities.
The Indonesian Government's Plasma Program policy requires oil palm plantation companies that have obtained a Plantation Business Licence (IUP) since 2007 to develop new plantations that will be operated by local small landholders.

Accordingly, our West Kalimantan Plantation currently has a Plasma Program. Our West Papua Landbank and South Sumatra Landbank will develop and plant an additional area of approximately 20% of their landbank for future participation in a Plasma Program.

Plasma Programs may deliver inferior quality of FFB, and therefore we plan to develop our programs through the use of co-operative structures to reduce that risk. However, there is a risk that these programs will not be accepted by the communities surrounding our plantations and, as such, we may be forced to purchase FFB that have been harvested from oil palms grown and maintained by the communities instead of us.

ANJ Response
1) We will continue to develop our capacity-building program for co-operative members and continue our coaching program as part of our corporate social responsiblity initiatives.
2) We will also engage in regular socialization and training programs to develop co-operative members' plantation, agronomic and business operating knowledge.

While we run many formal CSR programs and activities, the core message of CSR is that everyone has a part to play in the community.

Corporate Social Responsibility

Overview

It is important that we give back to the communities located close to and in our plantations by developing and improving the economic and social condition of these communities. We believe that these efforts are integral to the stability and development of our business and operations.

For the sustainability and long-term success of our operations, we believe in the importance of corporate social responsibility and aim to promote and implement practices that minimize any potential adverse effects to the environment of our plantations and production processes and that promote the wellbeing of our employees and minimize the risk of harm to them.

We believe too that it is important that we give back to the communities located close to and in our plantations by developing and improving the economic and social condition of these communities. We believe that these efforts are integral to the stability and development of our business and operations.

We promote policies that include:

Operating in an environmentally responsive manner.
Key features of this pledge include the following:

• We have a zero-burning policy in our land-clearing activities and we do not use incinerators to dispose of empty fruit bunches following processing.

• We have introduced a range of environmentally-friendly management practices for the conservation and maintenance of biodiversity at our plantations, including an integrated pest management system that involves the use of biological methods to combat pest infestations, minimizing the use of pesticides.

• We recycle all of our empty fruit bunches as mulch in our plantations and use kernel shells to power generators in remote areas of our plantations, as a substitute for diesel generators. We aim to further enhance the health and fertility of our soil by planting beneficial crops between our oil palms and by recycling organic waste generated from our mills as fertilizer.

• We have commissioned and commenced commercial operations in our biogas business at our Belitung Island Plantation that will reduce the environmental impact of our operations there by treating the effluent from our processing mills to produce biogas. Phase I of the construction of our biogas plant, which became operational in the first quarter of 2012, has reduced the release of the methane gas generated by the effluent through use of flaring. Phase II, which was completed in December 2013, will provide further positive environmental outcomes as methane gas generated by the effluent will be used as fuel to generate electricity for PT PLN (Persero) to be consumed by third-party customers.

• We are committed to meeting best practices and abiding by the highest standards in relation to sustainable palm oil production. We are a member of the Roundtable on Sustainable Palm Oil (RSPO) and have received RSPO certification for our Belitung Island Plantation and our North Sumatra I Plantation. We are in the process of applying for RSPO certification for our North Sumatra II Plantation. In addition, we have received International Sustainability and Carbon Certification (ISCC) for our Belitung Island and our North Sumatra I plantations.

Developing the communities in which we operate and providing amenities for our employees.

Key features include the following:

• We maintain strong relationships with our employees and the local communities through our various development and corporate social responsibility programs, which include assisting in the development and maintenance of public works such as public roads and bridges, providing a resident doctor who is able to provide medical check-ups for members of the communities surrounding our plantations, schools for children and building of places of worship for the community.

• We offer significant support for our employees and their families, providing a training center and training programs, housing, medical care, daycare and schooling for their children.

• Furthermore, in 2013 we finished construction of a training facility at our Belitung Island Plantation to support the development of our employees.

Occupational Health and Safety

We have a dedicated Environment, Health and Safety (EHS) Department that seeks to minimize accidents and health threats. We maintain a stringent internal safety index at our plantations and adhere where possible to international safety benchmarks. We provide professional emergency response teams and ensure that workers are equipped properly and trained to understand and prevent safety risks.

Sustainability and Environment

Our cultivation of oil palms at our plantations and the processing of fresh fruit bunches (FFB) at our mills adhere to strict environmental standards. Our stringent environmental standards relate chiefly to two areas of our business activities, cultivation and processing.

With respect to cultivation, we have a zero-burning policy for land clearance in developing or preparing plantation land, whereby trees and plants on land to be cleared are shredded and left to decompose naturally, enhancing soil fertility and avoiding the adverse environmental impacts of burning.

We continue to minimize our use of pesticides and seek to use natural predator methods of controlling pests and preventing diseases, in order to minimize any adverse impact on the environment. We have implemented a variety of integrated pest management methods with the objective of minimizing the use of harmful pesticides in our operations. Integrated pest management involves the use of biological methods to control pest infestation.

For example, to control pests such as fire caterpillars and bagworms, we use only natural biological pesticides such as *Bacillus thuringiensis* and *Beauveria bassiana*. We also control pest populations by introducing and encouraging beneficial plants such as *Turnera sabulata*, *Antigonon leptopus*, *Cassia cobanensis*, *Cassia tora* and others, which attract natural predators of pests and parasitoids to control the growth in population of leaf-eating pests. We also use barn owls to control larger pests such as rats and mice.

Waste Management

In waste management, the Company uses the "4Rs" principle: reduce, reuse, recycle and recover. Accordingly, alongside inorganic fertilizers such as urea, rock phosphate, NPK and muriate of potash, we reuse by-products from our mills as fertilizer substitutes.

Processing of FFB to extract CPO does not involve the use of chemicals and consists only of physical processes such as steaming, pressing and centrifuging. But oil palm plantations and mills generally produce large quantities of palm oil mill effluent, empty fruit bunch fiber and kernel shells. All of the solid waste generated by our palm oil processing mills is reused, with kernel shell and fiber used as fuel in our boilers and empty fruit bunches recycled to the plantation as mulch. Applying empty fruit bunches on the land provides a good environment for growth by promoting moisture and enhancing soil quality as they decay naturally, as well as helping to bind the soil and reduce soil erosion.

By reusing our mill byproducts in this way, we lower our fertilizing costs and reduce the amount of polluting effluent released into the environment.

Palm oil mill effluent is the main pollutant arising as a byproduct of our palm oil mill operations. Each of our mills operate a self-contained biological waste water treatment system whereby effluent is moved through a sequence of large anaerobic treatment ponds where bacteria break down the

Progress of Sustainable Palm Oil Certification

Certification	Description	North Sumatra II Plantation	Belitung Island Plantation
RSPO	International certification measuring economic viability as well as environmental, social and legal standards in management and operations.	November 2012	January 2011
ISPO	Indonesian Government regulation on plantation management, processes, environmental management, employee and community responsibilities	In progress	In progress
SMK3	Indonesian Government certification measuring standards of health and safety management (prerequisite for ISPO certification)	April 2013	May 2011
ISCC	European standard that assesses greenhouse gas emissions, preservation of biodiversity, agricultural practices and respect for labour and land rights	July 2013	January 2014
PROPER	Indonesian Government award program assessing environmental performance in production processes and social responsibility	-	Blue certificates in 2012 and 2013
ISO 14001	International standard for assessing environmental management systems	In progress	April 2012
OHSAS 18001	British standard for occupational health and safety management systems	February 2013	-

Back from the hunt: barn owls at our Belitung Island Plantation are used to keep rodent populations down.

effluent. The treated effluent has a high nutrient content and is subsequently applied in the fields as part of our effluent land application program. Although treated effluent can be useful as a fertilizer, the treatment process does result in the emission of methane and other greenhouse gases.

Sustainability Standards

We are committed to managing our operations according to the highest national and international sustainability standards to ensure the best balance in our treatment of the environment and social and economic responsibilities. Standards that we have adopted or are working towards include ISO 14001, ISO 18001/ OHSAS, RSPO, ISCC, ISPO, SMK3 and PROPER.

We believe that our operations are in compliance with all applicable international, national and local Indonesian environmental rules and regulations and that effluents meet stringent standards for biochemical oxygen demand (BOD), a measure of organic pollution in water. We ensure a maximum of 50 parts per million (ppm) BOD for final discharge to waterways and 5,000ppm BOD for effluent land application, compared with 100ppm and 5,000ppm respectively as mandated under Indonesian law.

We also believe that our operations are in compliance with all applicable national and local Indonesian environmental rules, regulations and guidelines and, pursuant to Government Regulation No. 27 of 1999 and Ministry of Environmental Affairs Decree No. 17 of 2001, we have also obtained certain required approvals such as the AMDAL (Environmental Impact Assessment) certificate, Environmental Monitoring Plan and Environmental Management Plan.

ANJ's plantation companies also all operate under the framework of specific Indonesian Ministry of Agriculture regulations on sustainability standards in palm oil production, known as Indonesian Sustainable Palm Oil (ISPO). Under these mandatory regulations, imposed in 2011, plantation companies operating under Izin Usaha Perkebunan (IUP) licenses must adhere to principles and criteria based on legality, management, plantation, process, social, economic, environmental and reporting. For more details, see the box on page 75.

In addition to our sustainable development initiatives, we are a member of the Roundtable on Sustainable Palm Oil (RSPO), a non-profit association which promotes the production and use of palm oil in a sustainable manner (see box on page 75). Our Belitung Island Plantation and North Sumatra I Plantation have obtained RSPO certification, which allows us to sell RSPO certified palm oil products from the plantation. We are committed to achieving full RSPO certification for our North Sumatra II Plantation for plantation and mill process as soon as practically possible.

Both our Belitung Island Plantation and our North Sumatra I Plantation have also met the European sustainability standard International Sustainability and Carbon Certification (ISCC), approved by certification bodies SGS Germany and TüV Nord respectively.

Our Belitung Island Plantation has also maintained international certification for its environmental, health and safety systems in the form of ISO 14001: 2004 since its issuance in 2012. Our North Sumatra I Plantation received certification for ISO 18001 in 2013.

We use only biological pesticides and plant nuts (Mucuna bracteata) to reduce soil erosion.

This photo by Alvino Martha at our Belitung Island Plantation was a winner in our competition to find the best staff photos of 2013!

Conservation

We place a strong emphasis on conservation practices and perform assessments and monitoring as well as engaging in collaborative projects with environmental experts to design and manage our plantation areas in such a way as to conserve biodiversity and safeguard ecosystems from the surrounding landscape.

We regularly perform assessments of high conservation value (HCV) areas, social environment impact and implementation of new planting procedures (NPP) in all of our plantations, and also manage and monitor HCV areas continually using HCV indexes to describe the condition of HCV management.

We have worked on projects with a number of universities, environmental agencies and NGOs in 2013, including with Nature Conservation Agency West Kalimantan, Daemeter Consulting and International Animal Rescue.

We have previously engaged third parties to conduct detailed surveys on wildlife population, in particular orangutans, and other exotic species of flora and fauna in order to minimize the environmental impact of our operations and to preserve such flora and fauna.

In this respect, we allocated area of 2,949 hectares from the concession of our West Kalimantan Plantation as a conservation area principally for orangutans, proboscis monkeys, Malayan sun bears, grey woodpeckers, rhinocerous hornbills and black hornbills. In addition, we allocated another 657 hectares of land at our West Kalimantan Plantation that we consider to be environmentally important that we are managing on our own to preserve.

The PROPER Program

PROPER (Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup, or Company Environmental Management Appraisal and Ranking Program) is a scheme initiated by the State Ministry of the Environment to encourage companies to exercise good environmental management

Conservation Initiatives Implemented Across Our Plantations

Work plan	Company
Socialization of new planting procedure	GSB, PPM, PMP
Protection for orangutan habitats	KAL
Management and monitoring of high conservation value (HCV) areas	SMM, ANJA, ANJAS, KAL , PPM, PMP
Peer review of HCV practices by an HCV expert	SMM, ANJA, ANJAS
Implementation of HCV index	All companies
Nursery and planting program for forest plants	SMM, ANJA, ANJAS, KAL

Roundtable on Sustainable Palm Oil (RSPO)

RSPO is a not-for-profit association that unites stakeholders from the core sectors of the palm oil industry — oil palm producers, palm oil processors or traders, consumer goods manufacturers, retailers, banks and investors, environmental or nature conservation NGOs and social or developmental NGOs — to develop and implement global standards for sustainable palm oil.

RSPO promotes palm oil production practices that help reduce deforestation, preserve biodiversity, and respect the livelihoods of rural communities in oil-producing countries. It ensures that no new primary forest or other high conservation value areas are opened for palm oil plantations, that plantations apply accepted best practices and that the basic rights and living conditions of millions of plantation workers, smallholders and indigenous people are wholly respected.

RSPO was formed in 2004 amid a growing global call for sustainably produced palm oil, and it proactively engages with oil palm growers, oil processors, food companies, retailers, NGOs and investors to work together towards a global supply of palm oil that is produced in a socially and environmentally responsible way.

RSPO comprises more than 900 member companies from over 50 countries around the world. The seat of the association is located in Zurich, Switzerland, while the secretariat is currently based in Kuala Lumpur, with a satellite office in Jakarta.

The RSPO Principles and Criteria for Sustainable Palm Oil Production (RSPO P&C) are the global guidelines for producing palm oil sustainably. The RSPO has defined 8 principles and 39 practical criteria to define sustainable production of palm oil. They ensure that fundamental rights of previous land owners, local communities, plantation workers, small farmers and their families are respected and fully taken into account, that no new primary forests or high conservation value areas have been cleared for palm oil production since November 2005, and that mills and plantation owners minimize their environmental footprint.

The RSPO has set up two certification systems based on the RSPO P&C: one to ensure that palm oil is produced sustainably; and a second to ensure the integrity of the trade in sustainable palm oil, i.e. that palm oil sold as sustainable indeed corresponds with oil produced at certified plantations. Both systems involve third-party certification bodies.

FFB waiting for processing at the mill.

Indonesian Sustainable Palm Oil (ISPO)

ISPO is an Indonesian Ministry of Agriculture regulation on sustainability standards in palm oil production. Plantation companies are assessed based on the following criteria: Clearance and plantation management, agricultural procedures and mill processes, environmental management and monitoring, responsibility to employees and workers, community and social responsibility, community economic empowerment and sustainable business improvements.

The ISPO regulation has been in force since March 29, 2011, and oil palm plantation companies are required to implement such regulation at the latest by Dec. 31, 2014.

Under ISPO, plantation companies that received IUPs are evaluated every three years by a certified government official, who will categorize plantations into one of five classes: I (very good), II (good), III (intermediate), IV (poor) or V (very poor).

A Class I, II or III plantation should then submit an application to be audited for the purpose of the issuance of an ISPO certificate. Failure to submit such application before Dec. 31, 2014, will cause such plantation to be categorized as Class IV.

The ISPO audit is conducted by an independent third party institution, where the auditor may not have been an employee of the audited company in the last three years. An ISPO certificate is valid for five years and prior to expiry a new audit must be conducted prior to issuance of a new ISPO certificate.

The criteria for an ISPO certificate relate to plantation licenses and management systems, cultivation technique and palm processing guidance implementation, environmental management and supervision, responsibility toward employees, social and community responsibility, community economic development, and sustainable business improvement.

A holding company that owns several plantation companies may hold one ISPO certificate under its name pursuant to a certification process encompassing all of the group's plantations or mills which implement the same system and are fully monitored by the manager of the holding.

Plantations categorized as Class IV and V are issued with warnings up to three times within four months and once within six months, respectively. If the Company fails to implement the follow-up recommendations within such period, its IUP will be revoked.

in compliance with the law. The scheme is also intended to promote transparency and encourage public involvement in environmental management. The operation of the scheme is governed by State Minister of the Environment Regulation No. 05 of 2011.

Under this regulation, companies are rated based on five designations/categories:

• Gold, for those whose operations have consistently shown environmental excellence in service and/or production processes and who perform ethical business and are responsible to the community;

• Green, for those whose environmental management has exceeded the statutory requirements through the implementation of environmental management systems, efficient resource utilization and the "4Rs" (Reduce, Reuse, Recycle and Recovery) and who demonstrate corporate social responsibility;

• Blue, for those whose environmental management has met all the statutory requirements of the prevailing laws and regulations;

• Red, for those whose environmental management has not satisfied the minimum statutory requirements; and

• Black, for those who deliberately or negligently have caused environmental pollution and/or damage and breach of statutory requirement or do not comply with administrative sanctions.

Those companies ranking in the Gold and Green categories are awarded with trophies and certificates, and those companies ranking in Blue categories are presented with certificates, thereby helping to enhance their environmental credentials.

Our Belitung Island Plantation has implemented the PROPER program and received a blue rank certificate for 2011 and 2012, having fully complied with its requirements for emissions management, water management and hazardous waste management. Currently we are waiting for the results from the PROPER team for the ranking result for 2013.

Reducing Emissions

As part of our long-term strategy to reduce the release of the methane gas generated by effluent from our plantations, our renewable energy-focused subsidiary PT Austindo Aufwind New Energy (AANE) developed a biogas plant at our Belitung Island Plantation under a joint venture between ANJ and Aufwind Schmack Asia Holding GmbH.

This initiative is aimed at reducing our greenhouse gas emissions, and is registered under the Clean Development Mechanism (CDM), a framework of emission mitigation measures under the United Nations Framework Convention for Climate Change (UNFCCC).

Under conventional waste water treatment processes, palm oil mill effluent is collected and treated in a series of anaerobic digestion ponds, where the decomposing organic matter releases methane into the atmosphere. In a biogas power plant, sealed fabric domes are placed over the ponds and the methane captured and used to fuel a boiler that powers a electricity-generating turbine.

The electricity supplied by the Company's pioneering biogas power plant is fed into the PLN grid for supply to its customers on the island.

The plant is the first biogas IPP in Indonesia to have a power purchase agreement with state utility PT PLN (Persero) and is also the first to begin commercial operations supplying electricity. It was commissioned on Dec. 31, 2013, while its official launch was in January 2014.

The electricity generated is estimated to be sufficient for more than 2,500 households using standard 450KVA

The conservation areas at our West Kalimantan estate are clearly marked to help protect the wildlife.

We have preserved an orangutan habitat through a dedicated conservation area at our West Kalimantan Plantation.
Left: Among a variety of species thriving in the conservation area is the tropical pitcher plant.

This photo was taken by Nardiyono from our West Kalimantan Plantation.

connections on the Island of Belitung and will help reduce PLN's diesel consumption by approximately 2.5 million liters per year.

Altogether, the project aims to reduce emissions by an average of 35,000 tonnes of carbon dioxide equivalent per year. The construction of the biogas power generation plant has set a landmark for the Company in the renewable energy business in line with our vision to become a world-class food and renewable energy company that elevates the status of the Indonesian people.

Our Papua Sago Project

PT ANJ Agri Papua (ANJAP) received a license in 2010 from the local government of South Sorong, West Papua, to use sago palms for harvest and extraction of sago starch. The infrastructure for its sago project was developed in 2013 and the first trial harvesting is planned for 2014. ANJAP is committed to applying sustainable practices in cultivating the sago and managing its sago palm forest.

Sago palms are harvested using the silviculture system TPTI (Tebang Pilih Tanam Indonesia), under which mature palms are cut down, leaving younger trees intact, in a two-year rotation.

We aim to ensure protection of our forest and prevent destruction through illegal logging, erosion, land or forest burning, forest clearance for illegal agricultural activities and protection of endangered and rare wildlife and their habitat.

Our environmental management and monitoring focus is on protected areas, production areas and non-production areas, combining technological, social economic and institutional approaches.

We place a strong emphasis on conservation practices and perform assessments and monitoring as well as engaging in collaborative projects with environmental experts.

Employee and Community Development

Respect for people and the environment is one of the Company's core values, and in line with this we have a rich history of corporate social responsibility (CSR) and have continuously striven to develop community support platforms, conservation plans and sustainability initiatives.

We see CSR as an integral part of our business operations and an activity perceived as adding value to the Company's businesses. As a socially responsible company, we are committed to engaging in a comprehensive program through all of our subsidiaries, and community development lies at the heart of our efforts. We plan to continue to implement additional employee and community support initiatives at our existing plantations and enter into similar initiatives at our future plantations.

The Company deals with a range of stakeholders in the community involved in and surrounding the locations of our business operations. As well as considering our employees as vital assets, we see them also as one of two key stakeholder groups qualified to benefit from our CSR programs. The other key group is the community at large in proximity to our operations. The Company continually aims to deepen its commitments to being a good corporate citizen through better implementation of CSR program, and to that end we have adopted ISO 26000, a guide to how businesses and organizations can operate in a socially responsible way, acting in an ethical and transparent way that contributes to the health and welfare of society.

In 2013 the Company made a financial contribution of Rp8.47 billion to these internal and external key stakeholders through our numerous CSR programs, as detailed below.

Economic Empowerment

Our economic empowerment program aims to increase the income of community members through partnership programs to support their businesses and help them to start new ones.

There are two separate parts to the program: for non-palm oil businesses and farmers we offer technical and materials support, while for palm oil smallholders we offer skills training and various types of assistance to help them succeed as part of a Plasma Program or our equivalent partnership program.

Across both branches of our economic program we invested Rp261 million in 2013.

Non palm oil businesses. The Company has begun technical counselling for farmer groups in collaboration with government agencies, and has provided seeds, fingerlings or starter materials and other materials where needed. Instances of the program are mostly based on the need for assistance within each community, and the groups choose businesses through identifying demand.

Our support for these economic activities is still in a pilot phase, and in 2013 ANJ helped 12 partners with technical training on cultivation of various commodities. Among examples operating so far are fish farming, chili cultivation and duck husbandry.

We believe that the program, when fully implemented, has potential to improve social welfare and help reduce unemployment in the communities where we operate.

Plasma Program members. In line with Indonesian Government policy, large oil palm plantation enterprises established since 2007 have been required to help develop the small landholder plantation sector through partnerships with individual smallholders by earmarking and developing land on their concessions for smallholders to cultivate. The smallholders then run their new plantations with the assistance of the

Employee and Community CSR Program Spending in 2013

Program Type	Total expenditure	Responsible department
Economic empowerment	Rp 261 million	Corporate Social Responsibility
Education	Rp 1.03 billion	Corporate Social Responsibility
Health	Rp 109 million	Corporate Social Responsibility
Infrastructure	Rp 2.01 billion	Corporate Social Responsibility
Support facilities for employees and workers	Rp 4.22 billion	Operations/Engineering
Occasional programs, including social and cultural	Rp 835 million	Corporate Social Responsibility
Total	**Rp 8.47 billion**	

At all of our plantation estates we ensure we provide all the facilities needed by our workers, their families and the surrounding community. Schools and health facilities are our primary focus.

enterprise, which agrees to buy and/or resell what they produce. This is generally known as the Plasma Program. For details of the program, see page 80.

To fulfill our Plasma Program obligations, we will assist local communities in forming a co-operative that will hold land in or near our existing plantations. We will train them to plant and maintain the plantations and buy the co-operative's FFB for processing in our mills. We believe that this will expand community involvement and allow smallholders to raise their standard of living, while also aligning their interests with ours.

The Company has so far committed to facilitate up to 2,500 plasma members across those of our plantations required to establish a program. In addition, and although we have no legal obligation to do so, we are currently developing voluntary community involvement programs similar to the Plasma Program at our North Sumatra plantations and Belitung Island Plantation.

While the Plasma Program and our voluntary partnership program are not part of our CSR activities, we recognize that to maximize the benefits for smallholders and help the programs succeed, we can offer extra support through our CSR economic empowerment program. We thus plan to offer smallholders book-keeping and other administrative and technical skills training, assistance in legal processes and meetings with government officials, soft loans and other support where feasible.

Education

The Company participates in and contributes to providing educational opportunities and facilities in our communities, particularly basic education, in the belief that better education contributes to the competitiveness and betterment of the Indonesian people. Moreover, contributing to education is

Understanding Indonesia's CSR Law

On April 4, 2012 the government issued Government Regulation No. 47 of 2012 to give effect to Article 74(4) of the Company Law, which imposes a mandatory corporate social and environmental responsibility regime on "natural resource-based" and "natural resource-related" companies. The regulation declares generally that every company, as a legal subject, has social and environmental responsibilities. This is in line with the international concept of corporate citizenship, as enshrined in CSR documents by the United Nations, the International Labor Organization and other international organizations.

The regulation places on a company's board of directors the responsibility of implementing its CSR responsibilities, and requires the preparing of an annual CSR operations plan, including an annual CSR budget, and provides that such annual operations and budget plans must be prepared based on considerations of "appropriateness and reasonableness," which the elucidation describes as being "the financial capacity of the company having regard to the risks that give rise to the social and environmental responsibilities that must be borne by the company, subject to the obligations of the company as set out in the legislation governing the company's business operations."

The intention is that the higher a company's profits and the greater its environmental impact, the more resources that it should allocate to CSR.

At our West Kalimantan Plantation we have set aside 20% of our land for Plasma Program smallholders.

Supporting Smallholders: Understanding the Plasma Program

Since Feb. 28, 2007, the plantation business licenses that are required to develop new plantations have typically been granted along with a requirement that the company receiving the license must develop an area amounting to 20% of the total plantation area to be operated by local smallholders in addition to developing its own plantations.

The Company is committed to purchasing fresh fruit bunches from landholders at a formula price fixed every two weeks by the local government. This price is calculated in relation to crude palm oil prices and is approximately the same as the market price of FFB. All plantations in the region must purchase Plasma Program FFB at a price that is equal to or greater than this minimum price.

Only our West Kalimantan Plantation is currently mandated to have a Plasma Program as its license was granted after Feb. 28, 2007. Our plantation business licenses in respect of our North Sumatra plantations and Belitung Island Plantation were not conditioned on implementing a Plasma Program as they were obtained prior to Feb. 28, 2007.

We intend to transfer 20% of our landbank at our West Kalimantan Plantation to meet our Plasma obligations once Plasma Program co-operatives have been established. Our Papua and South Sumatra landbank properties will be required to implement Plasma Programs once planted.

At our West Kalimantan Plantation and our Papua and South Sumatra landbank properties, we intend to pursue a program that minimizes the risks of lower-quality product faced by other plantation operators and will seek to ensure the success of our program. We intend to have the smallholders around our plantation pool their land together and transfer the title to such land to a co-operative in which each of the smallholders will have an interest.

We will then cultivate and develop the land owned by the co-operative and manage it in the same way and to the same standards that we cultivate and develop our plantations. After deductions made for the repayment of bank loans made to the co-operative for reimbursing our development costs, we will provide the net income from the sale of the FFB harvested from the land to the co-operative to be distributed to the smallholders.

We are in the process of implementing voluntary initiatives at our North Sumatra plantations and our Belitung Island Plantation to provide a program similar to the Plasma Program which will be implemented at our West Kalimantan Plantation and our West Papua and South Sumatra landbank properties.

This voluntary program area will depend on the area individual smallholders would like to voluntarily surrender to the cooperative in exchange for profit participation as cooperative member. Our nucleus plantation area will not be affected and we will have more FFB to process in our mill, representing synergy with the community surrounding our plantation.

We believe the proposed Plasma Program benefits the smallholders and reduces a plantation operator's risks in discharging its Plasma obligations. The land held by the co-operative will be efficiently and optimally managed by us using our mechanized harvesting and transportation methods, rigorous standards of upkeep and fertilization, thereby maximizing the income of the co-operative. Further, the smallholders will not be tied to their small parcels of land and will have the option of also working for us and earning salaries. Meanwhile, we are assured a stable supply of high quality FFB harvested and transported in accordance with our standards, thereby ensuring high oil extraction yields. In addition, we expect it to be more efficient for us to deal with a single co-operative than numerous individual smallholders.

This photo was taken by Rachmat Dwi Sasongko from our North Sumatra I Plantation.

a part of ANJ's core values: respect for the people and the environment.

We invested Rp1.03 billion in our education program in 2013, supporting several different activities and involving both of our North Sumatra plantations, Belitung Island Plantation, West Kalimantan Plantation and West Papua Plantation:

• Scholarships were given to 170 students at various levels from elementary to high-school level, including rewards for high-achieving students based on their school results.

• An incentive scheme was offered to 86 part-time teachers from playgroups to junior high level in several communities near ANJ businesses to enhance the quality of teaching.

• We donated books, visual aids and educational toys as well as equipment for elementary schools and playgroups.

• We offered financial support to improve education across 19 villages in West Papua.

Health

Our health program focuses on mother and children as part of our aim to contribute to Indonesia meeting its Millennium Development Goals (MDGs), in particular reducing the child mortality rate, improving maternal health and reducing childhood diseases. We believe mothers and children are the most important focus of reducing community health problems.

Our health program involved communities at both of our North Sumatra plantations, our Belitung Island Plantation and our West Kalimantan Plantation in 2013, and included a range of activities, including blood donation events, children's nutrition, free check-ups and medicine dispensary, support for the government's family planning program, and mass circumcision programs.

More than 1,200 mothers and children benefited from the above activities, in which we invested Rp109 million. Although this was an apparently modest financial contribution compared to other of our social support activities, we feel that the support has been effective and well targeted.

Infrastructure

Infrastructure is one of the most important challenges facing the Company's operations in remote areas. The better the infrastructure, the more positive the benefit for our business operations and for surrounding communities.

In 2013, the Company invested Rp2.01 billion in infrastructure projects, chiefly around our North Sumatra II Plantation, but also around our North Sumatra I Plantation, Belitung Island Plantation and West Kalimantan Plantation. In total we provided improvements and new facilities that are used by about 8,000 community members in more than 25 villages.

Among the projects we undertook in 2013 were roads and bridges, church, mosque and school buildings, traditional houses (*rumah adat*), government buildings and other community facilities.

Staff Support Facilities

As key internal stakeholders and the principal assets of the Company, employees are our priority in terms of social responsibilities and development.

Children are a focus of ANJ's health program. Here children receive supplementary food at a health center (Posyandu) in Binanga, North Sumatra, and medical checks at Desa Janji Matogu, Siais, North Sumatra.

In 2013 we invested a total of Rp4.22 billion in providing new facilities targeted for use by our workers, their families and in some cases the community at large. At our North Sumatra II Plantation, they included a school, a mosque and a church, a co-operatively owned mini-market, polyclinic and childcare facilities, while at our North Sumatra I Plantation we provided a new mini-market.

More than 4,000 employees and their families potentially use and benefit these facilities.

Occasional Programs

Mindful of the benefits of maintaining good relationships with key external stakeholders, the Company also provides support for a range of activities related to sports, arts and culture, national celebrations and other events. Our support for these programs in 2013 reached Rp835 million, and included both of our North Sumatra plantations, Belitung Island Plantation and West Kalimantan Plantation. Among activities funded were:

• Ramadhan gifts;

• Donation of sacrifical animals for religious ceremonies;

• Other religious events including Christmas gift-giving;

• Support for a boy scout program;

• Sponsorship for an arts and culture festival and sports events for elementary and junior high school students;

• Sponsorship for independence day events.

• Sponsorship for local churches in West Papua.

• Disaster relief donations for victims of the volcanic eruption of Mount Sinabung in North Sumatra.

Occupational Health and Safety

ANJ's corporate values incorporate an unambiguous commitment to ensure a safe, healthy and environmentally sound workplace. Through our commitment to respect for people and the environment we undertake continuous monitoring and improvement of workplace conditions and policies to protect our people and ensure there is no compromise in occupational health and safety or "K3" (*keselamatan dan kesehatan kerja*).

Our Operations Department incorporates an established Environment, Health and Safety (EHS) Department that seeks to minimize accidents in our operations, prevent unsafe working practices and equipment damage and maintain the balance of the environmental ecosystem in and around our plantation areas. In doing so, it continually looks into refining and implementing more comprehensive safety measures and devices and ensuring that our employees are provided with equipment necessary for comprehensive personal protection.

For example, as part of our health and safety policy, our operations employees are routinely provided with all necessary safety gear and equipment, such as helmets, boots and covers for harvesting blades, and our operational plantations have medical clinics which are permanently staffed with doctors and nurses and serviced by ambulances. We have established regulations and policies regarding standards and safety procedures that must be maintained in the workplace.

We also have a safety committee comprised of staff and workers that supports the EHS Department and holds regular health and safety training, including courses on first aid and fire drills, as well as promotional campaigns through demonstrations, posters and educational literature.

Safety Index and Standards

Although we target an accident rate of zero, even in the most stringently controlled workplace environment it is impossible to eradicate accidents altogether, however our four operational plantations have an established internal safety index that incorporates all reported accident data. Both of our North Sumatra plantations and our Belitung Island Plantation analyze separate data for both estate activities and processing mill activities, while our West Kalimantan Plantation, where there is not a mill yet, analyzes estate accident data.

In all cases, our safety index benchmark is well beyond minimum standards. The index records the number of accidents in two categories, incidents requiring medical aid and lost-time injuries. The benchmark is set to 0.5, and over the past three years the cumulative index across our businesses was 0.42 in 2011, 0.39 in 2012 (with one fatality) and 0.38 in 2013.

Personal safety, protection and carefulness are stressed as priorities in our operations.

Our Belitung Island Plantation has maintained international certifications for its environmental, health and safety systems in the form of ISO 14001:2004 since its issuance in 2012, our North Sumatra I Plantation has also adopted this standard, and we are in the process of rolling out compliance to our other plantations. We also work to adhere to the standards of OHSAS 18001, a British standard that is widely seen as the world's most recognized standard for occupational health and safety management systems.

In addition, Indonesian law obliges companies to uphold occupational health and safety standards through SMK3 certification, and both our Belitung Island Plantation and North Sumatra I Plantation have this certification.

Staff Training and Estate Monitoring

Our employment policies give us a natural advantage in enhancing health and safety at work, in that we directly employ a high percentage of our harvesters rather than using contract workers. We believe that this enables us to increase supervision over, and training of, our harvesters. This principally allows us to better ensure our quality control procedures and maintain labor cost efficiency, but also gives us more supervision and monitoring over safety issues and allows us to swiftly identify and mitigate any problem areas. We plan to continue this policy.

We have also developed an estate ranking system that tracks estate performance across a number of metrics, including productivity and cost control, as well as environmental responsibility and safety, providing us with more insight into areas that require further attention and improvement.

New employees must all undergo a comprehensive safety induction program, including understanding and learning company rules and guidelines on safety at work. Development and refresher training is then given continuously, most regularly in the use of personal protective equipment.

Emergency Response

Defined procedures are in place facilities for dealing with workplace accidents or health threats such as chemical/ biological spills, burns, explosions or natural disasters. We regularly review standard operating procedures for emergency response and house emergency response teams at each of our operational estates. Regular training is provided in dedicated facilities, and emergency simulations are conducted at least once in a year. Training of emergency response is concentrated in the areas of fire fighting, first aid and site evacuation.

Healthcare

In terms of health programs and on-site health facilities, the clinics provided for staff and their families comprise both outpatient and inpatient facilities — including dental and eye-care facilities — and doctors also make referrals to designated full-service hospitals. Employees also receive regular medical checkups and have access to integrated health advice centers and family planning services. We hold regular counseling on health issues, conduct training in prevention of infectious diseases, promote healthy living education and provide sports facilities where feasible.

Product Safety

The Company's principal line of business is oil palm cultivation, harvesting and processing. The main end product is CPO, mostly for use in foodstuffs, and thus we have clearly defined responsibilities to ensure our product meets all necessary quality and hygiene standards. In addition we are developing a business in sago starch to be used in the manufacture of foods, and the same considerations apply.

In the Field

Our attention to quality and food safety starts with our approach to growing. We use only high-grade fertilizers imported from reputable producers, where we can be sure of quality and the integrity of ingredients. We use fertilizers such as urea, rock phosphate, NPK and muriate of potash, which are applied according to strict schedules and nutrient requirements. We also reuse organic by-products from our mills as fertilizer substitutes.

We drastically reduce the need for potentially harmful pesticides through integrated pest management, involving biological methods and the propagation of planting of beneficial plants which attract natural predators and parasitoids to control leaf-eating pests (see page 72 for details).

Milling and Processing

After harvesting, fresh fruit bunches at our processing mills are subject to continual evaluation and monitoring through dedicated quality control inspection teams at each of our palm oil processing mills. They monitor the quality of our products as well as the production process.

Fruit bunches are processed as quickly as possible to maximize freshness, and no materials are recycled in the milling process. All waste material is segregated for later decomposition in ponds or for application as fertilizer.

Food safety standards are applied continually in the processing cycle, especially with regard to avoiding chemical or biological contaminants. CPO under storage is monitored for contamination, and tanker trucks used for transporting oil are also tested for cleanliness and contaminants.

Our estate and mill workers are comprehensively trained in food hygiene and safety procedures and obliged to report any suspected cases of contamination, spoilage or physical degradation.

ANJ received no reports of contamination claims or complaints regarding the quality or safety of our products either internally or from customers during 2013.

With regard to our developing sago starch business in West Papua, we are building a mill fully equipped with sterilizing and cleaning mechanisms to ensure the integrity of the sago products we will process there. We will apply the same standards of product safety to our sago business as we have in our palm oil business.

Statement of Responsibility of the Members of the Board of Directors and the Board of Commissioners for the 2013 Annual Report of PT Austindo Nusantara Jaya Tbk.

We, the undersigned, declare that the information contained in the 2013 Annual Report of PT Austindo Nusantara Jaya Tbk. is complete and we are responsible for the accuracy of the content of the 2013 Annual Report. Thus, this statement is duly made by the Board of Directors and Board of Commissioners.

Jakarta, April 29, 2014

Board of Directors

Suwito Anggoro
President Director

Istini Tatiek Siddharta
Deputy President Director

Sucipto Maridjan
Director

Achmad Hadi Fauzan
Non-Affiliated Director

Board of Commissioners

Adrianto Machribie
President Commissioner (Independent)

George Santosa Tahija
Commissioner

Sjakon George Tahija
Commissioner

Anastasius Wahyuhadi
Commissioner

Istama Tatang Siddharta
Commissioner

Josep Kristiadi
Independent Commissioner

Arifin Mohamed Siregar
Independent Commissioner

PT Austindo Nusantara Jaya Tbk.
and Subsidiaries

Consolidated Financial Statements

and Supplementary Information
for the Years Ended Dec. 31, 2013 and 2012
and Independent Auditors' Report

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PT AUSTINDO NUSANTARA JAYA Tbk.

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JL. H. R. RASUNA SAID KAV. B10-11 JAKARTA - 12910, INDONESIA
P.O. BOX 6146-MT, JAKARTA 10310, INDONESIA
TEL : (62-21) 2965 1777 FAX : (62-21) 2965 1788

DIRECTORS' STATEMENT LETTER RELATED TO THE RESPONSIBILITY ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

We, the undersigned:

1.	Name	:	Suwito Anggoro
	Office Address	:	Atrium Mulia, 3A Floor, Suite 3A-02 Jl. H.R. Rasuna Said Kav.B10-11, Jakarta
	Domicile as in ID card	:	Jl. Panglima Polim II No. 36, Kebayoran Baru
	Phone number	:	(021) 29651777
	Position	:	President Director
2.	Name	:	Istini Tatiek Siddharta
	Office Address	:	Atrium Mulia, 3A Floor, Suite 3A-02 Jl. H.R. Rasuna Said Kav.B10-11, Jakarta
	Domicile as in ID card	:	Jl. Gunung Sahari VII B/11, Sawah Besar
	Phone number	:	(021) 29651777
	Position	:	Deputy President Director

state that :

1. We are responsible for the preparation and presentation of the consolidated financial statements;
2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. All information in the consolidated financial statements and supplementary information has been completely and correctly disclosed;
   b. The consolidated financial statements and supplementary information do not contain materially misleading information or facts, and do not conceal any material information and facts;
4. We are responsible for PT Austindo Nusantara Jaya Tbk and subsidiaries' internal control system.

This statement letter has been made truthfully.

Jakarta, March 26, 2014

METERAI TEMPEL
6000 DJP

Suwito Anggoro	Istini Tatiek Siddharta
President Director	Deputy President Director

Deloitte.

Osman Bing Satrio & Eny
Registered Public Accountants
License: KMK No. 1423/KM.1/2012
The Plaza Office Tower 32nd Floor
Jl. M.H. Thamrin Kav 28 - 30
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Independent Auditors' Report

No. GA114 0220 ANJ OS

The Stockholders, Boards of Commissioners and Directors
P.T. Austindo Nusantara Jaya Tbk

We have audited the accompanying consolidated financial statements of P.T. Austindo Nusantara Jaya Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2013, and the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of P.T. Austindo Nusantara Jaya Tbk and its subsidiaries as of December 31, 2013, and their consolidated financial performance and cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Osman Bing Satrio & Eny

Osman Bing Satrio & Eny

Other Matter

Our audit of the accompanying consolidated financial statements of P.T. Austindo Nusantara Jaya Tbk and its subsidiaries as of December 31, 2013 and for the year then ended was performed for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The accompanying financial information of the Company (Parent Entity), which comprises the statement of financial position as of December 31, 2013, and the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and other explanatory notes (collectively referred to as "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purposes of additional analysis and is not a required part of the accompanying consolidated financial statements under Indonesian Financial Accounting Standards. The Parent Entity Financial Information is the responsibility of the Company's management and was derived from and relates directly to the underlying accounting and other records used to prepare the accompanying consolidated financial statements. The Parent Entity Financial Information has been subjected to the auditing procedures applied in the audit of the accompanying consolidated financial statements in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. In our opinion, the Parent Entity Financial Information is fairly stated, in all material respects, in relation to the accompanying consolidated financial statements taken as a whole.

OSMAN BING SATRIO & ENY

Drs. Osman Sitorus
Public Accountant License No. AP.0567

March 26, 2014

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012

	Notes	31/12/2013 US$	31/12/2012 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	41,438,142	76,598,758
Restricted time deposits	6	331,837	1,500,000
Investment in trading securities at fair value	7	2,283,304	4,846,197
Receivable from service concession arrangement - current	49	131,092	39,581
Trade accounts receivable	8	741,057	1,433,658
Other receivable - net of allowance for impairment losses of US$ 53,613 as of December 31, 2013 and US$ 55,049 as of December 31, 2012	9	1,439,772	2,251,012
Inventories - net of allowance for decline in value of inventories of US$ 120,878 as of December 31, 2013 and US$ 134,994 as of December 31, 2012	10	10,414,277	16,067,141
Prepayments and advances	11	15,330,794	6,582,339
Total Current Assets		72,110,275	109,318,686
NON-CURRENT ASSETS			
Long-term receivable from service concession arrangement	49	8,127,703	6,304,605
Long-term other receivable	12	-	687,959
Investment in associates	13	18,441,784	16,828,699
Other investments	14	20,569,709	23,978,281
Deferred tax assets	42	5,908,145	6,267,430
Palm plantation - net of accumulated depreciation of US$ 82,435,097 as of December 31, 2013 and US$ 74,040,362 as of December 31, 2012	15	141,660,411	140,964,645
Property, plant and equipment - net of accumulated depreciation of US$ 45,391,230 as of December 31, 2013 and US$ 39,001,021 as of December 31, 2012	16	88,572,085	77,865,835
Intangible asset - landrights - net of accumulated amortization of US$ 21,268 as of December 31, 2013 and US$ 20,148 as of December 31, 2012	17	816,218	864,624
Advances	18,51	34,428,582	8,894,044
Goodwill	19	4,967,579	4,967,579
Claims for tax refund	20	63,282	1,429,627
Other assets	9	1,691,490	995,874
Total Non-current Assets		325,246,988	290,049,202
TOTAL ASSETS		397,357,263	399,367,888

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2013 AND 2012 - Continued

	Notes	31/12/2013 US$	31/12/2012 US$
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	21	1,440,700	3,841,039
Trade accounts payable	22	3,276,845	4,579,888
Taxes payable	23	2,414,865	27,884,239
Other payable	24	5,664,646	8,295,652
Accrued expenses	25	4,821,492	8,167,318
Lease liabilities - current maturities	26	278,043	1,772,756
Deferred revenue - current maturities	27	1,340,115	1,340,115
Total Current Liabilities		19,236,706	55,881,007
NON-CURRENT LIABILITIES			
Lease liabilities - net of current maturities	26	149,201	427,244
Deferred revenue - net of current maturities	27	670,058	2,010,173
Long-term other payable	48j	998,468	1,006,781
Provision for service concession arrangement - net of current maturities	49	1,099,622	294,243
Deferred tax liabilities	42	2,986,654	2,967,032
Post-employment benefit obligation	28	7,558,716	9,112,277
Total Non-current Liabilities		13,462,719	15,817,750
EQUITY			
Capital stock - Rp 100 par value per share as of December 31, 2013 and 2012 Authorized -12,000,000,000 shares as of December 31, 2013 and 2012 Issued and paid-up - 3,333,350,000 shares as of December 31, 2013 and 3,000,000,000 shares as of December 31, 2012	29	46,581,073	43,158,940
Additional paid in capital	30	45,151,418	-
Difference in value from restructuring transaction between entities under common control	30	-	13,004,333
Management stock options	31	344,299	-
Difference in value due to changes in equity of subsidiaries	32	30,607,591	30,607,591
Other comprehensive income		(22,517,494)	(663,289)
Retained earnings			
Appropriated		675,566	675,566
Unappropriated		263,302,449	240,178,830
Equity attributable to the owners of the Company		364,144,902	326,961,971
Non-controlling interests	33	512,936	707,160
Total Equity		364,657,838	327,669,131
TOTAL LIABILITIES AND EQUITY		397,357,263	399,367,888

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2013 AND 2012

	Notes	2013	2012
		US$	US$
CONTINUING OPERATIONS:			
INCOME			
Revenue from sales	34	134,798,060	159,880,575
Service concession revenue	49	3,641,277	5,979,192
Share in net income of associates	35	2,513,084	3,861,440
Dividend income	36	3,202,854	7,924,909
Interest income	37	1,112,889	1,990,658
Foreign exchange gain		3,188,359	2,009,636
Other income	38	3,297,018	3,417,845
Total Income		151,753,541	185,064,255
EXPENSES			
Cost of sales	39	86,668,051	85,736,972
Cost of service concession	49	3,556,557	2,494,800
Selling expenses		2,398,767	2,248,691
Personnel expenses	40	11,342,654	20,104,253
General and administrative expenses	41	12,490,103	14,878,463
Loss from liquidation of a subsidiary	1c	959,556	-
Interest expenses		425,015	247,418
Other expenses	46a,c	562,043	91,022
Total Expenses		118,402,746	125,801,619
INCOME BEFORE TAX		33,350,795	59,262,636
TAX EXPENSE	42	(11,488,955)	(17,305,555)
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		21,861,840	41,957,081
DISCONTINUED OPERATIONS			
Net income from discontinued operations	43	-	56,703,023
NET INCOME FOR THE YEAR		21,861,840	98,660,104
OTHER COMPREHENSIVE INCOME:			
Continuing operation			
Change in fair value of available-for-sale investments		(797,542)	371,463
Actuarial gain (loss)		1,643,076	(604,572)
Deferred tax benefit (expense)		(440,246)	94,689
Foreign exchange differentials from translation of subsidiaries' financial statements		(21,191,938)	(4,879,885)
Discontinued operation			
Foreign exchange differentials from translation of subsidiaries' financial statements		-	1,997,539
Total other comprehensive income-net of tax		(20,786,650)	(3,020,766)
TOTAL COMPREHENSIVE INCOME		1,075,190	95,639,338

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2013 AND 2012 - Continued

	Notes	2013	2012
		US$	US$
NET INCOME ATRIBUTABLE TO:			
Owners of the Company		21,920,789	96,299,136
Non-controlling interests		(58,949)	2,360,968
Net income for the years		21,861,840	98,660,104
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the Company		1,269,414	93,300,358
Non-controlling interests		(194,224)	2,338,980
Total Comprehensive Income		1,075,190	95,639,338
BASIC EARNINGS PER SHARE	44		
Basic earnings per share		0.00680	0.07970
Basic earnings per share from continuing operation		0.00680	0.03473
Diluted earnings per share from continuing operation		0.00678	-
Basic earnings per share from discontinued operation		-	0.04497

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2013 AND 2012

	Notes	Capital stock	Additional paid in capital	Difference in value from restructuring transaction between entities under common control	Management stock options	Difference in value due to changes in equity of subsidiaries	Other Comprehensive Income: Available for sale investment revaluation	Other Comprehensive Income: Translation adjustments	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of January 1, 2012		15,084,048	-	-	-	32,386,326	2,484,648	(659,042)	675,566	437,389,577	487,361,123	11,818,308	499,179,431
Difference in value from restructuring transaction between entities under common control		-	-	-	-	(1,337,434)	-	-	-	-	(1,337,434)	-	(1,337,434)
Difference in value due to changes in equity of subsidiaries	30	-	-	13,004,333	-	-	-	-	-	-	13,004,333	-	13,004,333
Increase in capital stock	29	28,074,892	-	-	-	-	-	-	-	-	28,074,892	-	28,074,892
Sale of subsidiaries	1c	-	-	-	-	(441,301)	-	-	-	-	(441,301)	(129,804)	(571,105)
Purchase of non-controlling interests of subsidiaries	1c	-	-	-	-	-	-	-	-	-	-	(13,320,324)	(13,320,324)
Net income for the year ended December 31, 2012 :													
Continuing operations		-	-	-	-	-	-	-	-	41,218,373	41,218,373	738,708	41,957,081
Discontinued operations		-	-	-	-	-	-	-	-	55,080,763	55,080,763	1,622,260	56,703,023
Other Comprehensive Income:													
Continuing operation													
Change in fair value of available-for-sale investments		-	-	-	-	-	371,463	-	-	-	371,463	-	371,463
Actuarial loss		-	-	-	-	-	-	-	-	(604,572)	(604,572)	-	(604,572)
Deferred tax benefit on actuarial loss		-	-	-	-	-	-	-	-	94,689	94,689	-	94,689
Foreign exchange differentials from translations of subsidiaries' financial statements		-	-	-	-	-	-	(4,857,897)	-	-	(4,857,897)	(21,988)	(4,879,885)
Discontinued operation:													
Foreign exchange differentials from translations of subsidiaries' financial statements		-	-	-	-	-	-	1,997,539	-	-	1,997,539	-	1,997,539
Total comprehensive income		-	-	-	-	-	371,463	(2,860,358)	-	95,789,253	93,300,358	2,338,980	95,639,338
Cash dividend	45	-	-	-	-	-	-	-	-	(293,000,000)	(293,000,000)	-	(293,000,000)
Balance as of December 31, 2012		43,158,940	-	13,004,333	-	30,607,591	2,856,111	(3,519,400)	675,566	240,178,830	326,961,971	707,160	327,669,131
Increase in paid in capital :													
Initial Public Offering	29,30	3,422,133	32,147,085	-	-	-	-	-	-	-	35,569,218	-	35,569,218
Management stock options	31	-	-	-	344,299	-	-	-	-	-	344,299	-	344,299
Difference in value from restructuring transaction between entities under common control presented as additional paid in capital	30	-	13,004,333	(13,004,333)	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2013:													
Continuing operation		-	-	-	-	-	-	-	-	21,920,789	21,920,789	(58,949)	21,861,840
Other Comprehensive Income:													
Continuing operation													
Change in fair value of available-for-sale investments	14	-	-	-	-	-	(797,542)	-	-	-	(797,542)	-	(797,542)
Actuarial gain		-	-	-	-	-	-	-	-	1,643,076	1,643,076	-	1,643,076
Deferred tax expense from actuarial gain		-	-	-	-	-	-	-	-	(440,246)	(440,246)	-	(440,246)
Foreign exchange differentials from translations of subsidiaries' financial statements		-	-	-	-	-	-	(21,056,663)	-	-	(21,056,663)	(135,275)	(21,191,938)
Total comprehensive income		-	-	-	-	-	(797,542)	(21,056,663)	-	23,123,619	1,269,414	(194,224)	1,075,190
Balance as of December 31, 2013		46,581,073	45,151,418	-	344,299	30,607,591	2,058,569	(24,576,063)	675,566	263,302,449	364,144,902	512,936	364,657,838

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
	US$	US$
CASHFLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	139,009,933	169,442,919
Cash received from interest income	1,138,469	2,073,218
Payment of post-employment benefits	(1,062,751)	(10,473,856)
Income taxes paid	(41,102,145)	(23,961,988)
Payment for other operating activities	(19,336,423)	(31,343,898)
Payment to suppliers	(55,767,849)	(52,949,823)
Payment to employees	(29,688,347)	(25,041,921)
Net Cash Provided by (Used in) Operating Activities	(6,809,113)	27,744,651
CASHFLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of subsidiaries	-	142,949,918
Proceeds from sale of trading securities	2,544,252	105,625,310
Dividends received	4,102,854	8,498,642
Proceeds from sale of property, plant and equipment	1,621,961	7,246,431
Proceeds from sale of investment in properties	-	6,930,536
Proceeds from sale of other investments	-	2,630,886
Placement of restricted time deposits	(331,837)	(1,500,000)
Withdrawal of restricted time deposits	1,500,000	-
Acquisition and additional investment in subsidiaries, associates and other investments	(23,591,764)	(12,261,698)
Addition in advances for investment	(638,998)	-
Acquisition of property, plant and equipment	(21,508,242)	(20,578,767)
Addition to oil palm plantations	(17,533,136)	(18,002,735)
Addition in advances	(5,704,000)	(4,019,892)
Addition to other assets	(695,616)	-
Net Cash Provided by (Used in) Investing Activities	(60,234,526)	217,518,631
CASHFLOWS FROM FINANCING ACTIVITIES		
Issuance of shares through Initial Public Offering	36,518,722	-
Proceeds from capital injection by shareholders	-	28,074,892
Proceeds from sale and lease back transactions	-	4,000,000
Payment of lease liabilities	(1,772,756)	-
Payment for interest expense	(462,604)	(238,468)
Payment of dividends	-	(293,000,000)
Proceeds from bank loans	57,998,434	1,586,230
Payment of short-term bank loans	(60,398,773)	-
Net Cash Provided by (Used in) Financing Activities	31,883,023	(259,577,346)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(35,160,616)	(14,314,064)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	76,598,758	90,912,822
CASH AND CASH EQUIVALENTS AT END OF YEAR	41,438,142	76,598,758

See accompanying notes to consolidated financial statements
which are an integral part of the consolidated financial statements

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012

1. GENERAL

a. Establishment and General Information

P.T. Austindo Nusantara Jaya Tbk ("the Company"), formerly P.T. Austindo Teguh Jaya, was established by Deed No. 72 of Notary Mr. Sutjipto, S.H., dated April 16, 1993 which was approved by the Minister of Justice of the Republic of Indonesia in his Decision Letter No. C2-3479.HT.01.01.TH.93 dated May 21, 1993, and was published in Supplement No. 4010 to the State Gazette No. 70, dated August 31, 1993. The Articles of Association have been amended several times, the latest amendment by Deed No. 161 of Notary Dr. Irawan Soerodjo, S.H. Msi, dated January 17, 2013, pertaining to the Initial Public Offering (IPO) of the Company, among others, included the change in the Company's status, the IPO plan through the issuance of new shares from Company's portfolio, the approval of share allocation program to employees and the management stock option program, changes in composition of the Board of Commissioners and the Board of Directors and the change in the Articles of Association in order to comply with Bapepam-LK's regulation. The deed was approved by the Minister of Law and Human Rights of the Republic Indonesia in his Decision Letter No. AHU-03796.AH.01.02.Tahun 2013 dated January 31, 2013.

In accordance with Article 3 of the Company's Articles of Association, the scope of its activities is to engage in the general trading and services. The Company is eligible to, among others, pursue business opportunities and investments. Currently, the Company provides management services and also operates as a holding company of its subsidiaries and associates operating in the agribusiness industry, which are palm oil plantation, sago processing and tobacco processing as well as renewable energy. Before 2012, the Company also operated as a holding company of subsidiaries operating in the financial services, healthcare services and other industries which were sold in 2012. The Company started its commercial operations in 1993.

As of December 31, 2013 and 2012, the Company and its subsidiaries (the Group) had 5,172 and 4,880 permanent employees, respectively.

The Company is domiciled in Jakarta and since May 24, 2013, its head office is located at Atrium Mulia 3Ard floor, Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910.

As of December 31, 2013 and 2012, the composition of the Company's Board of Commissioners and Board of Directors were as follows:

	31/12/2013	31/12/2012
President Commissioner	Mr. Adrianto Machribie Reksohadiprodjo	Mr. Adrianto Machribie Reksohadiprodjo
Commissioners	Mr. George Santosa Tahija	Mr. George Santosa Tahija
	Mr. Sjakon George Tahija	Mr. Sjakon George Tahija
	Mr. Arifin Mohamed Siregar	Mr. Arifin Mohamed Siregar
	Mr. Istama Tatang Siddharta	Mr. Istama Tatang Siddharta
	Mr. Anastasius Wahyuhadi	Mr. Anastasius Wahyuhadi
	Mr. Josep Kristiadi	Mr. Josep Kristiadi
President Director	Mr. Suwito Anggoro	Mr. Suwito Anggoro
Deputy President Director	Mrs. Istini Tatiek Siddharta	Mrs. Istini Tatiek Siddharta
Directors	Mr. Sucipto Maridjan	Mr. Sucipto Maridjan
	Mr. Ahmad Hadi Fauzan	

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012 - Continued

The Company provides benefits to its Commissioners and Directors as follows:

	31/12/2013	31/12/2012
	US$	US$
Short-term benefits	2,157,478	1,799,192
Long-term benefits	-	6,722,821
Stock options	106,328	-
Total	2,263,806	8,522,013

The members of the Audit Committee as of December 31, 2013 are as follows:

	31/12/2013
Chairman	Mr. Arifin Mohamed Siregar
Members	Mr. Danrivanto Budhijanto
	Mrs. Muljawati Chitro

b. Initial Public Offering

On May 1, 2013, the Company obtained an effective statement from *Otoritas Jasa Keuangan* (OJK) by virtue of its letter No. S-101/D.04/2013 for its initial offering of 333,350,000 shares to the public at par value of Rp 100 per share on the Indonesia Stock Exchange at an initial offering price of Rp 1,200 per share. On May 8, 2013, all of these shares were listed on the Indonesia Stock Exchange.

Based on Deed No. 100 of notary Dr. Irawan Soerodjo, S.H., Msi, dated June 14, 2013, in accordance with the shareholders register dated May 31, 2013, the shares issued by the Company to the public in the Initial Public Offering were 333,350,000 shares, representing 10% of the outstanding shares. The deed was reported to the Minister of Law and Human Rights of the Republic Indonesia and acknowledged by receipt No. AHU-AH.01.10-25577 dated June 24, 2013.

c. Subsidiaries

The Company has ownership interests of more than 50%, directly or indirectly, in the following subsidiaries:

Subsidiaries and principal activities	Location	Year of commercial operation	Equity interest		Total Assets Before Elimination	
			31/12/2013	31/12/2012	31/12/2013	31/12/2012
			%	%	US$	US$
Direct subsidiaries						
Renewable Energy						
PT Darajat Geothermal Indonesia (DGI)	Darajat, West Java	1998	99.99	99.99	11,138,469	11,409,047
PT Austindo Aufwind New Energy (AANE)	Belitung, Bangka Belitung	2013	98.99	98.99	2,634,661	2,404,087
Agribusiness						
PT Aceh Timur Indonesia (ATI)	Jakarta	1998	99.99	99.99	3,996,123	3,559,968
PT Surya Makmur (SM)	Medan	1998	99.96	99.99	5,214,568	4,639,805
PT Gading Mas Indonesian Tobacco (GMIT)	Jember	2000	99.99	99.99	7,846,707	13,227,130
PT Austindo Nusantara Jaya Agri (ANJA)	Binanga, North Sumatera	1995	99.99	99.99	221,361,381	206,934,889
PT ANJ Agri Papua (ANJAP)	South Sorong, Papua	Pre-operating	99.99	99.99	26,407,391	30,435,763
PT Austindo Nusantara Jaya Boga (ANJB)	Jakarta	Pre-operating	99.99	-	392,152	-
Financial services						
PT Prima Mitra Nusatama (PMN) (in liquidation)	Jakarta	1994	-	99.99	86,795	39,421,846

Subsidiaries and principal activities	Location	Year of commercial operation	Equity interest		Total Assets Before Elimination	
			31/12/2013	31/12/2012	31/12/2013	31/12/2012
			%	%	US$	US$
Indirect subsidiaries						
Agribusiness						
PT Sahabat Mewah dan Makmur (SMM) (1)	Belitung	1994	99,99	99,99	27,079,350	29,509,089
PT Austindo Nusantara Jaya Agri Siais (ANJAS) (1)	South Angkola North Sumatera	2009	99,99	99,99	66,047,498	71,654,954
PT Kayung Agro Lestari (KAL) (1)	Ketapang, West Kalimantan	Pre-operating	99,99	99,99	51,202,247	55,383,203
PT Lestari Sagu Papua (LSP) (2)	South Sorong, Papua	Pre-operating	51,00	51,00	1,029,318	1,392,481
PT Galempa Sejahtera Bersama (GSB) (3)	South Sumatera	Pre-operating	99,99	99,99	2,191,831	1,197,388
PT Putera Manunggal Perkasa (PMP) (3)	South Sorong and Maybrat, Papua	Pre-operating	99,99	-	6,040,391	-
PT Permata Putera Mandiri (PPM) (3)	South Sorong, Papua	Pre-operating	99,99	-	4,484,875	-

(1) Owned by ANJA
(2) Owned by ANJAP
(3) 95.00% is owned by ANJA and 5.00% is owned by the Company

PT Austindo Aufwind New Energy (AANE)

Based on Deed No. 135 of notary Mala Mukti, S.H., dated July 19, 2012, ANJA and Aufwind Schmack Asia Holding GmbH (ASA) approved the sales of 2,130 shares or 90.64% ownership in AANE from ANJA to the Company, and 176 shares or 7.49% ownership in AANE from ASA to the Company, resulting in the Company owns 2,306 shares or 98.13% ownership in AANE.

Based on Deed No. 16 of notary Mala Mukti, S.H., dated November 5, 2012, the Company and ASA approved the increase of AANE's authorized capital from US$ 2,350,000 to US$ 10,000,000 and the increase of the paid up capital from US$ 2,350,000 to US$ 4,350,000 by issuing 2,000 new shares, which were all subscribed and paid by the Company. As the result, the Company's ownership in AANE increased from 98.13% to 98.99%.

Based on Deed No. 124 of notary Mala Mukti, S.H., dated July 23, 2013, the shareholders of AANE approved the increase in AANE's issued and paid up capital from US$ 4,350,000 to US$ 5,350,000 by issuing 1,000 new shares. Approval from Minister of Law and Human Rights of the Republic of Indonesia related to the capital increase is still in process. The Company has paid US$ 1,000,000 capital advance to AANE.

PT Gading Mas Indonesian Tobacco (GMIT)

Based on Deed No. 39 of notary Mala Mukti, S.H. dated September 12, 2012, the shareholders of GMIT approved Southseas Resources Private Ltd as the owner of 57,140 shares or 33.19% ownership in GMIT to sell 57,139 shares to the Company and 1 share to Mr. Koh Bing Hock. As a result, the Company owns 172,139 shares or 99.99% direct ownership in GMIT.

Based on Deed No. 5 of notary Desman, S.H., M.Hum, M.M. dated December 2, 2013, the shareholders of GMIT approved the sale and transfer of one share owned by Mr. Koh Bing Hock and 61 shares owned by the Company to Mr. Thomas Andrew Marshall at a selling price of Rp 310,000 per share. As a result, the Company's direct ownership in GMIT decreased to 99.96%.

PT Austindo Nusantara Jaya Agri (ANJA)

Based on Deed No. 46 of notary Mala Mukti, S.H., dated March 6, 2012, ANJA's shareholders approved the sale of 1,399,521 shares from one of non-controlling shareholders to the Company, which increased the Company's ownership in ANJA from 99.51% to 99.56%.

Based on Deed No. 45 of notary Mala Mukti, S.H., dated October 12, 2012, ANJA's shareholders approved the sales of 90,729 shares from one of non-controlling shareholders to the Company, which increased the Company's ownership in ANJA to 99.57%.

Based on Deed No. 84 of notary Mala Mukti, S.H., dated November 22, 2012, ANJA's shareholders approved the sale of 10,834,584 shares from non-controlling shareholders to the Company, which increased the Company's ownership in ANJA to 99.99%.

Based on Deed No. 40 of notary Desman, S.H., M.Hum., M.M., dated December 9, 2013, ANJA's shareholders approved the increase of issued and paid up capital from 2,525,528,924 shares to 4,728,961,424 shares, all of which was subscribed and paid by the Company.

PT ANJ Agri Papua (ANJAP)

Based on Deed No. 78 of notary Mala Mukti, S.H. dated April 18, 2012, the shareholders of ANJAP approved to increase its paid up capital from Rp 118,000,000,000 to Rp 164,000,000,000 by issuing 46,000 new shares; of which 45,540 shares were subscribed and paid by ANJA and 460 shares were subscribed and paid by SMM.

Based on deed No. 45 of notary Mala Mukti, S.H. dated August 15, 2012, the shareholders of ANJAP approved the sale and transfer of 162,360 shares or 99% ownership in ANJAP from ANJA to the Company, resulting in the Company's held 99% direct ownership in ANJAP.

Based on Deed No. 129 of notary Mala Mukti, S.H. dated September 27, 2012, the Company and SMM as the shareholders of ANJAP approved to increase its authorized capital from Rp 200,000,000,000 to Rp 400,000,000,000, which consisted of 400,000 shares with par value per share of Rp 1,000,000, and to increase its paid up capital from Rp 164,000,000,000 to Rp 246,000,000,000 by issuing 82,000 new shares, all of which was fully subscribed and paid by the Company. The Company's direct ownership in ANJAP increased from 99% to 99.33%.

Based on Deed No. 2 of notary Mala Mukti, S.H. dated December 4, 2012, all the shareholders of ANJAP approved to increase its issued and paid-up capital from Rp 246,000,000,000 to Rp 329,000,000,000 by issuing 83,000 new shares, all of which was fully paid and subscribed by the Company. The Company's direct ownership in ANJAP increased from 99.33% to 99.50%.

Based on Deed No. 70 of notary Desman, S.H., M.Hum., M.M. dated November 22, 2013, all the shareholders of ANJAP approved to increase its issued and paid-up capital from Rp 329,000,000,000 to Rp 385,578,000,000 by issuing 56,578 new shares, all of which was fully paid and subscribed by the Company. The Company's direct ownership in ANJAP increased from 99.50% to 99.575%.

PT Austindo Nusantara Jaya Boga (ANJB)

Based on Deed No. 98 of Notary Mala Mukti, S.H. dated April 25, 2013, the Company established ANJB, a company which will operate in, among others, general trading, processing of plantation or forestry crops, acting as an agent of other companies and providing services, with an authorized capital of Rp 20,000,000,000 consisting of 20,000,000 shares at par value of Rp 1,000 per share and issued capital of Rp 5,000,000,000 consisting of 5,000,000 shares. Of the above mentioned issued capital, 4,999,999 shares were subscribed by the Company and 1 share was subscribed by Yayasan Tahija.

PT Prima Mitra Nusatama (PMN)

Based on Deeds No. 53, 54, 75 and 24 of notary Mala Mukti, S.H. dated respectively August 16, 2012, August 16, 2012, August 30, 2012, and September 7, 2012, Adrian Park Ltd., Investor Investment Asia Ltd., Hamon Private Equity Ltd., and Lattice Ltd., as the owner of respectively 19,514,286 shares, 1,915,587 shares, 718,061 shares and 677,166 shares, representing respectively 30%, 2.95%, 1.11% and 1.04% ownership in PMN, sold and transferred all their shares to the Company.

Based on Deed No. 127 of notary Mala Mukti, S.H. dated September 27, 2012, the Company sold 1 share to Mr. George Santosa Tahija.

Due to the above sale and purchase tansactions of PMN shares, the Company owns 65,047,619 shares or 99.99% ownership in PMN.

Based on Deed No. 73 of notary Mala Mukti, S.H. dated November 21, 2012, PMN's shareholders approved the liquidation of PMN effective on November 13, 2012 and appointed a liquidator for the liquidation process.

Based on Deed No. 5 of notary Mala Mukti, S.H. dated April 1, 2013, PMN's shareholders approved the payment of the remaining net assets post liquidation of PMN to the shareholders. On April 23, 2013, PMN has transferred its remaining net assets post liquidation of equivalent to US$ 9,645,660 as dividend and capital repayment to the shareholders. Remaining post liquidation net assets of US$ 50,974 is provided for expenses which may be incurred during the liquidation process. Following the liquidation, the Company recognized realization of PMN's cumulative translation adjustments of US$ 959,556 as loss from liquidation.

PT Austindo Nusantara Jaya Agri Siais (ANJAS)

Based on the Shareholders' Approval dated June 13, 2013, which was recorded in Deed No. 8 of notary Mala Mukti, S.H., dated July 2, 2013, the shareholders approved the decrease in issued and paid up capital of ANJAS from 623,570 shares to 550,570 shares. On September 16, 2013, the decrease in paid up capital was approved by the Minister of Law and Human Rights in his decision letter No. AHU-48628.AH.01.02.Tahun.2013.

PT Kayung Agro Lestari (KAL)

Based on Deed No. 85 of notary Mala Mukti, S.H. dated February 24, 2012, the shareholders of KAL approved to increase its issued and paid up capital from Rp 180,000,000,000 to Rp 315,000,000,000 by issuing 270,000 new shares, of which 269,865 shares were subscribed and paid by ANJA and 135 shares were subscribed and paid by SMM.

Based on Deed No. 15 of notary Mala Mukti, S.H. dated July 4, 2012, the shareholders of KAL approved to increase its issued and paid up capital from Rp 315,000,000,000 to Rp 410,000,000,000 by issuing 190,000 new shares, of which 189,905 shares were subscribed and paid by ANJA and 95 shares were subscribed and paid by SMM.

Based on Deed No. 17 of notary Mala Mukti, S.H. dated November 5, 2012, the shareholders of KAL approved to increase its issued and paid up capital from Rp 410,000,000,000 to Rp 552,500,000,000 by issuing 285,000 new shares, of which 284,857 shares were subscribed and paid by ANJA and 143 shares were subscribed and paid by SMM.

Based on Deed No. 122 of notary Mala Mukti, S.H. dated July 23, 2013, the shareholders of KAL approved to increase its issued and paid up capital from Rp 552,500,000,000 to Rp 601,190,000,000 by issuing 97,380 new shares, of which 97,331 shares were subscribed and paid by ANJA and 49 shares were subscribed and paid by SMM.

Based on Deed No. 86 of notary Mala Mukti, S.H. dated October 23, 2013, the shareholders of KAL approved to increase its issued and paid up capital from Rp 601,190,000,000 to Rp 658,365,000,000 by issuing 114,350 new shares, of which 114,293 shares were subscribed and paid by ANJA, and 57 shares were subscribed and paid by SMM. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process.

PT Lestari Sagu Papua (LSP)

Based on Deed No. 131 of notary Mala Mukti, S.H. dated September 27, 2012, LSP's shareholders approved the sale of 765 shares or 51% ownership in LSP from ANJA to ANJAP.

PT Galempa Sejahtera Bersama (GSB)

Based on Deed No. 25 of notary Mala Mukti, S.H. dated May 4, 2012, the Company and ANJA entered into a deed of sale and purchase with Mr. Syamsi and Mr. Muksin, whereas Mr. Syamsi and Mr. Muksin agreed to sell and transfer their respective 100,000 and 20,000 shares of GSB. The sale and purchase agreement resulted in 114,000 shares or 95% ownership transferred to ANJA and 6,000 shares or 5% ownership transferred to the Company. From the maximum agreed purchase price of Rp 44,625,000,000, the Company and ANJA had made the first payment amounting to Rp 22,837,500,000 and had paid capital increase amounting to Rp 12,000,000,000 in 2012. The remaining balance of contingent liability of Rp 9,787,500,000 (equivalent to US$ 1,061,246) was paid to the previous shareholders after the Environmental Impact Assessment (AMDAL) and Plantation Business License was obtained on May 13, 2013.

Based on Deed No. 126 of notary Mala Mukti, S.H. dated September 26, 2013, the Company and ANJA, among others, approved the increase in authorized capital of GSB from Rp 12,000,000,000 to Rp 100,000,000,000 and the increase in issued and paid up capital from Rp 12,000,000,000 to Rp 26,598,000,000 by issuing 145,980 new shares, 95% of which was paid by ANJA and 5% paid by the Company.

PT Putera Manunggal Perkasa (PMP)

Based on Deed No. 16 of notary Mala Mukti, S.H. dated January 7, 2013, ANJA and Xinyou Plantation Pte. Ltd. (Xinyou) entered into a sale and purchase agreement, whereas Xinyou sold and transferred 8,100,000 shares or 90% ownership interest in PT Putera Manunggal Perkasa (PMP) to ANJA at a price of US$ 6,632,145 plus a maximum contingent purchase price component of US$ 7,369,050. The contingent purchase price component paid by ANJA to Xinyou up until December 31, 2013 was to US$ 2,749,622. In accordance with the sale and purchase agreement, ANJA has also paid US$ 111,362 to Xinyou, which represented 90% of Net Asset Value of PMP as of December 31, 2012.

Based on Deed No. 17 of notary Mala Mukti, S.H., dated January 7, 2013, the Company, ANJA and PT Pusaka Agro Sejahtera (PAS) entered into a sale and purchase agreement, whereas PAS sold and transferred to the Company and ANJA each of 450,000 shares or 5% ownership interest in PMP for a total consideration of US$ 736,905. In accordance with the sale and purchase agreement, the Company and ANJA have also paid US$ 6,187 each to PAS, which individually represented 5% of Net Asset Value of PMP as of December 31, 2012.

The acquisition cost (including the contingent purchase price component) represents the fair value of net asset acquired, which is, a location permit for 22,195 hectares of land located in South Sorong and Maybrat. There is no goodwill arising from this transaction.

Cash flow arising from the acquisition of PMP is as follows:

	US$
Acquisition cost, before payment of contingent purchase price	7,492,786
Cash balance received from the acquisition	(162,582)
Payment for acquisition of subsidiary - net before payment of contingent purchase price	7,330,204
Payment of contingent purchase price until December 31, 2013	2,749,622
Payment for acquisition of subsidiary - net	10,079,826

Based on Deed No. 12 of notary Mala Mukti, S.H., dated July 3, 2013, the shareholders of PMP approved the increase in authorized capital from Rp 20,000,000,000 to Rp 150,000,000,000 and the increase in the issued and paid up capital from Rp 9,000,000,000 (9,000,000 shares) to Rp 38,195,980,000 (38,195,980 shares); of the 29,195,980 new shares, ANJA and the Company subscribed and paid for 95% and 5% ownership, respectively. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process.

Based on Deed No. 52 of notary Mala Mukti, S.H., dated November 13, 2013, the shareholders of PMP approved the increase in the issued and paid up capital from Rp 38,195,980,000 (38,195,980 shares) to Rp 65,740,980,000 (65,470,980 shares); of the 27,545,000 new shares, ANJA and the Company subscribed and paid for 95% and 5% ownership, respectively. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process.

PT Permata Putera Mandiri (PPM)

Based on Deed No. 14 of notary Mala Mukti, S.H., dated January 7, 2013, ANJA and Xinfeng Plantation Pte. Ltd. (Xinfeng) entered into a sale and purchase agreement, whereas Xinfeng sold and transferred 13,500,000 shares or 90% ownership interest in PT Permata Putera Mandiri (PPM) to ANJA at a price of US$ 9,402,998 plus a maximum contingent purchase price component of US$ 2,089,555. Total actual contingent purchase price component paid was US$ 1,989,555. In accordance to the sale and purchase agreement, ANJA has also paid US$ 89,732 to Xinfeng, which represented 90% of Net Asset Value of PPM as of December 31, 2012.

Based on Deed No. 15 of notary Mala Mukti, S.H., dated January 7, 2013, the Company, ANJA and PT Pusaka Agro Sejahtera (PAS) entered into a sale and purchase agreement, whereas PAS sold and transferred to the Company and ANJA each of 750,000 shares or 5% ownership interest in PPM for a total consideration of US$ 1,044,777. In accordance with the sale and purchase agreement, the Company and ANJA have also paid US$ 4,985 each to PAS, which individually represented 5% of Net Asset Value of PPM as of December 31, 2012.

The acquisition cost (including the contingent purchase price component) represents the fair value of net asset acquired, which is a location permit for 40,000 hectares of land located in South Sorong. There is no goodwill arising from this transaction.

Cash flow arising from the acquisition of PPM is as follows:

	US$
Acquisition cost, before payment of contingent purchase price	10.547.477
Cash balance received from the acquisition	(86.340)
Payment for acquisition of subsidiary - net before payment of contingent purchase price	10.461.137
Payment of contingent purchase price	1.989.555
Payment for acquisition of subsidiary - net	12.450.692

Based on Deed No. 11 of notary Mala Mukti, S.H., dated July 3, 2013, the shareholders of PPM approved the increase in authorized capital from Rp 40,000,000,000 to Rp 175,000,000,000 and the increase in the issued and paid up capital from Rp 15,000,000,000 (15,000,000 shares) to Rp 44,195,980,000 (44,195,980 shares); of the 29,195,980 new shares, ANJA and the Company subscribed and paid for 95% and 5% ownership, respectively. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process.

Based on Deed No. 53 of notary Mala Mukti, S.H. dated November 13, 2013, the shareholders of PPM approved the increase in the issued and paid up capital from Rp 44,195,980,000 (44,195,980 shares) to Rp 61,485,679,000 (61,485,679 shares). Of the 17,289,699 new shares, ANJA and the Company subscribed and paid for 95% and 5% ownership, respectively. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process.

d. Sale of Subsidiaries

PT Austindo Nusantara Jaya Rent (ANJR)

On January 17, 2012, the Company sold 2,699,990,000 shares or 99.99% ownership in ANJR to PT Mitra Pinasthika Mustika (MPM). After the transaction, the Company no longer held any direct or indirect ownership in ANJR and ANJF.

Position of assets and liabilities of ANJR and its subsidiaries as of January 17, 2012 is as follows:

	17/1/2012
	US$
Cash and cash equivalents	13,430,916
Rental and other service receivable - net of allowance for doubtful accounts	3,188,055
Finance lease receivable - net of allowance for doubtful accounts	70,128,171
Consumer and other financing service receivable - net of allowance for doubtful accounts	175,659,026
Other receivable	1,378,351
Inventories	682,584
Prepaid tax	3,174,344
Advance and prepaid expense	2,232,767
Escrow bank account	494,674
Time deposit	435,329
Deferred tax assets	996,178
Investment in associates	176,002
Property and equipment - net of accumulated depreciation	102,528,145
Goodwill	2,525,369
Other assets	757,369
Total assets	377,787,280

(Forward)

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
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	17/1/2012
	US$
Bank loans	300,118,303
Trade accounts payable	2,525,299
Advance and other accounts payable	786,837
Taxes payable	2,699,294
Accrued expense	3,462,939
Deferred revenue	1,117,631
Derivative liabilities - net	221,500
Customer deposits	1,279,724
Lease liabilities	316,182
Convertible bonds	12,450,422
Deferred tax liabilities	76,242
Post-employment benefits obligation	1,743,896
Shared based compensation liability held for sale	2,975,458
Total liabilities	329,773,727
Assets held for sale - net	48,013,553

Net gain on sale of ANJR:

	31/12/2012
	US$
Proceeds from sale of ANJR	120,748,487
Net assets held for sale	(48,013,553)
Difference in value arising from changes in subsidiary, reclassified from equity due to loss of control	(441,301)
Cumulative translation adjustment, reclassified from equity due to loss of control	407,883
Gain on sale of ANJR	72,701,516
Underwritting expense	(3,102,665)
Current and deferred tax expense related to sale of ANJR	(17,384,449)
Net gain on sale of ANJR	52,214,402

Net gain from sale of ANJR was included in net income from discontinued operations (Note 43).

Net cash received from sale of ANJR:

	31/12/2012
	US$
Cash received from sale of ANJR	120,748,487
Cash and cash equivalents of ANJR	(13,430,916)
Cash received, net	107,317,571

PT Asuransi Indrapura (AI)

On February 27, 2012, PMN sold 656,000 shares of AI or 80% ownership in AI to Golden Eight Group Limited.

Position of assets and liabilities of AI as of February 27, 2012 was as follows:

	27/2/2012
	US$
Cash and cash equivalents	17,309,557
Compulsory time deposit	935,608
Investments	2,159,892
Insurance service receivable- net of allowance for doubtful accounts	11,733,509
Other receivable	639,619
Property and equipment - net of accumulated depreciation	375,390
Other assets	344,541
Total assets	33,498,116
Insurance service payable	12,304,857
Other payable	2,775,743
Taxes payable	248,363
Deferred premium income	7,133,420
Total liabilities	22,462,383
Assets held for sale - net	11,035,733

Gain on sale of AI:

	31/12/2012
	US$
Proceeds from sale of AI	13,208,586
Net assets held for sale	(11,035,733)
Non-controlling interest	2,207,147
Cumulative translation adjustment reclassified from equity due to loss of control	(143,171)
Gain on sale of AI	4,236,829
Current and deferred tax expense related to sale of AI	(1,004,660)
Net gain on sale of AI	3,232,169

Gain on sale of AI was included in net income from discontinued operations (Note 43).

Net cash received from sale of AI:

	31/12/2012
	US$
Cash received from sale of AI	13,208,586
Cash and cash equivalents of AI	(17,309,557)
Cash transferred, net	(4,100,971)

PT Austindo Nusantara Jaya Healthcare (ANJHC)

On May 7, 2012, the Company sold 165,837,499 shares or 99.99% ownership in ANJHC to PT Austindo Nusantara Jaya Husada Cemerlang (entity under common control) (Note 30).

Position of assets and liabilities of ANJHC as of May 7, 2012 was as follows:

	7/5/2012
	US$
Cash and cash equivalents	1,004,168
Short-term investments	1,381,710
Trade accounts receivable - net of allowance for doubtful accounts	73,775
Other receivable	91,033
Inventories	961,768
Prepayments and advances	679,216
Property and equipment - accumulated depreciation	9,547,586
Other assets	82,800
Total assets	13,822,056
Trade accounts payable	289,749
Lease liabilities	311,942
Other accounts payable	218,598
Taxes payable	107,298
Accrued expense	1,766,258
Post-employment benefits obligation	1,096,362
Deferred tax liabilities	188,559
Total liabilities	3,978,766
Assets held for sale - net	9,843,290

Difference in value arising from the restructuring transaction between entities under common control from sale of ANJHC:

	31/12/2012 US$
Proceed from sale of ANJHC	20,000,000
Net assets held for sale	(9,843,290)
Non-controlling interest	129,804
Cummulative translation adjustment reclassified from equity due to loss of control	(2,262,251)
Difference between selling price and book value of ANJHC, recorded as difference in value from restructuring transaction between entities under common control	8,024,263

Net cash received from sale of ANJHC:

	31/12/2012 US$
Cash received from sale of ANJHC	20,000,000
Cash and cash equivalents of ANJHC	(1,004,168)
Net cash received	18,995,832

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (“PSAK”) AND INTERPRETATIONS OF PSAK (“ISAK”)

a. Standards effective in the current year

In current year, the Group adopted the following new and revised standards issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operation and effective for accounting period beginning on January 1, 2013:

PSAK 38 (revised 2012), Business Combination of Entities Under Common Control

This revised standard provides a narrower scope as it only covers business combination transactions between entities under common control, while the previous standard covered certain transactions between entities under common control that were not necessarily business combination. The revised standard refers to PSAK 22, Business Combination, in determining what constitutes a business.

The revised standard retains the application of the pooling of interest method where assets and liabilities acquired in the business combination are recorded by the acquirer at their book values. The difference between the transfer price and the book value of the business combination, which was previously recorded under equity as Difference in the Value of Restructuring Transactions of Entities Under Common Control (SINTRES), is now presented as Additional Paid in Capital. The difference between the transfer price and the net assets acquired will always remain as part of the acquirer’s Additional Paid In Capital, and should not be recycled to profit and loss.

The previous standard requires the recycling of the SINTRES to profit and loss when the relevant entities are no longer under common control or when the corresponding assets, liabilities, shares or other ownership instruments are transferred to an entity which is not under common control.

The revised standard is applied prospectively on or after January 1, 2013. Upon initial application, the balance of the SINTRES which amounted to US$ 13,004,333 is presented as Additional Paid in Capital (Note 30).

Amendment to PSAK 60, Financial Instruments: Disclosure

Among others, the standard requires disclosures of description of collateral held as security and of other credit enhancements, and their financial effects (e.g., quantification of the extent to which collateral and other credit enhancements mitigate credit risk) in respect to the amount that best represents the maximum exposure to credit risk.

b. Standards and interpretation issued, but not yet adopted

i. Effective for period beginning on or after January 1, 2014:
- ISAK 27, Transfer of Assets from Customers
- ISAK 28, Extinguishing Financial Liabilities with Equity Instruments

ii. Effective for period beginning on or after January 1, 2015:
- PSAK 1 (revised 2013), Presentation of Financial Statements
- PSAK 4 (revised 2013), Separate Financial Statements
- PSAK 15 (revised 2013), Investment in Associates and Joint Ventures
- PSAK 24 (revised 2013), Employee Benefits
- PSAK 65, Consolidated Financial Statements
- PSAK 66, Joint Arrangement
- PSAK 67, Disclosures of Interests in Other Entities
- PSAK 68, Fair Value Measurements

As of the issuance date of the consolidated financial statements, management is evaluating the effect of these standards on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with Indonesian Financial Accounting Standards. Such consolidated financial statements are not intended to present the financial position, result of operations and cash flows in accordance with accounting principles and reporting practices generally accepted in other countries and jurisdictions.

b. Basic of Preparation

The consolidated financial statements, except for the consolidated statements of cash flows, are prepared under the accrual basis of accounting. The presentation/reporting currency used in the preparation of the consolidated financial statements is the United States Dollar (US$), while the measurement basis is the historical cost, except for certain accounts which are measured on the basis described in the related accounting policies.

The consolidated statements of cash flows are prepared using the direct method with classification of cash flows into operating, investing and financing activities.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company andthe entities controlled by the Company (its subsidiaries). Control exists if the Company has the power to determine the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of the subsidiary to bring the accounting policies used in line with those used by the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately and presented within equity. The interest of non-controlling shareholders maybe initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net asset. The choice of measurement is made on acquisition by acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus non-controlling interests' share of subsequent changes in equity. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having deficit balance.

Changes in the Group interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. When assets of the subsidiary are carried at revalued amount or fair values and the related cumulative gain or loss has been recognized in other comprehensive income and accumulated in equity, then the amounts previously recognized in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable accounting standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under PSAK 55 (revised 2011), Financial Instruments: Recognition and Measurement or, as the cost on initial recognition of an investment in an associate or a jointly controlled entity.

The Company has presented the outstanding balance relating to the effect of prior year capital transaction of subsidiaries with third parties as a separate item in equity.

d. Business Combinations

Acquisition of business is accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except for certain assets and liabilities that are measured in accordance with the relevant standards.

Non-controlling interests are measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured after reporting dates and its subsequent settlement is accounted for as equity. Contingent consideration that is classified as an asset or liability is remeasured after reporting dates in accordance with relevant accounting standards, as appropriate, with the corresponding gain or loss being recognized in profit or loss or in other comprehensive income.

When a business combination is done in stages, the Group's previously held equity interest in the acquiree is remeasured to the fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that was previously recognized in other comprehensive income are reclassified to profit or loss, a treatment that would be appropriate if the interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amount recognized as of that date.

e. Foreign Currency Transactions and Translation

The individual books of accounts of the Company and subsidiaries: ANJA, SMM, ANJAS, DGI, ATI and SM are maintained in United States Dollar as the functional currency.

Books of accounts of KAL, GSB, PPM, PMP, GMIT, PMN, ANJAP, LSP, ANJB and AANE (subsidiaries) are maintained in Rupiah as the functional currency.

Transactions during the year involving currencies other than the functional currencies are recorded at the exchange rates prevailing at the time the transactions are made. At reporting date, monetary assets and liabilities denominated in currencies other than functional currencies are adjusted to reflect the exchange rate prevailing at that date. The resulting foreign exchange gains or losses are credited or charged to statements of comprehensive income.

For consolidated financial statements presentation purposes, assets and liabilities of subsidiaries which maintain their books of accounts in currencies other than United States Dollar are translated to United States Dollar using the exchange rates at the end of reporting period, their equity accounts are translated using the historical rates, while their revenues and expenses are translated at the rates of exchange prevailing at the time the transactions are made. The resulting translation adjustments are presented as part of other comprehensive income.

f. Transactions With Related Parties

A related party is a person or entity that is related to the Group (the reporting entity):

a. A person or a close member of that person's family is related to the reporting entity if that person:

   i. has control or joint control over the reporting entity;

   ii. has significant influence over the reporting entity; or

   iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

b. An entity is related to the reporting entity if any of the following conditions applies:

   i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the other).

   ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group, of which the other entity is a member).

   iii. Both entities are joint ventures of the same third party.

   iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

   v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring entities are also related to the reporting entity.

   vi. The entity is controlled or jointly controlled by a person identified in (a).

   vii. A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

All transactions with related parties, whether or not made at similar terms and conditions as those done with third parties, are disclosed in the consolidated financial statements.

g. Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

All financial assets are recognized and derecognized on trade date if the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial assets within the time frame established by regulation or convention in the market.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for financial instruments other than those financial assets classified as at FVTPL.

Financial Assets at Fair Value Through Profit Or Loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as held for trading, if:

- it has been acquired principally for the purpose of selling in the near future; or
- on initial recognition it is part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition, if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and which performance is evaluated based on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- it forms part of a contract containing one or more embedded derivatives, and PSAK 55 (revised 2011) permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gain or loss on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned, on the financial asset, and is included in dividend income and interest income in the consolidated statements of comprehensive income.

Available-for-sale (AFS)

Listed shares and bonds held by the Group that are traded in an active market are classified as AFS and are stated at fair value.

Gains and losses arising from changes in fair value are recognized in other comprehensive income and accumulated in changes in unrealized gain on AFS investment, except for impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognized in profit or loss. When the investment is disposed or is determined to be impaired, the cumulative gain or loss previously accumulated in unrealized gain on AFS investment is reclassified to profit or loss.

Investments in unlisted equity instruments that are not quoted in active market and whose fair value cannot be reliably measured are also classified as AFS, measured at cost less impairment.

Dividends from AFS equity instruments, if any, are recognized in profit or loss when the Group's right to receive the dividends are established.

Loans and receivable

Cash and cash equivalents, trade accounts receivable and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivable" and measured at amortized cost using the effective interest method less impairment.

Interest income is recognized by applying the effective interest rate method, except for short-term receivable when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is an objective evidence that, (i) there is decline in value of the assets as a result of one or more events that occurred after the initial recognition of the asset, (ii) the estimated future cash flows of the investment have been affected and (iii) the impairment value can be measured reliably.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

For all other financial assets, an objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organization.

Financial assets, that are assessed as not impaired individually, will be also assessed for impairment on a collective basis. The objective evidence of impairment for a portfolio of receivable could include the Group past experiences of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivable.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

With respect to AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced directly by the impairment loss for all financial assets, except for receivable, which carrying amount is reduced by impairment loss through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in equity are reclassified to profit or loss.

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables, bank loans and other borrowings are subsequently measured at amortized cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognized over the term of the borrowings.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative instrument

The Group uses derivative financial instruments to manage their exposures to interest rate and foreign exchange rate. Further details on the use of derivatives are disclosed in Note 46.

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently measured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately as, these derivatives are not designated and do not qualify as accounting hedge although they were entered into as economic hedge of exposures against commodity price risk and foreign exchange rate risks.

Netting of Financial Assets and Financial Liabilities

The Group only offsets financial assets and liabilities and present the net amount in the statements of financial position when they:

- have a legal enforceable right to set-off the recognized amount; and
- intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

h. Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand and in banks and investments which (i) have maturities of three months or less from the date of placement, (ii) are not pledged as collateral and (iii) are unrestricted.

i. Time Deposits

Time deposit with maturities of three months or less which are pledged as collateral or restricted and time deposits with maturities of more than three months that are realizable within one year from reporting period are presented separately.

Interest income on time deposit is recognized when earned, based on principal outstanding and prevailing interest rate.

j. Receivable from Service Concession Arrangement

Receivable due from concession project represents service provided in connection with service concession arrangement for which guaranteed minimum payments have been agreed irrespective of the extent of use. Due to the length of the payment plans, receivables are measured at present value of amortized cost. The annual accumulation of interest on these discounted values is presented as interest income under revenue. Customers' payments are divided into a portion to be deducted from the receivable and interest on the unpaid amounts and a portion for the other concession services.

If collection is expected in one year or less, it is classified as current assets. Otherwise, it is presented as non-current assets.

k. Inventories

Inventories are stated at cost or net realizable value, whichever is lower.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated selling cost.

Cost of palm-oil finished goods comprises all costs incurred in estates (such as upkeeping, cultivating and harvesting cost), an allocation of indirect cost using hectares as a basis of allocation, and processing cost. Cost of finished goods inventories are determined using the weighted average method.

Materials, spare parts and supplies are stated at cost, which is calculated using the weighted average method.

Allowance for decline in value of inventories is provided based on a review of the condition of the inventories at year end.

I. Investment in Associates

An associate is an entity over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee.

The results of operation, assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case, it is accounted for in accordance with PSAK 58 (revised 2009), Non-current Assets Held for Sale and Discontinued Operations. Investments in associates are carried in the consolidated statements of financial position at cost as adjusted by post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of the individual investments. Losses of the associates in excess of the Group's interest in those associates (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition, is recognized as goodwill. Goodwill is included within the carrying amount of the investment and assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition after reassessment, are recognized immediately in profit or loss.

The requirements of PSAK 55 (revised 2011), Financial Instruments: Recognition and Measurement, are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with PSAK 48 (Revised 2009), Impairment of Assets, as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized is not allocated to individual asset which forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with PSAK 48 of the recoverable amount of the investment subsequently increases.

Upon disposal of an associate that results in the Group losing significant influence over that associate, any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset in accordance with PSAK 55. The difference between the previous carrying amount of the associate attributable to the retained interest and the fair value is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when it loses significant influence over that associate.

When the Group transacts with an associate, profits and losses from the transactions are eliminated to the extent of their interest in the relevant associate.

m. Other Investments

Investment in shares with ownership interest of less than 20% is stated at fair value net of impairment (Note 3g). If the stock has no quotation in an active market or if its fair value can not be measured reliably, then the investment is measured at cost.

n. Property, Plant and Equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administration purposes, are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognized as a write-off against the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	Year
Buildings, roads and bridges	4 - 20
Leasehold improvement	3
Machinery and equipment	4 - 8
Computer and communication equipment	4
Office equipment, furniture and fixtures	4 - 8
Motor vehicles	4 - 8

Assets held under finance leases are depreciated over their expected economic useful lives on the same basis as owned assets.

The estimated useful lives, residual values and depreciation method are reviewed at each year end. The effect of any changes in estimate is accounted for on a prospective basis.

The cost of maintenance and repairs is charged to operation as incurred. Other costs incurred subsequently related to addition, replacement or service of property, plant and equipment, are recognized as asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

When assets are retired or otherwise disposed of, their carrying values are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

Construction in progress is stated at cost, which include borrowing costs during construction on debts incurred to finance the construction. Accumulated cost will be transferred to the respective property, plant and equipment account when the construction is completed and the asset is ready for use.

Land

Land is presented at cost and is not depreciated.

Land cost consists of acquisition cost, land compensation cost and all legal processing cost of landrights.

During the process of obtaining legal landrights (i.e. Land Cultivation Rights or *Hak Guna Usaha*/HGU title), all relevant expenses incurred will be recognized as advances and will be reclassified as land cost when the HGU is obtained.

o. Goodwill

Goodwill arising in a business combination is recognized as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the fair value amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over the net amount of the identifiable assets acquired and the liabilities assumed at the acquisition-date.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable assets acquired and the liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

For the purpose of impairment testing, goodwill is allocated to each of the Group cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent periods.

On the disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Company's policy regarding goodwill arising from acquisition of associates is explained in Note 3l.

p. Palm Plantations

Palm plantation are classified as immature and mature plantations.

Immature plantations are stated at cost which represents accumulated costs incurred on palm plantations before they mature and produce crops. Such costs include the cost for nurseries, field preparation, planting, fertilizing, maintenance, interest on debts incurred to finance the development of plantations until maturity, and allocation of other indirect costs based on hectares planted. These costs are accumulated up to the time the plantations are ready for harvest, for as long as the carrying value of such immature plantations do not exceed the higher of replacement cost or recoverable amount.

Palm plantations are considered mature when more than 70% of the area is ready for harvest and the average bunch weight exceeds 3.5 kg, which is normally achieved within three to four years after planting. At the time palm plantations are considered matured, immature plantations are reclassified to mature plantations account and depreciated from the date of transfer.

Mature plantations are stated at cost as of the date of transfer, less accumulated depreciation. Mature plantations are depreciated using the straight line method based on the estimated productive lives of the mature plantations which is 20 years.

q. Intangible asset - Landrights

Deferred charges for landrights consisting of cost of renewal or extension of the landrights is amortized using the straight-line method over the legal term of the renewal or extension or over the economic life of the asset, whichever is shorter.

r. Impairment of of Non-Financial Assets except Goodwill

At the end of each reporting period, the Group reviews the carrying amount of non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Estimated recoverable amount is the higher of fair value less cost to sell or value in use. If the recoverable amount of a non-financial asset (cash generating unit) is less than its carrying amount, the carrying amount of the asset (cash generating unit) is reduced to its recoverable amount and an impairment loss is recognized immediately against earnings.

Accounting policy for impairment of financial assets is discussed in Note 3g; while impairment for goodwill is discussed in Note 3o.

s. Leases

Leases are classified as finance leases whenever the terms of the lease substantially transfers all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As a lessee

Finance Lease

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease, or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statements of financial position as lease liabilities.

Lease payments are apportioned between financing charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Financing charges are charged in the periods in which they are incurred.

Operating Lease

Operating lease payments are recognized as an expense on straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as expense in the period in which they are incurred.

Sale and Leaseback

Assets sold under a sale and leaseback transaction are accounted for as follows:

- If the sale and leaseback transaction results in a finance lease, any excess of sales proceeds over the carrying amount of the asset is deferred and amortized over the lease term.

- If the sale and leaseback transaction results in an operating lease, and the transaction is established at fair value, any profit or loss is recognized immediately. If the sale price is below fair value, any profit or loss is recognized immediately, except if the loss is compensated by future lease payments that are lower than market price. In this case, the loss is deferred and amortized in proportion to the lease payments over the period for which the asset is expected to be used. If the sale price is above fair value, the excess over fair value is deferred and amortized over the period for which the asset is expected to be used.

For operating leases, if the fair value at the time of a sale and leaseback transaction is less than the carrying amount of the asset, a loss equal to the amount of the difference between the carrying amount and fair value is recognized immediately.

For finance leases, no adjustment is necessary unless there has been impairment in value, in which case the carrying amount is reduced to the recoverable amount.

t. Provision

Provision is recognized when: (i) the Group has a present obligation (legal or constructive) as a result of a past event, (ii) it is probable that the Group will be required to settle the obligation, and (iii) a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for service concession arrangements

Under DGI's concession arrangement, as part of its obligations under the Joint Operation Contract (JOC), the consortium will assume responsibility for the major maintenance and inspections or overhauls of the Field Facilities and Electricity Generation Facilities they manage. In addition, the consortium is also responsible for managing the heat resource through make up well drilling and injection wells to ensure sufficient steam is available to meet power plant needs. Make up well programs have generally been conducted at approximately four years intervals including drilling of injection wells as needed.

Since the consortium is not specifically remunerated for its maintenance activities as well as drilling and make up injection, such maintenance as well as drilling obligations are recognized and measured in accordance with PSAK 57, Provision, Contingent Liabilities and Contingent Assets, that is, at the present value of the expenditures expected to be required to settle the obligations using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

u. Revenue and Expense Recognition

Revenue is measured at fair value of the consideration received or receivable.

Sales of Goods

Revenue from sales of goods is recognized when all of the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Service concession arrangement

Construction services related to service concession arrangement are recognized as revenue in accordance with PSAK 34, Construction Contracts using the percentage of completion method. If the results of construction contracts cannot be reliably estimated, revenue is calculated using the zero profit method at the amount of the costs incurred and probable recoverable.

Under DGI's concession arrangement, the consortium received only one consideration for its services. Management believes that the consideration should be split into two different activities i.e. financing activities and operating and maintenance activities. DGI uses the residual value method in allocating revenue between financing and operating and maintenance activities. DGI has used an implicit interest rate to account for its financing revenue. The implicit interest rate is the discount rate that causes the aggregate present value of minimum guaranteed payment to be equal to the carrying value of the financial assets from service concession at the initial application date. In this case, DGI has used an implicit interest rate of 15%.

Dividend Income

Dividend income from other investments is recognized when the shareholders' rights to receive the payment have been established.

Interest Income

Interest income is recognized on a timely basis, by reference to the principal outstanding and at the applicable effective interest rate.

Expenses

Expenses are recognized when incurred.

v. Post Employment Benefits

The Group provides post-employment benefits to their employees in accordance with Labor Law No. 13/2003. Except for DGI, no funding has been made to this defined benefit plan.

PSAK 24 (revised 2010), Employee Benefits, allows the recognition of accumulated actuarial gains and losses as other comprehensive income under equity, in addition to the corridor approach in profit or loss. The Group chose to recognize actuarial gain and losses in other comprehensive income.

The cost of providing post-employment benefits is determined using the Projected Unit Credit Method. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are directly recognized in full in other comprehensive income. Accumulated actuarial gains and losses are recorded in retained earnings. Past service cost is recognized immediately to the extent that the benefits are already vested. Otherwise, it is amortized on a straight-line basis over the average period until the benefits become vested.

The benefit obligation recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation, adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

w. Share-based payments

The Company provides Management Stock Option Plan (MSOP) for the Group's eligible management. The MSOP will be settled through issuance of shares of the Company (equity-settled share-based payment arrangement).

The cost of equity-settled share-based payment transactions is measured at fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share based payments is recorded as expense by the Group on a straight line basis over the vesting period, based on the Company's estimation of equity instruments value that will eventually vest. The same amount corresponds to increase in equity. At the end of each reporting period, the Company revises its estimated number of equity instruments expected to vest. The impact of the revision against the original estimates, if any, is recognized in profit or loss, so that the cumulative expense will reflect the revised estimation, and its corresponding adjustment to the Company's equity.

x. Income Tax

Income tax consists of current tax and deferred tax expense.

Current tax expense is determined based on the taxable income for the period computed using prevailing tax rates.

Deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in consolidated financial statements with their respective tax bases. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable income will be available in the future period against which the deductible temporary differences can be utilized.

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

The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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

Deferred tax assets and liabilities are offset when (1) there is legally enforceable right to set off current tax assets against current tax liabilities, (2) when they relate to income taxes levied by the same taxation authority and (3) the Group intends to settle its current tax assets and current tax liabilities on a net basis.

Current and deferred tax are recognized as an expense or benefit in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case the tax is also recognized in other comprehensive income or directly in equity respectively. In the case of business combination, the tax effect is included in the accounting for business combination.

y. Earnings per Share

Basic earnings per share is calculated by dividing net income attributable to the owner of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income attributable to the owners of the Company by the weighted average number of shares outstanding which has taken into account all effects of all dilutive potential to ordinary shares.

z. Segment Information

Operating segments are identified based on internal reports on components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances.

An operating segment is a component of an entity:

a) that engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to the transaction with other components of the same entity);

b) whose operating results are reviewed regularly by the entity's chief operating decision maker responsible for resources allocation to the segments and assessment of its performance; and

c) for which discrete financial information is available.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of their performance is specifically focused on the category by industry.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

In the application of the Group accounting policies, which are described in Note 3, the directors are required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily available from other sources. The estimates and associated assumptions are made based on historical experience and other relevant factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

In the process of applying the accounting policies described in Note 3, management has not made any critical judgment that has significant impact on the amounts recognized in the consolidated financial statements, apart from those involving estimates, which are described below.

Key Sources of Estimation Uncertainty

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

i) Impairment Loss on Loans and Receivable

The Group assesses its loans and receivable for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, management makes judgement as to whether there is objective evidence that loss event has occurred (see Note 3g on impairment of financial assets). Management also makes judgement as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between loss estimate and actual loss. The carrying amount of loans and receivable are disclosed in Notes 8 and 9.

ii) Estimated Useful Lives of Palm Oil Plantation and Property, Plant and Equipment

The useful life of each item of the Group' palm oil plantations as well as property, plant and equipment are estimated based on the period over which the asset is expected to be available for use. Such estimation is made based on internal technical evaluation and experience with similar assets. The estimated useful life of each asset is reviewed periodically and updated if expectation differs from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the asset. Future results of operation could be materially affected by changes in the amounts and timing of recorded expenses brought about by changes in the factors mentioned above.

The carrying amount of palm oil plantations and property, plant and equipment are disclosed in Notes 15 and 16.

iii) Impairment of Goodwill

Determination of goodwill impairment requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected from the cash-generating unit using an appropriate growth rate and a suitable discount rate in order to calculate the present value.

The carrying amount of goodwill is disclosed in Note 19.

iv) Allowance for Decline in Value of Inventories

The Group provides allowance for decline in value of inventories based on estimated future usage of such inventories. While it is believed that the assumptions used in the estimation of the allowance for decline in value of inventories are appropriate and reasonable, significant changes in these assumptions may materially affect the assessment of the allowance for decline in value of inventories, which ultimately will affect the result of the Group's operation.

The carrying value of inventories after the provision of the impairment loss of inventories is disclosed in Note 10.

v) Realizability of Deferred Tax Assets

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Based on current assessment, management believes that sufficient taxable profit will be generated to allow all or part of the deferred tax assets to be utilized.

The carrying amount of deferred tax assets is disclosed in Note 42.

vi) Employment Benefits

The determination of employment benefits obligation is dependent on selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include among others, the discount rate and the rate of salary increase. Actual results that differ from the Group's assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods. While it is believed that the Group's assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group's post-employment benefit obligations.

The carrying amount of post-employment benefits obligation is disclosed in Note 28.

vii) Impairment of Non - Financial Assets

Impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell is calculated based on the available data from binding sales transactions done at an arm's length term of similar assets or observable market price less incremental costs for disposing the asset. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the specific risks to the asset.

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5. CASH AND CASH EQUIVALENTS

	31/12/2013	31/12/2012
	US$	US$
Cash	39,669	77,902
Bank - third parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	3,722,637	3,470,105
PT Bank Negara Indonesia (Persero) Tbk	281,681	531,098
PT Bank CIMB Niaga Tbk	89,428	107,802
PT Bank Internasional Indonesia Tbk	64,872	5,501
PT Bank ANZ Indonesia	12,136	1,939
Citibank N.A.	9,194	3,473
PT Bank Central Asia Tbk	8,599	15,731
The Hongkong and Shanghai Banking Corporation Ltd.	8,006	17,618
PT Bank OCBC NISP Tbk	3,227	5,785
PT Bank Permata Tbk	2,409	4,770
PT Bank Rabobank International Indonesia	1,903	2,638
PT Bank Bukopin	24	7,480
PT Bank Danamon Indonesia Tbk	-	1,842,831
PT Bank UOB Buana Tbk	-	10,549
U.S.Dollar		
PT Bank Mandiri (Persero) Tbk	3,958,781	3,902,473
J.P. Morgan International Bank Ltd.	2,267,279	2,074,055
PT Bank Rabobank International Indonesia	1,198,817	3,672,054
Barclays Bank Plc	603,242	2,289,688
PT Bank CIMB Niaga Tbk	437,316	374,980
PT Bank Danamon Indonesia Tbk	57,231	3,281
The Hongkong and Shanghai Banking Corporation Ltd.	52,533	33,437
Bank OCBC Singapore	43,171	43,195
Credit Suisse Singapore	29,593	9,641
Citibank N.A.	14,478	9,830
PT Bank OCBC NISP Tbk	9,986	333,644
PT Bank International Indonesia Tbk	7,164	960
PT Bank ANZ Indonesia	5,305	13,107
PT Bank Central Asia Tbk	3,925	2,350
PT Bank Permata Tbk	1,052	715
PT Bank Negara Indonesia (Persero) Tbk	575	-
Royal Bank of Canada (Asia) Ltd.	-	7,066
Morgan Stanley & Co. International Plc	-	18

	31/12/2013	31/12/2012
	US$	US$
Euro		
PT Bank Mandiri (Persero) Tbk	229,237	8,480
PT Bank Permata Tbk	6,201	8,498
PT Bank Central Asia Tbk	2,334	1,121
PT Bank International Indonesia Tbk	1,937	2,615
Australian Dollar		
J.P. Morgan International Bank Ltd.	2,318	2,647
Time Deposits - third parties		
Rupiah		
PT Bank UOB Buana Tbk	373,017	63,981
PT Bank Danamon Indonesia Tbk	164,838	-
PT Bank Permata Tbk	93,182	104,174
PT Bank CIMB Niaga Tbk	38,559	1,385,263
PT Bank Mandiri (Persero) Tbk	20,510	827,797
PT Bank OCBC NISP Tbk	8,394	240,888
U.S. Dollar		
PT Bank UOB Buana Tbk	12,508,168	18,115,467
PT Bank Rabobank International Indonesia	5,502,140	15,028,833
PT Bank ANZ Indonesia	4,005,720	160,818
PT Bank Permata Tbk	3,255,129	6,627,888
PT Bank Mandiri (Persero) Tbk	1,258,350	9,026,832
Royal Bank of Canada (Asia) Ltd.	1,033,875	-
PT Bank Danamon Indonesia Tbk	-	3,416,274
PT Bank OCBC NISP Tbk	-	1,092,448
PT Bank CIMB Niaga Tbk	-	1,609,018
Total	41,438,142	76,598,758
Interest rate per annum of time deposits		
Rupiah	3.75% - 9.25%	3.25% - 6.25%
U.S. Dollar	0.05% - 3.50%	0.02% - 3.00%

Cash and cash equivalents are classified as loans and receivables. The fair value of cash and cash equivalents are their carrying value.

6. RESTRICTED TIME DEPOSITS

	31/12/2013	31/12/2012
	US$	US$
Rupiah		
PT Bank Mandiri (Persero) Tbk	73,837	-
U.S.Dollar		
PT Bank Mandiri (Persero) Tbk	258,000	-
Credit Suisse Singapore	-	1,500,000
Total	331,837	1,500,000
Interest rate per annum of time deposits		
Rupiah	4.25%	-
U.S. Dollar	0.50%	0.50%

In 2013, time deposit in PT Bank Mandiri (Persero) Tbk represented PMP's time deposit used as collateral for issuance of bank guarantee period September 11, 2013 to September 11, 2014 in relation with "Ijin Pemanfaatan Kayu" (IPK) issued by Provincial and District Forestly Services of West Papua amounting to Rp 900,000 thousand and US$ 258,000.

In 2012, time deposit in Credit Suisse Singapore represented the Company's time deposit used as the collateral for loans from Credit Suisse to GMIT (Note 21). In 2013, the loans were fully repaid by GMIT.

Time deposits are classified as loans and receivable. The fair value of a time deposit is its carrying value.

All time deposits are placed at third parties.

7. INVESTMENT IN TRADING SECURITIES – AT FAIR VALUE

Investment in trading securities is classified as FVTPL. The fair value of the money market fund and bonds is based on market value at the end of reporting period.

	31/12/2013		
	Amortized acquisition cost	Unrealized loss	Fair value
	US$	US$	US$
Money market fund	281,844	-	281,844
Bonds	2,065,164	(63,704)	2,001,460
Total	2,347,008	(63,704)	2,283,304

	31/12/2012		
	Amortized acquisition cost	Unrealized loss	Fair value
	US$	US$	US$
Money market fund	826,097	-	826,097
Bonds	4,088,113	(68,013)	4,020,100
Total	4,914,210	(68,013)	4,846,197

All investments in trading securities are placed at third parties.

8. TRADE ACCOUNTS RECEIVABLE

	31/12/2013	31/12/2012
	US$	US$
Third parties		
Electricity power	591,403	1,037,444
Tobacco	149,654	396,214
Total	741,057	1,433,658

Details of trade accounts receivable based on their currencies are as follows:

	31/12/2013	31/12/2012
	US$	US$
Rupiah	-	126,069
U.S. Dollar	741,057	1,037,444
Euro	-	270,145
Total	741,057	1,433,658

Trade accounts receivable is classified as loans and receivables and measured at amortized cost using the effective interest method. The fair value of trade accounts receivable is its carrying value.

The summary of the aging profile of trade accounts receivable is as follows:

	31/12/2013	31/12/2012
	US$	US$
< 30 days	591,403	1,433,658
31 - 60 days	149,654	-
Total	741,057	1,433,658

Management believes that all accounts receivable are collectible. Management also believes that there is no significant concentration of credit risk in trade accounts receivable.

9. OTHER RECEIVABLE

As of December 31, 2013 and 2012 this account mainly consisted of employees' receivable. Employees' receivable is non-interest bearing and paid through deduction of monthly salary.

In connection with the initial public offering, the Group provided a fixed allotment of up to 1.0% of the shares offered to public for the Employee Stock Allocation (ESA) program for the eligible Group's employees. The number of shares issued for the ESA program was 3,295,500 shares. Under the ESA program, the Company sold the shares with a discount of 20%. The Group provided non-interest bearing loans to finance the purchase of the shares, which will be repaid in four annual installments. The ESA program shares are subject to a lock up period of at least 12 months commencing from the listing date or until such time when the loan is fully repaid. If an ESA program participant resigns before the loan is fully repaid then upon such resignation, the shares can be sold or transferred and the employee will be required to fully repay the loan.

As of December 31, 2013, this account also included the current portion of the Employee Stock Allocation (ESA) receivable amounting to US$ 65 thousand. The ESA receivable which falls due after one year amounted to US$ 195 thousand and is presented as part of other assets.

The management believes that the allowance for impairment losses as of December 31, 2013 and 2012 of US$ 53,613 and US$ 55,049,respectively is adequate to cover any possible loss from uncollectible receivable.

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10. INVENTORIES - NET

	31/12/2013	31/12/2012
	US$	US$
Tobacco	6,553,478	7,931,089
Palm oil	1,940,481	4,829,678
Supplementary materials, spareparts and others	2,041,196	3,441,368
Total	10,535,155	16,202,135
Allowance for decline in value of inventories	(120,878)	(134,994)
Net	10,414,277	16,067,141

	31/12/2013	31/12/2012
	US$	US$
Changes in the allowance for decline in value of inventories:		
Beginning balance	134,994	124,941
Addition	26,080	42,387
Reversal	(40,196)	(32,334)
Ending balance	120,878	134,994

Management believes that the allowance for decline in value of inventories is adequate.

As of December 31, 2013 and 2012, GMIT's tobacco inventories amounting to Rp 15 billion were used as collateral for the bank loan obtained from PT Bank Central Asia Tbk (Note 21).

Palm oil inventories were insured against losses from fire and other risk under a blanket policy amounting to US$ 14.5 million and Rp 10.5 billion in 2013 and US$ 14 million and Rp 5 billion in 2012. Tobacco inventories were insured against fire, theft, earthquake, flood and other risk. The insurance coverage for tobacco inventories in 2013 and 2012 amounted to Rp 76.0 billion and Rp 82.1 billion, respectively. Management believes that the insurance coverage is adequate to cover possible losses of the Group.

11. PREPAYMENTS AND ADVANCES

	31/12/2013	31/12/2012
	US$	US$
Prepaid expenses		
Insurance	199,394	206,505
Rent	363,078	183,959
Other	169,186	185,660
Value added taxes	6,811,444	4,993,304
Overpayment of corporate income tax	7,580,620	-
IPO expenses	-	949,504
Advances	207,072	63,407
Total	15,330,794	6,582,339

In 2013, ANJA, SMM and DGI incurred an overpayment in corporate income tax (current tax) balance. These subsidiaries will ask for restitution in 2014.

In 2013, deferred IPO expenses was reclassified as a share listing expense fee which was deducted from the additional paid in capital (Note 30).

12. LONG-TERM OTHER RECEIVABLE

On November 29, 2012, AANE entered into a Power Purchase Agreement with Perusahaan Listrik Negara (PLN) (Note 48h). This agreement is a public-to-private service concession arrangement. This contract is effective for 15 years since its signing date. In relation to the agreement, as of December 31, 2012, all assets that will be used to support the development of electricity generator with total carrying amount of Rp 6,652,566 thousands (equivalent to US$ 687,959) were reclassified as long-term other receivable until those assets are ready for use in commercial operation.

As of December 31, 2013, long-term other receivable balance of Rp 23,891,383 thousand (equivalent to US$ 1,960,077) was reclassified as receivable from service concession arrangements as the electricity generator was completed and utilized to generate electricity commercially.

Movements of the long term other receivable are as follows:

	31/12/2013	31/12/2012
	US$	US$
Beginning balance	687,959	-
Addition during the year	696,444	-
Reclassified from property, plant and equipment	-	687,959
Reclassified from advance	904,846	-
Reclassified to receivable from service concession arrangement (Note 49)	(1,960,077)	-
Translation adjustment	(329,172)	-
Ending balance	-	687,959

13. INVESTMENT IN ASSOCIATES

	31/12/2013		
	Acquisition cost	Accumulated equity in net income less dividends received	Carrying amount
	US$	US$	US$
PT Bilah Plantindo	533,775	4,531,286	5,065,061
PT Simpang Kiri Plantation Indonesia	496,988	3,333,083	3,830,071
PT Pangkatan Indonesia	2,959,700	6,586,952	9,546,652
Total	3,990,463	14,451,321	18,441,784

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	31/12/2012		
	Acquisition cost	Accumulated equity in net income less dividends received	Carrying amount
	US$	US$	US$
PT Bilah Plantindo	533,775	4,085,568	4,619,343
PT Simpang Kiri Plantation Indonesia	496,988	3,029,734	3,526,722
PT Pangkatan Indonesia	2,959,700	5,722,934	8,682,634
Total	3,990,463	12,838,236	16,828,699

Details of the Company's associates, percentage of ownership interest and their principal activities are as follows:

	Ownership interest		
Associate companies	31/12/2013	31/12/2012	Main activities
	%	%	
PT Bilah Plantindo	20.00	20.00	Agribusiness
PT Simpang Kiri Plantation Indonesia	20.00	20.00	Agribusiness
PT Pangkatan Indonesia	20.00	20.00	Agribusiness

The summary of associates' financial information is set out below:

	31/12/2013				
	Total assets	Total liabilities	Net assets	Total revenue for the year	Net income for the year
	US$	US$	US$	US$	US$
PT Bilah Plantindo	27,223,031	1,799,930	25,423,101	9,502,679	3,228,590
PT Simpang Kiri Plantation Indonesia	21,119,798	1,722,273	19,397,525	8,148,083	2,516,745
PT Pangkatan Indonesia	51,762,056	4,047,233	47,714,823	29,297,256	6,820,090
Total	100,104,885	7,569,436	92,535,449	46,948,018	12,565,425

	31/12/2012				
	Total assets	Total liabilities	Net assets	Total revenue for the year	Net income for the year
	US$	US$	US$	US$	US$
PT Bilah Plantindo	24,766,337	1,669,628	23,096,709	11,501,910	4,916,949
PT Simpang Kiri Plantation Indonesia	19,349,167	1,715,554	17,633,613	9,724,110	3,989,021
PT Pangkatan Indonesia	46,531,582	3,118,416	43,413,166	33,182,043	9,303,179
Total	90,647,086	6,503,598	84,143,488	54,408,063	18,209,149

14. OTHER INVESTMENTS

This account represents the Group's long-term investments in shares of other investees with ownership interest of less than 20%.

	31/12/2013		
	Acquisition cost	Fair value adjustment and allowance	Fair value or acquisition cost
	US$	US$	US$
PT Puncakjaya Power	10,271,880	-	10,271,880
PT Agro Muko	7,108,324	2,113,747	9,222,071
ARC Exploration Ltd. (ARC)	2,911,153	(2,854,419)	56,734
PT Moon Lion Industries Indonesia	1,026,225	(600,000)	426,225
PT Sembada Sennah Maju (SSM)	222,411	-	222,411
PT Chevron Geothermal Suoh Sekincau (CGS)	150,000	-	150,000
Paramount Life & General Holdings Corporation, Phillipines	220,388	-	220,388
Others	41,964	(41,964)	-
Net	21,952,345	(1,382,636)	20,569,709

	31/12/2012		
	Acquisition cost	Fair value adjustment and allowance	Fair value or acquisition cost
	US$	US$	US$
PT Puncakjaya Power	10,271,880	-	10,271,880
PT Agro Muko	7,108,324	2,914,187	10,022,511
ARC Exploration Ltd. (ARC)	2,911,153	(2,857,317)	53,836
Investment under Contract of Work	2,611,030	-	2,611,030
PT Moon Lion Industries Indonesia	1,026,225	(600,000)	426,225
PT Sembada Sennah Maju (SSM)	222,411	-	222,411
PT Chevron Geothermal Suoh Sekincau (CGS)	150,000	-	150,000
Paramount Life & General Holdings Corporation, Phillipines	220,388	-	220,388
Others	41,964	(41,964)	-
Net	24,563,375	(585,094)	23,978,281

Other investments are classified as available-for-sale investments. Except for PT Agro Muko and ARC, the Group adopts the acquisition cost approach in measuring its other investments, since they are non-listed shares and there is no readily available measure of fair value of the shares.

PT Agro Muko

As of December 31, 2013 and 2012, the increase (decrease) in the fair value of PT Agro Muko of (US$ 800,440) and US$ 446,685, respectively was recognized by the Group in other comprehensive income.

ARC Exploration Ltd. (ARC)

As of December 31, 2013 and 2012, based on the quoted market price of ARC shares, the increase (decrease) in the fair value of ARC amounted to US$ 2,898 and (US$ 75,222) respectively, was recognized by the Group in other comprehensive income.

Investment under Contract of Works

In 2000, the Contracts of Works ("CoW") of PT Newcrest Sumbawa Jaya, PT Newcrest Sumatera Minerals, PT Tamrau Jaya Mining, and PT Mineralindo Mas Tapaktuan were terminated and/or in the process of termination. The investment in PT Newcrest Nusa Sulawesi (which name was changed to PT Gorontalo Sejahtera Mining) was exchanged with the right of royalty from the same company. The Company's investments in these investees were financed by payable to other parties. The payments are contingent upon the receipt of royalty income from the related investee companies. Under the terms of joint venture agreements, there will be no payment of the payable relating to these investments, on which CoW were terminated prior to the receipt of royalty income.

Based on the best available information, the management is in opinion that there will be no sufficient royalty income to be obtained by the Company in the foreseeable future. Based on the Board of Commisioners' Approval dated December 9, 2013, the Company reversed the investment in contracts of works and the related payable (Note 24).

PT Chevron Geothermal Suoh Sekincau (CGS)

Based on Deed No. 52 of notary Buchari Hanafi, S.H., dated July 20, 2012, the Company subscribed and paid for 1,125 new B-series shares of CGS, resulting in an increase in investment value to US$ 150,000.

15. PALM PLANTATION

	January 1, 2013	Additions	Deductions	Reclassification	Translation adjustments	December 31, 2013
	US$	US$	US$	US$	US$	US$
Mature plantation						
Cost	184,867,647	-	(185)	-	-	184,867,462
Accumulated depreciation	(74,040,362)	(8,394,871)	136	-	-	(82,435,097)
Net book value	110,827,285	(8,394,871)	(49)	-	-	102,432,365
Immature plantation - at cost	30,137,360	17,866,456	-	-	(8,775,770)	39,228,046
Total	140,964,645					141,660,411

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	January 1, 2012	Additions	Deductions	Reclassification	Translation adjustments	December 31, 2012
	US$	US$	US$	US$	US$	US$
Mature plantation						
Cost	176,196,151	-	(30,202)	8,701,698	-	184,867,647
Accumulated depreciation	(65,339,343)	(8,714,006)	12,987	-	-	(74,040,362)
Net book value	110,856,808	(8,714,006)	(17,215)	8,701,698	-	110,827,285
Immature plantation - at cost	22,215,647	18,002,735	-	(8,701,698)	(1,379,324)	30,137,360
Total	133,072,455					140,964,645

Depreciation expense allocated to cost of sales for the period ended December 31, 2013 and 2012 amounted to US$ 8,394,871 and US$ 8,714,006, respectively.

The size of mature and immature plantations based on location are as follows:

	31/12/2013		
	Mature plantation (Hectare)	Immature plantation (Hectare)	Total planted area (Hectare)
Binanga, North Sumatera	9,813	-	9,813
Belitung, Bangka Belitung	14,229	-	14,229
Batang Angkola, North Sumatera	7,912	-	7,912
Ketapang, West Kalimantan	-	12,030	12,030
Empat Lawang, South Sumatera	-	157	157
Total	31,954	12,187	44,141

	31/12/2012		
	Mature plantation (Hectare)	Immature plantation (Hectare)	Total planted area (Hectare)
Binanga, North Sumatera	9,813	-	9,813
Belitung, Bangka Belitung	14,229	-	14,229
Batang Angkola, North Sumatera	7,912	-	7,912
Ketapang, West Kalimantan	-	8,898	8,898
Total	31,954	8,898	40,852

Palm oil plantation that are cultivated on land with cultivation rights title (HGU) are 33,688 hectares. The cultivation right title (HGU) of land in Ketapang, West Kalimantan and Empat Lawang, South Sumatera are still in process.

Management believes that there are no events or changes in circumstances that indicate any impairment of immature plantations and mature plantations as of December 31, 2013 and 2012.

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16. PROPERTY, PLANT AND EQUIPMENT

	January 1, 2013	Acquisition of subsidiaries	Additions	Deductions	Reclassifications	Translation adjustments	December 31, 2013
	US$	US$	US$	US$	US$	US$	US$
At cost:							
Direct acquisition							
Land	15,210,476	-	2,637,462	-	-	(1,209,294)	16,638,644
Buildings, roads and bridges	39,466,288	-	737,856	(347,447)	7,650,728	(763,894)	46,743,531
Machinery and equipment	36,427,239	6,867	1,569,455	(223,367)	765,178	(541,170)	38,004,202
Computer and communication equipment	195,348	-	250,272	(19,345)	-	-	426,275
Office equipment, furniture and fixtures	3,675,403	587	1,128,568	(63,804)	290,496	(135,031)	4,896,219
Motor vehicles	5,941,288	30,307	912,848	(216,677)	38,690	(329,662)	6,376,794
Construction in progress	11,950,814	-	16,973,828	-	(8,745,092)	(3,301,900)	16,877,650
Leased assets	4,000,000	-	-	-	-	-	4,000,000
Total	116,866,856	37,761	24,210,289	(870,640)	-	(6,280,951)	133,963,315
Accumulated depreciation and impairment losses:							
Direct acquisition							
Buildings, roads and bridges	11,317,747	-	2,367,594	(159,785)	-	(173,907)	13,351,649
Machinery and equipment	21,921,421	5,785	2,629,193	(140,823)	-	(137,453)	24,278,123
Computer and communication equipment	63,658	-	56,165	(19,345)	-	-	100,478
Office equipment, furniture and fixtures	2,856,290	384	383,427	(61,614)	-	(59,985)	3,118,502
Motor vehicles	2,730,794	14,542	639,787	(185,159)	-	(91,921)	3,108,043
Leased assets	111,111	-	1,323,324	-	-	-	1,434,435
Total	39,001,021	20,711	7,399,490	(566,726)	-	(463,266)	45,391,230
Net carrying amount	77,865,835						88,572,085

	January 1, 2012	Additions	Deductions	Reclassifications	Translation adjustments	December 31, 2012
	US$	US$	US$	US$	US$	US$
At cost:						
Direct acquisition						
Land	13.241.772	3.295.881	(1.481.817)	422.346	(267.706)	15.210.476
Buildings, roads and bridges	36.745.637	535.307	(2.126.447)	4.427.291	(115.500)	39.466.288
Machinery and equipment	37.103.495	1.556.249	(2.937.329)	774.178	(69.354)	36.427.239
Computer and communication equipment	211.675	225.382	(269.016)	27.307	-	195.348
Office equipment, furniture and fixtures	3.977.890	114.090	(367.283)	(27.476)	(21.818)	3.675.403
Motor vehicles	5.151.150	1.213.998	(366.641)	-	(57.219)	5.941.288
Construction in progress	4.986.162	14.209.341	(41.072)	(6.977.236)	(226.381)	11.950.814
Leased assets	-	4.000.000	-	-	-	4.000.000
Total	101.417.781	25.150.248	(7.589.605)	(1.353.590)	(757.978)	116.866.856
Accumulated depreciation and impairment losses:						
Direct acquisition						
Buildings, roads and bridges	10.805.201	2.151.586	(1.588.772)	-	(50.268)	11.317.747
Machinery and equipment	21.502.122	2.627.742	(2.191.385)	-	(17.058)	21.921.421
Computer and communication equipment	226.839	62.163	(225.344)	-	-	63.658
Office equipment, furniture and fixtures	2.986.564	227.011	(347.944)	-	(9.341)	2.856.290
Motor vehicles	2.481.835	529.640	(265.314)	-	(15.367)	2.730.794
Construction in progress	1.160.201	-	-	(1.087.973)	(72.228)	-
Leased assets	-	111.111	-	-	-	111.111
Total	39.162.762	5.709.253	(4.618.759)	(1.087.973)	(164.262)	39.001.021
Net carrying amount	62.255.019					77.865.835

Depreciation expense is allocated as follows:

	2013	2012
	US$	US$
Cost of sales (Note 39)	6,315,154	4,712,427
General and administrative expenses (Note 41)	1,045,840	996,826
Capitalized to immature plantation	13,503	-
Capitalized to construction in progress	24,993	-
Total	7,399,490	5,709,253

ANJA and its subsidiaries owns several parcels of land with the cultivation rights title (HGU) totaling to 33,688 hectares in Binanga and Ramba, Batang Angkola and Siais, North Sumatera and Gantung, Bangka and Dendang, Belitung, while land with building right title (HGB) covers a total area of 31 hectares in Dendang, Belitung and ANJA also owns 523 hectares non-HGU land in Binanga. Those HGU and HGB are valid for 30 to 85 years period, expiring in 2039 until 2091.

GMIT owns several parcels of land with HGU in Jember and Lumajang. This HGU is valid for 20 years period, expiring in 2028.

Construction in progress represents buildings, roads and bridges under construction as well as machinery and equipment under installation, which are estimated to be completed in 2014.

As of December 31, 2013 and 2012, all land and buildings owned by GMIT were used as collateral for the bank loans obtained from BCA (Note 21).

Property, plant and equipment, except land, were insured against fire, theft, earthquake, flood and other possible risks for a total coverage of US$ 66,709 thousand and Rp 104,477,417 thousand as of December 31, 2013 and US$ 63,408 thousand and Rp 99,841,339 thousand as of December 31, 2012. Management believes that the insurance coverage is adequate to cover the possible losses on the assets insured.

Cost of fully depreciated property, plant and equipment still being used in operations as of December 31, 2013 and 2012 amounted to US$ 12,620,714 and US$ 11,039,557, respectively.

17. INTANGIBLE ASSET - LANDRIGHTS

	31/12/2013	31/12/2012
	US$	US$
Costs	884,772	884,772
Accumulated amortization	(21,268)	(20,148)
Translation adjustments	(47,286)	-
Net carrying amount	816,218	864,624

Amortization expense charged to operation amounted to US$ 1,120 and US$ 1,433 for the years ended December 31, 2013 and 2012, respectively.

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18. ADVANCES

	31/12/2013	31/12/2012
	US$	US$
Third parties:		
Advances for long term investment	638,998	-
Advances for purchase of property, plant and equipment	810,925	2,065,040
Advances to contractors	1,821,401	-
Advances for legal processing of landrights	31,157,258	6,829,004
Total	34,428,582	8,894,044

Advances for long term investment represent the payments for investment in PT Evans Lestari and PT Chevron Geothermal Suoh Sekincau, of which legal documents are not yet completed as of December 31, 2013.

Based on Deed No. 7 of Notary Novita Puspitarini, S.H. dated November 25, 2013, the Company subscribed and paid for 12,000 shares for 20% ownership interest in PT Evans Lestari at a price of Rp 6,000,000,000 (equivalent to US$ 488,998). Approval from the Minister of Law and Human Rights of the Republic of Indonesia related to the capital increase was obtained on January 2, 2014.

Based on Deed No. 39 of notary Buchari Hanafi, S.H. dated November 21, 2013, the Company subscribed and paid for 1,500 new C-series shares at a price of US$ 150,000 in PT Chevron Geothermal Suoh Sekincau. Approval from Minister of Law and Human Rights of the Republic of Indonesia related to the capital increase was obtained on January 7, 2014.

Advances to contractor represents down payments paid to third party contractors for land clearing and other activities related to the immature plantation.

Advances for legal processing of landrights represents costs paid for obtaining HGU at numerous estates: KAL (10,920 hectares nucleus and 2,798 hectares plasma), ANJAS (1,639 hectares), GSB (20,000 hectares), PPM (40,000 hectares) and PMP (22,195 hectares). Advances for legal processing of landrights will be reclassified and recorded as part of Land once the HGU is obtained.

19. GOODWILL

Goodwill represents the excess of acquisition cost over the Company's interest in the fair value of the net assets of ANJA and its subsidiaries at the acquisition date.

Management believes that there are no impairment losses on goodwill on December 31, 2013.

20. CLAIMS FOR TAX REFUND

	31/12/2013	31/12/2012
	US$	US$
KAL	63,282	79,766
ANJAS	-	1,349,861
Total	63,282	1,429,627

KAL

In September 2010, KAL received two tax assessment letters from Directorate General of Taxation (DGT) dated September 21, 2010 with regard to VAT underpayment for the period of January to October 2009 amounting to Rp 771,342 thousand (equivalent to US$ 85,790) and VAT overpayment for the period of November 2009 amounting to Rp 385,671 thousand (equivalent to US$ 42,895). The net underpayment totaling to Rp 385,671 thousand was paid by KAL in October 2010.

On November 1, 2010, KAL filed an objection on those assessments of VAT underpayment for the period of January to October 2009 to DGT and claimed for a tax refund of Rp 771,342 thousand (or equivalent to US$ 63,282 and US$ 79,766 on December 31, 2013 and December 31, 2012, respectively). In May 2011, DGT in its decision letter dated July 27, 2011 rejected the objection of KAL. In October 2011, KAL filed an appeal to the Tax Court but the outcome has not been obtained to date.

ANJAS

In December 2010, ANJAS received four assessment letters from Directorate General of Taxation (DGT) dated December 28, 2010 with regard to VAT underpayment for the period of January to December 2008 amounting to Rp 13,053,151 thousand (equivalent to US$ 1,349,861).

On February 8, 2011, ANJAS filed an objection on the assessment for VAT for period January to December 2008 to the DGT and claimed for a tax refund of Rp 13,053,151 thousand. On January 27, 2012, the DGT rejected the objection submitted by ANJAS. On April 25, 2012, ANJAS has submitted an appeal to the tax court. ANJA'S claim for the refund of Rp 13,053,151 thousand (equivalent to US$ 1,314,649) was presented as claim for tax refund.

Based on Letter No. Put 45977 - 45980/PP/M.II/16/2013 dated July 18 - 22, 2013, ANJAS's appeal was accepted by Tax Court. Accordingly, ANJAS has offset its payable related to the assessment letters (Note 23) with the claim for tax refund balance.

21. SHORT-TERM BANK LOANS

	31/12/2013	31/12/2012
	US$	US$
Rupiah		
PT Bank Central Asia Tbk	1,440,700	2,341,039
U.S. Dollar		
Credit Suisse Branch	-	1,500,000
Total	1,440,700	3,841,039
Interest rate per annum		
Rupiah	11.50% - 11.75%	11.50% - 11.75%
U.S. Dollar	-	0.70%

Bank loans are classified as other financial liabilities measured at amortized cost using the effective interest rate. The fair value of short-term bank loans are their carrying value.

PT Bank Central Asia Tbk (BCA)

On January 29, 2010, GMIT obtained credit facilities from PT Bank Central Asia Tbk (BCA) which consisted of:

- Local credit facility of Rp 2 billion.
- Time loan revolving facility of Rp 20 billion.
- Time loan incidental facility of Rp 3 billion.

On December 10, 2013, the loan facilities were increased to become as follows:

- Local credit facility, with maximum amount of Rp 2 billion.
- Time loan revolving facility, with maximum amount of Rp 43 billion.

The credit facilities obtained from BCA are secured by GMIT's inventories (Besuki N.O. tobacco) amounting to Rp 15 billion and all of GMIT's land and buildings. On January 29, 2012, these credit facilities were extended until January 29, 2013 and was further extended until January 29, 2015.

The loan agreement relating to the above facilities contains certain covenants which among others restrict GMIT to obtain new loans or credit from other parties and/or become a guarantor, to lend money (except lending in relation to their normal course of operation), to be involved in consolidation, merger, liquidation and to change its institutional status.

Credit Suisse Singapore

GMIT has a commercial line facility of US$ 3,000,000 from Credit Suisse Singapore (the Bank), with the interest rate of 0.5% above cost of fund. As of December 31, 2012, the outstanding loan balance was US$ 1,500,000, with tenor of 3 months, secured by the Company's time deposit (Note 6). During 2013, all outstanding loan balance has been fully repaid and the loan facility has been cancelled.

22. TRADE ACCOUNTS PAYABLE

	31/12/2013	31/12/2012
	US$	US$
Third parties		
Palm plantation	2,832,396	3,742,714
Electricity power	444,449	833,939
Sago	-	1,646
Tobacco	-	1,589
Total	3,276,845	4,579,888

Based on currencies:

	31/12/2013	31/12/2012
	US$	US$
United States Dollar	1,564,490	2,656,194
Rupiah	1,712,355	1,923,694
Total	3,276,845	4,579,888

Based on creditors:

	31/12/2013	31/12/2012
	US$	US$
PT Sentana Adidaya Pratama	494,712	2,136,342
PT Pupuk Hikay	427,307	166,901
PT Sasco Indonesia	257,888	-
PT Mest Indonesiy	183,926	-
PT Bumi Tani Subur	123,133	-
PT Agratama Tunas Sarana	117,779	-
PT Putera Fajar Jaya	101,702	-
Koperasi Eka Lestari	92,132	101,241
PT Hatika Patra Persada	74,406	-
PT Agro Tunas Mandiri	67,471	127,573
Koperasi ANJA Lestari	58,452	59,975
A. Rivai Hanan	42,431	67,699
PT Sumber Agrindo Sejahtera	-	82,743
PT Hanampi Sejahtera Kahuripan	-	310,909
Others	1,235,506	1,526,505
Total	3,276,845	4,579,888

23. TAXES PAYABLE

	31/12/2013	31/12/2012
	US$	US$
Corporate income tax (Note 41)		
The Company	4,651	17,795,427
Subsidiaries	373,248	2,982,301
Income taxes		
Article 21	221,271	3,206,572
Article 25	1,492,466	2,152,163
Article 4 section 2	47,942	345,363
Article 23/26	37,769	29,481
Article 22	4,275	22,860
Article 15	1,501	211
Value Added Tax	33,870	-
Tax assessment		
The Company	197,872	-
Subsidiaries (Note 20)	-	1,349,861
Total	2,414,865	27,884,239

ANJ

On July 22, 2013, the Company received a tax audit notification letter regarding its taxation for the years of 2004, 2005, 2006, 2007, 2008 and 2009. The audit process was been completed on December 18, 2013 with the following results:

- VAT underpayment (SKPKB) for the period of January to December 2004 amounted to Rp 567,994,354 (equivalent to US$ 46,599)
- VAT underpayment (SKPKB) and tax penalty for the period of January to December 2005 amounted to Rp 489,502,248 (equivalent to US$ 40,159)
- VAT underpayment (SKPKB) for the period of January to December 2006 amounted to Rp 703,540,222 (equivalent to US$ 57,719)
- VAT underpayment (SKPKB) and tax penalty for the period January to December 2007 amounted to Rp 621,851,901 (equivalent to US$ 51,017)
- No correction on VAT for the period of January to December 2008
- VAT underpayment (SKPKB) and tax penalty for the period of January to December 2009 amounted to Rp 28,975,708 (equivalent to US$ 2,378)

The Company has recorded the entire tax assessments as other expenses in 2013 and paid the entire obligation related to the tax assessments in January 2014.

24. OTHER PAYABLE

	31/12/2013	31/12/2012
	US$	US$
Payable to third parties (Note 14)	2,372,428	3,911,904
Advance received from customers	3,292,218	4,383,748
Total	5,664,646	8,295,652

Other accounts payable is classified as financial liabilities and is measured at amortized cost. The fair value of other accounts payable is its carrying amount.

All other payable is payable to third parties.

Payable to third parties mainly consists of payable to contractors related to construction of plant and equipment, development of immature plantation and processing of landrights.

In 2012, payable to third parties of US$ 2,611,030 was the payable related to investment in contract of works (Note 14). Based on the Board of Commisioners' Approval dated December 9, 2013, the Company reversed the investment in contracts of works and the related payable.

Advance received from customers represents receipt of cash from several customers for purchase of tobacco and crude palm oil which deliveries will be made based on further instructions from those customers.

25. ACCRUED EXPENSES

	31/12/2013	31/12/2012
	US$	US$
Salaries, bonuses and allowances	2,531,711	5,305,090
Professional fees	217,185	56,688
Interest	-	-
Others	2,072,596	2,805,540
Total	4,821,492	8,167,318

26. LEASE LIABILITIES

SMM has entered into a sale and lease back arrangement on certain buildings, machineries and equipment with PT Mitra Pinasthika Mustika Finance on December 7, 2012. SMM has determined, based on an evaluation of the terms and conditions of the arrangement, that the sale and leaseback transaction was qualified for finance lease. The sales proceeds of US$ 4,000,000 was established at fair value and was received on December 7, 2012. The excess of sales proceeds over the carrying amount of the assets amounting to US$ 3,350,288 was recorded as deferred income (Note 27).

The summary of the sale and lease back terms and condition is as follows:

Net to Finance	:	US$ 2,200,000
Interest Rate	:	9.5% p.a. effective floating rate (determined every 6 months in arrears)
Tenor	:	30 months
Installment	:	US$ 1,557,418 (1st payment), US$ 25,561 (2nd - 30th month)
Provision expense	:	US$ 11,000 (0.5% of Net to Finance)
Insurance	:	Insured by Lessee

The future minimum lease payments based on the lease agreement are as follows:

	31/12/2013	31/12/2012
	US$	US$
Payment due in:		
Less than a year	153,362	1,838,589
More than a year to five years	306,732	460,098
Minimum lease payments	460,094	2,298,687
Interest	(32,850)	(98,687)
Present value of minimum lease payments	427,244	2,200,000
Current maturities	(278,043)	(1,772,756)
Lease payable - net of current maturities - net	149,201	427,244

27. DEFERRED REVENUE

Deferred revenue represents the difference between proceeds from sales and book value of assets related to the sales and lease back transaction by SMM (Note 26) at a total amount of US$ 3,350,288, which will be amortized over 30 months period.

	31/12/2013	31/12/2012
	US$	US$
Current maturities portion	1,340,115	1,340,115
Long-term portion	670,058	2,010,173
Total	2,010,173	3,350,288

28. POST-EMPLOYMENT BENEFITS OBLIGATION

The Group provides post-employment benefits for their qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefits was 5,172 in 2013 and 4,880 in 2012.

Amounts charged to profit or loss in respect of these post-employment benefits are as follows:

	2013	2012
	US$	US$
Current service cost	2,290,707	1,940,209
Termination cost, curtailment and settlement	475,934	142,845
Liability transferred from other companies	395,967	352,748
Interest cost	410,539	624,190
Immediate adjustment for new permanent employees	29,587	12,073
Liability transferred to other companies	(548,141)	(553,844)
Amortization of past service cost	11,558	11,884
Gain from termination	-	(2,157,592)
Excess benefit payment during the period	-	10,178,035
Immediate recognition of past service cost-vested	-	(210,451)
Total	3,066,151	10,340,097

The amount included in consolidated statements of financial position arising from the Group's obligations in respect of the post-employment benefits is as follows:

	31/12/2013	31/12/2012
	US$	US$
Present value of defined benefits obligation	7,708,896	9,331,520
Unrecognized past service cost	(55,290)	(82,185)
Fair value of plan assets	(94,890)	(137,058)
Post-employment benefits obligation	7,558,716	9,112,277

Movements in the present value of the defined benefit obligation in the current year are as follows:

	31/12/2013	31/12/2012
	US$	US$
Balance at beginning of the year	9,331,520	15,299,635
Current service cost	2,290,707	1,931,767
Liability transferred from other company	252,714	288,727
Interest cost	410,539	663,425
Past service liability of new employee	29,587	128,454
Past service cost	-	(265,446)
Liability transferred to other company	(845,720)	(3,890,829)
Benefits payment	(918,932)	(690,710)
Actuarial (gain) loss	(899,625)	(1,054,938)
Unrealized forex loss (gain)	(1,941,894)	(1,006,339)
Effect of settlement	-	(2,072,226)
Balance at end of year	7,708,896	9,331,520

Movements in the net liability recognized in the consolidated statements of financial position are as follows:

	31/12/2013	31/12/2012
	US$	US$
Balance at beginning of the year	9,112,277	9,333,600
Amount charged to income for the year	3,066,151	10,340,097
Benefit payments	(1,062,751)	(295,821)
Actuarial loss (gain) recorded as other comprehensive income	(1,643,076)	604,572
Excess benefit payments during the year	-	(10,178,035)
Translation adjustments	(1,913,885)	(692,136)
Balance at end of the year	7,558,716	9,112,277

The history of experience adjustments is as follows:

	31/12/2013	31/12/2012	31/12/2011	31/12/2010	31/12/2009
	US$	US$	US$	US$	US$
Present value of defined benefits obligation	7,708,896	9,331,520	15,299,635	10,744,329	5,910,197
Experience adjustments on plan liabilities	1,378,518	(1,418,364)	1,066,827	1,011,721	(10,074)

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The cost of providing post-employment benefits is calculated annually by independent actuary from PT Dayamandiri Dharmakonsilindo with its latest report dated January 27, 2014. The actuarial valuation was carried out using the following key assumptions:

	2013	2012
Mortality rate	CSO - 1980 & Indonesia Mortality Table 1999	CSO - 1980 & Indonesia Mortality Table 1999
Normal pension age	56 - 60 years old	56 - 60 years old
Rate of salary increase per annum	8.00% - 10.00%	8.00% - 15.00%
Discount rate per annum	8.35% - 9.25%	6.30% - 8.90%

29. CAPITAL STOCK

The composition of the Company's shareholders is as follows:

	31/12/2013			
	Number	Percentage of	Total paid-in capital stock	
Name of shareholders	of shares	ownership	Rp	Equivalent in US$
PT Memimpin Dengan Nurani	1,343,804,685	40.3139%	134,380,468,500	14,037,446
PT Austindo Kencana Jaya	1,343,804,685	40.3139%	134,380,468,500	14,037,446
Mr. George Santosa Tahija	156,242,000	4.6872%	15,624,200,000	7,544,278
Mr. Sjakon George Tahija	156,147,130	4.6844%	15,614,713,000	7,539,697
Yayasan Tahija	1,500	0.0001%	150,000	73
Public (each below 5%)	333,350,000	10.0005%	33,335,000,000	3,422,133
Total	3,333,350,000	100.0000%	333,335,000,000	46,581,073

	31/12/2012			
	Number	Percentage of	Total paid-in capital stock	
Name of shareholders	of shares	ownership	Rp	Equivalent in US$
PT Memimpin Dengan Nurani	1,343,804,685	44.7935%	134,380,468,500	14,037,446
PT Austindo Kencana Jaya	1,343,804,685	44.7935%	134,380,468,500	14,037,446
Mr. George Santosa Tahija	156,242,000	5.2080%	15,624,200,000	7,544,278
Mr. Sjakon George Tahija	156,147,130	5.2049%	15,614,713,000	7,539,697
Yayasan Tahija	1,500	0.0001%	150,000	73
Total	3,000,000,000	100.0000%	300,000,000,000	43,158,940

The following is the movement of the Company's capital stock:

		Balance	
	Number of shares	Rp	Equivalent in US$
Balance as of January 1, 2012	31,239,063	31,239,063,000	15,084,048
Balance after stock split	312,390,630	31,239,063,000	15,084,048
Increase in capital on September 6, 2012	2,687,609,370	268,760,937,000	28,074,892
Balance as of December 31, 2012	3,000,000,000	300,000,000,000	43,158,940
Increase in capital from the Initial Public Offering on May 8, 2013	333,350,000	33,335,000,000	3,422,133
Balance as of December 31, 2013	3,333,350,000	333,335,000,000	46,581,073

Based on Deed No. 100 of notary Irawan Soerodjo, SH. Msi, dated June 14, 2013, in accordance with the announcement from the Indonesian Stock Exchange dated May 7, 2013 and the shareholders register dated May 31, 2013, the shares issued by the Company to public at the Initial Public Offering were 333,350,000 shares, which represents 10% of the outstanding shares.

Based on Deed No. 09 of notary Mala Mukti, S.H., dated September 6, 2012, the shareholders have approved to:

- Increase the authorized capital from Rp 50,000,000,000 to Rp 1,200,000,000,000.
- Increase the issued and paid in capital from Rp 31,239,063,000 to Rp 300,000,000,000.
- Split the par value per share from Rp 1,000 per share to Rp 100 per share, therefore increasing the number of shares outstanding to 3,000,000,000 shares.
- Issue 2,687,609,370 new shares with nominal value of Rp 268,760,937,000 which were subscribed by :
  - PT Memimpin Dengan Nurani for 1,343,804,685 shares with nominal value of Rp 134,380,468,500 and
  - PT Austindo Kencana Jaya for 1,343,804,685 shares with nominal value of Rp 134,380,468,500.

These changes have been acknowledged by the Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No. AHU-48475.AH.01.02 dated September 12, 2012.

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30. ADDITIONAL PAID IN CAPITAL

	31/12/2013	31/12/2012
	US$	US$
Net excess of IPO proceeds over paid in capital		
Excess of IPO price over par value	37,643,466	-
Share issuance costs	(5,496,381)	-
Subtotal	32,147,085	-
Difference in value from restructuring transaction between entities under common control:		
Sale of investment in shares of ANJHC	8,024,263	-
Sale of investment in shares of BKM	1,490,208	-
Sale of investment in properties	32,592	-
Sale of property, plant and equipment	3,569,959	-
Sale of other assets	(112,689)	-
Subtotal	13,004,333	-
Total	45,151,418	-

Differences in value from restructuring transactions between entities under common control

In 2013, the differences in value from restructuring transactions between entities under common control amounting to US$ 13,004,333 were reclassified to additional paid in capital. As of December 31, 2012, the details of differences in value from restructuring transactions between entities under common control are as follows:

	31/12/2013	31/12/2012
	US$	US$
Sale of investment in shares of ANJHC	8,024,263	8,024,263
Sale of investment in shares of BKM	1,490,208	1,490,208
Sale of investment in properties	32,592	32,592
Sale of property, plant and equipment	3,569,959	3,569,959
Sale of other assets	(112,689)	(112,689)
Reclassified to additional paid in capital	(13,004,333)	-
Total	-	13,004,333

Entities under common control involved in the transactions during 2012 are as follows:

- PT Austindo Nusantara Jaya Husada Cemerlang is a subsidiary of PT Austindo Kencana Jaya which is also a shareholder of the Company.
- PT Memimpin Dengan Nurani is a shareholder of the Company.
- Mr. George Santosa Tahija is a shareholder of PT Memimpin Dengan Nurani and also a shareholder of the Company.
- Mr. Sjakon George Tahija is a shareholder of PT Austindo Kencana Jaya and also a shareholder of the Company.

Sale of investment in shares of ANJHC

On May 7, 2012, the Company transferred 165,837,499 shares or 99.99% ownership in ANJHC to PT Austindo Nusantara Jaya Husada Cemerlang with the selling price of US$ 20,000,000. The difference between the selling price and the book value of equity transferred of US$ 8,024,263 represents difference in value from restructuring transaction between entities under common control.

Sale of investment in shares of BKM

On July 23, 2012, the Company transferred 27,750 shares in BKM to PT Austindo Nusantara Jaya Husada Cemerlang with the selling price of US$ 2,630,886. The difference between the selling price and the book value of equity transferred of US$ 1,490,208 represents the difference in value from restructuring transaction between entities under common control.

Sale of investment in properties

On August 14, 2012, the Company sold its investment in land and buildings to PT Memimpin Dengan Nurani and PT Austindo Kencana Jaya with total selling price of US$ 2,606,165. The difference between the selling price and the book value of US$ 994,316 represents the difference in value from restructuring transaction between entities under common control.

On September 5, 2012, the Company sold its investment in properties to PT Austindo Nusantara Jaya Husada Cemerlang with the total selling price of US$ 4,324,371. The difference between the selling price and the book value of (US$ 961,724) represents the difference in value from restructuring transaction between entities under common control.

Sale of property, plant and equipment

On December 6, 2012, the Company sold building, office equipment, furniture and fixtures to PT Memimpin Dengan Nurani and PT Austindo Kencana Jaya with a total selling price of US$ 2,970,834. The difference between the selling price and the book value of US$ 2,392,599 represents the difference in value from restructuring transaction between entities under common control.

On May 16, 2012, GMIT sold its land and building located in Jember to entities under common control, PT Memimpin Dengan Nurani and PT Austindo Kencana Jaya. The difference between the selling price and the book value of land and building of US$ 1,177,360 was recorded as difference in value from restructuring transaction between entities under common control.

Sale of other assets

On June 29, 2012, the Company sold other assets to Mr. Sjakon George Tahija with a selling price of US$ 42,440. The difference between the selling price and the book value of (US$ 112,689) represents the difference in value from restructuring transaction between entities under common control.

31. MANAGEMENT STOCK OPTIONS

The Company provides a management stock option plan (MSOP) for eligible management within the Group. The option in MSOP program can be used to buy the Company's new shares up to 1.5% of paid in capital after the Initial Public Offering or at a maximum of 50,000,000 (fifty million) common shares.

The option in this program will be granted in three phases, 40% on the listing date, 30% on the first anniversary of the listing and the remaining 30% on the second anniversary of the listing. Each of the distributed option can be used to buy one new share of the Company during the option period, which is within two years after the vesting date, under condition that the vesting period of the option is one year since the grant date. During the vesting period, the participants cannot use their rights to buy the Company's shares.

The shared-based payment arrangements during the current year is as follows:

Option series	Number of shares	Grant date	Expiry date	Fair value at grant date per option
				Rp
Granted on May 8, 2013	13,600,000	8-May-13	8-May-16	417.45

Fair value of share options granted during the year

On May 8, 2013, the Company has granted 13,600,000 stock options. The stock options will vest on May 8, 2014 and can be exercised from May 8, 2014 to May 8, 2016. The fair value of the stock options on the grant date was Rp 417.45 per option, measured using the Black and Scholes model. As of December 31, 2013, the fair value of the stock option recorded in statements of comprehensive income and equity was US$ 344,299.

Key assumptions used in calculating the fair value of the options are as follows:

	2013
Risk free interest rate	5.50%
Option period	3 years
Expected stock price volatility	35.00%
Expected dividend	0.00%

Movements in outstanding options are as follows:

	2013
Outstanding option at beginning of year	-
Options granted during the year	13,600,000
Outstanding options at end of year	13,600,000

32. DIFFERENCES IN VALUE DUE TO CHANGES IN EQUITY OF SUBSIDIARIES

	31/12/2013	31/12/2012
	US$	US$
Effect of changes in equity resulting from step acquisition of ANJA	29,217,031	29,217,031
Effect of changes in equity resulting from remeasurement of functional currency in SMM	1,860,354	1,860,354
Effect of changes in equity of ANJA from option conversion and purchase of shares from non-controlling interest	(469,794)	(469,794)
Total	30,607,591	30,607,591

33. NON-CONTROLLING INTERESTS

	31/12/2013	31/12/2012
	US$	US$
PT Lestari Sagu Papua	485,299	673,949
PT Austindo Aufwind New Energy	19,486	23,175
PT Austindo Nusantara Jaya Agri	7,852	9,753
PT Gading Mas Indonesian Tobacco	88	49
Others	211	234
Total	512,936	707,160

34. REVENUE FROM SALES

	2013	2012
	US$	US$
Third parties:		
Palm oil and palm kernel	128,722,987	154,585,695
Tobacco	6,075,073	5,294,880
Total	134,798,060	159,880,575

The details of customers with net sales exceeding 10% of the revenue from sales are as follows:

	2013		2012	
Name	Amount	Percentage to consolidated net sales	Amount	Percentage to consolidated net sales
	US$	%	US$	%
PT Pasific Indopalm Industries	18,458,005	14	14,023,150	9
PT Synergy Oil Nusantara	17,522,800	13	12,458,500	8
PT Nubika Jaya	16,178,982	12	9,318,878	6
PT Musim Mas	13,295,228	10	23,063,907	14
PT Wilmar Nabati Indonesia	10,789,525	8	25,658,748	16
PT Louis Dreyfus Commodities	2,286,378	2	19,369,420	12
Total	78,530,918	59	103,892,603	65

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35. SHARE IN NET INCOME OF ASSOCIATES

	2013	2012
	US$	US$
PT Pangkatan Indonesia	1,364,017	2,080,246
PT Bilah Plantindo	645,718	983,390
PT Simpang Kiri Plantation Indonesia	503,349	797,804
Total	2,513,084	3,861,440

36. DIVIDEND INCOME

	2013	2012
	US$	US$
Investments in stock	3,200,568	7,808,466
Money market funds	2,286	116,443
Total	3,202,854	7,924,909

37. INTEREST INCOME

	2013	2012
	US$	US$
Time deposits and current accounts	1,065,749	1,831,286
Other	47,140	159,372
Total	1,112,889	1,990,658

38. OTHER INCOME

	2013	2012
	US$	US$
Gain on sale and leaseback transaction (Note 27)	1,340,115	-
Gain on sale of properties, plant and equipment	1,310,895	34,091
Gain from future commodity contract (Note 46)	-	2,588,159
Rental	-	100,286
Other	646,008	695,309
Total	3,297,018	3,417,845

39. COST OF SALES

	2013	2012
	US$	US$
Palm oil and palm kernel	82,107,561	81,729,496
Tobacco	4,560,490	4,007,476
Total	86,668,051	85,736,972

	2013	2012
	US$	US$
Fresh Fruit Bunches (FFB) Costs		
Harvesting expenses	9,333,355	10,787,536
Maintenance expenses of mature plantations	21,605,854	23,819,277
Indirect expenses including depreciation of property, plant and equipment (Note 16)	15,538,901	14,702,369
Depreciation of mature plantation (Note 15)	8,394,871	8,714,006
Purchases of FFB	16,025,254	15,929,591
Total FFB Costs	70,898,235	73,952,779
Factory overhead costs including depreciation of property, plant and equipment (Note 16)	8,320,128	7,245,150
Total palm oil's production costs	79,218,363	81,197,929
Tobacco Cost		
Purchase of tobacco	4,345,143	4,687,294
Tobacco processing cost	519,017	1,067,701
Total tobacco production cost	4,864,160	5,754,995
Finished goods:		
Beginning of year		
Palm oil	4,829,678	5,361,245
Tobacco	7,931,089	6,233,793
End of year		
Palm oil	(1,940,481)	(4,829,678)
Tobacco	(6,553,478)	(7,931,089)
Translation adjustment of tobacco inventories	(1,681,280)	(50,223)
Cost of sales	86,668,051	85,736,972

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The details of suppliers with purchases exceeding 10% of the consolidated net FFB and tobacco purchases are as follows:

	2013		2012	
Name	Amount	Percentage of net purchases	Amount	Percentage of net purchases
	US$	%	US$	%
Abdul Somat Pulungan	4,551,958	11	6,073,409	13
PT Sentana Adidaya Pratama	4,296,576	10	6,147,828	14
PT Pupuk Hikay	2,708,879	6	7,428,958	16
Total	11,557,413	27	19,650,195	43

40. PERSONNEL EXPENSES

This account represents salaries, allowances, bonuses and post-employment benefit expenses (Notes 28 and 31).

41. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
	US$	US$
Travel and transportation	3,932,971	4,090,056
Professional fees	2,635,782	4,629,281
Depreciation (Note 16)	1,045,840	996,826
Office expenses	825,121	1,046,181
Office rent	824,839	49,034
Repairs and maintenance	550,396	390,376
Communication and electricity	536,944	292,820
Training, seminars and meeting	349,599	228,969
Share-based compensation (Note 31)	344,299	-
Donation	136,523	1,538,826
Membership and subscription fees	121,470	86,298
Custodian fees and bank charges	56,800	13,268
Entertainment	25,918	61,440
Others	1,103,601	1,455,088
Total	12,490,103	14,878,463

42. INCOME TAXES

Tax expense of the Group consists of the followings:

	2013 US$	2012 US$
Continuing operation:		
Current tax	12,324,373	17,743,889
Deferred tax	(835,418)	(438,334)
Total tax expenses	11,488,955	17,305,555
Discontinued operations:		
Current tax	-	23,151,260
Deferred tax	-	(4,762,152)
Total tax expenses - discontinued operations (Note 43)	-	18,389,108

Current Tax

The reconciliation between income before tax per consolidated statements of comprehensive income and taxable income is as follows:

	2013 US$	2012 US$
Income before tax per consolidated statements of comprehensive income		
Continuing operations	33,350,795	59,262,636
Income before tax of subsidiaries	(35,642,039)	(68,261,039)
Income adjustment based on cost method	12,825,511	37,207,284
Income before tax of the Company	10,534,267	28,208,881
Tax adjustments:		
Temporary differences:		
Bonus	250,000	(1,280,155)
Post-employment benefits (including foreign exchange effects)	323,824	(3,879,060)
Total	573,824	(5,159,215)

(Forward)

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	2013	2012
	US$	US$
Non-tax-deductible expenses		
(non-taxable income/subject to final tax):		
Loss from liquidation of a subsidiary	4,385,821	-
Gain on payable write-off	2,611,030	-
Personnel expenses	709,832	769,608
Share based compensation	136,707	-
Interest expense	113,049	-
Donation	44,046	1,330,209
Gain on sale of trading securities and other investments	(56,360)	(1,052)
Interest income	(300,713)	(611,868)
Gain on sale of property and equipment	(1,305,586)	(2,577)
Dividend income from subsidiaries	(13,827,676)	(35,471,382)
Gain from sale of investment	-	380,686
Other	184,864	(66,618)
Total	(7,304,986)	(33,672,994)
Taxable income (loss) from continuing operations	3,803,105	(10,623,328)
Income before tax or taxable income from discontinued operations	-	86,492,754
Total taxable income	3,803,105	75,869,426
Current income tax expense - the Company:		
Continuing operations	950,776	(2,655,832)
Discontinued operations	-	21,623,189
Current income tax expense - subsidiaries		
Continuing operation:		
PT Austindo Nusantara Jaya Agri and its subsidiaries	10,878,298	18,847,427
PT Darajat Geothermal Indonesia	199,033	1,308,963
PT Aceh Timur Indonesia	29,964	-
PT Surya Makmur	25,991	-
PT Prima Mitra Nusatama	11,066	215,975
PT Lestari Sagu Papua	13,126	-
PT Gading Mas Indonesian Tobacco	216,119	27,356
Discontinued operation:		
PT Prima Mitra Nusatama	-	1,528,071
Total income tax expense - current	12,324,373	40,895,149

A reconciliation between tax expense and the amount computed by applying the prevailing tax rates to income before tax per statements of comprehensive income is as follows:

	2013	2012
	US$	US$
Income before tax from continuing operation per statements of comprehensive income	10,534,267	28,208,881
Tax expense at prevailing tax rates	(2,633,567)	(7,052,220)
Effect of non-tax-deductible expenses (non-taxable income/subject to final tax):		
Dividend income from subsidiaries	3,456,919	8,867,845
Interest income	75,178	152,967
Gain on sale of property and equipment	326,397	644
Gain on sale of trading securities and other investments	14,090	263
Gain on payable write-off	(652,758)	-
Loss from liquidation of a subsidiary	(1,096,455)	-
Gain on sale of investment	-	(95,172)
Donation	(11,012)	(332,552)
Personnel expenses	(177,458)	(192,402)
Share based compensation	(34,177)	-
Interest expense	(28,262)	-
Others	(46,216)	16,655
Total	1,826,246	8,418,248
Total tax benefit expense from continuing operation	(807,321)	1,250,708
Total tax expense from discontinued operation	-	(17,384,449)
Income tax expense of subsidiaries	(10,681,634)	(19,560,922)
Total tax expenses	(11,488,955)	(35,694,663)

The Company has submitted its corporate income tax return for the year 2012 in April 2013. The amount of taxable income is in accordance with the amounts reported in the corporate income tax return.

Deferred Tax

In 2013 and 2012, the Company had deductible temporary differences from bonus accrual and post-employment benefit obligation. The Company only recognized the deferred tax assets over which balance management believed can be utilized in future periods to compensate future taxable income.

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The details of deferred tax assets and liabilities of the Group are as follows:

	January 1, 2013	Credited (charged) to income for the year	Credited (charged) to other comprehensive income	Translation adjustments	December 31, 2013
	US$	US$	US$	US$	US$
Deferred tax assets					
The Company	30,662	143,455	1,719	-	175,836
PT Gading Mas Indonesian Tobacco	176,437	12,441	(38,721)	(32,808)	117,349
PT Austindo Nusantara Jaya Agri	4,555,367	(464,084)	(266,733)	(287,477)	3,537,073
PT ANJ Agri Papua	1,503,992	800,639	(22,532)	(419,021)	1,863,078
PT Austindo Aufwind New Energy	972	251,315	(2,705)	(34,773)	214,809
Total	6,267,430	743,766	(328,972)	(774,079)	5,908,145
Deferred tax liabilities					
PT Darajat Geothermal Indonesia	(983,600)	276,987	(111,274)	-	(817,887)
PT Surya Makmur	(1,127,346)	(111,430)	-	-	(1,238,776)
PT Aceh Timur Indonesia	(856,086)	(73,905)	-	-	(929,991)
Total	(2,967,032)	91,652	(111,274)	-	(2,986,654)
Net		835,418	(440,246)		

	January 1, 2012	Restructuring transaction in subsidiaries	Credited (charged) to income for the year	Charged to other comprehensive income	Translation adjustments	December 31, 2012
	US$	US$	US$	US$	US$	US$
Deferred tax assets						
The Company	1,414,692	-	(1,405,124)	21,094	-	30,662
PT Gading Mas Indonesian Tobacco	130,178	-	(17,951)	73,923	(9,713)	176,437
PT Austindo Nusantara Jaya Agri	4,089,559	(851,201)	1,408,901	(91,892)	-	4,555,367
PT ANJ Agri Papua	-	850,018	660,869	18,757	(25,652)	1,503,992
PT Austindo Aufwind New Energy	-	1,183	(209)	68	(70)	972
Total	5,634,429	-	646,486	21,950	(35,435)	6,267,430
Deferred tax liabilities						
The Company	(4,238,740)	-	4,238,740	-	-	-
PT Darajat Geothermal Indonesia	(1,282,661)	-	226,322	72,739	-	(983,600)
PT Surya Makmur	(885,322)	-	(242,024)	-	-	(1,127,346)
PT Aceh Timur Indonesia	(663,636)	-	(192,450)	-	-	(856,086)
PT Prima Mitra Nusatama	(542,116)	-	523,412	-	18,704	-
Total	(7,612,475)	-	4,554,000	72,739	18,704	(2,967,032)
Net			5,200,486	94,689		

Deferred tax benefit is allocated to the following:

	2013	2012
	US$	US$
Credited to income for the year - continuing operations	835,418	438,334
Credited to income for the year - discontinued operations	-	4,762,152
Total	835,418	5,200,486

43. NET INCOME FROM DISCONTINUED OPERATIONS

In 2011, the Company decided to divest three of its subsidiaries comprising ANJR and subsidiaries, AI and ANJHC and subsidiary. The sales of ANJR and AI to third parties were respectively realized on January 17, 2012 and February 27, 2012 (Note 1d). On May 7, 2012, the Company sold ANJHC to PT Austindo Nusantara Jaya Husada Cemerlang, (an entity under common control), the gain of which was recognized as difference in value from restructuring transaction between entities under common control (part of additional paid in capital).

	2012
	US$
Net income for the year from discontinued operation	162,138
Gain from sale of ANJR - net	52,214,402
Gain from sale of AI - net	3,232,169
Reclassification from difference in value from restructuring transaction between entities under common control - sale of AI to ANJR	1,094,314
Net income from discontinued operation	56,703,023

The result of the discontinued operation included in the consolidated statements of comprehensive income is set out below:

	2012
	US$
Gain on sale of investments	78,032,659
Loss in foreign exchange	(4,667)
Dividend income	3,584
Revenue from healthcare service	5,882,790
Insurance underwriting income	936,729
Interest income	156,859
Other Income	89,318
Cost of healthcare service	(3,098,290)
Personnel expense	(1,838,993)
General and administrative expense	(1,959,834)
Consultant fee related to sale of subsidiaries	(3,102,665)
Other expense	(5,359)
Tax expense related to sale of subsidiaries	(18,389,108)
Net income from discontinued operation	56,703,023
Net income attributable to:	
Owners of the Company	55,080,763
Non-controlling Interest	1,622,260
Net income	56,703,023
Net cash flows from operating activities	(2,057,100)
Net cash flows from investing activities	142,346,809
Net cash flows from financing activities	-
Net cash flows	140,289,709

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44. EARNINGS PER SHARE

The computation of basic earnings per share is based on the following data:

	2013	2012
	US$	US$
Earnings		
Net income attributable to owners of the Company	21,920,789	96,299,136
Net income from continuing operations	21,920,789	41,957,081
Net income from discontinued operations	-	56,703,023
Number of shares		
Weighted average number of ordinary shares outstanding (after stocksplit) for basic earning per share computation	3,222,233,333	1,208,260,420
Weighted average number of ordinary shares outstanding (after stocksplit) for diluted earning per share computation	3,231,300,000	1,208,260,420
Earnings per share		
Basic	0.00680	0.07970
Diluted	0.00678	-
Earnings per share from continuing operations		
Basic	0.00680	0.03473
Diluted	0.00678	-
Earnings per share from discontinued operations		
Basic	-	0.04497
Diluted	-	-

In September 2012, the Company did a stock split from 120,826,042 shares to 1,208,260,420 shares.

As of December 31, 2013, the Company has potential dilutive common share from share options of 13,600,000 shares.

45. CASH DIVIDENDS

Based on Board of Commissioners Resolution of the Company dated August 6, 2012, September 24, 2012, and December 10, 2012, the Company distributed the first, second, and third interim dividends from 2012 retained earnings amounting to US$ 34,000,000, US$ 135,000,000 and US$ 30,000,000, respectively.

Based on Annual Shareholders' Meeting of the Company dated June 29, 2012, the shareholders approved the distribution of final dividends amounting to US$ 30,000,000 from 2011 retained earnings, in addition to the first interim dividend of US$ 10,000,000, second interim dividend of US$ 4,000,000 and third interim dividend of US$ 50,000,000. The distribution of interim dividends were approved by the Board of Commissioners of the Company in its Resolutions respectively dated on February 8, 2012, March 6, 2012 and April 3, 2012 following the proposal from the Company's Board of Directors. As a result, total dividend distributed from 2011 retained earnings was US$ 94,000,000.

46. DERIVATIVE INSTRUMENTS

a) In 2013, ANJA entered into two future commodity contracts with Barclays Capital, while in 2012, ANJA entered into some future commodity contracts with Morgan Stanley Capital Group Inc. and Barclays Capital. Gain (loss) from commodity contracts of (US$ 173,528) and US$ 2,588,159 for the years ended December 31, 2013 and 2012, respectively, were recorded in consolidated statements of comprehensive income as other expense or other income.

b) ANJA entered into forward currency contract facilities with Citibank N.A., PT Bank OCBC NISP Tbk and PT Rabobank International Indonesia to minimize foreign exchange exposures. Foreign currency contracts require ANJA, at a future date, to buy and sell U.S. Dollar against Rupiah using the rates agreed at the inception of the contracts. As of December 31, 2013 and 2012, there was no outstanding balance of the facility.

c) On October 1, 2010, GMIT entered into a foreign exchange line agreement with PT Bank Permata Tbk, whereas the Bank agreed to provide a derivative transaction facility of a maximum amount of US$ 1,000,000, with maximum transaction terms of 6 months and validity until October 6, 2013, extended until October 6, 2014. As of December 31, 2013 and 2012, there was no outstanding balance of the facility.

Gain (loss) on the above derivatives recorded in the consolidated statements of comprehensive income as other income (expense) are as follows:

	2013	2012
	US$	US$
Loss from GMIT's derivative transaction	(9,191)	-
Commodity contract of ANJA	(173,528)	2,588,159
Total	(182,719)	2,588,159

47. NATURE OF RELATIONSHIP AND TRANSACTIONS WITH RELATED PARTIES

Nature of Relationship

- Mr. George Santosa Tahija, Mr. Sjakon George Tahija, Yayasan Tahija, PT Memimpin Dengan Nurani (MDN) dan PT Austindo Kencana Jaya (AKJ) are the Company's shareholders.

- PT Austindo Nusantara Jaya Husada Cemerlang is a subsidiary of PT Austindo Kencana Jaya.

Transactions with related parties

- The Group entered into several transactions of sales of investment in property and other assets with related parties as explained in Note 30.

- The Company donated US$ 34 thousand and US$ 1,330 thousand for Corporate Social Responsibility (CSR) activities to Yayasan Tahija which represented 0.27% and 8.94% total general and administration expenses for the years ended December 31, 2013 and 2012, respectively.

- GMIT utilizes land and building owned by AKJ and MDN as its office, employee housing, training centre and warehouse in accordance with the lend and use agreement dated May 17, 2012. This agreement will expire on May 17, 2014. Based on this lend and use agreement, GMIT has no obligation to pay anything to AKJ or MDN, however GMIT has to bear and pay the Land and Building tax, fire insurance, repair and maintenance, electricity, water, telephone, security and all other maintenance costs related to the land and building during the lend and use period.

48. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

a. The Group provides the economic value added (EVA) incentive plan to its management. The first cycle of the plan started from January 1, 2007 to December 31, 2009, the second cycle started from January 1, 2010 to December 31, 2012, while the third cycle started from January 1, 2013 to December 31, 2015. The bonus is calculated annually based on certain formula as specified in the EVA manual.

b. On December 7, 2012, the Company entered into an Aircraft EJ-135 Charter Services Agreement with PT Airfast Indonesia (Airfast) for providing aviation service to carry passengers and/or cargo. The agreement is valid for a minimum period of five (5) years, extendable by providing a three-month prior written notice before the expiration date. On January 27, 2014 the agreement was novated so that the agreement was entered between Airfast with ANJA, ANJAP, PPM and PMP as the users of the aircraft. Starting from February 2014, the Group shall pay a fixed charter fee of US$ 88,400 and Rp 746,875 thousand plus all operational expenses billed according to the usage of the aircraft.

   Based on the agreement, Airfast irrevocably grants to ANJA, ANJAP, PPM and/or PMP a call option to purchase the aircraft from Airfast at the current market price at the purchase date upon expiration of the charter period or upon termination of the agreement.

   In 2013, ANJA also has a commitment for Aircraft Charter Service Agreement of Raytheon B1900D aircraft with PT Airfast Indonesia with a fixed charter fee of US$ 69,167 per month plus all operational expenses billed according to the usage of the aircraft. This agreement was terminated on February 8, 2014.

c. On December 18, 2012, the Company entered into a lease agreement with PT Bumi Mulia Perkasa Development, for leasing of 1,755.50 square meters office space at Gedung Atrium Mulia. The agreement was amended on December 10, 2013, whereas effective on January 1, 2014, the lessees become the Company, SMM, ANJAP, AANE, PPM, PMP and ANJ Boga with certain office space charged to each entity. Total rental fee and service charges for the Group of US$ 92,164 should be paid quarterly. The Group has paid US$ 92,164 security deposits, which is recorded as other non-current assets. The lease period is effective until April 3, 2016, with an option to extend the contract for the next three years. This option could be exercised not earlier than 4 month, and not later than 2 month, before the due date of the lease contract.

d. On November 20, 2013, ANJA obtained credit facilities in the form of Demand Loan 1 of US$15 million to finance acquisition of company and/or capital expenditure, Demand Loan 2 of US$10 million to finance its working capital needs and foreign exchange transaction facility of US$ 20 million for foreign currency hedging from PT Bank OCBC NISP Tbk. The interest rate for those credit facilities is 3% above LIBOR. ANJA should fulfill several financial and non-financial covenants, such as to maintain debt to equity ratio at a maximum of 1.5x, interest service coverage ratio of not less than 2x and debt to earning before interest, tax, depreciation and amortization (EBITDA) of not more than 2x. These facilities are valid until of November 19, 2014 and are extendable. On December 31, 2013, there is no outstanding balance of the credit facilities.

e. On November 12, 2013, ANJA obtained a revolving credit facility of US$ 25 million from Citibank N.A. with an interest rate at 2.75% above LIBOR. The term of the loan ranges from one to three months. The facility is guaranteed with corporate guarantee from SMM and ANJAS. This facility is valid until November 12, 2014 and is extendable. On December 31, 2013, there is no outstanding balance of the credit facility.

f. DGI has a 5% participation in a consortium with Chevron Geothermal Indonesia (formerly Chevron Texaco Energy Indonesia Ltd) to develop Darajat Unit II Power Project and all subsequent units, operated by Chevron Geothermal Indonesia. These parties have the following commitments with Perusahaan Pertambangan Minyak dan Gas Bumi Negara ("PERTAMINA") and Perusahaan Listrik Negara ("PLN"):

i. Joint Operation Contract - On November 16, 1984, PERTAMINA as the first party, Chevron Darajat Limited and Texaco Darajat Limited (jointly called "Contractor") as the second party entered into a Joint Operation Contract ("JOC"). This contract was amended and restated on January 15, 1996 and February 7, 2003. Under this contract, PERTAMINA will be responsible for the management of the geothermal field operation for the existing unit owned and operated by PLN, the geothermal field operation and the electricity generation operations for the next and all subsequent units, will be built, owned and operated by the contractor. The Contractor shall finance all expenditures for the existing unit of geothermal field operation owned and operated by PLN, and geothermal field operation and electricity generation operation for the next and all subsequent units built. The Contractor shall also bear the risk, and be responsible for the conduct of such geothermal field operation and electricity generation operation and is appointed as the exclusive Contractor for all geothermal field operation and electricity generation in the Darajat West Java Area (Contract Area).

The original term of this contract shall be 564 months commencing on the effective date, provided that if a production period of 360 months for any unit will not be achieved within the period ending 564 months following the effective date, then an extension period shall be added. Based on amendment dated February 7, 2003, in the event that either PLN and the contractor exercises the option to extend the ESC contract (Note 48fii) term from 432 months to 552 months, the term of this contract will be automatically amended from 564 months to 684 months since the effective date. The contractor has constructed Darajat Unit II and III. Darajat Unit II and III started to sell electricity respectively from June 2000 and July 2007.

ii. Energy Sales Contract - The Energy Sales Contract ("ESC") was entered into by PLN as a buyer and PERTAMINA, as the seller, and Chevron Darajat Limited and Texaco Darajat Limited as the deliverer and serving as contractor to PERTAMINA under the JOC. This contract was amended and restated on January 15, 1996 and subsequently amended on May 1, 2000. Under the ESC, PLN has agreed to purchase and pay for geothermal energy and for electricity generated from geothermal energy as delivered and/or made available from the Darajat West Java Area (contract area), and PERTAMINA has agreed to sell such geothermal energy and electricity to PLN pursuant to a Joint Operation with Chevron Darajat Limited and Texaco Darajat Limited.

The term of this contract shall be for a period ending 432 months, however, either PLN or Chevron Texaco Indonesia Limited and Darajat shall have the option, exercisable any time during the first 372 months from the effective date, to amend the term of this contract from 432 months after the effective date to 552 months after the effective date. Furthermore, should any production period extend beyond the term of this contract, then the term of this contract will be automatically extended until the end of such production period.

The production period for delivery of geothermal energy shall be at least 360 months; however, either PLN or Darajat shall have the option, exercisable at any time during the period of 300 months from the effective date, to amend the 360 months period to 480 months.

g. In 2013, ANJA entered into a Sale and Purchase Agreement with Xinyou Plantation Pte. Ltd. (Xinyou), whereas ANJA purchased from Xinyou 8,100,000 shares representing 90% shares ownership in PT Putera Manunggal Perkasa (PMP), a company that has a location permit for approximately 22,195 hectares of land located in the regency of South Sorong and the regency of Maybrat. The purchase price consists of (1) a fixed purchase price component of US$ 6,632,145 plus 90% of the Net Asset Value of PPM as of December 31, 2012 as agreed by ANJA, and (2) contingent purchase price, which shall be computed and paid based on certain milestones as follow:

- Milestone 1: The first payment will be computed based on total area that has been compensated and shall be paid at the submission of evidence that the land compensation to previous "*ulayat*" owners has been performed in accordance to the prevailing regulations.

- Milestone 2: The second payment will be computed based on total area, as stated in Land Area Map *(Peta Bidang Tanah)* issued by Authority and the Government land and shall be paid at the submission of the Land Area Map.

- Milestone 3: The third payment will be computed based on total area as agreed in the meeting of team B of National Land Certification Agency (BPN) and shall be paid at the submission of minutes of the meeting.

- Milestone 4: The fourth payment will be computed based on total area as stated in HGU Decision Letter issued by BPN and shall be paid at the submission of the decision letter from BPN.

- Milestone 5: The fifth payment will be computed based on total area as stated in HGU Certificate issued by BPN and shall be paid at the submission of the HGU Certificate.

ANJA has fully paid the fixed purchase price component on January 7, 2013. The maximum contingent purchase price component is US$ 7,369,050. From the contingent purchase price component, ANJA has paid US$ 2,749,622 which represented payments for first and second milestones.

h. On November 29, 2012, AANE and Perusahaan Listrik Negara (PLN) entered into a Power Purchase Agreement (PPA) which is valid for 15 years since the signing date. AANE agreed to sell electricity power to PLN and PLN agreed to purchase the electricity power generated by the power plant built by AANE with a capacity of 1,200kW in Desa Jangkang, subdistrict Dendang, regency of Belitung Timur. AANE will also be responsible in designing, building, providing fund, construction, testing, commissioning and providing interconnection facilities and transaction points and 20kV + - 0.5 miles JTM, to connect the power plant owned by AANE to PLN's electricity system, operating and maintaining the power plant in accordance with standard operating procedures (SOP) as determined and agreed by both parties. Commercial date of operation for the electricity sales from AANE to PLN was December 31, 2013.

i. On June 10, 2013, ANJAS and ANJA, each entered into a security service agreement with PT Jaga Nusantara (JANUS) whereas JANUS would provide security services to safeguard respectively ANJAS' and ANJA's assets, employees and facilities. The agreement is valid for three years and is extendable for maximum one year. The estimated maximum costs related to the service for ANJAS and ANJA are respectively Rp 6,165,435 thousand and Rp 6,260,634 thousand for the first year, Rp 6,659,052 thousand and Rp 6,761,160 thousand for the second year and Rp 7,202,030 thousand and Rp 7,311,740 thousand for the third year.

j. The Company purchased 22,825,100 shares or 35.09% ownership in PMN from other shareholders during August-September 2012. There is a contingent liability of maximum Rp 9,479 million which will be paid during period of 2015-2016, if, and only if, the Company does not receive any claims from the buyer of AI's shares, who obtained a guarantee from the Company for the claims' settlement.

CONTINGENCIES

k. On December 13, 2011, DGI has received a tax audit notification letter regarding its taxation for the year 2010. Until the date of authorization of this consolidated financial statements, there is no tax assessment received by DGI.

l. On July 26, 2013, PMN has received a tax audit notification letter regarding its taxation for the 2012. Until the authorization date of these consolidated financial statements, there is no tax assessment result received by PMN.

m. On September 13, 2013, KAL has received a notification of Judicial Review Application against the decision of Tax Court No. Put. 40525/PP/M.VIII/16/2012 dated October 8, 2012 related to VAT overpayment for the period of January to October 2008 amounting to Rp 304,268 thousand. On October 8, 2013, KAL has filed the response upon the Judicial Review request to the Supreme Court. Until the authorization date of these consolidated financial statements, KAL has not received any decision from the Supreme Court yet.

Other than the above commitments, the following is the summary of significant contracts for constructions, consultancy services and purchase of machineries between the Group and third parties:

Description	Contract amounts	Amounts paid up to December 31, 2013
KAL, ANJAS and PMP respectively signed agreements with PT Pusat Bumi on February 27, 2012, October 22,2012 and August 2,2013 in relation to assistance in obtaining HGU certificates for respectively 10,920 hectares land in Ketapang, West Kalimantan, 1,639 ha land at South Tapanuli and 34,000 hectares at West Papua. The agreement of KAL and PPM will expire respectively on December 31, 2014 and August 2, 2014, while the agreement of ANJAS will expire 12 months after HGU required documents are accepted and approved as complete by BPN RI.	Respectively Rp 5,593,880 thousand Rp 1,850,000 thousand Rp 22,100,000 thousand	Respectively Rp 3,916,716 thousand Rp 370,000 thousand Rp 8,840,000 thousand
PMP signed a consulting agreement with PT Pusaka Agro Sejahtera on January 7, 2013 to process HGU certificates in West Papua. The agreement will expire on December 31, 2015.	US$ 500,000	US$ 200,000
KAL signed various contracts to develop its plantation in Ketapang, West Kalimantan, including contract for road construction with PT Syalwa Trimedia Sejahtera effective from November 10, 2011, land clearing with CV Maju Bersama effective from May 2, 2011 and with PT Wira Hari Jaya effective from February 17, 2011. The contracts will expire respectively on December 31, 2014, June 30,2014 and June 30,2014.	Respectively Rp 14,806,900 thousand Rp 24,418,493 thousand Rp 14,898,952 thousand	Respectively Rp 11,269,814 thousand Rp 19,710,709 thousand Rp 13,334,760 thousand

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Description	Contract amounts	Amounts paid up to December 31, 2013
On October 11, 2013 KAL signed agreements for mechanical and civil work and for electrical works for mini mill in Ketapang, West Kalimantan, with PT Karya Palmindo Abadi; both have to be completed within 36 weeks after receipt of instruction to commence.	Respectively US$ 337,350 and Rp 17,000,000 thousand Rp 3,248,000 thousand	-
On July 18, 2013 GSB signed a contract for road construction, land clearing and other construction, which will expire on December 31, 2014.	Rp 2,992,250 thousand	Rp 2,364,736 thousand
ANJAP has various contracts to acquire, construct and install various sago processing machineries for its sago mill in West Papua, including contract for project management consulting service with Pranata Energi Nusantara effective from February 11,2013, purchase of machineries for sago mill and process engineering consultancy with Kato Sago Engineering effective from respectively February 4, 2013 and March 19, 2013, purchase of machineries from V-Sintai Indonesia and electrical installation service with PT Adsa Utama effective from October 2, 2013; which will expire respectively on February 11, 2014, 2 months after commissioning, at commissioning, 1 week-3 months after end of guarantee period and after approval of hand over minutes.	Respectively US$ 763,422 US$ 400,000 US$ 252,727 Rp 9,209,903 thousand Rp 3,190,000 thousand	Respectively US$ 674,838 US$ 240,000 US$ 176,725 Rp 6,999,318 thousand Rp 1,595,000 thousand
On June 14, 2013 and November 13, 2013 PMP has signed agreements for road blocking and land clearing for respectively 2,070 hectares and 1,500 hectares land in Maybrat, West Papua with PT Wira Hari Jaya which will expire respectively on December 31,2014 and July 31,2015.	Respectively Rp 44,432,542 thousand Rp 28,941,284 thousand	Respectively Rp 8,995,000 thousand Rp 5,788,257 thousand
On September 5, 2013, PMP signed an agreement for purchase and installation of mechanical irrigation equipment which will expire on June 30, 2014.	Rp 2,055,000 thousand	Rp 411,000 thousand
On 13 November 2013, PPM signed a road blocking and land clearing for 2.500 hectares of land in South Sorong, West Papua with PT Hamparan Hijau Abadi which will expire on July 31,2015.	Rp 47,651,650 thousand	Rp 9,570,130 thousand

49. SERVICE CONCESSION ARRANGEMENT

The Joint Operation Contract (JOC) and Energy Sales Contract (ESC) of DGI (Note 48f) and AANE (Note 48h) fulfill all characteristics of a concession arrangement and the infrastructure arising from those contracts is controlled by the grantor, therefore, the management treated those contracts as service concession arrangements.

Receivable from Service Concession Arrangement

The movement in the net carrying amount of receivable from service concession arrangement is as follows:

	31/12/2013	31/12/2012
	US$	US$
Balance at beginning of year	6,344,186	6,383,534
Addition from AANE (Note 12)	1,960,077	-
Repayment	(45,468)	(39,348)
Balance at end of year	8,258,795	6,344,186
Less:		
Current maturity	131,092	39,581
Non-current portion	8,127,703	6,304,605

Provision for Services Concession Arrangement

The provision for service concession arrangement represents the present value of minimum contractual obligations from the related JOC.

The movement of provision recognized in the statements of financial position is as follows:

	31/12/2013	31/12/2012
	US$	US$
Balance at beginning of year	294,243	-
Provision during the year	786,612	490,042
Realization during the year	-	(204,095)
Increase in provision due to the passage of time	18,767	8,296
Balance at end of year	1,099,622	294,243
Less:		
Current maturities	-	-
Non-current portion	1,099,622	294,243

The discount rate used in calculating the present value of the above provision for the periods ended December 31, 2013 and 2012 was 1.69%.

Service Concession Revenue

	2013	2012
	US$	US$
Service concession revenue	2,691,297	5,023,085
Financing revenue from service concession	949,980	956,107
Total	3,641,277	5,979,192

Service consession expenses

This account represents the maintenance and geothermal well drilling cost (for DGI) in order to maintain production capacity according to the service concession contract, which amounted to US$ 3,556,557 and US$ 2,494,800 for the years ended December 31, 2013 and 2012, respectively.

50. SEGMENT INFORMATION

For management reporting purposes, the Group is segmented into 4 segments based on product line, comprising of palm oil, sago, energy and others. These segments form the basis for operation segment reporting of the Group.

The organization of the Group is not grouped by each business segment, therefore the segment information available on the earnings and assets is directly related to the main activity. The Group has no reasonable basis for allocating revenues, expenses and other assets to each segment.

Following is the operating segment information:

a. Segment Results

	2013						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
COMPREHENSIVE INCOME							
INCOME							
Segment income:							
Revenue from sales	128,722,987	-	-	6,075,073	134,798,060	-	134,798,060
Revenue from service concession	-	3,641,277	-	-	3,641,277	-	3,641,277
Share in net income of associates	2,513,084	-	-	-	2,513,084	-	2,513,084
Dividend income	2,378,722	821,846	-	2,286	3,202,854	-	3,202,854
Interest income	348,553	46,040	244,023	118,255	756,871	-	756,871
Foreign exchange gain	1,978,013	3,107	832,086	512,280	3,325,486	-	3,325,486
Other income	1,957,708	-	-	36,491	1,994,199	-	1,994,199
Total segment income	137,899,067	4,512,270	1,076,109	6,744,385	150,231,831	-	150,231,831
Unallocated income					26,280,600	(24,758,890)	1,521,710
TOTAL INCOME					176,512,431	(24,758,890)	151,753,541
EXPENSE							
Segment Expense:							
Cost of goods sold	82,107,561	-	-	4,560,490	86,668,051	-	86,668,051
Cost of service concession	-	3,556,557	-	-	3,556,557	-	3,556,557
Selling expense	2,284,684	-	-	114,083	2,398,767	-	2,398,767
Personnel expense	4,346,095	246,901	2,046,110	725,494	7,364,600	-	7,364,600
General & administrative expense	6,630,619	495,004	2,382,508	359,791	9,867,922	-	9,867,922
Loss from liquidation of subsidiary	-	-	-	-	-	959,556	959,556
Interest expense	173,231	-	-	138,735	311,966	-	311,966
Other expense	372,941	59,744	33,925	25,868	492,478	-	492,478
Total segment expense	95,915,131	4,358,206	4,462,543	5,924,461	110,660,341	959,556	111,619,897
Unallocated expense					6,671,621	111,228	6,782,849
TOTAL EXPENSE					117,331,962	1,070,784	118,402,746
Income before tax					58,942,937	(25,592,142)	33,350,795
Tax expense:							
Segment	11,583,671	(329,268)	(787,513)	214,744	10,681,634	-	10,681,634
Unallocated					807,321	-	807,321
Total tax expense					11,488,955	-	11,488,955
Net income for the year					47,691,514	(25,829,674)	21,861,840
Net income attributable to:							
Owners of the Company					47,750,463	(25,829,674)	21,920,789
Non-controlling interest					(58,949)	-	(58,949)
Net income for the year					47,691,514	(25,829,674)	21,861,840
Comprehensive income:							
Owners of the Company					27,099,088	(25,829,674)	1,269,414
Non-controlling interest					(194,224)	-	(194,224)
Total comprehensive income					26,904,864	(25,829,674)	1,075,190

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	2012						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
COMPREHENSIVE INCOME							
INCOME							
Segment income:							
Revenue from sales	154,585,695	-	-	5,294,880	159,880,575	-	159,880,575
Revenue from service concession	-	5,979,192	-	-	5,979,192	-	5,979,192
Share of income of associates	3,861,440	-	-	-	3,861,440	-	3,861,440
Dividend income	3,966,508	3,529,135	-	-	7,495,643	-	7,495,643
Interest income	449,990	21,606	57,842	40,906	570,344	-	570,344
Foreign exchange gain (loss)	495,118	(43,603)	335,822	184,478	971,815	-	971,815
Other income	3,236,487	12,009	34,820	17,240	3,300,556	-	3,300,556
Total segment income:	166,595,238	9,498,339	428,484	5,537,504	182,059,565	-	182,059,565
Unallocated income					45,885,060	(42,880,370)	3,004,690
TOTAL INCOME					227,944,625	(42,880,370)	185,064,255
EXPENSE							
Segment Expense:							
Cost of goods sold	81,729,513	-	-	4,007,459	85,736,972	-	85,736,972
Cost of service concession	-	2,494,800	-	-	2,494,800	-	2,494,800
Selling expense	2,114,644	-	-	134,047	2,248,691	-	2,248,691
Personnel expense	5,740,782	850,471	2,027,473	722,957	9,341,683	-	9,341,683
General & administrative expense	7,601,052	373,975	1,721,664	233,418	9,930,109	-	9,930,109
Other expense	101,911	117,626	5,154	206,894	431,585	-	431,585
Total segment expenses	97,287,902	3,836,872	3,754,291	5,304,775	110,183,840	-	110,183,840
Unallocated expenses					15,721,403	(103,624)	15,617,779
TOTAL EXPENSE					125,905,243	(103,624)	125,801,619
Income before tax					102,039,382	(42,776,746)	59,262,636
Tax expense:							
Segment	17,873,858	1,122,526	(700,595)	45,307	18,341,096	-	18,341,096
Unallocated					(1,035,541)	-	(1,035,541)
Total tax expense					17,305,555	-	17,305,555
Net income for the year from comtinuing operation					84,733,827	(42,776,746)	41,957,081
Discontinued Operations:							
Net Income from discontinued operation					56,703,023	-	56,703,023
Net income for the year					141,436,850	(42,776,746)	98,660,104
Net income attributable to:							
Owners of the Company					139,075,882	(42,776,746)	96,299,136
Non-controlling interest:							
Continuing operation					738,708	-	738,708
Discontinued operation					1,622,260	-	1,622,260
Net income for the year					141,436,850	(42,776,746)	98,660,104
Comprehensive income:							
Continuing operation					84,733,827	(42,776,746)	41,957,081
Discontinued operation					56,703,023	-	56,703,023
Other comprehensive income					(3,020,766)	-	(3,020,766)
Total comprehensive income					138,416,084	(42,776,746)	95,639,338

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b. Segment Assets and Liabilities

	December 31, 2013						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
CONSOLIDATED FINANCIAL POSITION							
ASSET							
Segment assets	296,067,875	13,773,128	26,407,391	8,794,836	345,043,230	-	345,043,230
Unallocated assets					277,336,870	(225,022,837)	52,314,033
Total consolidated assets							397,357,263
LIABILITIES							
Segment liabilities	22,593,314	3,511,158	598,469	3,861,107	30,564,048	-	30,564,048
Unallocated liabilities					2,135,377	-	2,135,377
Total consolidated liabilities							32,699,425
Capital expenditure							
Segment	33,332,682	1,137	7,410,499	533,827	41,278,145	-	41,278,145
Unallocated	-	-	-	-	798,600	-	798,600
Total capital expenditure							42,076,745
Depreciation and amortization							
Segment	15,153,621	228	405,008	98,723	15,657,580	-	15,657,580
Unallocated	-	-	-	-	136,781	-	136,781
Total depreciation and amortization							15,794,361

	December 31, 2012						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
CONSOLIDATED FINANCIAL POSITION							
ASSET							
Segment assets	303,334,517	24,130,073	30,435,763	13,818,533	371,718,886	-	371,718,886
Unallocated assets					251,720,533	(224,071,531)	27,649,002
Total consolidated assets							399,367,888
LIABILITIES							
Segment liabilities	32,916,491	3,731,143	1,082,651	5,853,396	43,583,681	-	43,583,682
Unallocated liabilities					28,115,076	-	28,115,076
Total consolidated liabilities							71,698,758
Capital expenditure							
Segment	31,953,995	455,479	10,615,190	98,285	43,122,949	-	43,122,949
Unallocated	-	-	-	-	30,034	-	30,034
Total capital expenditure							43,152,983
Depreciation and amortization							
Segment	13,939,541	85	249,663	51,577	14,240,866	-	14,240,866
Unallocated	-	-	-	-	182,393	-	182,393
Total depreciation and amortization							14,423,259

51. RECLASSIFICATION OF THE 2012 CONSOLIDATED FINANCIAL STATEMENTS

The Group reclassified certain accounts of the consolidated statements of financial position as of December 31, 2012 to conform to the presentation of the consolidated statements of financial position as of December 31, 2013.

A summary of accounts in consolidated statements of financial position as of December 31, 2012 before and after the restatements is as follows:

	31/12/2012	
	Before reclassification	After reclassification
	US$	US$
Advances	-	8,894,044
Advances for purchase of machineries	2,065,040	-
Other assets	7,824,878	995,874
Short-term bank loans	1,500,000	3,841,039
Taxes payable	26,534,378	27,884,239
Other payable	9,645,513	8,295,652
Bank loans - current maturities	2,341,039	-

52. EVENTS AFTER THE REPORTING PERIOD

a. On January 30, 2014, ANJA drew down US$ 6,000,000 from its credit facility with PT Bank OCBC NISP Tbk. The bank loan will be due on April 30, 2014 and can be rolled over each quarter. Subsequently, on February 21, 2014, ANJA made an additional drawdown of US$ 4,000,000, which will be due on May 21, 2014 and can be rolled over each quarter.

b. On February 14, 2014, the loan agreement between ANJA and Citibank N.A. was amended, whereas KAL and ANJA became the joint parties for the credit facility of US$ 25 million from Citibank N.A. On February 17, 2014, KAL drew down US$ 6,000,000 from its credit facility with Citibank N.A. The bank loan will be due on May 19, 2014 can be rolled over each quarter. On February 21, 2014, ANJA drew down an additional amount of US$ 4,000,000 from this joint facility, which will be due on May 22, 2014 and can be rolled over each quarter.

c. On February 24, 2014, ANJA signed a Conditional Sale and Purchase Agreement (CSPA) No. 66 drawn up before Notary Mala Mukti, SH., LL.M. with Wodi Kaifa Ltd. to purchase 8,550,000 shares or 95% ownership of PT Pusaka Agro Makmur (PAM), a palm oil plantation company with a location permit of approximately 40,000 hectares in Maybrat Regency, West Papua Province. The implementation of the share sale and purchase transaction shall depend on the fulfillment of the condition precedents as stipulated in the CSPA with the target closing date on October 31, 2014.

d. On February 3 and 4, 2014, ANJA, ANJAP, PPM and PMP paid refundable security deposits of US$ 8,500,000 to Airfast in accordance to the aircraft charter agreement (Note 48b).

e. On February 4, 2014, KAL obtained the land right certificate (Hak Guna Usaha) for its 10,920 hectares of land located in Laman Satong, Kuala Satong and Kuala Tolak, Ketapang for a period of 35 years.

53. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN U.S. DOLLARS

As of December 31, 2013 and December 31, 2012, the Group had monetary assets and liabilities in currencies other than U.S. Dollars as follows:

	31/12/2013		31/12/2012	
	Currencies	Equivalent to US$	Currencies	Equivalent to US$
Assets				
Cash and cash equivalents				
Rupiah	60,241,511,865	4,942,285	84,199,831,934	8,707,325
Euro	173,696	239,709	15,637	20,714
Australian Dollar	2,598	2,318	2,553	2,647
Restricted time deposits				
Rupiah	900,000,000	73,837	-	-
Investment in trading securities at fair value				
Rupiah	3,412,920	280	3,413,510	353
Trade accounts receivable				
Rupiah	-	-	1,219,088,639	126,069
Euro	-	-	203,929	270,145
Other receivable				
Rupiah	11,201,617,866	918,994	12,005,328,787	1,241,502
Prepaid expenses - Value Added Taxes Rupiah	80,193,771,288	6,579,192	48,285,249,680	4,993,304
Claim for tax refund				
Rupiah	771,344,298	63,282	13,824,493,096	1,429,627
Other assets				
Rupiah	2,868,744,768	235,355	12,925,183,090	1,336,627
Total		13,055,252		18,128,313
Liabilities				
Short-term bank loans				
Rupiah	17,560,697,098	1,440,700	22,637,848,345	2,341,039
Trade accounts payable				
Rupiah	20,871,895,095	1,712,355	8,641,867,301	893,678
Taxes payable				
Rupiah	8,702,543,763	713,967	256,587,435,260	26,534,378
Other payable				
Rupiah	24,554,472,342	2,014,478	67,632,267,849	6,994,030
Euro	129,028	178,065	-	-
Accrued expenses				
Rupiah	43,060,787,262	3,532,758	21,409,638,047	2,214,027
Euro	11,505	15,877	11,216	14,858
Total		9,608,200		38,992,010
Total assets (liabilities), net		3,447,052		(20,863,697)

As of December 31, 2013 and 2012, the conversion rates used by the Group as well as the exchange rates, prevailing on March 26, 2014 were as follows:

	26/3/2014	31/12/2013	31/12/2012
	US$	US$	US$
Currencies:			
1 Rupiah	0.00009	0.00008	0,00010
1 Euro	1.38150	1.38005	1,32470
1 Australian Dollar	0.91620	0.89225	1,03675

In relation to the fluctuation of the U.S. Dollar exchange rate against foreign currencies, the Group recorded the foreign exchange net gain of US$ 3,188,359 and US$ 2,009,636, respectively during the year ended December 31, 2013 and 2012.

54. FINANCIAL INSTRUMENTS, FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Fair value of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the consolidated financial statements approximate their fair values either because of their short-term maturities or they carry market rates of interest.

Valuation technique and assumptions used for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to the quoted market prices.

- The fair value of derivative instruments are calculated using quoted market price. If market price is not available, a discounted cash flow analysis using the applicable yield curve for the duration of the instruments is performed for non-option derivatives, and option pricing models is used for option derivatives. Foreign currency forward contracts are measured using the quoted forward exchange rates and yield curve of the quoted market interest rates applicable for similar maturities of the contracts

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined using pricing models generally applicable based on discounted cash flow analysis using current market prices.

Fair value measurements recognized in the consolidated statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, which are grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1: fair value measurement is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities at the end of reporting period.

- Level 2: fair value measurement is derived from inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: fair value measurement is derived from valuation techniques that include inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Financial assets at FVTPL				
Investment in trading securities				
Money market	281,844	-	-	281,844
Bonds	2,001,460	-	-	2,001,460
Available-for-sale financial assets				
Other investments	56,734	-	9,222,071	9,278,805
Total	2,340,038	-	9,222,071	11,562,109

Other investments are classified as available-for-sale investments. Except for PT Agro Muko and ARC, the Company adopts the acquisition cost in measuring its other investment, since these are non-listed shares and there is no readily available measure of fair value of the shares.

b. Capital risk management

The Group manages capital risk to ensure that they will be able to continue as a going concern, in addition to maximizing shareholders profit through the optimization of the balance of debt and equity.

Management periodically reviews the Group's capital structure. As part of this review, the Board of Directors considers the cost of capital and related risk.

The Group's capital structure consists of equity attributable to the owners of the Company (consisting of capital stock, additional paid in capital, differences in value due to changes in equity of subsidiaries, management stock option, other comprehensive income, and retained earnings) and debt. The Group is not required to meet certain capital requirements.

The debt to equity ratio as of December 31, 2013 and 2012 are as follows:

	31/12/2013	31/12/2012
	US$	US$
Debts		
Short term bank loans	1,440,700	3,841,039
Lease liabilities - current maturities	278,043	1,772,756
Lease liabilities - net of current maturities	149,201	427,244
Total debt	1,867,944	6,041,039
Equity attributable to the owners of the Company	364,144,902	326,961,971
Debt to equity ratio	0.51%	1.85%

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Categories and classes of financial Instruments

	Loans and receivable	Available for sale	Assets at fair value through profit or loss	Liabilities at amortized cost
	US$	US$	US$	US$
December 31, 2013				
Current Financial Assets				
Cash and cash equivalents	41,438,142	-	-	-
Restricted time deposits	331,837	-	-	-
Investment in trading securities at fair value	-	-	2,283,304	-
Receivable from service concession arrangement - current	131,092	-	-	-
Trade accounts receivable	741,057	-	-	-
Other receivable - net	1,439,772	-	-	-
Non-current Financial Assets				
Long-term receivable from service concession arrangement	8,127,703	-	-	-
Other investments	-	20,569,709	-	-
Other assets	1,691,490	-	-	-
Current Financial Liabilities				
Short-term bank loans	-	-	-	1,440,700
Trade accounts payable	-	-	-	3,276,845
Other payable	-	-	-	5,664,646
Accrued expenses	-	-	-	4,821,492
Lease liabilities - current maturities	-	-	-	278,043
Non-current Financial Liabilities				
Lease liabilities - net of current maturities	-	-	-	149,201
Long-term other payable	-	-	-	998,468
Provision for service concession arrangement - net of current maturities	-	-	-	1,099,622
Total	53,901,093	20,569,709	2,283,304	17,729,017

	Loans and receivable	Available for sale	Assets at fair value through profit or loss	Liabilities at amortized cost
	US$	US$	US$	US$
December 31, 2012				
Current Financial Assets				
Cash and cash equivalents	76,598,758	-	-	-
Restricted time deposits	1,500,000	-	-	-
Investment in trading securities at fair value	-	-	4,846,197	-
Receivable from service concession arrangement - current	39,581	-	-	-
Trade accounts receivables	1,433,658	-	-	-
Other receivable - net	2,251,012	-	-	-
Non-current Financial Assets				
Long-term receivable from service concession arrangement	6,304,605	-	-	-
Long-term other receivables	687,959	-	-	-
Other investments	-	23,978,281	-	-
Other assets	775,042	-	-	-
Current Financial Liabilities				
Short-term bank loans	-	-	-	3,841,039
Trade accounts payable	-	-	-	4,579,888
Other payable	-	-	-	8,295,652
Accrued expenses	-	-	-	8,167,318
Lease liabilities - current maturities	-	-	-	1,772,756
Non-current Financial Liabilities				
Lease liabilities - net of current maturities	-	-	-	427,244
Long-term other payable	-	-	-	1,006,781
Provision for service concession arrangement - net of current maturities	-	-	-	294,243
Total	89,590,615	23,978,281	4,846,197	28,384,921

c. Financial risk management objectives and policies

The Group's financial risk management and policy are implemented to ensure that adequate financial resources are available for operation and development of its business, while managing its exposure to foreign currency risk, foreign currency sensitivity, interest rate risk, price risk, credit risk and liquidity risk. The Group operates within defined guidelines that are approved by the Board of Directors.

The Group divides risks into the following categories: market risk, credit risk and liquidity risk. Market risks include foreign exchange rate risk, interest rate risk, price risk and credit risk. In managing risk, the Group considers priorities based on the probability of the risk will materialize and the scale of potential impacts if the risk occurs.

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i Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument fluctuates following changes in foreign exchange currency rates.

The majority of the Group transactions are done in United States Dollar (U.S. Dollar) currency, which is also its functional and reporting currency.

The Group has monetary assets and liabilities denominated in currencies other than U.S. Dollar (mostly Rupiah) as presented in Note 53. In the event of sharp fluctuations, the operating performance may be affected. However, management mitigates this risk exposure by monitoring the foreign currency rate fluctuation and maintaining the balance between present and future assets and liabilities in foreign currency.

The Group manages the foreign currency exposure by matching, as far as possible, receipts and payments in each individual currency. To help manage the risk, the Group also entered into forward foreign exchange contracts within established parameters (Note 46).

Foreign currency sensitivity

The following table details the Group's sensitivity to an 8% and a 10% increase and decrease in U.S. Dollar rate against the relevant foreign currencies in 2013 and 2012, respectively. An 8% and a 10% increase or decrease represents management's assessment of reasonable possible change in foreign exchange rates after considering the current economic conditions. The sensitivity analysis includes only outstanding foreign denominated monetary assets and liabilities and shows their translation effects at period end for an 8% and a 10% change in the foreign currency rates.

	31/12/2013			
	Rupiah impact		Other currencies impact	
	8%	-8%	8%	-8%
	US$	US$	US$	US$
Assets				
Cash and cash equivalents	(395,383)	395,383	(19,363)	19,363
Restricted time deposits	(5,907)	5,907	-	-
Investment in trading securities at fair value	(22)	22	-	-
Other receivable	(73,520)	73,520	-	-
Prepayments	(526,335)	526,335	-	-
Claim for tax refund	(5,063)	5,063	-	-
Other assets	(18,828)	18,828	-	-
Total *)	(1,025,058)	1,025,058	(19,363)	19,363
Liabilities				
Short-term bank loan	115,256	(115,256)	-	-
Trade accounts payable	136,988	(136,988)	-	-
Taxes payable	57,117	(57,117)	-	-
Other payable	161,158	(161,158)	14,245	(14,245)
Accrued expenses	282,621	(282,621)	1,271	(1,271)
Total *)	753,140	(753,140)	15,516	(15,516)
Total assets (liabilities) net	(271,918)	271,918	(3,847)	3,847

*) included the translation effect of assets and liabilities amounted to Rp 69.2 billion and Rp 43.3 billion, respectively, from subsidiaries with Rupiah reporting currency.

	31/12/2012			
	Rupiah impact		Other currencies impact	
	10%	-10%	10%	-10%
	US$	US$	US$	US$
Assets				
Cash and cash equivalents	(870,733)	870,733	(2,336)	2,336
Investment in trading securities at fair value	(35)	35	-	-
Trade accounts receivable	(12,607)	12,607	(27,015)	27,015
Other receivable	(124,150)	124,150	-	-
Prepayments	(499,330)	499,330	-	-
Claim for tax refund	(142,963)	142,963	-	-
Other assets	(133,663)	133,663	-	-
Total	(1,783,481)	1,783,481	(29,351)	29,351
Liabilities				
Short-term bank loan	234,104	(234,104)	-	-
Trade accounts payable	89,368	(89,368)	-	-
Taxes payable	2,653,438	(2,653,438)	-	-
Other payables	699,403	(699,403)	-	-
Accrued expenses	221,403	(221,403)	1,486	(1,486)
Total	3,897,716	(3,897,716)	1,486	(1,486)
Total assets (liabilities) net	2,114,235	(2,114,235)	(27,865)	27,865

Other than its impact to monetary assets and liabilities value of each entity within the Group, an increase or decrease of Rupiah to U.S. Dollar currency will also affect the Group's equity as a whole. The impact comes from the difference in net equity translation adjustments of subsidiaries with Rupiah reporting currency when they are consolidated into the Group's books in U.S. Dollar. This impact is recorded as 'Translation Adjustments' (part of other comprehensive income).

The following table shows changes in other comprehensive income from translation adjustments if the U.S. Dollar increases or decreases by 8% and 10% against Rupiah, respectively for the years ended December 31, 2013 and 2012.

	31/12/2013		31/12/2012	
	+8%	+8%	+10%	-10%
	US$	US$	US$	US$
Other comprehensive income - translation adjustments	(7,564,353)	7,564,353	(10,157,035)	10,157,035

ii Interest rate risk

The Group is exposed to the interest rate risk since it has cash and cash equivalents and certain financial assets and financial liabilities at both fixed and floating interest rates.

Interest rate profile

The Group financial instruments that are exposed to fair value interest rate risk (i.e. fixed rate instruments) and cash flow interest rate risk (i.e. floating rate instruments), are as follows:

	31/12/2013				
	Maturity date				
	< 3 month	3 - 12 months	1 - 5 years	> 5 years	Total
	US$	US$	US$	US$	US$
Financial assets:					
Floating rate					
Cash and cash equivalents	41,438,142	-	-	-	41,438,142
Restricted time deposits	331,837	-	-	-	331,837
Investment in trading securities at fair value	281,844	-	-	-	281,844
Total	42,051,823	-	-	-	42,051,823
Fixed rate					
Receivable from service concession arrangement	31,809	99,283	678,045	7,449,658	8,258,795
Investment in trading securities at fair value	-	2,001,460	-	-	2,001,460
Total	31,809	2,100,743	678,045	7,449,658	10,260,255
Financial liabilities:					
Floating rate					
Provision for service concession arrangement	-	-	1,099,622	-	1,099,622
Lease liabilities	67,064	210,979	149,201	-	427,244
Total	67,064	210,979	1,248,823	-	1,526,866
Fixed rate					
Short-term bank loan	1,440,700	-	-	-	1,440,700
Total	1,440,700	-	-	-	1,440,700

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012 - Continued

	31/12/2012				
	Maturity date				
	< 3 month	3 - 12 months	1 - 5 years	> 5 years	Total
	US$	US$	US$	US$	US$
Financial Assets:					
Floating Rate					
Cash and cash equivalents	76,520,856	-	-	-	76,520,856
Time deposits	1,500,000	-	-	-	1,500,000
Investment in trading securities at fair value	825,744	-	-	-	825,744
Total	78,846,600	-	-	-	78,846,600
Fixed Rate					
Receivable from service concession arrangement	10,957	28,624	264,541	6,040,064	6,344,186
Investment in trading securities at fair value	-	-	-	4,020,453	4,020,453
Total	10,957	28,624	264,541	10,060,517	10,364,639
Financial Liabilities :					
Floating Rate					
Provision for service concession arrangement	-	-	294,243	-	294,243
Lease liabilities	-	1,772,756	427,244	-	2,200,000
Total	-	1,772,756	721,487	-	2,494,243
Fixed Rate					
Short-term bank loan	3,841,039	-	-	-	3,841,039
Total	3,841,039	-	-	-	3,841,039

Sensitivity analysis for floating rate financial instruments

The following sensitivity analysis has been determined based on the exposure to interest rates for the Group financial instruments outstanding at the reporting date. This analysis is prepared assuming the amount of financial instruments outstanding at the end of reporting period represents the balance throughout the year, taking into account the movement of the actual principal amount throughout the year. This sensitivity analysis utilizes the assumption of an increase and decrease of 50 basis points on the relevant interest rates with other variables held constant. The 50 basis points increase and decrease represents the management's assessment on rational interest rate changes after considering the current economic conditions.

	31/12/2013	
	+ 50 Basis Point	- 50 Basis Point
	US$	US$
Financial Assets		
Cash and cash equivalents	207,191	(207,191)
Restricted time deposits	1,659	(1,659)
Investment in trading securities at fair value	1,409	(1,409)
Financial Liabilities		
Provision for service concession arrangement	(5,498)	5,498
Lease liabilities	(2,136)	2,136
Total	202,625	(202,625)

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012 - Continued

	31/12/2012	
	+ 50 Basis Point	- 50 Basis Point
	US$	US$
Financial Assets		
Cash and cash equivalents	382,604	(382,604)
Time deposits	7,500	(7,500)
Investment in trading securities at fair value	4,130	(4,130)
Financial Liabilities		
Provision for service concession arrangement	(1,471)	1,471
Lease liabilities	(11,000)	11,000
Total	381,763	(381,763)

iii Price Risk

The Group is exposed to price risks arising from investment in trading securities classified as FVTPL. Investment in trading securities is held for trading purposes. To manage price risk arising from investment in trading securities, the Group diversifies its portfolio. Diversification of the portfolio is performed within the limits set by the Board of Directors.

The Group investment in trading securities (consisting of money market funds and listed bonds) is described in Note 7.

The Group is also exposed to the price risk arising from other investments classified as AFS. Equity investments are held for strategic purpose rather than trading purpose. The Group does not actively trade these investments (Note 14).

The Group faces commodity price risk because CPO and PK are commodity products traded in global markets. CPO and PK prices are generally determined based on an international index as benchmark, which tend to be highly cyclical and subject to significant fluctuations. As a global commodity product, CPO and PK prices are principally dependent on the supply and demand dynamics of CPO and PK in global export market. The Group has not entered into any CPO and PK pricing agreements to hedge its exposure to fluctuation in CPO and PK prices but may do so in the future. However, in order to minimize the risk, CPO and PK prices are negotiated with the customers to obtain favorable prices. ANJA and its subsidiaries entered into certain derivatives transactions for the purpose of economic hedge against commodity price risk.

iv Credit Risk

Credit risk refers to the risk of a counterparty defaulting on its contractual obligation, resulting in a loss to the Group.

The Group's credit risk is primarily attributed to its cash and cash equivalents. The Group places its cash and cash equivalents with credit worthy financial institutions. The Group's exposure with each of is counterparties are continuously monitored. Credit exposure is controlled by implementing a certain limit to each counterparty which is reviewed and approved by the risk management committee annually.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses represents the Group' exposure to credit risk.

v Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves by continuously monitor forecast and actual cash flows and matching the maturity profiles of its financial assets and liabilities.

The following tables detail the Group contractual financial assets and liabilities based on the remaining maturity profile as of December 31, 2013 and 2012. The tables represent the undiscounted cash flow of financial assets and liabilities based on the earliest required payment date.

	31/12/2013				
	Weighted average effective interest rate	Less than 1 year	1 - 5 years	Over 5 years	Total
		US$	US$	US$	US$
Financial assets:					
Cash and cash equivalents	-	41,438,142	-	-	41,438,142
Restricted time deposits					
Rupiah	4.25%	76,191	-	-	76,191
U.S. Dollar	0.50%	258,968	-	-	258,968
Investment in trading securities at fair value	-	2,283,304	-	-	2,283,304
Receivable from service concession arrangement	-	131,092	678,045	7,449,658	8,258,795
Trade accounts receivable	-	741,057	-	-	741,057
Other receivable	-	1,439,772	-	-	1,439,772
Other assets	-	895,099	195,000	-	1,090,099
Total financial assets		47,263,625	873,045	7,449,658	55,586,328
Financial liabilities:					
Short-term bank loan					
Rupiah	11.25%	1,455,558	-	-	1,455,558
Trade accounts payable	-	3,276,845	-	-	3,276,845
Provision for service concession	-	-	1,099,622	-	1,099,622
Lease liabilities	9.5%	306,732	153,366	-	460,098
Other payable	-	5,664,646	998,468	-	6,663,114
Accrued expenses	-	4,821,492	-	-	4,821,492
Total Financial Liabilities		15,525,273	2,251,456	-	17,776,729
Total Net Assets (Liabilities)		31,738,352	(1,378,411)	7,449,658	37,809,599

P.T. AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2013 AND 2012 - Continued

	31/12/2012				
	Weighted average effective interest rate	Less than 1 year	1 - 5 years	Over 5 years	Total
		US$	US$	US$	US$
Financial Assets:					
Cash and cash equivalents	-	76,598,758	-	-	76,598,758
Time deposits	0.50%	1,501,875	-	-	1,501,875
Investment in trading securities at fair value	-	4,846,197	-	-	4,846,197
Receivable from service concession arrangement	-	39,581	264,541	6,040,064	6,344,186
Trade accounts receivable	-	1,433,658	-	-	1,433,658
Other receivable	-	2,251,012	-	-	2,251,012
Other assets	-	-	995,874	-	995,874
Total Financial Assets		86,671,081	1,260,415	6,040,064	93,971,560
Financial Liabilities:					
Short-term bank loans					
Rupiah	10.63%	2,360,191	-	-	2,360,191
U.S. Dollar	0.94%	1,503,603	-	-	1,503,603
Trade accounts payable	-	4,579,888	-	-	4,579,888
Provision for service concession	-	-	294,243	-	294,243
Lease liabilities	9.50%	1,838,589	460,098	-	2,298,687
Other payable	-	8,295,652	1,006,781	-	9,302,433
Accrued expenses	-	8,167,318	-	-	8,167,318
Total Financial Liabilities		26,745,241	1,761,122	-	28,506,363
Total Net Assets (Liabilities)		59,925,840	(500,707)	6,040,064	65,465,197

55. SUPPLEMENTAL DISCLOSURES FOR NON-CASH FINANCING AND INVESTING ACTIVITIES

	31/12/2013	31/12/2012
	US$	US$
Financing and investing activities:		
Reclassification of deferred IPO expense to additional paid in capital	949,504	-
Addition of long-term other receivable through advance	904,846	-
Addition of property, plant and equipment through:		
Other accounts payable	667,550	464,925
Advance for purchase of property, plant and equipment	1,347,191	1,906,556
Lease liabilities	-	2,200,000
Addition to immature plantation through other payables	319,817	-
Reclassification of deferred charges to land	-	442,346

56. SUPPLEMENTARY INFORMATION

The supplementary information for the parent company only on pages 100 to 126 presented the statements of financial position, statements of comphensive income, statements of changes in equity and statements of cash flows and other explanatory information in which investments in subsidiaries and associates were accounted for using the cost method.

57. MANAGEMENT RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages 3 to 99 were the responsibility of the management, and were approved by the Directors and authorized for issuance on March 26, 2014.

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P.T. AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE I - STATEMENTS OF FINANCIAL POSITION
PARENT ENTITY ONLY
DECEMBER 31, 2013 AND 2012

	Notes	31/12/2013	31/12/2012
		US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	1	14,310,915	2,818,752
Restricted time deposit	2	-	1,500,000
Investment in trading securities at fair value	3	2,283,304	4,846,197
Other receivable - net		219,295	69,860
Prepayment and advances		203,236	1,085,401
Total Current Assets		17,016,750	10,320,210
NON-CURRENT ASSETS			
Investment in subsidiaries	4	222,251,893	208,104,049
Investment in associate	5	2,959,700	2,959,700
Other investments	6	21,751,751	24,220,336
Advances for long-term investment	7	2,212,727	-
Deferred tax assets	21	175,836	30,662
Property and equipment - net of accumulated depreciation of US$ 272,420 as of December 31, 2013 and US$ 255,282 as of December 31, 2012	8	717,899	150,112
Other assets		786,136	211,761
Total Non-current Assets		250,855,942	235,676,620
TOTAL ASSETS		267,872,692	245,996,830

Presented using cost method.

P.T. AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE I - STATEMENTS OF FINANCIAL POSITION
PARENT ENTITY ONLY
DECEMBER 31, 2013 AND 2012 - Continued

	Notes	31/12/2013 US$	31/12/2012 US$
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Taxes payable	9	295,907	21,193,188
Other payable	10	-	2,611,030
Accrued expenses	11	387,640	163,618
Total Current Liabilities		683,547	23,967,836
NON CURRENT LIABILITIES			
Post-employment benefit obligation	12	453,345	122,647
Long-term other payable		998,468	1,006,781
Total Noncurrent Liabilities		1,451,813	1,129,428
TOTAL LIABILITIES		2,135,360	25,097,264
EQUITY			
Capital stock - Rp 100 par value per share			
Authorized - 12,000,000,000 shares as of December 31, 2013 and 2012			
Issued and paid-up - 3,333,350,000 shares as of December 31, 2013 and 3,000,000,000 shares as of December 31, 2012	13	46,581,073	43,158,940
Additional paid in capital	14	35,980,273	-
Difference in value from restructuring transaction between entities under common control	14	-	3,833,188
Management stock options	15	344,299	-
Other comprehensive income		3,356,218	4,153,760
Retained earnings			
Appropriated		675,566	675,566
Unappropriated		178,799,903	169,078,112
Total Equity		265,737,332	220,899,566
TOTAL LIABILITIES AND EQUITY		267,872,692	245,996,830

Presented using cost method.

P.T. AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE II - STATEMENTS OF COMPREHENSIVE INCOME
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2013 AND 2012

	Notes	2013	2012
		US$	US$
CONTINUING OPERATIONS			
INCOME			
Dividend income	16	20,414,754	43,395,186
Interest income	17	355,384	985,449
Rental income		48,304	100,286
Revenue from management services		78,000	48,000
Foreign exchange gain		-	37,359
Other income	18	1,323,647	25,756
Total Income		22,220,089	44,592,036
EXPENSES			
Personnel expenses	19	4,001,458	11,987,410
General and administrative expenses	20	2,819,290	4,395,745
Loss from liquidation of a subsidiary	4	4,385,821	-
Interest expense		113,049	-
Foreign exchange loss		130,913	-
Other expense		235,291	-
Total Expenses		11,685,822	16,383,155
INCOME BEFORE TAX		10,534,267	28,208,881
TAX BENEFIT (EXPENSE)	21	(807,321)	1,250,708
NET INCOME FOR THE YEAR FROM CONTINUING OPERATIONS		9,726,946	29,459,589
DISCONTINUED OPERATIONS			
Net income for the year from discontinued operations	22	-	64,869,565
NET INCOME FOR THE YEAR		9,726,946	94,329,154
OTHER COMPREHENSIVE INCOME :			
Change in fair value of available-for-sale investments		(797,542)	371,463
Actuarial loss		(6,874)	(84,377)
Deferred tax benefit		1,719	21,094
Total other comprehensive income - net of tax		(802,697)	308,180
TOTAL COMPREHENSIVE INCOME		8,924,249	94,637,334

Presented using cost method.

P.T. AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE III - STATEMENTS OF CHANGES IN EQUITY
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2013 AND 2012

	Notes	Capital stock	Additional paid in capital	Difference in value from restructuring transaction between entities under common control	Management stock options	Other comprehensive income: Available-for-sale investment revaluation	Other comprehensive income: Translation adjustments	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Total equity
		US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of January 1, 2012	13	15,084,048	-	-	-	2,484,648	1,297,649	675,566	367,812,241	387,354,152
Paid up capital	13	28,074,892	-	-	-	-	-	-	-	28,074,892
Difference in value from transaction between entities under common control	14	-	-	3,833,188	-	-	-	-	-	3,833,188
Net income for the year ended December 31, 2012:										
Continuing operations		-	-	-	-	-	-	-	29,459,589	29,459,589
Discontinued operations		-	-	-	-	-	-	-	64,869,565	64,869,565
Other Comprehensive Income:										
Change in fair value of available-for-sale investment		-	-	-	-	371,463	-	-	-	371,463
Actuarial loss		-	-	-	-	-	-	-	(84,377)	(84,377)
Deferred tax benefit		-	-	-	-	-	-	-	21,094	21,094
Total comprehensive income		-	-	-	-	371,463	-	-	94,265,871	94,637,334
Dividends		-	-	-	-	-	-	-	(293,000,000)	(293,000,000)
Balance as of December 31, 2012		43,158,940	-	3,833,188	-	2,856,111	1,297,649	675,566	169,078,112	220,899,566
Paid up capital from Initial Public Offering	14	3,422,133	32,147,085	-	-	-	-	-	-	35,569,218
Management stock options	15	-	-	-	344,299	-	-	-	-	344,299
Difference in value from restructuring transaction between entities under common control presented as additional paid in capital		-	3,833,188	(3,833,188)	-	-	-	-	-	-
Net income for the year December 31, 2013		-	-	-	-	-	-	-	9,726,946	9,726,946
Other Comprehensive Income:										
Change in fair value of available-for-sale investments	6	-	-	-	-	(797,542)	-	-	-	(797,542)
Actuarial loss		-	-	-	-	-	-	-	(6,874)	(6,874)
Deferred tax benefit		-	-	-	-	-	-	-	1,719	1,719
Total comprehensive income		-	-	-	-	(797,542)	-	-	9,721,791	8,924,249
Balance as of December 31, 2013		46,581,073	35,980,273	-	344,299	2,058,569	1,297,649	675,566	178,799,903	265,737,332

Presented using cost method.

P.T. AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE IV - STATEMENTS OF CASH FLOWS
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2013 AND 2012

	2013	2012
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	126,304	111,115
Payment to employees	(6,355,559)	(3,567,155)
Payment for other operating activities	(2,974,673)	(8,441,426)
Income taxes paid	(19,056,679)	(1,355,842)
Payment of post-employment benefits	-	(10,333,311)
Interest received	389,205	1,122,041
Net Cash Used in Operating Activities	(27,871,402)	(22,464,578)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of trading securities	2,544,253	105,625,310
Dividends received	20,414,754	43,395,186
Withdrawal (placement) of restricted time deposits	1,500,000	(1,500,000)
Acquisition of property and equipment	(798,600)	(30,034)
Additions to other assets	(574,375)	-
Proceeds from sale of property and equipment	1,401,575	2,990,123
Acquisition and additional investment in subsidiaries, associates and other investments	(29,347,446)	(51,469,235)
Proceeds from sale of subsidiaries and other investments	-	132,372,218
Proceeds from sale of investment in properties	-	6,930,536
Proceeds from liquidation of subsidiary	7,817,732	-
Proceeds from sale of other assets	-	42,440
Net Cash Provided by Investing Activities	2,957,893	238,356,544
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from capital injection by shareholders	-	28,074,892
Issuance of shares through Initial Public Offering	36,518,722	-
Proceeds from bank loan	35,000,000	-
Payments of bank loan	(35,000,000)	-
Payment of interest on bank loan	(113,049)	-
Payment of dividend	-	(293,000,000)
Net Cash Provided by (Used in) Financing Activities	36,405,673	(264,925,108)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	11,492,164	(49,033,142)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	2,818,752	51,851,894
CASH AND CASH EQUIVALENTS AT END OF YEAR	14,310,916	2,818,752

Presented using cost method.

P.T. AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE V - NOTES TO FINANCIAL STATEMENTS
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2013 AND 2012

1. CASH AND CASH EQUIVALENTS

	31/12/2013	31/12/2012
	US$	US$
Cash on hand	468	30,930
Cash in banks	757,328	440,127
Cash equivalents - time deposits		
U.S. Dollar	13,544,725	1,111,914
Rupiah	8,394	1,235,781
Total	14,310,915	2,818,752
Interest rates per annum on time deposits		
Rupiah	3.75% - 6.60%	3.25% - 6.25%
U.S. Dollar	0.05% - 3.50%	0.02% - 3.00%

2. RESTRICTED TIME DEPOSITS

This account represents time deposits which were used as the collateral of GMIT's (a subsidiary) loan from Credit Suisse Singapore as of December 31, 2012.

3. INVESTMENT IN TRADING SECURITIES AT FAIR VALUE

	31/12/2013		
	Amortized cost	Unrealized loss	Fair value
	US$	US$	US$
Money market fund	281,844	-	281,844
Bonds	2,070,900	(69,440)	2,001,460
Total	2,352,744	(69,440)	2,283,304

	31/12/2012		
	Amortized cost	Unrealized loss	Fair value
	US$	US$	US$
Money market fund	826,097	-	826,097
Bonds	4,088,113	(68,013)	4,020,100
Total	4,914,210	(68,013)	4,846,197

P.T. AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE V - NOTES TO FINANCIAL STATEMENTS
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2013 AND 2012 - Continued

4. INVESTMENT IN SUBSIDIARIES

This account represents the Company's long-term investment in shares with ownership interest of more than 50%, accounted for using the cost method.

	31/12/2013		31/12/2012	
	Percentage of ownership	Acquisition cost	Percentage of ownership	Acquisition cost
	%	US$	%	US$
PT Austindo Nusantara Jaya Agri	99.99	163,214,381	99.99	142,104,336
PT Prima Mitra Nusatama (in liquidation)	-	-	99.99	12,203,552
PT Darajat Geothermal Indonesia	99.99	6,505,263	99.99	6,505,263
PT Gading Mas Indonesian Tobacco	99.96	6,228,133	99.99	6,213,731
PT Aceh Timur Indonesia	99.99	1,284,181	99.99	1,284,181
PT Surya Makmur	99.99	827,505	99.99	827,505
PT ANJ Agri Papua	99.57	39,922,931	99.50	35,190,053
PT Austindo Aufwind New Energy	98.99	3,783,023	98.99	3,775,428
PT Austindo Nusantara Jaya Boga	99.99	486,476	-	-
Total		222,251,893		208,104,049

PT Austindo Nusantara Jaya Agri (ANJA)

Based on Deed No. 46 of notary Mala Mukti, S.H. dated March 6, 2012, ANJA's shareholders approved the sale of 1,399,521 shares from one of the non-controlling shareholders to the Company, increasing the Company's ownership in ANJA to 99.56%.

Based on Deed No. 45 of notary Mala Mukti, S.H. dated October 12, 2012, ANJA's shareholders approved the sale of 90,729 shares from one of the non-controlling shareholders to the Company, increasing the Company's ownership in ANJA to 99.57%.

Based on Deed No. 84 of notary Mala Mukti, S.H. dated November 22, 2012, ANJA's shareholders approved the sale of 10,834,584 shares from the non-controlling shareholders to the Company, increasing the Company's ownership in ANJA to 99.99%.

Based on Deed No. 40 of notary Desman, S.H. M.Hum., M.M. dated December 9, 2013, ANJA's shareholder approved to increase the issued and paid up capital from 2,525,528,924 shares to 4,728,961,424 shares, all of which were paid and subscribed by the Company.

PT Prima Mitra Nusatama (PMN)

Based on Deeds No. 53, 54, 75 and 24 of notary Mala Mukti, S.H. dated respectively on August 16, 2012, August 16, 2012, August 30, 2012, and September 7, 2012, Adrian Park Ltd., Investor Investment Asia Ltd., Hamon Private Equity Ltd., and Lattice Ltd., as the owner of 19,514,286 shares, 1,915,587 shares, 718,061 shares and 677,166 shares or respectively 30%, 2.95%, 1.11% and 1.04% ownership in PMN, agreed to transfer and sell all their shares to the Company.

Based on Deed No. 127 of notary Mala Mukti, S.H. dated September 27, 2012, the Company sold one share of PMN to Mr. George Santosa Tahija.

Following the above sales and purchase of PMN shares, the Company owns 65,047,619 shares or 99.99% ownership in PMN.

Based on Deed No. 73 of notary Mala Mukti, S.H. dated on November 21, 2012, PMN's shareholders approved the liquidation of PMN effective on November 13, 2012 and appointed a liquidator for the liquidation process.

Based on Deed No. 5 of notary Mala Mukti, S.H. dated April 1, 2013, PMN's shareholders approved the payment of the remaining net assets post liquidation of PMN to the shareholders. On April 23, 2013, PMN has transferred its remaining net assets post liquidation of equivalent US$ 9,645,660 as dividend and capital repayment to the shareholders. Remaining post liquidation net assets of equivalent to US$ 50,974 is provided for expenses which may be incurred during the liquidation process. Following the liquidation, the Company recognized loss on liquidation of US$ 4,385,821 based on the cost method.

PT Gading Mas Indonesian Tobacco (GMIT)

Based on Deed No. 39 of notary Mala Mukti, S.H. dated September 12, 2012, Southseas Resources Ltd. as the owner of 57,140 shares or 33.19% ownership in GMIT sold 57,139 shares to the Company and 1 share to Mr. Koh Bing Hock. As a result, the Company has 172,139 shares or 99.99% direct ownership in GMIT.

Based on Deed No. 5 of notary Desman, S.H. M.Hum, M.M. dated December 2, 2013, the shareholders of GMIT approved the sale and transfer of one share owned by Mr. Koh Bing Hock and 61 shares owned by the Company to Mr. Thomas Andrew Marshall at a selling price of Rp 310,000 per share. As a result, the direct ownership of the Company in GMIT became 99.96%. Gain on sale of the investment of US$ 744 was recorded as other income.

PT ANJ Agri Papua (ANJAP)

Based on Deed No. 45 of notary Mala Mukti, S.H. dated August 15, 2012, the shareholders of ANJAP approved the sale of 162,360 shares or 99% ownership in ANJAP from ANJA to the Company at the price of US$ 17,971,496.

Based on Deed No. 129 of notary Mala Mukti, S.H. dated September 27, 2012, the shareholders of ANJAP approved to increase the issued and paid up capital from Rp 164,000,000,000 to Rp 246,000,000,000 by issuing 82,000 new shares, all of which was fully subscribed and paid by the Company. The Company's direct ownership in ANJAP increased from 99% to 99.33%.

Based on Deed No. 2 of notary Mala Mukti, S.H. dated December 4, 2012, all the shareholders of ANJAP agreed to increase issued and paid-up capital from Rp 246,000,000,000 to Rp 329,000,000,000 by issuing 83,000 new shares, all of which was fully paid and subscribed by the Company. The Company's direct ownership in ANJAP increased from 99.33% to 99.50%.

Based on Deed No. 70 of notary Desman, S.H. M.Hum., M.M. dated November 22, 2013, all the shareholders of ANJAP approved to increase its issued and paid-up capital from Rp 329,000,000,000 to Rp 385,578,000,000 by issuing 56,578 new shares, all of which was fully paid and subscribed by the Company. The Company's direct ownership in ANJAP increased from 99.50% to 99.575%.

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PT Austindo Aufwind New Energy (AANE)

Based on Deed No. 135 of notary Mala Mukti, S.H. dated July 19, 2012, ANJA and Aufwind Schmack Asia Holding GmbH (ASA) approved the sales of respectively 2,130 shares or 90.64% ownership in AANE shares, and 176 shares or 7.49% ownership of AANE to the Company. As the result the Company has 2,306 shares or 98.13% ownership in AANE.

Based on Deed No. 16 of notary Mala Mukti, S.H., dated November 5, 2012, the shareholders of AANE agreed to increase the authorized capital from US$ 2,350,000 to US$ 10,000,000 and increase its paid up capital from US$ 2,350,000 to US$ 4,350,000 by issuing 2,000 new shares, all were subscribed by the Company. As the result, the Company's ownership in AANE increased from 98.13% to 98.99%.

PT Austindo Nusantara Jaya Boga (ANJB)

Based on Deed No. 98 of Notary Mala Mukti, S.H. dated April 25, 2013, the Company established ANJB, a company which will operate in, among others, general trading, processing of plantation or forestry crops, acting as an agent of other companies and providing services, with an authorized capital of Rp 20,000,000,000 consisting of 20,000,000 shares at par value of Rp 1,000 per share and issued capital of Rp 5,000,000,000 consisting of 5,000,000 shares. Out of the above mentioned issued capital, 4,999,999 shares were subscribed by the Company and 1 share was subscribed by Yayasan Tahija.

Additions in investment through Management Stock Option Plan (MSOP)

The Company provides management stock option plan (MSOP) for the eligible management within Austindo Group, including the subsidiaries' management. The MSOP will be settled through issuance of shares of the Company (equity-settled share-based payment arrangement).

On May 8, 2013, ANJ has granted 3,800,000 shares to ANJA's management, 900,000 shares to SMM's management, 1,100,000 shares to ANJAP's management, 300,000 shares to AANE's management, and 600,000 shares to GMIT's management. Related to the MSOP, the Company recorded an additional investment amounted to US$ 96,201, US$ 22,784, US$ 27,848, US$ 7,595 and US$ 15,190 in ANJA, SMM, ANJAP, AANE and GMIT, respectively.

5. INVESTMENT IN ASSOCIATE

This account represents the Company's long-term investment in PT Pangkatan Indonesia, on which the Company has a significant influence over the investee, stated using the cost method.

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6. OTHER INVESTMENTS

This account represents the Company's long-term investment in shares with the ownership interest of less than 20%.

	31/12/2013		
	Acquisition cost	Fair value adjustment and allowance	Fair value
	US$	US$	US$
PT Puncakjaya Power	10,271,880	-	10,271,880
PT Agro Muko	7,108,324	2,113,747	9,222,071
ARC Exploration Ltd.	2,911,153	(2,854,419)	56,734
PT Moon Lion Industries Indonesia	1,026,225	(600,000)	426,225
PT Sembada Sennah Maju	222,411	-	222,411
Paramount Life & General Holdings Corporation, Phillipines	220,388	-	220,388
PT Galempa Sejahtera Bersama	242,055	-	242,055
PT Permata Putera Mandiri	542,564	-	542,564
PT Putera Manunggal Perkasa	397,423	-	397,423
PT Chevron Geothermal Suoh Sekincau	150,000	-	150,000
Others	41,964	(41,964)	-
Net	23,134,387	(1,382,636)	21,751,751

	31/12/2012		
	Acquisition cost	Fair value adjustment and allowance	Fair value
	US$	US$	US$
PT Puncakjaya Power	10,271,880	-	10,271,880
PT Agro Muko	7,108,324	2,914,187	10,022,511
ARC Exploration Ltd.	2,911,153	(2,857,317)	53,836
Investment under contract of works	2,611,030	-	2,611,030
PT Moon Lion Industries Indonesia	1,026,225	(600,000)	426,225
PT Sembada Sennah Maju	222,411	-	222,411
Paramount Life & General Holdings Corporation, Phillipines	220,388	-	220,388
PT Galempa Sejahtera Bersama	242,055	-	242,055
PT Chevron Geothermal Suoh Sekincau	150,000	-	150,000
Others	41,964	(41,964)	-
Net	24,805,430	(585,094)	24,220,336

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Other investments are classified as available-for-sale investments. Except for PT Agro Muko dan ARC, the Company adopts the acquisition cost in measuring its other investment, since they are non-listed shares and there is no readily available measurement of fair value of the shares.

PT Agro Muko

As of December 31, 2013 and 2012, the increase (decrease) in fair value of PT Agro Muko of (US$ 800,440) and US$ 446,685 respectively was recognized by the Company in other comprehensive income.

ARC Exploration Ltd. (ARC)

As of December 31, 2013 and 2012, based on quoted market prices of ARC shares, the increase (decrease) in fair value of ARC of US$ 2,898 and (US$ 75,222) respectively, was recognized by the Company in other comprehensive income.

Investment under Contract of Works

In 2000, the Contracts of Works ("CoW") of PT Newcrest Sumbawa Jaya, PT Newcrest Sumatera Minerals, PT Tamrau Jaya Mining and PT Mineralindo Mas Tapaktuan were already terminated and/or in the process of termination. The investment in PT Newcrest Nusa Sulawesi (which name was changed to PT Gorontalo Sejahtera Mining) was exchanged with the right of royalty from the same company. The Company's investment in these investees was financed by payable to other parties. The payment of the payable is contingent upon the receipt of dividend income from the related investee companies. Under the terms of the related joint venture agreements there will be no payment of the payable related to these investments, if the CoW was terminated prior to receipt of dividend income.

Best on the best available information, the management is in opinion that there will be no sufficient royalty income to be obtained by the Company in the foreseeable future. Based on Commissioners Approval dated December 9, 2013, the Company reversed the Investment in Contracts of Works and the related payable (Note 10).

PT Galempa Sejahtera Bersama (GSB)

Based on Deed No. 25 of notary Mala Mukti, S.H., dated May 4, 2012, the Company entered into a sale and purchase agreement with Mr. Syamsi and Mr. Muksin, whereas Mr. Syamsi and Mr. Muksin respectively agreed to sell and transfer 100,000 and 20,000 shares of GSB to PT Austindo Nusantara Jaya Agri for 114,000 shares or 95% ownership and to the Company for 6,000 shares or 5% ownership.

PT Putera Manunggal Perkasa (PMP)

Based on Deed no. 17 of notary Mala Mukti, S.H. dated January 7, 2013, the Company, ANJA and PT Pusaka Agro Sejahtera (PAS) entered into a sale and purchase agreement, whereas PAS sold and transferred 450,000 shares or 5% ownership interest in PMP each to the Company and ANJA, for a total consideration of US$ 736,905. In accordance with the sale and purchase agreement, the Company and ANJA also paid US$ 6,187 each to PAS, which individually represents 5% of Net Asset Value of PMP as of December 31, 2012.

Related to MSOP program (Note 15), ANJ has distributed 900,000 shares to PMP's management and recorded US$ 22,784 additional investment in PMP.

PT Permata Putera Mandiri (PPM)

Based on Deed no. 15 of notary Mala Mukti, S.H. dated January 7, 2013, the Company, ANJA and PT Pusaka Agro Sejahtera (PAS) entered into a sale and purchase agreement, whereas PAS sold and transferred 750,000 shares or 5% ownership interest in PPM to each of the Company and ANJA, for a total consideration of US$ 1,044,777. In accordance to the sale and purchase agreement, the Company and ANJA also paid US$ 4,985 each to PAS, which individually represents 5% of Net Asset Value of PPM as of December 31, 2012.

Related to MSOP program (Note 15), ANJ has distributed 600,000 shares to PPM's management and recorded additional investment in PPM amounted to US$ 15,190.

PT Chevron Geothermal Suoh Sekincau (CGS)

Based on Deed No. 52 of notary Buchari Hanafi, S.H., dated July 20, 2012, the Company subscribed and paid for 1,125 new B-series shares of CGS, resulting in an increase in investment value to US$ 150,000.

7. ADVANCES FOR LONG TERM INVESTMENTS

	31/12/2013	31/12/2012
	US$	US$
PT Austindo Aufwind New Energy	1,000,000	-
PT Evans Lestari	488,998	-
PT Putera Manunggal Perkasa	275,000	-
PT Permata Putera Mandiri	229,223	-
PT Chevron Geothermal Suoh Sekincau	150,000	-
PT Galempa Sejahtera Bersama	69,506	-
Total	2,212,727	-

PT Austindo Aufwind New Energy (AANE)

Based on the Deed No. 124 of notary Mala Mukti, S.H. dated July 23, 2013, the shareholders of AANE approved the increase in AANE's paid up capital from US$ 4,350,000 to US$ 5,350,000 by issuing 1,000 new shares. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process. The Company has paid US$ 1,000,000 capital advance to AANE.

PT Evans Lestari

Based on Deed No. 7 of Notary Novita Puspitarini, S.H. dated November 25, 2013, the Company subscribed and paid for 12,000 shares or a 20% ownership interest in PT Evans Lestari at the price of Rp 6,000,000,000 (equivalent to US$ 488,998). The approval from Minister of Law and Human Rights of the Republic of Indonesia related to the capital increase was obtained on January 2, 2014.

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PT Putera Manunggal Perkasa (PMP)

Based on the Shareholders Approval dated June 20, 2013, which was recorded in the Deed no. 12 of notary Mala Mukti, S.H. dated July 3, 2013, the shareholders of PMP approved the increase in the authorized capital from Rp 20,000,000,000 to Rp 150,000,000,000 and the increase in the issued and paid up capital from Rp 9,000,000,000 (9,000,000) shares to Rp 38,195,980,000 (38,195,980 shares). Of the 29,195,980 new issued shares, the Company subscribed and paid for 5% ownership interest. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process. The Company has paid US$ 150,000 capital advance to PMP.

Based on Deed no. 52 of notary Mala Mukti, S.H. dated November 13, 2013, the shareholders of PMP approved the increase in the issued and paid up capital from Rp 38,195,980,000 (38,195,980 shares) to Rp 65,740,980,000 (65,470,980 shares). Of the 27,545,000 new issued shares, the Company subscribed for 5% ownership. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process. The Company has paid US$ 125,000 capital advance to PMP.

PT Permata Putera Mandiri (PPM)

Based on the Shareholders Approval dated June 20, 2013, which was recorded in the Deed no. 11 of notary Mala Mukti, S.H. dated July 3, 2013, the shareholders of PPM approved the increase in authorized capital from Rp 40,000,000,000 to Rp 175,000,000,000 and the increase in its issued and paid up capital from Rp 15,000,000,000 (15,000,000 shares) to Rp 44,195,980,000 (44,195,980 shares). Of the 29,195,980 new issued shares, ANJA and the Company subscribed and paid for 95% and 5% ownership, respectively. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process. The Company has paid US$ 150,000 capital advance to PPM.

Based on the Deed No. 53 of notary Mala Mukti, S.H. dated November 13, 2013, the shareholders of PPM approved the increase in issued and paid up capital from Rp 44,195,980,000 (44,195,980 shares) to Rp 61,485,679,000 (61,485,679 shares). Of the 17,289,699 new issued shares, ANJA and the Company subscribed and paid for 95% and 5% ownership, respectively. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process. The Company has paid US$ 79,223 capital advance to PPM.

PT Chevron Geothermal Suoh Sekincau (CGS)

Based on the Deed No. 39 of notary Buchari Hanafi, S.H. dated November 21, 2013, the Company subscribed and paid for 1,500 new C-series shares at the price of US$ 150,000 in PT Chevron Geothermal Suoh Sekincau. The approval from Minister of Law and Human Rights of the Republic of Indonesia related to the capital increase was obtained on January 7, 2014.

PT Galempa Sejahtera Bersama (GSB)

Based on Deed No. 126 of notary Mala Mukti, S.H. dated September 26, 2013, the Company and ANJA, amongst others, approved the increase in authorized capital of GSB from Rp 12,000,000,000 to Rp 100,000,000,000 and the increase in paid up capital from Rp 12,000,000,000 to Rp 26,598,000,000 by issuing 145,980 new shares, 5% of which was subscribed by the Company. The related approval from Minister of Law and Human Rights of the Republic of Indonesia is still in process. The Company has paid US$ 69,506 capital advance to GSB.

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8. PROPERTY AND EQUIPMENT

	January 1, 2013	Additions	Deductions	December 31, 2013
	US$	US$	US$	US$
At cost:				
Buildings	192,795	-	192,795	-
Leasehold improvements	-	159,540	-	159,540
Computer and communication equipment	194,250	249,135	19,345	424,040
Office equipment, furniture and fixtures	17,900	389,925	1,535	406,290
Motor vehicles	449	-	-	449
Total	405,394	798,600	213,675	990,319
Accumulated depreciation:				
Buildings	95,796	2,967	98,763	-
Leasehold improvements	-	25,929	-	25,929
Computer and communication equipment	141,137	56,141	19,345	177,933
Office equipment, furniture and fixtures	17,900	51,744	1,535	68,109
Motor vehicles	449	-	-	449
Total	255,282	136,781	119,643	272,420
Net Carrying Value	150,112			717,899

	January 1, 2012	Additions	Deductions	December 31, 2012
	US$	US$	US$	US$
At cost:				
Buildings	2,150,119	-	1,957,324	192,795
Computer and communication equipment	433,232	30,034	269,016	194,250
Office equipment, furniture and fixtures	344,440	-	326,540	17,900
Motor vehicles	30,854	-	30,405	449
Total	2,958,645	30,034	2,583,285	405,394
Accumulated depreciation:				
Buildings	1,430,580	104,576	1,439,360	95,796
Computer and communication equipment	304,318	62,163	225,344	141,137
Office equipment, furniture and fixtures	312,187	15,654	309,941	17,900
Motor vehicles	30,854	-	30,405	449
Total	2,077,939	182,393	2,005,050	255,282
Net Carrying Value	880,706			150,112

Depreciation expense charged to operation for the year ended December 31, 2013 and 2012 amounted to US$ 136,781 and US$ 182,393, respectively (Note 20).

Property and equipment were insured against fire, theft and other risk to PT Asuransi Indrapura with a total coverage of US$ 780,000 in 2013 and US$ 11,264 and Rp 1.7 billion in 2012.

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9. TAXES PAYABLE

	31/12/2013	31/12/2012
	US$	US$
Current tax (Note 21)	4,651	17,795,426
Income tax		
Art 21	63,227	3,072,763
Art 23/26	406	7,251
Art 4 (2)	8,092	317,748
Art 15	1,373	-
Value Added Taxes	20,286	-
Tax assessment	197,872	-
Total	295,907	21,193,188

On July 22, 2013, the Company has received a tax audit notification letter regarding its taxation for the years 2004, 2005, 2006, 2007, 2008 and 2009. The audit process has been completed on December 18, 2013 with the following results:

- VAT underpayment (SKPKB) for January -December 2004 of Rp 567,994,354 (equivalent to US$ 46,599)

- VAT underpayment (SKPKB) and tax penalty (STP) for January - December 2005 of Rp 489,502,248 (equivalent to US$ 40,159)

- VAT underpayment (SKPKB) for January-December 2006 of Rp 703,540,222 (equivalent to US$ 57,719)

- VAT underpayment (SKPKB) and tax penalty for January - December 2007 of Rp 621,851,901 (equivalent to US$ 51,017)

- No correction on VAT for January - December 2008

- VAT underpayment (SKPKB) and tax penalty for January - December 2009 of Rp 28,975,706 (equivalent to US$ 2,378).

The Company has recorded the entire tax assessments as other expenses in 2013 and paid the entire obligation related to the tax assessments in January 2014.

10. OTHER PAYABLE

This account represents payable to third parties for various investments.

Payable to third parties of US$ 2,611,030 was the payable related to investment in contract of works (Note 6). Based on Board of Commisioners' Approval dated December 9, 2013, the Company wrote-off the investment in contracts of works and the related payable.

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11. ACCRUED EXPENSES

	31/12/2013	31/12/2012
	US$	US$
Personnel	251,473	-
Others	136,167	163,618
Total	387,640	163,618

12. POST-EMPLOYMENT BENEFIT OBLIGATION

The Company provides post-employment benefits for its qualifying employees in accordance with Labor Law No. 13/2003. The number of employees entitled to the benefit was 33 employees in 2013 and 12 employees in 2012.

The amounts recognized in profit or loss in respect of the post-employment benefits are as follows:

	2013	2012
	US$	US$
Current service cost	400,853	312,529
Interest cost	5,826	125,108
Past service cost	-	2,927
Gain from termination	-	(2,157,592)
Excess benefit payment	-	10,178,035
Total	406,679	8,461,007

The amounts included in statements of financial position are as follows:

	31/12/2013	31/12/2012
	US$	US$
Present value of defined benefits obligation	453,345	122,647

Movements in the net liability recognized in the statements of financial position are as follows:

	2013	2012
	US$	US$
Beginning of year	122,647	1,903,151
Amounts charged to income	406,679	8,461,007
Loss on actuarial adjustments recognized as other comprehensive income	6,874	84,380
Translation adjustments	(82,855)	7,420
Benefit payments	-	(155,276)
Excess of benefit payment during the year	-	(10,178,035)
End of year	453,345	122,647

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The history of experience adjustments is as follows:

	2013	2012	2011	2010	2009
	US$	US$	US$	US$	US$
Present value of defined benefits obligation	453,345	122,647	2,153,939	1,407,975	716,818
Experience adjustments on plan liabilities	141,031	(165,767)	70,421	163,826	-

The cost of providing post-employment benefits was calculated by PT Dayamandiri Dharmakonsilindo, an independent actuary. The actuarial valuation was carried out using the following key assumptions:

	2013	2012
Mortality table	CSO – 1980	CSO – 1980
Normal pension age	55 year	55 year
Salary increment rate per annum	8%	8%
Discount rate per annum	8.80%	5.25%

13. CAPITAL STOCK

The composition of the Company's shareholders is as follows:

	31/12/2013			
	Number	Percentage of	Total paid-in capital stock	
Name of shareholders	of shares	ownership	Rp	Equivalent in US$
PT Memimpin Dengan Nurani	1,343,804,685	40.3139%	134,380,468,500	14,037,446
PT Austindo Kencana Jaya	1,343,804,685	40.3139%	134,380,468,500	14,037,446
Mr. George Santosa Tahija	156,242,000	4.6872%	15,624,200,000	7,544,278
Mr. Sjakon George Tahija	156,147,130	4.6844%	15,614,713,000	7,539,697
Yayasan Tahija	1,500	0.0001%	150,000	73
Public (each below 5%)	333,350,000	10.0005%	33,335,000,000	3,422,133
Total	3,333,350,000	100.0000%	333,335,000,000	46,581,073

	31/12/2012			
	Number	Percentage of	Total paid-in capital stock	
Name of shareholders	of shares	ownership	Rp	Equivalent in US$
PT Memimpin Dengan Nurani	1,343,804,685	44.7935%	134,380,468,500	14,037,446
PT Austindo Kencana Jaya	1,343,804,685	44.7935%	134,380,468,500	14,037,446
Mr. George Santosa Tahija	156,242,000	5.2080%	15,624,200,000	7,544,278
Mr. Sjakon George Tahija	156,147,130	5.2049%	15,614,713,000	7,539,697
Yayasan Tahija	1,500	0.0001%	150,000	73
Total	3,000,000,000	100.0000%	300,000,000,000	43,158,940

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The following is the movements of the Company's capital stock:

		Balance	
	Number of shares	Rp	Equivalent in US$
Balance as of January 1, 2012	31,239,063	31,239,063,000	15,084,048
Stock split	312,390,630	31,239,063,000	15,084,048
Increase in capital on September 6, 2012	2,687,609,370	268,760,937,000	28,074,892
Balance as of December 31, 2012 after stock split	3,000,000,000	300,000,000,000	43,158,940
Increase in capital from the Initial Public Offering on May 8, 2013	333,350,000	33,335,000,000	3,422,133
Balance as of December 31, 2013	3,333,350,000	333,335,000,000	46,581,073

14. ADDITIONAL PAID IN CAPITAL

This account represents the excess of IPO price over the par value taking into account the share listing expense in relation to its initial public offering and difference in value from restructuring transactions between entities under common control.

	31/12/2013	31/12/2012
	US$	US$
Net excess of IPO proceeds over paid in capital		
Excess of IPO price over par value	37,643,466	-
Share issuance costs	(5,496,381)	-
Subtotal	32,147,085	-
Difference in value from restructuring transaction between entities under common control:		
Sale of investment in shares of ANJHC	30,478	-
Sale of investment in shares of BKM	1,490,208	-
Sale of investment in properties	32,592	-
Sale of property, plant and equipment	2,392,599	-
Sale of other assets	(112,689)	-
Subtotal	3,833,188	-
Total	35,980,273	-

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Differences in value from restructuring transactions between entities under common control

In 2013, the differences in value from restructuring transactions between entities under common control amounting to US$ 3,833,188 were reclassified to additional paid in capital. As of December 31, 2012, the details of differences in value from restructuring transactions between entities under common control are as follows:

	31/12/2013	31/12/2012
	US$	US$
Sale of investment in shares of ANJHC	30,478	30,478
Sale of investment in shares of BKM	1,490,208	1,490,208
Sale of investment in properties	32,592	32,592
Sale of property, plant and equipment	2,392,599	2,392,599
Sale of other assets	(112,689)	(112,689)
Reclassified to additional paid in capital	(3,833,188)	-
Total	-	3,833,188

Entities under common control involved in the transactions during 2012 were as follows:

- PT Memimpin Dengan Nurani and PT Austindo Kencana Jaya are shareholders of the Company.
- Mr. George Santosa Tahija is the shareholder of both PT Memimpin Dengan Nurani and the Company.
- Mr. Sjakon George Tahija is the shareholder of both PT Austindo Kencana Jaya and the Company.
- The shareholder of PT Austindo Nusantara Jaya Husada Cemerlang is PT Austindo Kencana Jaya.

The details of difference in value from restructuring transaction between entities under common control are as follows:

Sale of investment in shares of ANJHC

On May 7, 2012, the Company transferred 165,837,499 shares or 99.99% ownership in ANJHC to PT Austindo Nusantara Jaya Husada Cemerlang (entity under common control) at the selling price of US$ 20,000,000. The difference between the selling price and the book value transferred amounting to US$ 30,478 was recorded as difference in value from restructuring transaction between entities under common control.

Sale of investment in shares of BKM

On July 23, 2012, the Company transferred 27,750 shares of BKM to PT Austindo Nusantara Jaya Husada Cemerlang at a selling price of US$ 2,630,886. The difference between the selling price and the book value transferred amounting to US$ 1,490,208 was recorded as difference in value from restructuring transaction between entities under common control.

Sale of investment in properties

On August 14, 2012, the Company sold investment in land and buildings to PT Memimpin Dengan Nurani and PT Austindo Kencana Jaya at a net price of US$ 2,606,165. The difference between the selling price and the book value amounting to US$ 994,316 was recorded as difference in value from restructuring transaction between entities under common control.

On September 5, 2012, the Company sold investment in properties to PT Austindo Nusantara Jaya Husada Cemerlang at a net price of US$ 4,324,371. The difference between the selling price and the book value amounting to (US$ 961,724) was recorded as difference in value from restructuring transaction between entities under common control.

Sale of property and equipment

On December 6, 2012, the Company sold the office strata title building, office equipment, furniture and fixtures to PT Memimpin Dengan Nurani and PT Austindo Kencana Jaya for US$ 2,970,834. The difference between the selling price and the book value amounting to US$ 2,392,599 was recorded as difference in value from restructuring transaction between entities under common control.

Sale of other assets

On June 29, 2012, the Company sold other assets to Mr. Sjakon George Tahija for US$ 42,440. The difference between the selling price and the book value amounting to (US$ 112,689) was recorded as difference in value from restructuring transaction between entities under common control.

15. MANAGEMENT STOCK OPTIONS

The Company provides management stock option plan (MSOP) to eligible management within the Group. The option in MSOP program can be used to buy the Company's new shares up to 1.5% of paid in capital after Initial Public Offering or at a maximum of 50,000,000 (fifty million) common shares.

The option in this program will be granted in three phases, 40% on the listing date, 30% on the first anniversary of the listing and the remaining 30% on the second anniversary of the listing. Each of the granted option can be used to buy one new share of the Company during the option period, which is two years after grant date, under the condition that the vesting period of the option is one year since the grant date. During the vesting period, the participants cannot use their rights to buy the Company's shares.

On May 8, 2013, the Company has granted 13,600,000 stock options for the Group's management. Of the total stocks options, the Company granted 5,400,000 stocks for the Company's management. The stock options will be vested on May 8, 2014 and can be exercised from May 8, 2014 to May 8, 2016. The fair value of stock options on the grant date was Rp 417.45 per option, measured using the Black and Scholes model.

As of December 31, 2013, the fair value of the stock option recorded in the Company's statements of comprehensive income was US$ 136,707. Fair value of stock options granted to subsidiaries' management of US$ 207,592 was recorded as addition to investment in subsidiaries (Notes 4 and 6). Total fair value of all stock options distributed was US$ 344,299 and was recorded in equity.

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16. DIVIDEND INCOME

	2013	2012
	US$	US$
Investment in subsidiaries		
PT Austindo Nusantara Jaya Agri	11,999,746	23,999,050
PT Prima Mitra Nusatama	1,827,929	9,472,372
PT Gading Mas Indonesian Tobacco	2,883,657	-
PT Darajat Geothermal Indonesia	-	1,999,960
Investment in associate	500,000	-
Other investments	3,201,136	7,807,786
Money market fund	2,286	116,018
Total	20,414,754	43,395,186

17. INTEREST INCOME

	2013	2012
	US$	US$
Time deposits and current accounts	308,529	826,077
Other	46,855	159,372
Total	355,384	985,449

18. OTHER INCOME

	2013	2012
	US$	US$
Gain on sale of property, plant and equipment	1,305,981	-
Other	17,666	25,756
Total	1,323,647	25,756

19. PERSONNEL EXPENSES

	2013	2012
	US$	US$
Bonus and long-term service allowances	781,036	8,816,814
Salaries	2,303,711	2,283,814
Tax allowances	600,351	632,383
Insurance	102,534	116,887
Employee welfare	5,179	20,339
Others	208,647	117,173
Total	4,001,458	11,987,410

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20. GENERAL AND ADMINISTRATIVE EXPENSES

	2013	2012
	US$	US$
Professional fees	1,348,946	1,740,295
Office rental	316,506	-
Travel	292,833	350,129
Depreciation (Note 8)	136,781	182,393
Share based compensation (Note 15)	136,707	-
Donation	132,559	1,538,826
Repairs and maintenance	70,450	101,932
Training, seminars and meeting	68,645	39,487
Others	315,863	442,683
Total	2,819,290	4,395,745

21. INCOME TAX

Tax expense of the Company consists of the followings:

	2013	2012
	US$	US$
Tax expense (benefit) from continuing operation:		
Current tax	950,776	(2,655,832)
Deferred tax	(143,455)	1,405,124
Total tax expense (benefit) from continuing operation:	807,321	(1,250,708)
Tax expense from discontinued operation:		
Current tax	-	21,623,189
Total tax expense from discontinued operation	-	21,623,189

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Current Tax

The reconciliation between income before tax per statements of comprehensive income and taxable income is as follows:

	2013	2012
	US$	US$
Income before tax from continuing operation per statements of comprehensive income	10,534,267	28,208,881
Temporary differences:		
Bonus	250,000	(1,280,155)
Post-employment benefits (including foreign exchange effects)	323,824	(3,879,060)
Subtotal	573,824	(5,159,215)
Non-tax-deductible expenses (non-taxable income/subject to final tax):		
Loss from liquidation of a subsidiary	4,385,821	-
Gain on payable write-off	2,611,030	-
Personnel expenses	709,832	769,608
Share based compensation	136,707	-
Interest expense	113,049	-
Donation	44,046	1,330,209
Gain on sale of trading securities and other investments	(56,360)	(1,052)
Interest income	(300,713)	(611,868)
Gain on sale of property and equipment	(1,305,586)	(2,577)
Dividend income from subsidiaries	(13,827,676)	(35,471,382)
Gain from sale of investment	-	380,686
Others	184,864	(66,618)
Subtotal	(7,304,986)	(33,672,994)
Taxable income from continuing operations	3,803,105	(10,623,328)
Taxable income from discontinued operations	-	86,492,754
Total taxable income	3,803,105	75,869,426

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Current tax expense and payable are computed as follows:

	2013	2012
	US$	US$
Current tax expense	950,776	18,967,357
Less prepaid taxes		
Articles 23	946,125	1,171,931
Current tax payable	4,651	17,795,426

Deferred Tax

In 2013 and 2012, the Company has deductible temporary differences from bonus accrual and employee benefit obligation. The Company only recognizes the deferred tax assets over which management believes can be utilized to compensate future taxable income.

The details of deferred tax assets of the Company are as follows:

	January 1, 2013	Creditted to income for the year	Credited to other comprehensive income	December 31, 2013
	US$	US$	US$	US$
Post-employment benefits obligation	30,662	80,955	1,719	113,336
Bonus	-	62,500	-	62,500
Total	30,662	143,455	1,719	175,836

	Januari 1, 2012	Credited (charged) to income for the year	Credited to other comprehensive income	December 31, 2012
	US$	US$	US$	US$
Post-employment benefits obligation	475,788	(466,220)	21,094	30,662
Provision for value increase sharing plan	475,000	(475,000)	-	-
Bonus	463,904	(463,904)	-	-
Total	1,414,692	(1,405,124)	21,094	30,662

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A reconciliation between tax expense and the amounts computed by applying the prevailing tax rates to income before tax per statements of comprehensive income is as follows:

	2013 US$	2012 US$
Income before tax from continuing operation per statements of comprehensive income	10,534,267	28,208,881
Tax expense at prevailing tax rates	(2,633,567)	(7,052,220)
Effect of unrealized deferred tax asset	-	(115,320)
Effect of non-tax-deductible expenses (non-taxable income/ subjected to final tax):		
Dividend income from subsidiaries	3,456,919	8,867,845
Interest income	75,178	152,967
Gain on sale of property and equipment	326,397	644
Gain on sale of trading securities and other investment	14,090	263
Gain on payable write-off	(652,758)	-
Loss from liquidation of a subsidiary	(1,096,455)	-
Gain on sale of investment	-	(95,172)
Donation	(11,012)	(332,552)
Personnel expenses	(177,458)	(192,402)
Share based compensation	(34,177)	-
Interest expense	(28,262)	-
Others	(46,216)	16,655
Total	1,826,246	8,418,248
Total tax benefit (expense) from continuing operation	(807,321)	1,250,708
Income before tax from discontinued operation	-	86,492,754
Tax expense at prevailing tax rates	-	(21,623,189)

22. NET INCOME FOR THE YEAR FROM DISCONTINUED OPERATION

	2012 US$
Gain on sale of investment in subsidiaries	89,595,419
Consultant fee related to sale of investment in subsidiaries	(3,102,665)
Gain on sale before tax	86,492,754
Tax expense related to sale of investment in subsidiaries (Note 21)	(21,623,189)
Gain on sale of investment in subsidiaries - net	64,869,565

On January 17, 2012, the Company sold all its shares in ANJR to PT Mitra Pinasthika Mustika for US$ 120,748,487 (including US$ 11,007,155 advance from sale of investment in subsidiaries). The gain on sale of this investment was presented as part of net income from discontinued operation.

23. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

Nature of Relationship

Related parties which are shareholders of the Company:

- PT Austindo Kencana Jaya (AKJ)
- PT Memimpin Dengan Nurani (MDN)
- Yayasan Tahija

Related parties in which the Company is a shareholder (direct or indirect):

- PT Austindo Nusantara Jaya Agri (ANJA)
- PT Darajat Geothermal Indonesia (DGI)
- PT Aceh Timur Indonesia (ATI)
- PT Surya Makmur (SM)
- PT Sahabat Mewah Makmur (SMM)
- PT Lestari Sago Papua (LSP)
- PT Austindo Nusantara Jaya Husada Cemerlang (ANJHCem)
- PT Permata Putera Mandiri (PPM)
- PT Putera Manunggal Perkasa (PMP)
- PT Austindo Nusantara Jaya Boga (ANJB)

Transaction with Related Parties

In the normal course of business, the Company entered into certain transactions with related parties, including the followings:

- The Company charged management fees to ATI, SM and DGI amounting to US$ 48,000 each for the years ended December 31, 2013 and 2012. The Company also charged management fees to AANE amounting to US$ 30,000 for the year ended December 31, 2013.

- The Company charged office rental used by ANJA, PPM, PMP, ANJAP, ANJB, SMM, LSP and AANE amounted to US$ 48,304 for the year ended December 31, 2013. The Company charged office and land rental used by DGI, SMM, LSP, MDN, AKJ, ANJH Cemerlang and ANJHC which amounted to US$ 100,286 for the year ended December 31, 2012.

- In 2013, the Company purchased software from MDN valued at US$ 4,141.

- In 2012, the Company entered into certain sale transactions of investment in property and other assets with related parties as explained in Note 14.

- The Company donated US$ 34,046 and US$ 1,330,209, respectively in 2013 and 2012, for the Company's Corporate Social Responsibility (CSR) activities to Yayasan Tahija.

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– The Company provided benefits to its Board of Commissioners and Board of Directors as follows:

	2013	2012
	US$	US$
Short-term employee benefits	2,157,478	1,799,192
Long-term employee benefits	-	6,722,821
Stock options	106,328	-
Total	2,263,806	8,522,013

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This photo was taken by Rachmat Dwi Sasongko at our North Sumatra I Plantation.

Annual Report 2013

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