ANNUAL REPORT 2016

ANJ

PT AUSTINDO NUSANTARA JAYA TBK.

RESPONSIBLE DEVELOPMENT

Balancing Growth and Sustainability

Common Terms Used in This Report

ANJ

In this report PT Austindo Nusantara Jaya Tbk is referred to as "ANJ" or "the Company."

CPO

Crude Palm Oil: The oil extracted after crushing 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 oil palm fruit clusters cut and harvested from palms as the raw material for milling into CPO and PK.

Nucleus

The area of an oil palm plantation that forms our core business.

Plasma

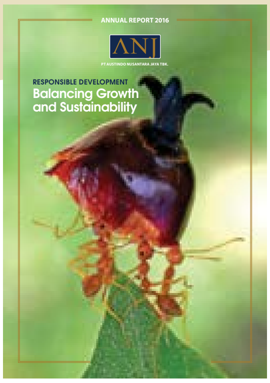
The area of an oil palm plantation allotted to community under the Indonesian Government's Plasma Program to benefit smallholders.

Contents

ABOUT THIS REPORT

This report has been prepared as a detailed and accurate picture of ANJ, its subsidiaries and their activities in 2016. It has also been prepared according to the regulations of the Indonesian Financial Services Authority (OJK). We hope you find it useful and we welcome your feedback. Please e-mail comments to corsec@anj-group.com

To download a PDF of this or previous years' reports in English or Indonesian, please go to www.anj-group.com/en/annual-report/index



The cover photo of this report is "Supporting Palm Oil" by Raga Yudha Putra, from our Belitung Island Plantation. Raga is one of the winners in this year's **Staff Annual Report Photo Competition**. This year we awarded three winners in each of four categories: Growth, Maintenance, Expression & Interaction and Flora and Fauna.

See all the winning photos on pages 46-49!

About ANJ

Welcome to the 2016 annual report of PT Austindo Nusantara Jaya Tbk. We are proud to be an Indonesian food and renewable energy company.

ANJ is a holding company principally engaged directly and through subsidiaries in producing and selling crude palm oil and palm kernel. We are proud to be a leader in innovation and operational efficiency in plantation management and palm oil processing. We are also leveraging our experience in efficient plantation management both to expand into sago harvesting and food production and to develop a complementary renewable energy business. The Company was listed on the Indonesian Stock Exchange in 2013, when we offered 10% of the shares in an IPO.

In 2016, we recorded USD 134.4 million of total revenue, EBITDA of USD 35.3 million and net income of USD 9.2 million.

OUR PALM OIL BUSINESS

We own and operate four producing oil palm plantations: two in North Sumatra, one on Belitung Island and one in West Kalimantan.

In 2016, we produced 663,399 tonnes of fresh fruit bunches from these plantations and purchased 177,883 tonnes from third parties, which together we milled into 177,273 tonnes of crude palm oil. We are also currently developing plantations in West Papua and in South Sumatra.

We have a total landbank of 157,681 hectares. Of this, 49,539 hectares are planted or being developed and about 50,000 hectares (including plasma) are available for future planting.

OUR OTHER BUSINESSES

We have developed a sago harvesting and processing business in West Papua. We are commencing commercial operations and expect our first significant sales during 2017.

In our energy segment, we commercially operate a biogas power plant at our Belitung Island plantation. We also have minority stakes in two geothermal power plant operations in Indonesia, as well as a minority stake in a coal-fired and diesel power plant business in Indonesia.

Finally, we are transitioning our non-core, legacy business of tobaco processing into growing and processing higher-value crops such as edamame.

OUR AMBITIONS

We strive to produce quality, environmentally friendly products while adhering to the best management practices that help us to achieve excellent performance, ensure good employee welfare and empower the community as equal partners. This is achieved by unrelenting commitment to our vision, mission and core values.

VISION

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

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.

VALUES

- Integrity
- Respect for people and the environment
- Continuous improvement

Plantation and conservation areas meet at our West Kalimantan Plantation.

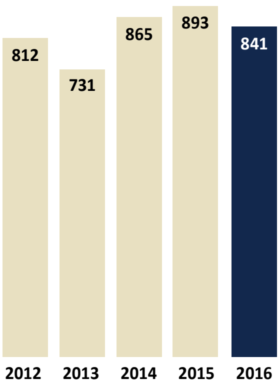
Financial & Operational Highlights

	2016	2015	2014	2013	2012
Results from Operations (USD million)					
Total revenue	134.4	126.0	158.3	138.4	165.9
Gross profit	45.3	38.9	64.4	48.1	77.7
EBITDA	35.3	23.7	63.4	46.2	78.4
Net income (loss) from continuing operations	9.2	(8.4)	18.3	21.9	42.0
Net income from discontinued operations	-	-	-	-	56.7
Net income (loss) for the year	9.2	(8.4)	18.3	21.9	98.7
attributable to the owners of the company	9.2	(8.2)	18.4	22.0	96.3
attributable to non-controlling interests	0	(0.2)	(0.2)	(0.1)	2.4
Total comprehensive income (loss)	11.9	(16.2)	19.9	1.1	95.6
attributable to the owners of the company	11.9	(16.0)	20.0	1.3	93.3
attributable to non-controlling interests	0	(0.2)	(0.1)	(0.2)	2.3
Earnings (Loss) per Share (USD)					
Basic earnings (loss) per share	0.00281	(0.00251)	0.00553	0.00680	0.07970
Basic earnings (loss) per share from continuing operations	0.00281	(0.00251)	0.00553	0.00680	0.03473
Diluted earnings (loss) per share from continuing operations	0.00281	(0.00251)	0.00549	0.00678	-
Basic earnings (loss) per share from discontinued operations	-	-	-	-	0.04497
Financial Position (USD million)					
Cash and cash equivalents	16.9	19.1	30.1	41.4	76.6
Total current assets	64.4	51.7	65.5	72.1	109.3
Total assets	525.1	470.4	444.0	397.4	399.4
Bank loans	129.0	98.1	27.8	1.4	3.8
Total current liabilities	45.0	55.9	53.6	19.2	55.9
Total liabilities	170.5	130.0	68.6	32.7	71.7
Total equity	354.6	340.4	375.5	364.7	327.7
Financial Ratios					
Return on assets (%)	1.8	(1.8)	4.1	5.5	10.5
Return on equity (%)	2.6	(2.5)	4.9	6.0	12.8
EBITDA margin (%)*	26.3	18.8	40.0	33.4	47.3
Net profit margin (%)	6.8	(6.3)	10.7	14.4	22.7
Current ratio	1.4	0.9	1.2	3.8	2.0
Liabilities to equity ratio	0.5	0.4	0.2	0.1	0.2
Liabilities to assets ratio	0.3	0.3	0.2	0.1	0.2
Net debt to equity ratio	0.3	0.2	(0.01)	(0.1)	(0.2)

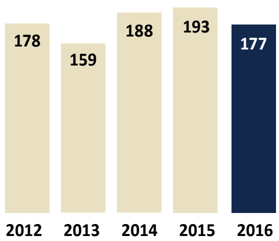
* Calculated as EBITDA divided by the sum of revenue from sales and service concessions.

Note: Some figures may not balance precisely due to rounding.

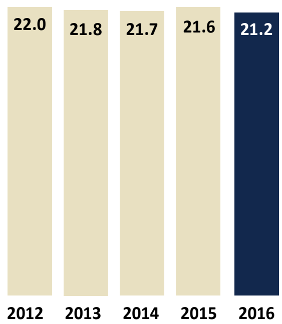
	2016	2015	2014	2013	2012
Palm Oil Production (tonnes unless specified)					
Total FFB produced from our estates	**663,399**	756,673	726,292	609,149	695,479
Total FFB bought from third parties	**177,883**	136,191	138,676	122,113	116,460
Total FFB processed	**841,282**	892,864	864,968	731,262	811,939
Average FFB yield (tonnes per hectare)	**18.9**	22.7	22.4	19.1	21.8
Total CPO production	**177,273**	192,891	187,740	159,360	178,263
Total CPO sales	**177,850**	194,248	184,006	168,781	177,125
Total PK production	**38,283**	44,204	42,037	36,031	40,503
Total PK sales	**39,434**	43,019	43,408	36,158	40,447
CPO extraction rate (%)	**21.2**	21.6	21.7	21.8	22.0
CPO average selling price (ex-mill)	**591**	516	697	689	781
PK average selling price (ex-mill)	**512**	336	439	343	400



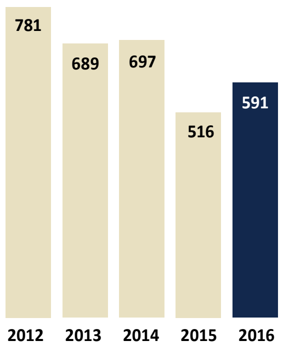
Total FFB Processed
(’000 tonnes)



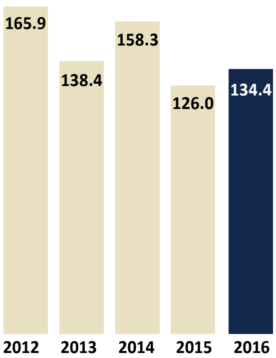
Total CPO Production
(’000 tonnes)



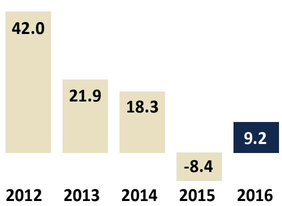
CPO Extraction Rate
(%)



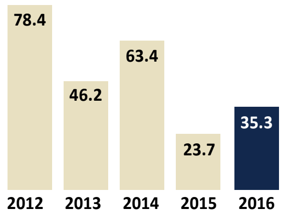
CPO Average Selling Price
(USD/tonne)



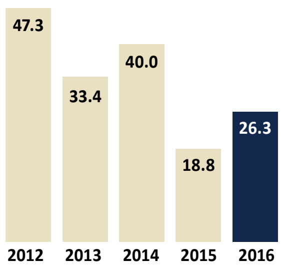
Total Revenue
(USD million)



Net Income (Loss) from Continuing Operations
(USD million)



EBITDA
(USD million)



EBITDA Margin
(%)

Our Core Strengths

We believe we are well positioned to take advantage of ongoing growth in the palm oil industry and have qualities that will continue to differentiate us from our competitors.

We intend to leverage our strengths to expand our oil palm plantation area, increase our milling capacity and improve our overall operational efficiency and thereby increase our production of CPO and PK.

We believe also that our ongoing diversification and expansion into non-palm oil areas, such as sago starch, edamame and commercial power generation from biogas, fit well with our core competencies and will allow us to develop sustainable and scalable long-term businesses.

Our principal strengths include:

GOOD POSITION TO BENEFIT FROM 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 along with consumption of edible oils worldwide.

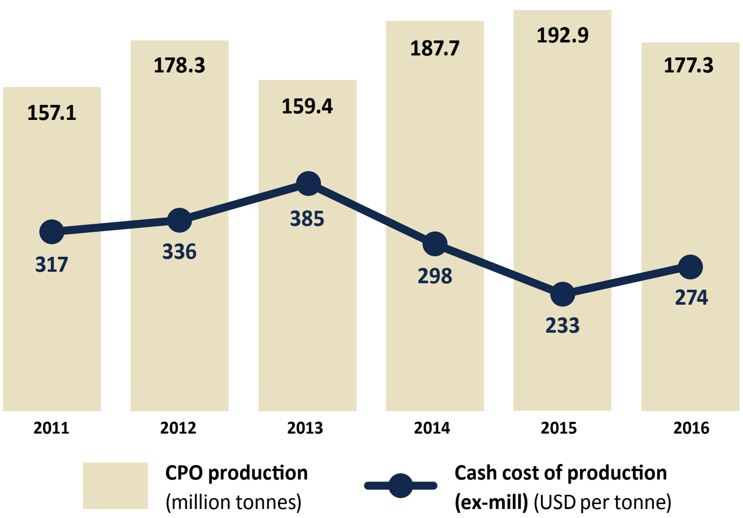
Growing populations and economic development in Asian countries such as China, India, Indonesia and Malaysia — the key consuming markets of palm oil — should account for much of this growth.

WELL-ESTABLISHED COST-MANAGEMENT TECHNIQUES

We employ best management practices to reduce costs associated with planting, fertilizing, harvesting and processing. Examples include:

- Strategically located plantations and mills to help us deliver our product efficiently; Use of automation, including motorized harvesting, mechanized in-field loading of FFB and automated palm oil processing mills;
- Agronomic techniques such as leaf and soil sampling to tune our use of fertilizer, 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 and use of high-quality imported fertilizers;
- Harvesting improvements, such as block harvesting to increase manpower productivity and reduce transportation, and training harvesters to better assess fruit ripeness and collect loose fruit to reduce wastage;
- Support systems such as integrated computerized estate planning, accounting, management and communications systems to increase efficiency; and investment in physical security to guard against theft, fire and human or animal incursions.

CASH COST VS CPO PRODUCTION 2011-16



EXPERIENCED MANAGEMENT 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' industry experience and valuable, longstanding relationships with customers, suppliers and other market participants.

We believe sound corporate governance is essential, such as through detailed reporting systems, high ethical standards and transparency both internally and in relations with our customers and other stakeholders.

FAVORABLE OIL PALM MATURITY PROFILE AND SIGNIFICANT LANDBANK

An oil palm typically has a commercial life span of 25 to 30 years. Of our oil palms, 36.5% are between eight and 20 years and thus in the prime period of their commercial life, 35.6% are either still young or immature at seven years or less, and we have an estimated aggregate plantable landbank area of around 50,000 hectares of land available for future planting.

In these conditions, and with a strategic replanting plan in place to ensure that we maintain a healthy age profile of our oil palms, we believe we are well placed to support strong and sustainable future growth.

LOW PRODUCTION COSTS AND STRONG FINANCIAL POSITION

Growth in our business and a long-term focus on cost efficiencies have helped us to reduce the cash cost of producing CPO. This has helped us maintain healthy revenues even in challenging periods of low palm oil market prices and inclement weather.

We are supported by our healthy balance sheet and liquidity position, with current assets of USD 64.4 million balanced against USD 45.0 million in current liabilities as at December 31, 2016. This helps us keep our focus on long-term planning, developing and implementing our growth strategies.

STRONG SUSTAINABILITY, ENVIRONMENT AND SOCIAL RESPONSIBILITY PRACTICES

We see corporate social responsibility as essential and promote practices that benefit surrounding communities and that minimize any potential adverse effects to the environment of our plantations and production processes. Our policies include:

Supporting employees, their families and the broader community around our plantations and providing amenities, primarily schooling, medical facilities and economic development assistance, as well as infrastructure, cultural activities and places of worship.

Adopting environmentally responsible practices, including a zero-burning policy, minimal pesticide use, recycling palm mill waste, using organic fertilizer where possible and creating conservation areas at our plantations.

We are committed to sustainable business, incorporating best practices and world-class standards in our operations. As such, we are a member of the Roundtable on Sustainable Palm Oil (RSPO); we have received RSPO certification for three of our four producing plantations and are applying for certification for the last estate in West Kalimantan, which will begin full production this year.

Oil palm fruit: CPO is made from the outer flesh layer and PK from the white kernel.

Management Reports

2016 was a promising year as ANJ benefitted from significant rises in the selling price of crude palm oil and palm kernel oil from 2015. Combined with our exceptional efforts to limit drops in production due to the adverse effect of El Niño, this allowed us to increase our revenue by 6.7% to USD 134.4 million.

Our net income at USD 9.2 million and EBITDA at USD 35.3 million were even more significantly improved year on year as a result of our prudent operational and financial management.

Among highlights of our year in operations were opening the first 45tph line of our West Kalimantan estate's CPO mill. All of the estate's harvest is now being processed in the new mill.

We made further progress in our sustainability commitments by publishing our Sustainability Policy in November 2016 as a framework for social and environmental matters.

Report by the Board of Commissioners

DEAR SHAREHOLDERS,

We welcome you to ANJ's Annual Report 2016.

Five years ago, the Company made the decision to follow a strategy that emphasized palm oil and other agribusinesses, including developing estates in West Papua. Over that time, the Company has made great advances in priming its core business for future growth and stability.

It has also been called upon to respond to challenges both within and from outside. External challenges have included cyclically poor weather and harsh climatic conditions for our core palm oil operations, and times of market oversupply coupled with lower selling price for our oil. Internally, challenges have included:

- streamlining the Company's business after we repositioned it to focus on agribusiness and renewable energy;
- expanding our palm oil business by developing our new West Papua landbanks patiently and prudently;
- driving out inefficiencies and ineffective agronomic practices; and
- building our sago starch business despite the challenges of setting up operations in a remote area and the setback of a factory refit.

COMMITMENT TO SUSTAINABILITY

Uppermost in our minds and central to the strategy pursued by management has been to ensure that growth and sustainability have gone hand in hand in this journey. Our annual reports have frequently referred to sustainable development as our guiding principle, and this year we are explicit in focusing on our attempts to "balance growth and sustainability." This is easy to say, but what does it mean in practice?

It means acting always with regard to the wellbeing of the communities surrounding and employed in our businesses.

It means ensuring that we act as stewards of the environment, preserving and enhancing critical natural habitats, minimizing disruption from our operations and striving to improve the lives of people surrounding our estates.

It means building our business for the long term, and not for short-term profits, by investing only in business areas that we believe will benefit Indonesia and will be able to withstand often turbulent business cycles.

It means adhering to world-class practices and industry-leading examples, such as the strict Roundtable on Sustainable Palm Oil guidelines.

Above all, it means acting honestly and in good faith in the interests of all stakeholders. In our oversight role of the Board of Directors, the Commissioners have been consistently pleased to see the directors' efforts in this regard.

THE PAST YEAR

In 2016 specifically, we note the initiatives and ongoing activities that put ANJ's beliefs into practice while ensuring that revenue and net income were as strong as conditions allowed.

We have seen strenuous efforts to reduce the use of fertilizers and fuel and to generate less waste across our producing estates; a timely and on-schedule replanting program under way at our Belitung Island Plantation; completion of our new mill at our West Kalimantan Plantation on schedule; expansion and promotion of a dedicated conservation area at West Kalimantan for orangutans and other animals; the introduction of an enterprise resource planning system to further create efficiencies and offer real-time data on estate performance; the construction and testing of a power plant at our sago mill in West Papua that will allow us to transition to commercial operations; and the ongoing transformation of our former tobacco-processing unit into a producer and seller of edamame beans.

Of particular note, however, has been management's actions in respect of our West Papua landbank currently in development. When ANJ bought this land in 2013 and 2014 as the cornerstone of our strategy for gradual, sustainable growth, we made a commitment to develop it responsibly and with the highest regard for the lives and livelihoods of the people living in and around the area in South Sorong and Maybrat.

Management has been true to this aim, and in 2016 the Company stepped up efforts to engage with the community there through a series of public meetings and consultation with local government to gradually resume development. Management halted land clearing in 2015 in the wake of concerns by an NGO, Greenomics, to allow for voluntary reassessment studies and the formulation of a more detailed plan that considered land type and suitability for development into palm oil plantations.

With these reports complete,

Ridha Wirakusumah
Anastasius Wahyuhadi
Josep Kristiadi
Istama Tatang Siddharta
George Santosa Tahija
Adrianto Machribie
Arifin Mohamad Siregar
Sjakon George Tahija

We support management's continued five-year strategy for our palm oil estates in West Papua and remain confident that development here is realizable and sustainable.

management adjusted further development plans accordingly and resumed preparation. ANJ faced new questions in September, however, following a report by Greenpeace that included criticism of ANJ over a lack of an available sustainability policy. As commissioners we were pleased to see management's engagement with these concerns and frank response to them. The decision to make our sustainability policy public has correctly increased our transparency and will be good for our business. The policy is published in full in this report.

The Commissioners appreciate and commend the Directors' attention to the increasing involvement of external stakeholders in our business — for example, local government, community leaders, NGOs and environmental groups — and their understanding of the need for a collaborative approach.

LOOKING AHEAD

Looking forward, we support management's continued five-year strategy for our palm oil estates in West Papua and remain confident that development here is realizable and sustainable. We believe strongly that our responsible development framework, which represents a balance between environmental protection, local economic development and community welfare will be further implemented in the future.

Management remains committed to overcoming ongoing business challenges across our palm oil, sago and edamame segments, and we are confident that they continue to position ANJ for long-term sustainable growth.

The Board of Commissioners met regularly with the Board of Directors in 2016 to evaluate progress and to provide guidance. From observing the directors' performance, noting the solid earnings and new income for the year and taking into account external pressures, we are confident that the Company is soundly managed.

We look forward in 2017 and beyond to the Directors continuing to make their best efforts to steer ANJ onto a sustainable path to growth.

CHANGES TO THE BOARD OF COMMISSIONERS

There was one change to the composition of the Board of Commissioners: at the end of 2016 Ridha Wirakusumah, who served as an independent commissioner from November 2014 until December 2016, has left to take up a new position as president director of PT Bank Permata Tbk.

We thank Mr Wirakusumah for his loyal service and wish him well in his new endeavor. His position as Independent Commissioner was filled by Darwin Cyril Noerhadi in February 2017.

CONCLUSION

In concluding, the Board of Commissioners expresses appreciation and thanks to the Board of Directors for all of their efforts to ensure responsible and prosperous growth, and we look forward to their continuing efforts to build a secure future for the company.

We also recognize and express thanks to all of our employees and stakeholders for their dedication and continuous support.

On behalf of the Board of Commissioners,

Adrianto Machribie
President Commissioner

Report by the Board of Directors

DEAR SHAREHOLDERS,

I am pleased to begin this report by confirming that ANJ returned to a healthy profit position in 2016 with solid increases in both revenue and income.

A strong upswing in CPO prices helped to temper the effects of the unseasonally dry conditions that reduced crude palm oil production volumes in 2016. The combination of a long drought, brought by the El Niño weather patterns in late 2015 through to the first half of 2016, and then heavy rains, brought by the La Niña weather patterns that followed, led to lower CPO production volumes in 2016 for most Indonesian producers. However, we were able to limit our decline in production through our continuing drive to improve agronomy practices across our estates, resulting in CPO production only 8.1% lower than in 2015.

Our total revenue increased by 6.7% from 2015 to USD 134.4 million, and EBITDA was USD 35.3 million, 49.0% higher than in 2015. Our EBITDA margin climbed to 26.3% compared to 18.8% in 2015.

Significantly, we recorded net income of USD 9.2 million in 2016, compared to a net loss of USD 8.4 million in 2015.

PALM OIL

Our palm oil plantations still represented our core business in 2016, with sales revenue of USD 126.8 million, 94.3% of our total revenue from sales, in line with recent years.

CPO production was 177,273 tonnes, 8.1% less than in 2015, while CPO sales volume was 177,850 tonnes, 8.4% less than 2015. The sales volume of palm kernel (PK) was 39,434 tonnes, 8.3% less than in 2015.

We more than offset these lower volumes through a climb in the CPO average selling price to USD 591 per tonne from USD 516 in 2015, and an even steeper climb in the palm kernel oil average selling price to $512 from $336 in 2015.

The largest operational challenge in 2016 was mitigating the effects of the adverse weather patterns that affected our western estates, in particular our Belitung Island Plantation. We had expected and budgeted for reductions in our production volume and oil extraction rate in the wake of the drought brought by El Niño in late 2015 and early 2016, and we saw a recovery in the second half of the year even though this brought some heavy and persistent rains.

We were therefore able to maximize production under these conditions and to ensure that we limited the rise in our overall cash cost of production to $274 per tonne through effective agronomic and management practices. These included, in particular, improved fieldwork through targeted and controlled fertilizer application, efficiencies in fuel use and greater use of biomass fuel for our mill boilers.

This focus on cost reduction, part of a long-term efficiency drive, meant that a higher-than-expected average CPO selling price led to a healthy net income. CPO prices rose steeply in the first quarter as supply expectations tightened, and remained elevated for the rest of the year, fluctuating around USD 600. The selling price of PK, which typically rises in tandem with the CPO price, rose much more sharply, largely as a result of shortages in Southeast Asia of coconut oil, for which palm kernel oil was in demand as a substitute. The rise was so steep that in September the PK price, which is typically around 60% of the CPO price, briefly rose above it.

Our West Kalimantan Plantation is a newly mature estate where the first harvesting was in 2015. CPO had been produced at a mini-mill, but in 2016 we completed our project to build a full-scale mill with a first-line total capacity of 45 tonnes per hour, just in time to process the increasing FFB harvest — 70% of the year's production at West Kalimantan came in the last quarter.

We are looking to eastern Indonesia for our main source of future production growth, specifically to our new plantations in West Papua, where we acquired a landbank of 105,159 hectares across three concessions in 2013 and 2014. During 2016 we planted 1,720 hectares of estates here, to bring the total area planted so far to 5,161 hectares, all developed in accordance with the RSPO's New Planting Procedures.

Our decision in 2013 to expand our business into West Papua came in the context of a national call to aid economic development in eastern Indonesia, and we aim to create opportunities for the communities around our estates committing to establish substantial conservation areas, as we have done in all of the estates that we developed ourselves in North Sumatra and Kalimantan.

The Government of Indonesia has a land use plan for 46 million hectares land in Papua that includes conservation of 75% of the land there — 34.5 million hectares — as forest. The government allocated the balance of 25% for other land uses. The land allocated for palm-oil concessions in Papua amounts to 3.1 million hectares, about 27% of the land allocated to development in Papua and equivalent to 6% of the total land area.

Considering how pervasive the forest cover is in Papua, it is unavoidable that the land mandated for palm-oil concessions will include some forested areas, which if left undisturbed would deprive the Papuan people of development.

In the third quarter of 2016, our plans in West Papua were the subject of criticism by environmental group Greenpeace with regard to our adherence to the RSPO framework there. In response, we established that the criticism was based on concerns of deforestation that had already been addressed in 2015. As our corporate sustainability policy explicitly states, we will open forest only in a responsible way, balancing the needs of development and economic progress with environmental sustainability.

We strongly believe that preserving the natural environment can only be achieved in conjunction with a sustainable development plan. Any development plan must be an integrated plan, not merely one that focuses on one metric at the expense of others.

A crucial part of our commitment to responsible development is learning from critiques of our operations. We realized that there were improvements we could make in the communication of our strategy and activities. To this end we published our company sustainability policy to aid transparency; it is reprinted in full in this report.

In 2016, as part of our efforts to improve transparency, we were pleased to continue to make good progress in strengthening support from local tribal leaders and government officials through a series of stakeholder meetings and an outreach program to promote better communication and understanding with and among the neighbouring tribes.

OTHER BUSINESSES

The biogas-fueled power plant run by our subsidiary PT Austindo Aufwind New Energy (AANE) at our Belitung Island Plantation came close to breaking even in 2016 despite a drop in the gas produced from palm fruit waste as a result of the lower production volumes mentioned above.

We made encouraging advances toward commercialization of our sago business in West Papua as construction of the new plant to power our factory there was completed in September. This plant is planned to enter into full commercial operation in 2017, allowing us to begin scaling up sago starch production toward our targeted level of 1,250 tonnes per month.

In terms of operations, we face some ongoing challenges, such as managing the quality of sago logs delivered to the mill and maintaining healthy levels of staff retention. That said, we have made headway in exploring export destinations for our sago starch and finalizing plans for a joint marketing opportunity with an Indonesian food manufacturer.

PT Gading Mas Indonesia Teguh (GMIT), which we have migrated from being a tobacco-processing to a food-processing business, continued a pilot project in 2016 to grow, process and sell edamame, a high-antioxidant green bean typically consumed as snack, vegetable or in salads.

In 2016 GMIT successfully entered the

Handi Belamande Syarif
Sucipto Maridjan
Sonny Sunjaya Sukada
Lucas Kurniawan
Istini Tatiek Siddharta
Geetha Govindan

While we strongly believe in preserving the natural environment, we also believe that it can be guarded only alongside sustainable human and economic development in Papua. Any development plan must be an integrated plan.

fresh edamame market in Java and Bali. We expect in 2017 to enter a joint venture with international partners with access to the established worldwide edamame market.

MANAGEMENT AND GOVERNANCE

Over the past three years, we have been engaged in a long-term plan to create efficiencies and synergies across all of our businesses, as well as establish common standards in our geographically widely spread palm oil business. This continued in 2016 with the rollout of a project to implement an enterprise resource planning (ERP) system across our estates.

We began installing the ERP system at our Belitung Island Plantation in May and went live on January 3 this year. We now plan for all business units to be live by the end of 2017, allowing real-time online access to operational data for analysis. Our producing plantations will be added first, followed by our developing estates, sago business and then GMIT.

We continued to strengthen our governance structures in 2016 by establishing a formal whistleblowing system, which explicitly empowers all employees to report activities such as fraud, corrupt practices or violations of business ethics or company rules in the best interest of the Company. It underlines the importance that the Company attaches to preventing such abuses.

LOOKING AHEAD

In 2017, we will continue our five-year strategy for developing our palm oil business in West Papua with full confidence that this is realizable. We believe strongly that our responsible development framework, through which we preserve a balance between environmental protection, local economic development and community welfare will be further strengthened and refined in the future.

One specific future challenge stands out for the coming year: we will begin planning in the second half of 2017 to build a mill and port infrastructure to serve our West Papua estates.

Our management team is committed to overcoming the continuing business challenges in our palm oil and sago business units as well as growing our new edamame unit. We will continue to position ourselves for long-term sustainable growth.

CHANGES TO THE BOARD OF DIRECTORS

There was no change in the composition of Board of Directors in 2016.

CONCLUSION

We express our gratitude for the trust and support that our Board of Commissioners and shareholders have provided us during 2016 and we hope this will be extended to the coming year. By working together and staying focused on our priorities and objectives, we will continue to drive ANJ and all of our stakeholders to prosper.

On behalf of the Board of Directors,

Istini Tatiek Siddharta
President Director

Statement of Responsibility

By the Members of the Board of Directors and the Board of Commissioners for the 2016 Annual Report of PT Austindo Nusantara Jaya Tbk.

Jakarta, April 5, 2017: We, the undersigned, declare that the information contained in the 2016 Annual Report of PT Austindo Nusantara Jaya Tbk. is complete and we are responsible for the accuracy of the report's content. Thus, this statement is duly made by the Board of Directors and Board of Commissioners.

Board of Directors

Istini Tatiek Siddharta President Director	**Sucipto Maridjan** Director	**Lucas Kurniawan** Independent Director
Handi Belamande Syarif Director	**Sonny Sunjaya Sukada** Director	**Geetha Govindan** Director

Board of Commissioners

Adrianto Machribie President Commissioner (Independent)	**George Santosa Tahija** Commissioner

Sjakon George Tahija Commissioner	**Istama Tatang Siddharta** Commissioner	**Anastasius Wahyuhadi** Commissioner
Arifin Mohamad Siregar Independent Commissioner	**Josep Kristiadi** Independent Commissioner	**Darwin Cyril Noerhadi** Independent Commissioner

Male oil palm flowers are finger-like and covered in tiny pollen-bearing inflorescences.

Company Profile

In 2012 the Company began to narrow its focus to palm oil production along with emerging food and renewable energy businesses. We are now primarily engaged in the integrated cultivating and harvesting of fresh fruit bunches from our oil palm plantations, milling them into crude palm oil and palm kernel oil and selling the oils.

ANJ has always been committed to improving business practices in Indonesia, and we strive to be a leader in innovation and operational efficiency in managing plantations and producing palm oil. We continually strive to improve yields and productivity while balancing this with our environmental responsibilities.

Corporate Overview

Our Palm Oil Business

We currently own **four operational oil palm plantations**. This report refers repeatedly to our oil palm plantation properties as follows:

NORTH SUMATRA I PLANTATION

Our oil palm plantation of 9,954 hectares in Binanga, North Sumatra, run by our subsidiary PT Austindo Nusantara Jaya Agri (ANJA).

WEST KALIMANTAN PLANTATION

Our oil palm plantation of 17,998 hectares in Ketapang, West Kalimantan, run by our subsidiary PT Kayung Agro Lestari (KAL).

NORTH SUMATRA II PLANTATION

Our oil palm plantation of 9,412 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).

These four plantations are all established producing plantations with mature oil palms and an on-site processing mill.

We have also started planting areas of a **landbank in South Sumatra** and **a landbank in West Papua**:

SOUTH SUMATRA LANDBANK

Our landbank of 12,800 hectares in Empat Lawang, South Sumatra, run by our subsidiary PT Galempa Sejahtera Bersama (GSB). We started planting areas of this landbank in the second half of 2013.

WEST PAPUA LANDBANK

Our partially planted landbank of 91,210 hectares spread across three mostly contiguous areas in South Sorong and Maybrat, West Papua, run by ANJ and our subsidiaries PT Permata Putera Mandiri (PPM) and PT Putera Manunggal Perkasa (PMP).

The Company is a member of the international Roundtable on Sustainable Palm Oil (RSPO) and has received RSPO certification for both of our North Sumatra plantations and our Belitung Island Plantation. We have applied for RSPO certification for our newly producing West Kalimantan Plantation. All of our plantations in development follow RSPO guidelines, and we intend to apply for certification as they enter commercial operation.

As at December 31, 2016, the Company had a total landbank of 157,681 hectares. Of this, the total planted area was 49,539 hectares, including 3,041 hectares allocated for the Indonesian Government's Plasma Program to support community smallholders. The total planted area increased from 47,733 hectares as at December 31, 2015.

Of this planted area, 40,420 hectares, or 81.6%, contained mature oil palms, and 9,120 hectares, or 18.4%, contained immature oil palms. The average age of our nucleus oil palms across all of the Company's plantations as at December 31, 2016, was 12.7 years.

Within the total landbank, an estimated 50,000 hectares are plantable but not yet planted (including plasma), and the Company has obtained or is in the process of obtaining the necessary permits and rights to develop this land into oil palm plantations.

The remaining portions of the Company's landbank are either not plantable due to unsuitable 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.

Our West Kalimantan Plantation was established after February 2003 and is

ANJ CORPORATE BUSINESS ACTIVITIES

Based on the Company's Articles of Association as currently stated, the Company engages in the business of trading, services and operations of palm oil plantation and processing as well as trading of palm oil products.

To achieve its purpose and objectives, 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;

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;

c) Carry out palm oil plantation and processing to produce CPO and PK;

d) Produce and process derivative products of CPO, including but not limited to biofuel from CPO, waste from palm oil processing and methane;

e) Market and sell CPO and PK, and market and sell derivative products of CPO and its processing, including but not limited to biofuel from CPO, waste from palm oil processing and methane.

Supporting Business Activities

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

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

Changes to Articles of Association

ANJ's Articles of Association have been amended several times since the Company's establishment in 1993. The most recent amendment was in 2015, pursuant to Deed No.270 of Dr. Irawan Soerodjo, SH, M.Si., Notary in Jakarta, dated June 23, 2015.

This amendment to the Articles of Association was: 1) with regard to a merger with our subsidiary PT Pusaka Agro Makmur; 2) to change the main business of the Company by including in its business activities the direct operation of plantations and processing and trading of palm oil products; and 3) to comply with obligations pursuant to OJK Regulation No.32/POJK.04/2014 regarding Plan and Implementation of General Meeting of Shareholders for Public Company and OJK Regulation No.33/POJK.04/2014 regarding Boards of Directors and Boards of Commissioners of Issuers or Public Companies.

ANJ BUSINESS IDENTITY

Name: PT Austindo Nusantara Jaya Tbk.

Foundation Date: April 16, 1993

Domicile: South Jakarta

Registered address:
Atrium Mulia, Floor 3A, Suite 3A-02,
Jl. H.R. Rasuna Said Kav. B10-11,
Jakarta 12910.

Tel: +62 21 2965 1777

Fax: +62 21 2965 1788

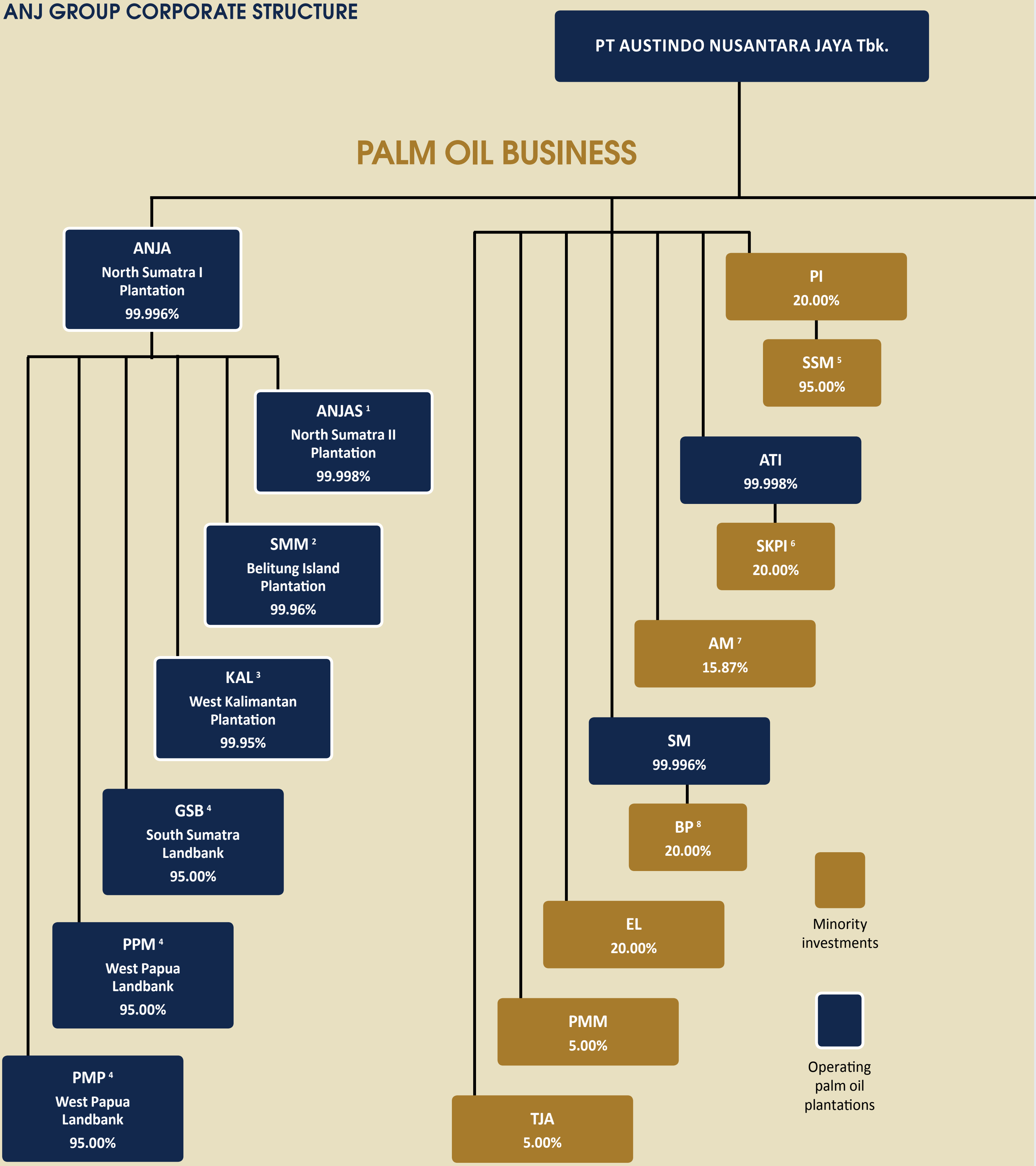
E-mail: corsec@anj-group.com

Website: www,anj-group,com

Commissioners
Adrianto Machribie *(President Commissioner)*
Arifin Mohamad Siregar
George Santosa Tahija
Sjakon George Tahija
Anastasius Wahyuhadi
Istama Tatang Siddharta
Josep Kristiadi
Ridha Wirakusumah *(to Dec. 7, 2016)*
Darwin Cyril Noerhadi *(from Feb. 20, 2017)*

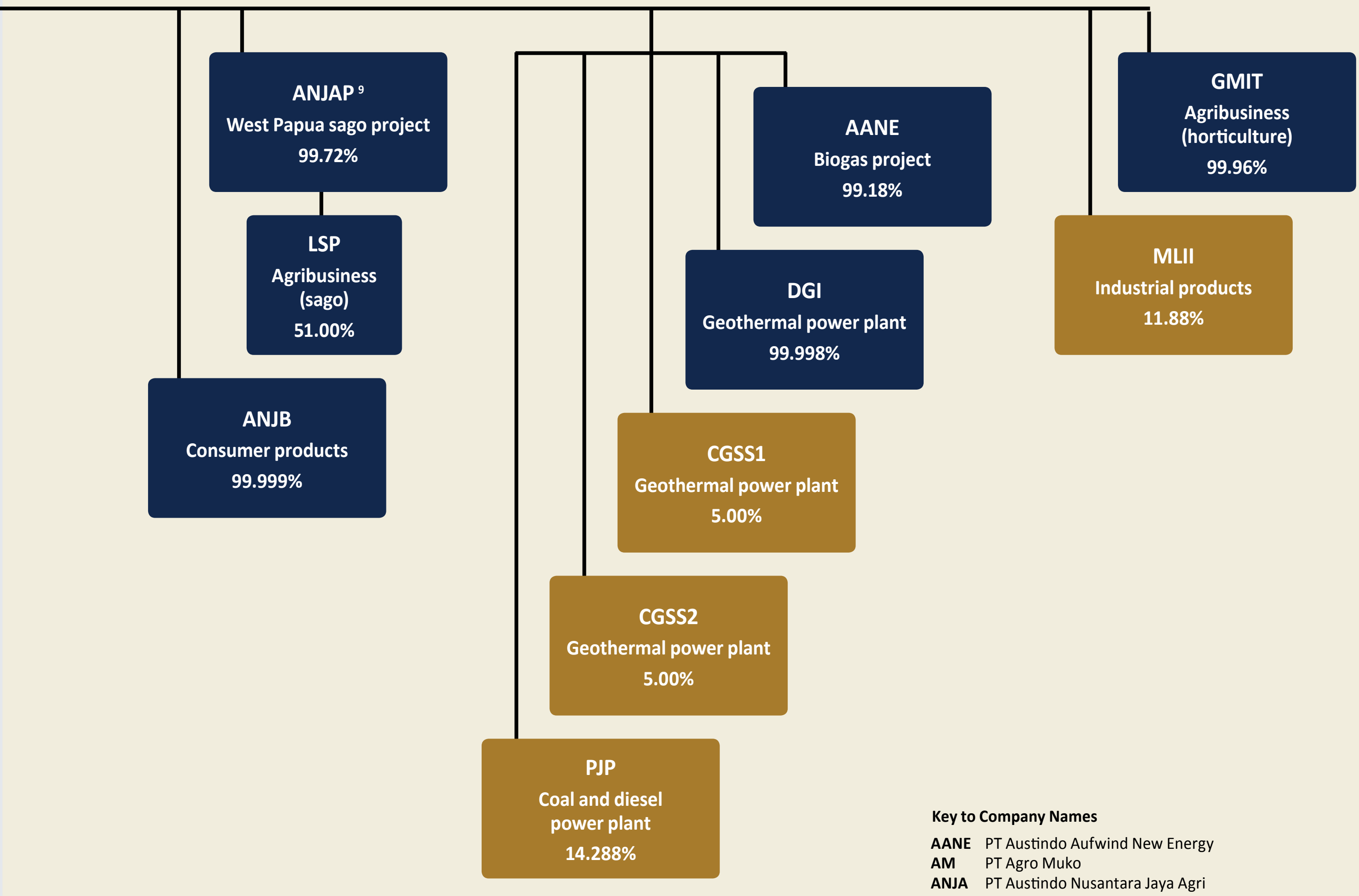
Directors
Istini Tatiek Siddharta *(President Director)*
Sucipto Maridjan
Lucas Kurniawan
Geetha Govindan
Handi Belamande Syarif
Sonny Sunjaya Sukada

ANJ GROUP CORPORATE STRUCTURE



Data as at December 31, 2016

SAGO, ENERGY & OTHER BUSINESSES



Key to Company Names

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
CGSS1	PT Chevron Geothermal Suoh Sekincau
CGSS2	PT Chevron Geothermal Sekincau Selatan
EL	PT Evans Lestari
DGI	PT Darajat Geothermal Indonesia
GMIT	PT Gading Mas Indonesia Teguh
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
PMM	PT Prima Mitrajaya Mandiri
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
TJA	PT Teguh Jayaprima Abadi

Notes

1 ANJA has 99.998%, SMM has 0.002%.

2 ANJA has 99.96%, the Company has 0.04% directly.

3 ANJA has 99.95%, SMM has 0.05%.

4 ANJA has 95.00%, the Company has 5.00% directly.

5 PI has 95.00%, the Company has 1.00% directly.

6 In addition to its 20.00% holding through ATI, the Company acquired 5.00% directly on March 10, 2017.

7 The Company sold 10.87% of its holding on March 10, 2017. The Company retains 5.00%.

8 In addition to its 20.00% holding through SM, the Company acquired 5.00% directly on March 10, 2017.

9 The Company has 99.72% directly, SMM has 0.28%.

thus required to participate in the Indonesian Government's Plasma Program. The Company has transferred more than 20% of the landbank to operation by local smallholders to meet our obligations under the program.

PALM OIL PRODUCTION

In 2016, we produced 663,399 tonnes of FFB, compared to 756,673 tonnes in 2015. Our mature oil palm plantations yielded on average 18.9 tonnes of FFB per hectare, 16.9% down from 22.7 tonnes per hectare in 2015 predominantly due to unfavorable climate conditions. We expect gradual improvement in FFB yields in coming years due to the favorable age profile of our trees and enhancements in fertilizer application.

To produce CPO and PK, we primarily use FFB harvested from our own oil palm plantations. All of the FFB produced by our plantations are processed in our own mills.

As at December 31, 2016, the three full-size palm oil processing mills that we operate at our plantations each had a production capacity of 60 tonnes per hour, while the newly built mill at our West Kalimantan Plantation had a first-line capacity of 45 tonnes per hour. Our aggregate processing capacity was thus 225 tonnes per hour, equivalent to 1.17 million tonnes per year.

In 2016, we produced 177,273 tonnes of CPO, down 8.1% from 192,891 tonnes in 2015. We produced 38,283 tonnes of PK, down 13.4% from 44,204 tonnes in 2015. Our CPO extraction rate (OER) was 21.2%, compared to 21.6% in 2015, while kernel extraction rate (KER) was 4.5%, compared to 5.0% in 2015.

To maximize the utilization and profitability of our mills, the Company also buys FFB from third parties for milling.

In addition to the major holdings described above, the Company has **minority stakes** ranging from 5% to 20% in a number of Indonesian palm oil businesses with a total planted area of approximately 37,170 hectares.

Other Businesses

The Company has begun trial commercial operations in a **sago harvesting and processing business** in South Sorong, West Papua, where we have harvesting licenses for 40,000 hectares of land. In 2016 we completed the fitting-out and a power plant at our first mill to process starch from sago logs. The mill has a capacity of 1,250 tonnes of dry starch per month, and we plan to expand this to 2,500 tonnes per month in a second phase. Construction of the power plant was completed in 2016, and commercial operations commenced in 2017.

The Company also has minority stakes in **two geothermal power plant operations** in Indonesia in partnership with Chevron Group (in early 2017, a consortium headed by Star Energy Group was in the process of acquiring Chevron Group's interest). The Company also holds a minority stake in a **coal-fired and diesel power plant business** in Indonesia in partnership with Freeport-McMoRan Copper & Gold Inc.

Additionally, we have developed a **biogas power-generation business**, operated by our subsidiary PT Austindo Aufwind New Energy, as part of our renewable energy segment, with our first biogas power plant starting commercial operations in December 2013. Its capacity was increased from 1.2MW to 1.8MW in 2015.

Finally, the Company has non-core operations in **edamame cultivation** in East Java, currently still at pre-commercial stage, by our subsidiary PT Gading Mas Indonesia Teguh. GMIT has over the past four years withdrawn from its previous business as a tobacco processor and intermediary between tobacco growers and cigarette producers.

Management is exploring opportunities to harvest, process and freeze the edamame for local consumption and for export within Asia to countries such as Japan and China where there is an established consumer base.

A baby cassowary, one of a host of bird species in the conservation zones at our plantations.

Our Key Subsidiaries

Data as at December 31, 2016

1 ANJA PT Austindo Nusantara Jaya Agri

Palm oil plantation | Binanga, North Sumatra

ANJA was established in March 1986 and bought by ANJ in 2000 through Verdaine Investments Ltd. We acquired direct ownership in 2006. It is engaged in planting, developing and cultivating oil palms, delivering CPO and 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 oil palm plantations and landbanks. ANJA itself has a total of 9,954 hectares, of which 9,813 hectares are planted and contain mature oil palms. Its mill has a capacity of 60 tonnes per hour and processes FFB from our own plantation as well as FFB purchased from third parties.

Registered address
Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra

Total assets
USD 337,931,803

Commercially operating since
1995

ANJ ownership
99.99%

Directors
Geetha Govindan (PD)
Sucipto Maridjan
Nopri Pitoy
Aloysius D'Cruz
Handi Belamande Syarif
Sonny Sunjaya Sukada

Commissioners
George Santosa Tahija (PC)
Istini Tatiek Siddharta
Anastasius Wahyuhadi

2 SMM PT Sahabat Mewah dan Makmur

Palm oil plantation | Belitung, Bangka Belitung

SMM was established in July 1985 and acquired by ANJA in March 2003. It is engaged in planting, developing and cultivating oil palms, delivering CPO and PK, and related activities. SMM owns, manages and operates our Belitung Island Plantation. The first seedlings were planted in 1990 and its processing mill was completed in 1996. SMM has a total area of 16,307 hectares, of which 14,191 hectares are planted and 13,180 hectares contain mature oil palms. It has a mill with a capacity of 60 tonnes per hour that primarily processes FFB from our plantation. FFB purchased from third parties is minimal.

Registered address
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910

Total assets
USD 33,541,190

Commercially operating since
1994

ANJ ownership
99.99%

Directors
Geetha Govindan (PD)
Sucipto Maridjan
Nopri Pitoy
Handi Belamande Syarif
Sonny Sunjaya Sukada

Commissioners
George Santosa Tahija (PC)
Istini Tatiek Siddharta
Anastasius Wahyuhadi

3 ANJAS PT Austindo Nusantara Jaya Agri Siais

Palm oil plantation | Padang Sidempuan, North Sumatra

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. ANJAS has a total area of 9,412 hectares, of which 7,912 hectares are planted and contain mature oil palms. It has a mill with a capacity of 60 tonnes per hour that primarily processes FFB from our plantation as well as FFB purchased from third parties.

Registered address	Total assets	Directors	Commissioners
Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra	USD 59,491,780 **Commercially operating since** 2009 **ANJ ownership** 99.99%	Geetha Govindan (PD) Sucipto Maridjan Nopri Pitoy Handi Belamande Syarif Sonny Sunjaya Sukada	George Santosa Tahija (PC) Istini Tatiek Siddharta Anastasius Wahyuhadi

4 KAL PT Kayung Agro Lestari

Palm oil plantation | Ketapang, West Kalimantan

KAL was established in September 2004 and acquired by ANJA in December 2005. It owns, manages and operates our West Kalimantan Plantation in Ketapang, West Kalimantan. KAL has a total landbank of 17,998 hectares, of which 11,081 hectares are for nucleus, 3,685 hectares are for plasma and partnership, and 3,232 hectares are available for conservation areas. The first seedlings were planted in 2010, and 12,062 hectares are now planted; of this, 9,514 hectares contain mature oil palms, 2,547 hectares are not yet mature.

Registered address	Total assets	Directors	Commissioners
Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra	USD 95,695,729 **Commercially operating since** 2014 **ANJ ownership** 99.99%	Geetha Govindan (PD) Sucipto Maridjan Nopri Pitoy Handi Belamande Syarif Sonny Sunjaya Sukada	George Santosa Tahija (PC) Istini Tatiek Siddharta Anastasius Wahyuhadi

5 GSB PT Galempa Sejahtera Bersama

Palm oil plantation | Empat Lawang, South Sumatra

GSB was established in January 2012 and was acquired by ANJA in May 2012. GSB holds a location permit for 12,800 hectares of oil palm plantation in Empat Lawang, South Sumatra, and has completed planting of 400 hectares.

Registered address	Total assets	Directors	Commissioners
Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra	USD 6,170,481 **Commercially operating since** Pre-operating stage **ANJ ownership** 99.99%	Geetha Govindan (PD) Sucipto Maridjan Nopri Pitoy Handi Belamande Syarif Sonny Sunjaya Sukada	George Santosa Tahija (PC) Istini Tatiek Siddharta Anastasius Wahyuhadi

6 PPM PT Permata Putera Mandiri

Palm oil plantation | South Sorong, West Papua

PPM was established in July 2007 and acquired by ANJA in January 2013. It holds land cultivation rights for 26,571 hectares of oil palms (nucleus) and 5,454 hectares of oil palms (plasma) in South Sorong, West Papua. It began planting oil palms in 2014, and 1,991 hectares are now planted.

Registered address	Total assets	Directors	Commissioners
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	USD 41,241,199 **Commercially operating since** Pre-operating stage **ANJ ownership** 99.99%	Geetha Govindan (PD) Sucipto Maridjan Handi Belamande Syarif Sonny Sunjaya Sukada	George Santosa Tahija (PC) Istini Tatiek Siddharta Anastasius Wahyuhadi

7 PMP PT Putera Manunggal Perkasa

Palm oil plantation | South Sorong & Maybrat, West Papua

PMP was established in November 1999 and acquired by ANJA in January 2013. PMP holds land cultivation rights for 18,860 hectares of oil palms (nucleus) and 3,818 hectares of oil palms (plasma) in South Sorong and Maybrat, West Papua. It began planting oil palms in 2014, and 3,169 hectares are now planted.

Registered address	Total assets	Directors	Commissioners
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	USD 49,155,251 **Commercially operating since** Pre-operating stage **ANJ ownership** 99.99%	Geetha Govindan (PD) Sucipto Maridjan Handi Belamande Syarif Sonny Sunjaya Sukada	George Santosa Tahija (PC) Istini Tatiek Siddharta Anastasius Wahyuhadi

8 ATI PT Aceh Timur Indonesia

Agribusiness (palm oil) | Binanga, North Sumatra

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

Registered address	Total assets	Directors	Commissioners
Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra	USD 5,526,309 **Commercially operating since** 1998 **ANJ ownership** 99.99%	Anastasius Wahyuhadi	George Santosa Tahija

9 SM PT Perusahaan Pertanian, Perkebunan, Perindustrian dan Perdagangan Surya Makmur

Agribusiness (palm oil) | Medan, North Sumatra

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

Registered address	Total assets	Directors	Commissioners
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	USD 7,309,991 **Commercially operating since** 1998 **ANJ ownership** 99.99%	Anastasius Wahyuhadi	George Santosa Tahija

10 ANJAP PT ANJ Agri Papua

Agribusiness (sago) | South Sorong, West Papua

ANJAP was established in September 2007 to develop and oversee ANJ's project to build a sago starch business in West Papua. ANJAP holds a license to operate a concession of 40,000 hectares of sago forest in West Papua. ANJAP has a sago mill in West Papua with a capacity of 1,250 tons of dry starch per month, which we plan to expand to 2,500 tons per month.

Registered address	Total assets	Directors	Commissioners
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	USD 24,890,473 **Commercially operating since** Pre-operating stage **ANJ ownership** 99.99%	Handi Belamande Syarif (PD) Sucipto Maridjan Sonny Sunjaya Sukada	George Santosa Tahija (PC) Istini Tatiek Siddharta Anastasius Wahyuhadi

11 LSP PT Lestari Sagu Papua

Agribusiness (sago) | South Sorong, West Papua

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 transportation of sago starch. It is still in development and has yet to commence operations.

Registered address	Total assets	Directors	Commissioners
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	USD 277,730 **Commercially operating since** Pre-operating stage **ANJ ownership** 51.00%	Handi Belamande Syarif (PD) Chan Hian Siang	George Santosa Tahija (PC) Hendrik Sasmito

12 DGI PT Darajat Geothermal Indonesia

Renewable energy (geothermal) | Darajat, West Java

DGI was established in April 1999 to engage in electricity supply and to build, own, operate and sell steam power and/or electricity. DGI owns a 5% participating interest in a consortium with Chevron Geothermal Indonesia Ltd. and Chevron Darajat Ltd. Since 2003, the consortium has acted under contract to PT Pertamina Geothermal Energy to develop the geothermal power plants Darajat II and Darajat III, with a total capacity of 211MW, in the Darajat Geothermal Resource field in West Java.

Registered address	Total assets	Directors	Commissioners
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	USD 11,789,167 **Commercially operating since** 1998 **ANJ ownership** 99.99%	Sucipto Maridjan	George Santosa Tahija (PC) Anastasius Wahyuhadi

13 AANE PT Austindo Aufwind New Energy

Renewable energy (biogas) | Belitung, Bangka Belitung

AANE was established in October 2008 and operates ANJ's biogas power-generation business 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 December 31, 2013. In 2015, AANE expanded its production capacity from 1.2MW to 1.8MW.

Registered address	Total assets	Directors	Commissioners
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	USD 2,589,647 **Commercially operating since** 2013 **ANJ ownership** 99.18%	Sucipto Maridjan (PD) Handi Belamande Syarif Sonny Sunjaya Sukada	George Santosa Tahija (PC) Istini Tatiek Siddharta Anastasius Wahyuhadi Thomas Wagner

14 GMIT PT Gading Mas Indonesia Teguh

Agribusiness (horticulture) | Jember, East Java

GMIT was established as PT Gading Mas Indonesian Tobacco in March 1970 and ran our tobacco business, which primarily processed tobacco bought from individual farmers in Indonesia for sale to cigar and cigarette producers in Indonesia, Europe and China. In 2012, GMIT began to gradually exit the tobacco business to focus on higher-value agricultural products such as edamame. Its name was amended to PT Gading Mas Indonesia Teguh in March 2015.

Registered address	Total assets	Directors	Commissioners
Jl. Gajah Mada No.254, Jember, East Java	USD 3,209,281 **Commercially operating since** 2000 **ANJ ownership** 99.96%	Jahya Lukas (PD) Erwan Santoso Handi Belamande Syarif	George Santosa Tahija (PC) Istini Tatiek Siddharta Sucipto Maridjan Anastasius Wahyuhadi Geetha Govindan Aloysius D'Cruz

15 ANJB PT Austindo Nusantara Jaya Boga

Consumer products | Jakarta

ANJB was established by the Company in May 2013 to engage in our emerging food business. ANJB is developing product and marketing plans for our sago starch project.

Registered address	Total assets	Directors	Commissioners
Atrium Mulia, 3A Fl., Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910	USD 166,278 **Commercially operating since** 2014 **ANJ ownership** 99.99%	Handi Belamande Syarif (PD) Sucipto Maridjan Sonny Sunjaya Sukada	George Santosa Tahija (PC) Anastasius Wahyuhadi Istini Tatiek Siddharta

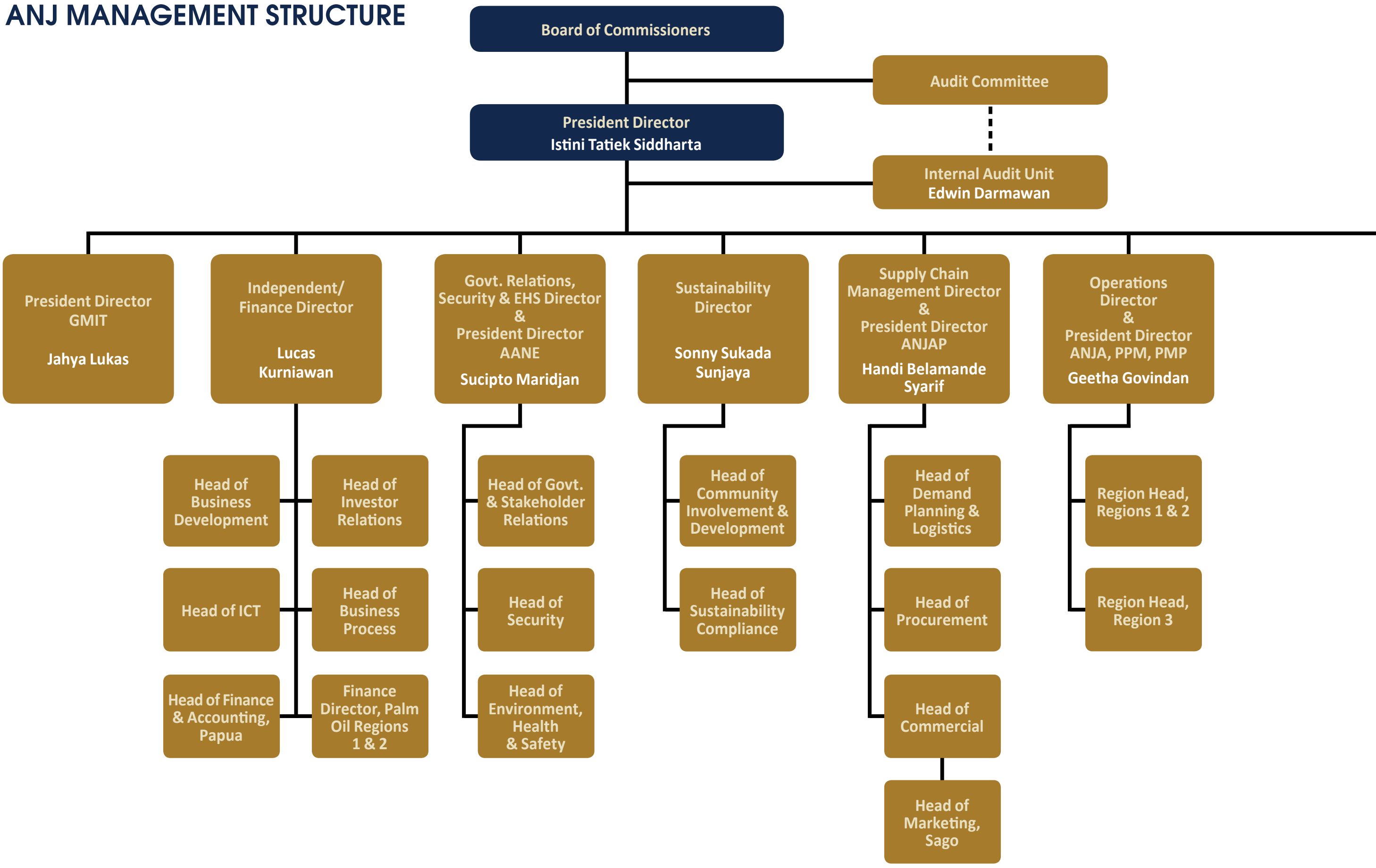
BUSINESS DETAILS OF ANJ ASSOCIATED COMPANIES

Company name Line of business	Principal business location	Total assets	Commercially operating since	ANJ effective ownership	Commissioners *PC = President Commissioner*	Directors *PD = President Director*
PT Pangkatan Indonesia (PI) Palm oil plantation	Pangkatan, Labuhan Batu, North Sumatra	USD 65,959,097	1997	20.00%	Philip Anthony Fletcher (PC) Peter Edwin Hadsley-Chaplin Tristan Robert Julian Price Geetha Govindan	Chandra Sekaran K.V. Nair (PD) Gunasekaran Uthiradam Markian Gunawan
PT Simpang Kiri Plantation Indonesia (SKPI) Palm oil plantation	Simpang Kiri, Aceh	USD 29,308,401	1998	20.00%	Philip Anthony Fletcher (PC) Peter Edwin Hadsley-Chaplin Tristan Robert Julian Price Anastasius Wahyuhadi	Chandra Sekaran K.V. Nair (PD) Markian Gunawan Osde Simbolon
PT Bilah Plantindo (BP) Palm oil plantation	Bilah, Labuhan Batu, North Sumatra	USD 38,558,222	1998	20.00%	Philip Anthony Fletcher (PC) Peter Edwin Hadsley-Chaplin Tristan Robert Julian Price Anastasius Wahyuhadi	Chandra Sekaran K.V. Nair (PD) Gunasekaran V. Uthidaram Aleksa Sihombing
PT Evans Lestari (EL) Palm oil plantation	Musi Rawas, South Sumatra	USD 26,848,104	Pre-operating stage	20.00%	Philip Anthony Fletcher (PC) Peter Edwin Hadsley-Chaplin Tristan Robert Julian Price Anastasius Wahyuhadi	Chandra Sekaran K.V. Nair (PD) Sivabalan Subbiah Markian Gunawan Satheesan AL. T.A. Menon

The registered address for all four companies is Gedung Graha Aktiva, Suite 1001, 10th Floor, Jl. H.R. Rasuna Said, Blok X-1, Kav. 3, Jakarta

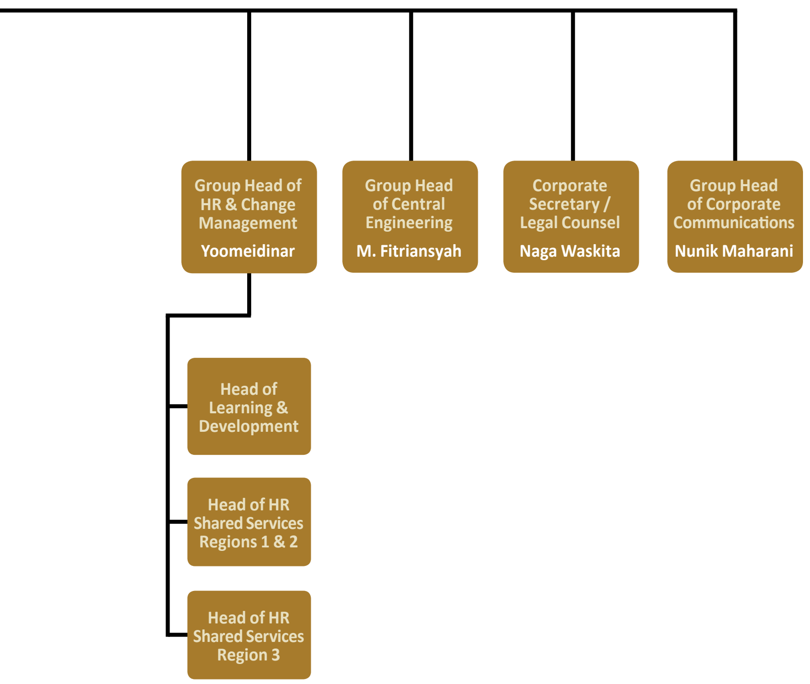
ANJ Group Organization Details

ANJ MANAGEMENT STRUCTURE



POSITIONS OF ANJ COMMISSIONERS AND DIRECTORS IN OUR SUBSIDIARIES

	ANJ	ANJA	ANJAS	SMM	KAL	GSB	PPM	PMP	ANJAP
Adrianto Machribie	PC (Independent)	-	-	-	-	-	-	-	-
Arifin Mohamad Siregar	C (Independent)	-	-	-	-	-	-	-	-
George Santosa Tahija	C	PC	PC	PC	PC	PC	PC	PC	PC
Sjakon George Tahija	C	-	-	-	-	-	-	-	-
Anastasius Wahyuhadi	C	C	C	C	C	C	C	C	C
Istama Tatang Siddharta	C	-	-	-	-	-	-	-	-
Josep Kristiadi	C (Independent)	-	-	-	-	-	-	-	-
Darwin Cyril Noerhadi	C (Independent)	-	-	-	-	-	-	-	-
Istini Tatiek Siddharta	PD	C	C	C	C	C	C	C	C
Sucipto Maridjan	D	D	D	D	D	D	D	D	D
Lucas Kurniawan	D (Independent)	-	-	-	-	-	-	-	-
Sonny Sunjaya Sukada	D	D	D	D	D	D	D	D	D
Handi Belamande Syarif	D	D	D	D	D	D	D	D	PD
Geetha Govindan	D	PD	PD	PD	PD	PD	PD	PD	-



As at February 20, 2017 C = Commissioner D = Director P = President

LSP	AANE	ANJB	GMIT	DGI	ATI	SM
-	-	-	-	-	-	-
-	-	-	-	-	-	-
PC	PC	PC	PC	PC	C	C
-	-	-	-	-	-	-
-	C	C	C	C	D	D
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	C	C	C	-	-	-
-	PD	D	C	D	-	-
-	-	-	-	-	-	-
	D	D				
PD	D	PD	-	-	-	-
-	-	-	C	-	-	-

A BRIEF HISTORY OF ANJ GROUP

1993 The Company is established.

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

ANJ acquires PT Austindo Nusantara Jaya Agri (previously known as PT Eka Pendawa Sakti) through Verdaine Investments Ltd. and acts as management/operator.

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

2003 ANJ acquires PT Sahabat Mewah dan Makmur.

2004 ANJ acquires PT Austindo Nusantara Jaya Agri Siais (previously known as PT Ondop Perkasa Makmur).

2005 ANJ acquires PT Kayung Agro Lestari.

2006 ANJ acquires full ownership of PT Austindo Nusantara Jaya Agri.

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

2012 ANJ divests healthcare and financial services interests to focus on agribusiness, food and renewable energy.

ANJ acquires PT Galempa Sejahtera Bersama.

2013 ANJ acquires PT Permata Putera Mandiri and PT Putera Manunggal Perkasa.

ANJ is listed on the Indonesian Stock Exchange (IDX).

PT Austindo Aufwind New Energy's biogas plant begins commercial operation.

2014 ANJ acquires PT Pusaka Agro Makmur.

2015 PT Pusaka Agro Makmur is merged into ANJ.

Construction is completed of the sago starch mill at PT ANJ Agri Papua, West Papua.

2016 Operations commence at the palm oil mill at PT Kayung Agro Lestari, West Kalimantan.

AWARDS AND CERTIFICATIONS IN 2016

- SMM, which operates our Belitung Island Plantation, received RSPO and ISCC certification.

- ANJA, which operates our North Sumatra I Plantation, received ISPO, ISCC and SKM3 certification.

Shareholder Information

SHAREHOLDERS BY TYPE

	Investors	Shares	Shares (%)
DOMESTIC	**1,060**	**3,301,748,551**	**98.44**
Retail	*110*	*396,498,627*	*11.82*
Employee	*940*	*3,212,000*	*0.10*
Foundation	*1*	*1,500*	*0.00*
Insurance	*3*	*152,471,000*	*4.55*
Corporation	*4*	*2,749,565,224*	*81.97*
Mutual Fund	*2*	*200*	*0.00*
FOREIGN	**7**	**9,756,837**	**0.29**
Retail	*2*	*579,937*	*0.02*
Corporation	*5*	*9,176,900*	*0.27*
TREASURY STOCK	**1**	**42,669,612**	**1.27**
TOTAL	**1,068**	**3,354,175,000**	**100.0**

SHARE OWNERSHIP BY COMMISSIONERS AND DIRECTORS

Name	Position	Shares
George Santosa Tahija	Commissioner	158,988,351
Sjakon George Tahija	Commissioner	158,891,813
Istini Tatiek Siddharta	President Director	3,620,000
Sucipto Maridjan	Director	1,200,000
Lucas Kurniawan	Director	3,020,000
Handi Belamande Syarif	Director	3,020,000
Sonny Sunjaya Sukada	Director	3,020,000
Geetha Govindan	Director	3,120,000

ANJ began a new chapter in 2013, transitioning from a privately held to a public company as the final step of a detailed corporate restructuring plan. The listing of 10% of ANJ's shares on the Indonesian Stock Exchange (IDX) was intended to provide it with access to capital to support 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 IDR 100 per share. The share price at the Initial Public Offering (IPO) was IDR 1,200 per share.

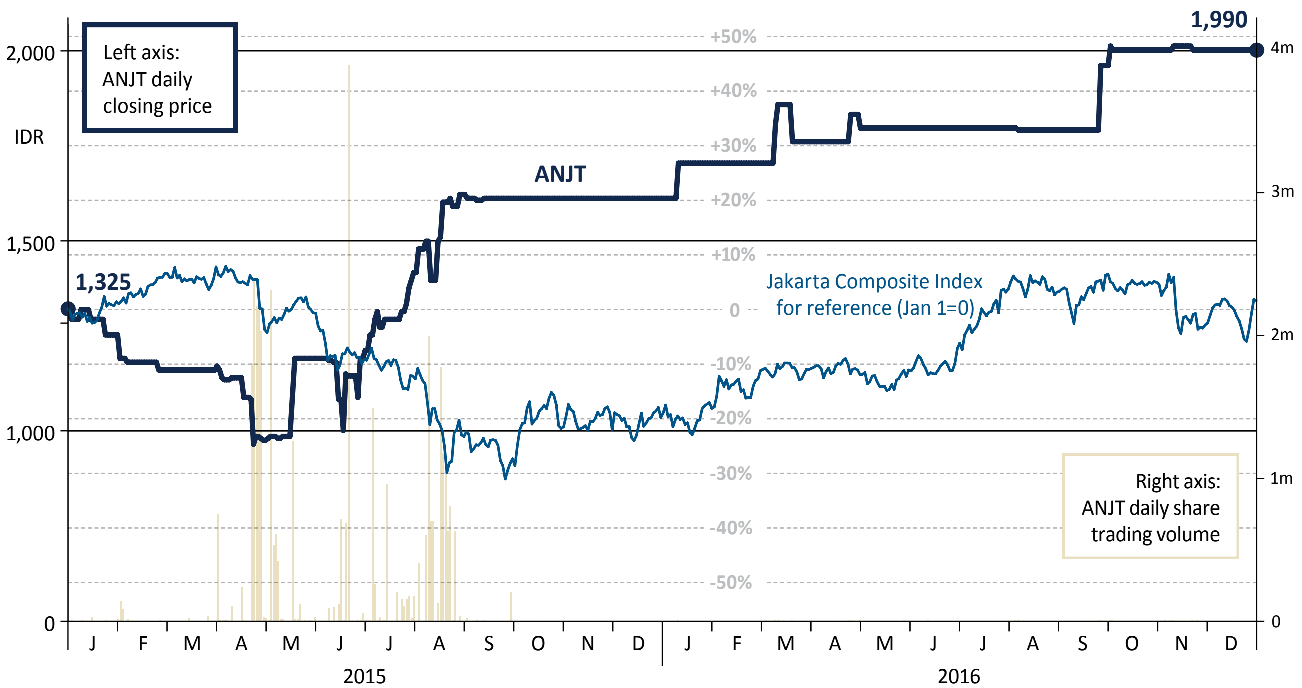
During 2016, the Company's share price broadly outperformed the Jakarta Composite Index, and particularly in the second half of the year. The Company's share price closed at IDR 1,990 at the end of trading in 2016, implying a market capitalization of IDR 6.67 trillion.

DETAILS OF SHARE OWNERSHIP

As at December 31, 2016, the Company's authorized capital amounted to IDR 1.2 trillion, consisting of 12 billion shares each with a nominal value of IDR 100. Issued and paid capital amounted to IDR 335,417,500,000, consisting of 3,354,175,000 shares each with a nominal value of IDR 100.

Share ownership was as in the table at right. Indonesian investors owned 98.44% of the total issued shares, foreign

SHARE PRICE OF ANJT VS JCI 2015-16



ANJT QUARTERLY SHARE PRICE DATA 2015-16

Quarter	Open (IDR)	High (IDR)	Low (IDR)	Close (IDR)	Shares traded	Value of trades (IDR)	Total shares	Market cap. (IDR)
2015 Q1	1,325	1,325	1,170	1,180	1,062,600	1,261,676,500	3,334,900,000	3,935,182,000,000
Q2	1,180	1,220	980	1,220	22,178,500	23,341,928,500	3,334,900,000	4,068,578,000,000
Q3	1,220	1,620	1,220	1,610	14,581,300	21,447,319,000	3,334,900,000	5,369,189,000,000
Q4	1,610	1,610	1,610	1,610	-	-	3,335,525,000	5,370,195,250,000
2016 Q1	1,610	1,850	1,610	1,755	1,400	2,443,500	3,335,525,000	5,853,846,375,000
Q2	1,755	1,825	1,755	1,790	1,600	2,906,000	3,354,175,000	6,003,973,250,000
Q3	1,790	1,950	1,785	1,950	800	1,495,000	3,354,175,000	6,540,641,250,000
Q4	1,950	2,000	1,950	1,990	7,700	15,375,000	3,354,175,000	6,674,808,250,000

investors 0.29%. No public shareholders owned 5% or more of our shares.

As at December 31, 2016, commissioners and directors of the Company owning shares were as in the table on page 33.

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

CORPORATE ACTIONS AND SHARE SUSPENSIONS

There were no corporate actions such as stock splits, reverse stock splits, stock dividends, stock bonuses, or a decline in the nominal value of shares during 2016 besides the exercise of the Management Stock Option Plan, as set out below. There was no suspension of share trading for any reason during 2016.

MANAGEMENT STOCK OPTION PLAN

In relation to the IPO, the shareholders of the Company approved a Management Stock Option Plan (MSOP) for certain senior management and directors of the Company and its subsidiaries.

As per the MSOP terms as set out in the IPO prospectus, the Company in late 2014 opened a first window for the exercise of options, in which options for 1,550,000 shares were exercised at an exercise price of IDR 1,095 per share.

In 2015, the Company opened two windows for the exercise of options, in May-June and November-December, with the same exercise price of IDR 1,095 per share. Options for 625,000 shares were exercised during the second period.

In 2016, the Company also opened two windows for the exercise of options, in May-June and November-December, with the same exercise price of IDR 1,095 per share. Options for 18,650,000 shares were exercised during the first period, and no options were exercised during the second period.

As a result of the exercise of all of these options, the Company now has a total of 3,354,175,000 shares listed on the IDX. This is documented in IDX announcement No.Peng-P-00067/BEI.PP1/05-2016, dated May 26, 2016. The nominal price remained at IDR 100 per share. For more details on the structure of the MSOP, please see page 112.

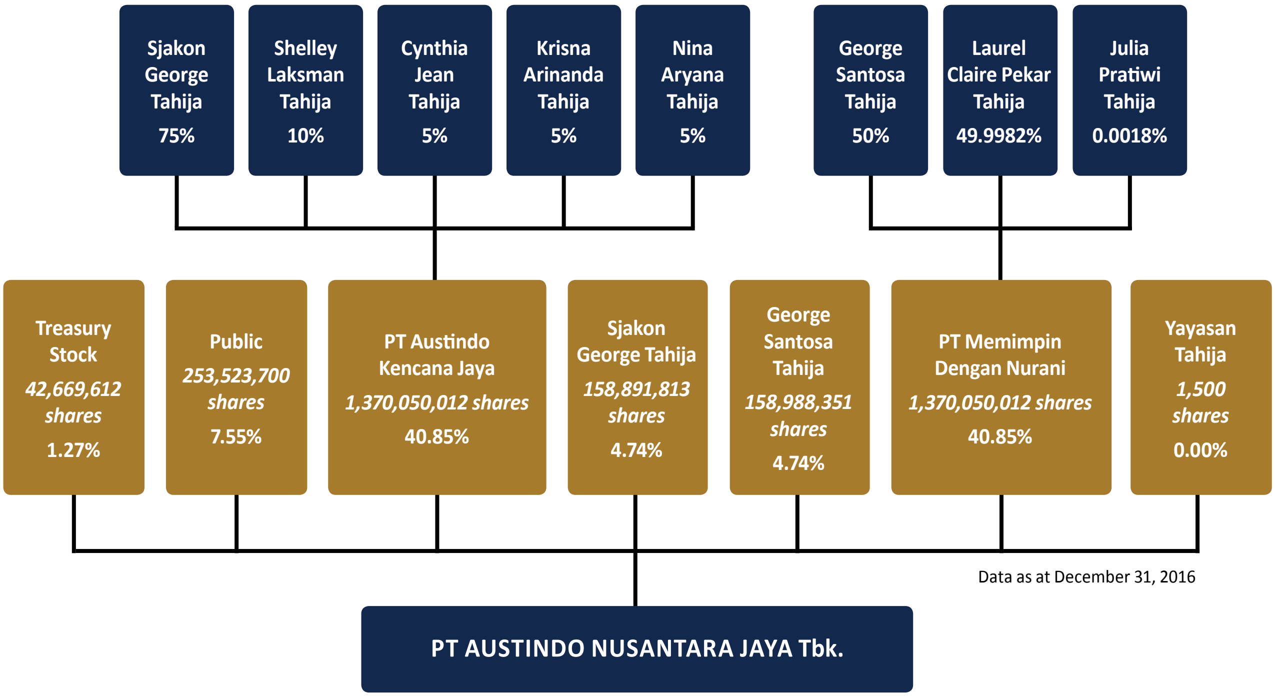
TREASURY STOCK

On June 22, 2015, ANJT held an Extraordinary General Meeting of Shareholders to obtain approval for a proposed merger into the Company of PT Pusaka Agro Makmur, a 100%-owned subsidiary of the Company.

Under prevailing Indonesian laws and regulations, a shareholder of ANJT who disagreed with the proposed merger had a right to have their shares purchased by the Company at the EGMS, and 3.47% of shareholders exercised their rights to have their shares bought back by the Company. The Company bought 115,651,300 shares at a price of IDR 1,224 per share, determined by calculating the average of closing price of ANJT at the IDX during a period of 90 days before the announcement of merger plan.

These shares were recorded as treasury stock and must be released back within three years at a price higher than the purchase price. In 2016, the Company sold 72,981,688 shares from the treasury stock, representing 2.2% of the total issued shares, reducing its holding of treasury stock to 1.27% of total issued shares. As at December 31, 2016, the cost of the treasury stock was approximately USD 3.9 million.

ANJ MAJORITY AND CONTROLLING SHARE STRUCTURE



OUR CAPITAL MARKET SUPPORTING PROFESSIONALS

	Name	Address	Service	Annual Fee	Appointed dates
External Auditor	Satrio Bing Eny & Rekan	Plaza Office Tower, Fl. 32, Jl. M.H. Thamrin Kav. 28-30, Jakarta 10350	Audit for the Company's Financial statements	IDR 3,829,290,000	2016
Shares Administration Agency	PT Datindo Entrycom	Jl. Hayam Wuruk No.28, Jakarta 10120	Keep and maintain the shareholders register, prepare the register for the General Meeting of Shareholders and assist in dividend and bonus shares payment.	IDR 40 million	2013-16

Profiles of the Commissioners

ADRIANTO MACHRIBIE

PRESIDENT COMMISSIONER (INDEPENDENT)

Mr Machribie is an Indonesian citizen aged 75. He was born in Bandung in 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 as 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 any other commissioners, directors or shareholders of the Company.

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

GEORGE SANTOSA TAHIJA

COMMISSIONER

Mr Tahija is an Indonesian citizen aged 58. He was born in Jakarta in 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 Global Advisory Council 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, a member of the Asia Business Council (ABC), and a member of the Indonesia Chapter of the World Presidents' Organization (WPO).

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 Commissioner of the Company.

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

SJAKON GEORGE TAHIJA

COMMISSIONER

Dr. Tahija is an Indonesian citizen aged 64. He was born in Jakarta in 1952.

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

He 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 commissioner of the Company.

Basis of Appointment: Deed No.72 of Sutjipto, S.H., Notary in Jakarta, dated April 16, 1993.

ARIFIN MOHAMAD SIREGAR

INDEPENDENT COMMISSIONER

Dr. Siregar is an Indonesian citizen aged 83. He was born in Medan in 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 a member 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's degree from the Netherlands School of Economics, Rotterdam, in 1956, and a master's degree in economics in 1958 and a doctorate in economics in 1960, both from the University of Munster in Germany.

Affiliations: Dr. Siregar has no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Basis of Appointment: 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 July 2, 2001.

ANASTASIUS WAHYUHADI

COMMISSIONER

Mr Wahyuhadi is an Indonesian citizen aged 71. He was born in Klaten in 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 served as the Chairman of the Board of Management of the Tahija Foundation from 2003 to 2016. In May 2016 he was appointed as a member of the foundation's Board of Trustees.

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 commissioners, directors or shareholders of the Company.

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

ISTAMA TATANG SIDDHARTA

COMMISSIONER

Mr Siddharta is an Indonesian citizen aged 57. He was born in Jakarta in 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 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 doctorate in accounting from the University of Indonesia.

Affiliations: Mr Siddharta is the brother of Istini Tatiek Siddharta, a Director of the Company.

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

JOSEP KRISTIADI

INDEPENDENT COMMISSIONER

Mr Kristiadi is an Indonesian citizen aged 69. He was born in Yogyakarta in 1948.

Experience: Mr Kristiadi joined the Company as an Independent Commissioner in March 2012. He also serves as the Secretary of the Board of Directors of the CSIS Foundation.

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

He is a columnist and commentator for 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 commissioners, directors or shareholders of the Company.

Basis of Appointment: Deed No.2 of Esther Mercia Sulaiman, S.H., Notary in Jakarta, dated March 5, 2012.

RIDHA WIRAKUSUMAH

INDEPENDENT COMMISSIONER *(UNTIL DECEMBER 7, 2016)*

Mr Wirakusumah is an Indonesian citizen aged 53. He was born in Bogor in 1963.

Experience: Mr Wirakusumah has several decades' experience in finance and investment across Asia-Pacific. He has held senior posts in Indonesia and overseas, including Corporate Group Head of Citigroup (1987-93), Head of Corporate Finance at Bankers Trust (1993-95); Business Development Director at General Electric (1995-97), based in Atlanta; President and CEO of General Electric Consumer Finance Asia (2001-05); Banking Head for Asia Pacific at General Electric (2005-06); President and CEO for Asia Pacific for AIG Consumer Finance (2006-08); President and CEO of PT Bank International Indonesia Maybank Tbk. (2009-11); and Head of Indonesia at Kohlberg, Kravis, Roberts & Co. (2011-14).

Education: Mr Wirakusumah earned a bachelor's degree in electrical engineering, electronics and computer science in 1985 and an MBA in 1987, both from Ohio University, and completed an Advanced Management Program at University of California, Berkeley.

Affiliations: Mr Wirakusumah has no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Basis of Appointment: Deed No.78 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated November 13, 2014.

DARWIN CYRIL NOERHADI

INDEPENDENT COMMISSIONER
(FROM FEBRUARY 20, 2017)

Dr. Noerhadi is an Indonesian citizen aged 56. He was born in Jakarta in 1961.

Experience: Dr. Noerhadi is currently President Director and Senior Managing Director of PT Creador, a regional private equity company investing in consumer-oriented sectors in Indonesia, Malaysia and India. He is also an Independent President Commissioner of PT Mandiri Sekuritas.

Previously, he was, among others, President Director of PT Kliring Deposit Efek Indonesia (1993-66), President Director of PT Bursa Efek Jakarta (1996-99) and Chief Financial Officer of PT Medco Energi Internasional Tbk. (2005-11).

Education: Dr. Noerhadi obtained a bachelor's degree in petroleum geology from Bandung Institute of Technology, and an MBA in finance and economics from the University of Houston. He earned a PhD in strategic management from the Faculty of Economics of the University of Indonesia.

Affiliations: Dr. Noerhadi has no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Basis of Appointment: Deed No.144 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated February 20, 2017.

OUR MANAGEMENT AND GOVERNANCE

For a full discussion of the roles, responsibilities and activity of the Board of Commissioners and Board of Directors, please turn to the Corporate Governance section on pages 88-115.

MANAGEMENT TRAINING IN 2016

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

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

Training or development programs attended by board members in 2016 included:

- ANJ Crisis Management Simulation, led by Maverick communications consultancy, on March 16.
- Leadership Retreat: Healthy Business, Healthy Life on May 30.
- Leadership Retreat: Transformational Leadership on August 27-28.

Profiles of the Directors

ISTINI TATIEK SIDDHARTA

PRESIDENT DIRECTOR

Mrs Siddharta is an Indonesian citizen aged 54. She was born in Jakarta in 1962.

Experience: Mrs Siddharta joined the Company as Group Finance Director in 2001. She was appointed Deputy President Director in December 2012. Effective as of Jan 1, 2016, she was appointed as the President Director.

Mrs Siddharta 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 until 1998 and then a member firm of KPMG. 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 of 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 Commissioner of the Company.

Basis of Appointment: Deed No.84 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated January 19, 2016.

SUCIPTO MARIDJAN

GOVERNMENT RELATIONS, SECURITY & EHS DIRECTOR

Mr Maridjan is an Indonesian citizen aged 56. He was born in Tanjung Pinang in 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 more than 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 Mining 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 Jakarta.

Affiliations: Mr Maridjan has no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Basis of Appointment: Deed No.107 of Mala Mukti, S.H., Notary in Jakarta, dated October 30, 2012.

LUCAS KURNIAWAN

INDEPENDENT/FINANCE DIRECTOR

Mr Kurniawan is an Indonesian citizen aged 45. He was born in Teluk Betung, Bandar Lampung in 1971.

Experience: Mr Kurniawan joined the Company on October 1, 2014, and was appointed as Independent/Finance Director in November 2014. Prior to joining ANJ, he was a public accountant for 21 years. He began his career in 1993 with public accounting firm Siddharta, Siddharta & Widjaja (formerly Siddharta, Siddharta & Harsono), a member firm of Coopers & Lybrand until 1998 and then a member firm of KPMG. He became a partner in 2005. In 2007, he joined KPMG Ltd., Vietnam, where he was an audit partner for four years. From 2011 to 2014 he was a partner at Tanudiredja, Wibisana & Rekan, a member firm of PricewaterhouseCoopers International Ltd. He is a member of the Indonesian Institute of Accountants and the Indonesian Institute of Certified Public Accountants.

Education: Mr Kurniawan holds a bachelor's degree in accounting from Tarumanagara University, Jakarta. He was awarded INSEAD certification for KPMG AsPac Chairman's 25 Program in 2008 and PwC Understanding the Client's Strategic Agenda in 2012.

Affiliations: Mr Kurniawan has no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Basis of Appointment: Deed No.78 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated November 13, 2014.

HANDI BELAMANDE SYARIF

SUPPLY CHAIN MANAGEMENT DIRECTOR

Mr Syarif is an Indonesian citizen aged 54. He was born in Surabaya in 1963.

Experience: Mr Syarif has served as the Operations Director at PT ANJ Agri Papua (a subsidiary of ANJ for the company's sago project in West Papua) since October 2013 and the Supply Chain Director of ANJ's subsidiaries since May 2015. Prior to joining the Company, Mr Syarif was a partner at PT Vcap Visitama (2012-2013), Vice-President in charge of cargo operations for Garuda Indonesia Airlines (2008-2011) and General Manager of Equipment Services of Coca- Cola Amatil (2004-2007). Before that he held senior managerial positions at Coca-Cola Amatil, Reckitt Benckiser, Gillette and Virginia Oil Company. He is a member of the Indonesia Supply Chain and Logistics Professionals Association.

Education: Mr Syarif holds a bachelor's degree in mathematics and computer engineering from the Colorado School of Mines, United States.

Affiliations: Mr Syarif has no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Basis of Appointment: Deed No.269 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated June 22, 2015.

SONNY SUNJAYA SUKADA
SUSTAINABILITY DIRECTOR

Mr Sukada is an Indonesian citizen aged 57. He was born in Jakarta in 1960.

Experience: Prior to joining the Company, Mr Sukada was the Sustainable Development Director of PT Tirta Investama (Danone Aqua) from 2011 to 2015, a Partner at Kiroyan Partners from 2008 to 2011, the Head of External Affairs of PT Ara Gemilang Imaji (Assessment Group Indonesia) from 1998 to 2008, the Development Manager of PT Krakatau Lampung Tourism Development Corporation, Lampung from 1997 to 1998.

He was a Lecturer at the Faculty of Social and Political Sciences (the Business Administration Department) of the University of Indonesia from 1985 to 1995. He is a member of the Indonesian Association of CSR Professionals and also a member of the CSR Consortium.

Education: Mr Sukada holds a bachelor's degree in business administration from the University of Indonesia and a Master of Science degree from the University of Surrey, United Kingdom.

Affiliations: Mr Sukada has no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Basis of Appointment: Deed No.269 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated June 22, 2015.

GEETHA GOVINDAN
OPERATIONS DIRECTOR

Mr Govindan is a Malaysian citizen aged 58. He was born in Selangor in 1959.

Experience: Mr Govindan has been President Director of ANJA since joining the Company in January 2014. He has worked in the plantation industry for more than 30 years, and prior to joining ANJ he worked for 13 years at PT REA Kaltim Plantations, where his last 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 that he spent 16 years with Socfin Co. Bhd in Malaysia as an Estate Manager.

Education: Mr Govindan holds a bachelor of science degree from the University of Madras, India, a diploma in human resource management from the University of Malaya, Malaysia, and an EMBA from Euregio Management School, the Netherlands.

Affiliations: Mr Govindan has no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Basis of Appointment: Deed No.134 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated October 21, 2015.

Profiles of Key Managers

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 Riau Fiber Plantations and Sinar Mas Forestry Plantations in Riau as well as Sime Darby Plantations in Malaysia.

He received a bachelor's degree in agriculture from Allahabad University, 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 Head of Finance and Accounts in January 2006.

Prior to joining ANJA, she was a financial controller of the Ukindo group. She started her career in the public accounting firm PricewaterhouseCoopers in Jakarta. She has over 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.

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 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. 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.

THOMAS WAGNER

AANE DIRECTOR *(UNTIL DECEMBER 14, 2016)*

Mr Wagner has served as a Director and Commissioner 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) from Ludwig Maximilian University of Munich in the German state of Bavaria.

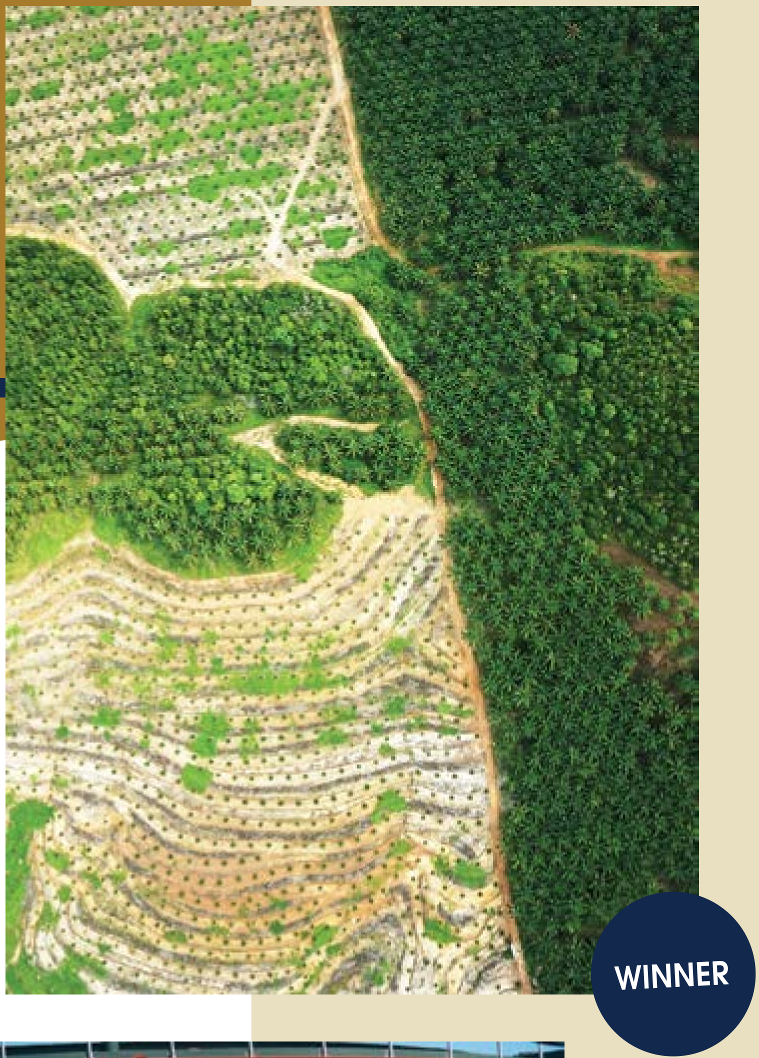
Staff Annual Report Photo Competition 2016 Winners

CATEGORY A:
Growth

WINNER
Eko Hariyono (ANJA)
"Old and New (Replanting PT SMM)"

RUNNER-UP 1
Agustinus Dairo (ANJ)
"Commencing Inspection, Ensuring Quality"

RUNNER-UP 2
Evaristo Togatorop (KAL)
"Teamwork, Mill 45tph Project"



CATEGORY B:
Maintenance

WINNER
Agustinus Dairo (ANJ)
"Working Together to Bring Color"

RUNNER-UP 1
Rindang Muharza (PPM)
"Early Morning Watering in the Main Nursery"

RUNNER-UP 2
Mark Dohar (AANE)
"Replacement of Biogas Cover in Belitung"

WINNER

CATEGORY C:

Expression & Interaction

WINNER
Eko Hariyono (ANJA)
"Harmony"

RUNNER-UP 1
Muharmansyah (PMP)
"Dancing Yaspen Together"

RUNNER-UP 2
Alvino Martha (GSB)
"Sincerity"

1ST RUNNER UP

2ND RUNNER UP

CATEGORY D:
Flora & Fauna

WINNER
Raga Yudha Putra (SMM)
"Supporting Oil Palm"

RUNNER-UP 1
Jajang Supriyatna (SMM)
"Pest Predator Conservation"

RUNNER-UP 2
Muharmansyah (PMP)
"Julang Papua (Rhycticeros Plicatus) at Sisiam Riparian Area"

WINNER

1ST RUNNER UP

2ND RUNNER UP

The first step to transport FFB after harvest is often by hand from the tree to a truck.

Management Discussion & Analysis

Palm oil is the only long-established segment in ANJ's business, and in 2016 it remained as the group's principal cash generator.

We also have two segments that are complementary to our palm oil business. Our developing sago starch business has begun trial commercial operation, and in our renewable energy segment, our first biogas power-generation plant experienced its third full year of commercial operation in 2016.

We are able to leverage our expertise gained in managing our palm oil business for our sago business, while our renewable energy business is intended to allow us to make environmentally friendly and profitable use of waste products from our plantations as well as reduce our operations' fuel costs.

This section discusses the operations, developments, performance and targets of each business segment in turn.

Review of Operations

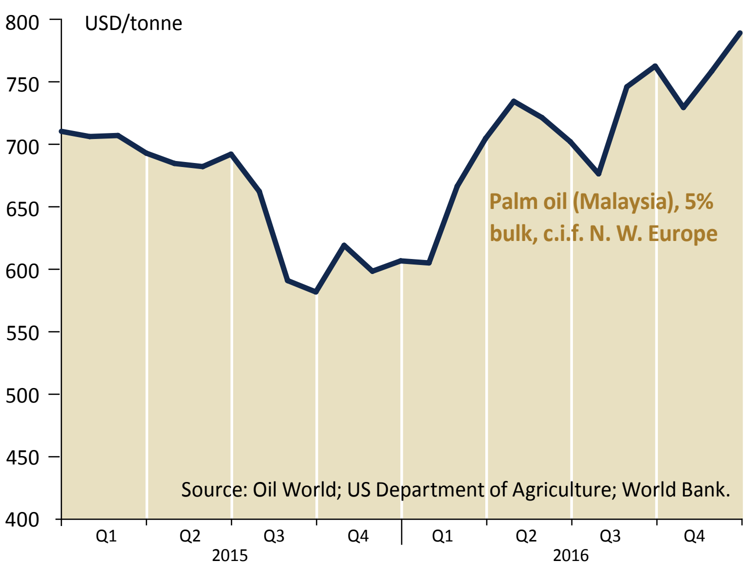
The global economy continued to struggle with sluggish GDP and productivity growth in major economies in 2016, and particular drags were felt from the slowing rate of China's economic development and ongoing political and economic uncertainty in Europe.

This global condition had a knock-on effect on the Indonesian economy in 2016, with GDP growth here at a relatively slow 5.0%, although up slightly from 4.8% in 2015 on the back of the government's policy to reduce central bank interest rates from 7.5% to 6.5% to boost economic spending.

During 2016, ratings agencies Fitch and Moody's upgraded Indonesia's credit outlook to "positive" from "stable," praising its progress on reforms and its efforts to keep finances under control despite mixed signals for the prices of its main commodity exports.

The government launched a tax amnesty program in 2016 to encourage asset repatriation; this contributed to a strengthening in the rupiah, which began 2016 at IDR 13,795 to the US dollar and looked to be heading toward a 2016 year-end rate of under IDR 13,000. However, it slipped on uncertainty in November following the election of Donald Trump as US president and ended the year at IDR 13,436.

CPO BENCHMARK PRICE 2015-2016



Source: Oil World; US Department of Agriculture; World Bank.

Our Palm Oil Core Business

We had four producing plantations in 2016: North Sumatra I, North Sumatra II, Belitung Island and West Kalimantan. We also had four non-producing properties in 2016: two plantations and a landbank (acquired in October 2014) in West Papua, and one plantation in South Sumatra. Some planting has begun in the three non-producing plantations, discussed below in the section Operation Developments.

In the second half of 2015, the El Niño weather phenomenon resulted in a prolonged drought that lasted through to the first quarter of 2016, affecting the productivity of palm oil companies in Indonesia especially as well as Malaysia. This had a knock-on effect of significantly lowering CPO production volumes of most Indonesian palm oil companies in 2016. The effect of this sharp drop in production combined with rises in global crude oil prices saw our CPO selling price rise from USD 516 per tonne in 2015 to USD 591 per tonne in 2016.

The drought caused by El Niño was felt most keenly at our Belitung and West Kalimantan plantations. In the last four months of 2015, Belitung experienced water deficits of up to 300mm, and West Kalimantan up to 150mm — the worst we have seen there. These drought conditions were reflected six to nine months later in reduced sizes of fruit bunches and longer ripening times. Our North Sumatra I Plantation suffered from about four months of drought in early 2016 due to a longer than usual seasonal dry period, which had the main effect of delaying fruit ripening.

Following the El Niño effect we also saw a corresponding La Niña effect, consisting of unseasonally high levels of rainfall with high intensity and duration. This made the movement of machinery and agricultural tasks harder, damaged plantation roads and caused delays both in harvesting and in seed-planting in the last quarter of 2016. This made necessary contingency plans such as overtime working and a greater use of manual labor.

PRODUCTION AND SALES

Principally due to the effects of the El Niño drought, the total FFB production volume from our estates came to 663,399 tonnes, 12.3% lower than 756,673 tonnes in 2015. The volume of FFB purchased from smallholders was 177,883 tonnes, 30.6% higher than 136,191 tonnes in 2015. In total, we processed 51,583 tonnes less FFB in 2016 than in 2015.

The lower volume of FFB processed resulted in a lower total production of CPO and PK in 2016 compared to 2015. CPO production volume from our own estates came to 142,561 tonnes, 14.3% lower than the 166,254 tonnes recorded in 2015. With CPO from third parties included, total CPO production came to 177,273 tonnes, 8.1% less than 192,891 tonnes in 2015. We produced 38,283 tonnes of PK from our estates, 13.4% lower than 44,204 tonnes in 2015.

CPO sales volume was in line with production at 177,850 tonnes, a 8.4% decrease from 194,248 tonnes in 2015. PK sales volume also dropped to 39,434 tonnes, 8.3% lower than 43,019 tonnes in 2015.

The average selling price for CPO in 2016 came to USD 591 per tonne, 14.5% higher than USD 516 in 2015. The average selling price for PK was dramatically higher, at USD 512 per tonne against USD 336 per tonne in 2015. This upturn was largely explained by the impact on production volumes in Indonesia and Malaysia from the El Niño drought, which reduced FFB yields and thus CPO production.

OIL PALM PRODUCT SALES 2016 vs 2015

	2016	2015	Change
SALES VOLUME (tonnes)			
CPO	177,850	194,248	-8.44%
PK	39,434	43,019	-8.33%
SALES VALUE (USD million)			
CPO	106.6	100.1	6.40%
PK	20.2	14.5	39.52%
AVERAGE SELLING PRICE EX-MILL (USD /tonne)			
CPO	591	516	14.53%
PK	512	336	52.38%

OIL PALM PRODUCTION 2016 VS 2015

	2016	2015	Change
FFB PRODUCTION (tonnes)			
FFB from our estates	663,399	756,673	-12.33%
Belitung Island	*190,779*	*291,052*	-34.45%
North Sumatra I	*207,293*	*233,512*	*-11.23%*
North Sumatra II	*185,739*	*189,615*	*-2.04%*
West Kalimantan	*79,588*	*42,495*	*87.29%*
FFB bought from third parties	177,883	136,191	30.61%
Total FFB processed	**841,282**	**892,864**	**-5.78%**
FFB YIELD (tonnes per hectare)			
Average yield *	18.89	22.74	-16.93%
Belitung Island	*14.49*	*21.27*	*-31.88%*
North Sumatra I	*21.12*	*23.80*	*-11.26%*
North Sumatra II	*23.48*	*23.97*	*-2.04%*
West Kalimantan	*10.24*	*6.87*	*49.05%*
CPO PRODUCTION (tonnes)			
Total production	**177,273**	**192,891**	**-8.10%**
Belitung Island	*45,947*	*67,278*	-31.71%
North Sumatra I	*57,196*	*58,798*	*-2.72%*
North Sumatra II	*53,751*	*55,465*	*-3.09%*
West Kalimantan	*20,379*	*11,350*	*79.55%*
Palm Kernel production	38,283	44,204	-13.39%
PRODUCTIVITY			
CPO extraction rate (%)	21.15	21.60	-2.08%
PK extraction rate (%)	4.53	4.95	-8.48%
CPO yield (tonne/ha)	4.58	5.00	-8.36%

* Average yield excludes the newly mature West Kalimantan Plantation. If included, average yield is 17.2 for 2016 and 20.1 for 2015.

Our average oil extraction rates in 2016 were 21.2% for CPO compared to 21.6% in 2015, and 4.5% for PK compared to 5.0% in 2015.

The average selling price for CPO in 2016 came to USD 591 per tonne, 14.5% higher than USD 516 in 2015. The average selling price for PK was dramatically higher, at USD 512 per tonne against USD 336 per tonne in 2015. This upturn was largely explained by the impact on production volumes in Indonesia and Malaysia from the El Niño drought, which reduced FFB yields and thus CPO production. PK prices were particularly affected due to increased demand as a replacement for other vegetable oils such as coconut oil, which also suffered shortages.

Despite our lower CPO sales volume, the significant increase in CPO selling price resulted in higher revenue from our palm oil business in 2016. We recorded revenue of USD 126.8 million from the palm oil segment, 10.6% higher than USD 114.6 million in 2015. Increases in CPO and PK average selling prices allowed us to minimize the effect of lower FFB production and maintain a healthy operational EBITDA. (see pages 68-72 for details).

However, the lower production volumes had a negative impact on our cash cost of production, which rose to USD 274 per tonne in 2016 from USD 233 in 2015 — although this was still lower than USD 298 in 2014. We were able to keep the increase to a minimum through a sustained drive to improve efficiency and agronomy techniques.

Our North Sumatra I Plantation began 2016 well, dominating the Company's FFB production, but this was short-lived, and FFB production amounted to 207,293 tonnes, 9.9% lower than 230,000 tonnes targeted. The palms are aging, with a number of areas reaching 25 years and older, and the yields are thus beginning to decline. Older palms, however, are planned for replacement from 2018. The site for the nursery has already been selected and work on land preparation began during the year.

At our Belitung Island Plantation, the effects of El Niño were particularly acute. Our FFB harvest was 190,779 tonnes, 28.8% lower than we had targeted. Yields began to improve in the fourth quarter of the year, however, overtaking those of our other producing estates.

Our North Sumatra II Plantation was a star performer in production terms in 2015, and the palms had reconditioned to a resting mode in 2016. Production was 185,739 tonnes, 9.8% lower than our target.

At our West Kalimantan Estate, production started slowly in 2016 but made a strong leap toward the latter part of the year, partly as a result of an ablation program that we had introduced late in 2015 to remove female flowers and manage nutrient flows to help encourage stronger yields in 2016. FFB production for the year was 79,588 tonnes, 8.6% lower than our target. We were also able to take advantage of faster processing times in the fourth quarter, as our new full-scale mill started commissioning tests in September before coming into full commerical operation in December.

PRODUCT MARKETING

We sell our oil palm products through long-term CPO sales contracts with several customers, on an ex-jetty basis or a cost and freight (C&F) basis, where we are responsible for transporting the products to our customers' refinery facilities.

As at December 31, 2016, we have non-cancellable CPO sales commitments, based on the average market price over the two weeks before the delivery date, for delivery from January to December 2017, of between

OUR PLASMA PROGRAM RESPONSIBILITIES

The Plasma Program is an Indonesian government scheme to assist and benefit rural smallholders. Since February 2007, the plantation business licenses necessary for developing new plantations have typically required companies receiving them to dedicate 20% of the total plantation area for operation by local smallholders. Companies must buy fresh fruit bunches from landholders at a price that tracks the FFB market price.

The program means plantation operators face the risk of having to buy lower-quality product from plasma land; we seek to minimize this risk by helping smallholders to pool their land together and transfer the title to such land to a co-operative in which each smallholder retains an interest. We then cultivate and develop that land and manage it in the same way and to the same standards as our plantations, then provide the net income from the sale of the FFB harvested from it to the co-operative to be distributed to the smallholders.

Our West Kalimantan Plantation is the only producing estate currently obliged to implement the Plasma Program as its license was granted after February 2007. Our newly developed South Sumatra and West Papua plantations will be required to implement the Plasma Program once planting programs are fully established.

We have also implemented voluntary smallholder initiatives of a similar nature to the Plasma Program at our Belitung Island Plantation, and we are in the process of implementing them at both of our North Sumatra plantations.

Replanting program under way at our Belitung Island Plantation.

1,200 and 5,000 tonnes per month from our North Sumatra I and North Sumatra II plantations and for delivery until December 31, 2017, of 3,000 tonnes per month from our Belitung Plantation.

Since 2016, we have started to export our oil palm products to several countries based on the spot market price on an FOB basis, where we are responsible for transporting the products to an export port close to our plantations and our customers are responsible for transporting the products they purchase from us from the export port.

We sell our palm oil products, either directly or through distribution agents or trading companies, to companies that are primarily focused on the business of processing them into downstream oil-based products.

OPERATIONAL DEVELOPMENTS IN 2016

We made a series of significant operational improvements and developments in 2016, including the following:

- We completed the first line of a permanent palm oil mill at our West Kalimantan Plantation to replace a temporary 15tph mini-mill built for the plantation's transition into production. The new mill comprises two lines of 45tph capacity each; the first line is built and the second is planned for 2019. The mill began operations in September, and after fine-tuning of the machinery it was officially launched on December 6 by Bupati Martin Rantan. Since the commissioning of the mill, all FFB produced at our West Kalimantan Plantation is processed in this mill. The mini mill has been mothballed and ready for disposal.
- We completed the introduction of a new composting regime at our North Sumatra II Plantation that is intended to maximize our use of FFB waste from the milling process and reduce our use of inorganic fertilizers. This program, begun in 2015, will result in fewer chemicals used and increased soil fertility, while reducing the costs of purchasing fertilizers. Infrastructure for the composting area was completed by the third quarter of the year. In 2016, the composting strategy was also extended to our Belitung Island Plantation, with composting started by the second quarter and construction of infrastructure under way during the year.
- We continued a replanting program that was started in 2015 at our Belitung Island Plantation, planting a total of 463 hectares

in 2016, and we intend to maintain this in 2017 with a plan to replant 607 hectares. We also plan to maintain it in future years, as well as follow it with a similar program at our North Sumatra I Plantation. These programs are intended to ensure that we can maintain the age profile of our plantations at optimal levels and avoid falling yields associated with aging palms.

• We resumed planting at our developing West Papua estates in 2016 after a moratorium for a land-use review in 2015. The total cumulative planted area at PT Putera Manunggal Perkasa (PMP) and PT Permata Putera Mandiri (PPM) increased to 5,161 hectares by the end of 2016. During 2016, we did not clear any new areas for plantation. Instead we focused on re-clearing and planting areas that had previously been readied for planting but left idle, on infilling to ensure optimal palm cover in all planted blocks, and on drawing down our high levels of seed supplies. We also put in place defenses against losses from the encroachment of animals, particularly wild boar.

• Our South Sumatra Plantation showed gradual improvement in obtaining land release and compensation. In 2016, 955 hectares were compensated, bringing the cumulative amount of land compensated to 2,841 hectares, of which 400 hectares have been planted. We also set aside a small area for cultivation of edamame to supply seeds to PT Gading Mas Indonesia Teguh, our developing food production business in Java. See page 66-67 for details on this.

• In July 2016, our North Sumatra I Plantation received certification for the mandatory Indonesian Sustainable Palm Oil (ISPO) program, joining the other two producing plantations, Belitung and North Sumatra II Plantation that received certifications earlier in 2014 and 2015. Our West Kalimantan Plantation is in the process of applying for this certification.

PROFILE OF OIL PALM PLANTATIONS

	2016	2015	Change
Planted Area (Ha)			
Total	**49,539**	**47,733**	**3.78%**
Total Planted Nucleus	46,498	45,543	2.10%
Mature	*38,674*	*37,588*	*2.89%*
Immature	*7,824*	*7,955*	*-1.65%*
Total Planted Plasma	3,041	2,190	38.86%
Mature	*1,746*	*1,470*	*18.75%*
Immature	*1,295*	*720*	*79.92%*
Mature Palm Distribution (Ha)			
Belitung Island	13,180	13,682	-3.67%
North Sumatra I	9,813	9,813	0.00%
North Sumatra II	7,912	7,912	0.00%
West Kalimantan	9,515	7,651	24.36%
West Papua	0	0	-
South Sumatra	0	0	-
Nucleus Palm Age Profile (Ha)			
Immature (< 4 years)	8,016	10,234	-21.67%
Mature: Young (4-7 years)	8,732	6,631	31.68%
Mature: Prime (8-20 years)	16,651	17,319	-3.86%
Mature: Old (> 20 Years)	13,099	11,359	15.32%
Average Age	12.7	12.2	4.44%

Data as at December 31, 2016

The 45tph mill at our West Kalimantan Plantation opened in 2016.

• During 2015 we established a group research and development function to improve fieldwork and standardize agronomic practices across our plantations. By the end of 2016 this had resulted in improved fertilizer management, delivery and application, including lower-volume spraying and increased use of biomass waste as an alternative fertilizer, leading to resource savings and dramatically reduced man days. The research and development team has focused on formulating sustainable yields and optimizing the mix of inorganic and organic fertilizers for each plantation; improving management practices to further the sustainability of our operations; developing the internal skills and capabilities of estate teams; building a research network, especially with regard to fertilizers and pest and disease control as a basis for future operating procedures. We also noted savings achievable in the cost of transporting our oil and focused on improving efficiencies in our vehicle fleet, including in fuel use, spare parts and vehicle utility. The team also provided technical on-site training to estate workers, including pest control and effective fertilizer application.

• The Company began the implementation phase of a project to establish an enterprise resource planning (ERP) system to integrate the business processes and information channels within the Company. The project planning began in late 2015, and vendor selection was in early 2016, with an SAP S/4HANA platform chosen. All of the Company's business units and corporate functions will be included, with our producing oil palm plantations connected during the first half of 2017, followed by the developing palm oil and sago operations in West Papua in October 2017 and remaining business units in early 2018. The system is intended to allow the Company primarily to improve connectivity and information-sharing between business units in real time, including costs, productivity, crop volumes, crop trends and operational efficiencies, with the objective of having better control over costs and productivity. Our Belitung Island Plantation was the first estate to go live with the ERP system, on January 3, 2017.

LAND AREA

Our total oil palm landbank amounted to 157,681 hectares by the end of 2016. Of this, the total area already planted was 49,539 hectares, including plasma area of 3,041 hectares owned by plasma co-operatives.

The total planted area represented a net increase of 1,806 hectares from 47,733 hectares at the end of 2015, as a result of new planting of 1,720 hectares at our West Papua plantations, 121 hectares at our South Sumatra Plantation and allocation of 35 hectares of land for river-border areas at our Belitung Island Plantation.

The total area of mature palms at our four producing estates increased to 40,420 hectares at the end of 2016 from 39,058 hectares in 2015. This was mainly contributed by 1,864 hectares of newly mature areas at our West Kalimantan Plantation, less 463 hectares that underwent replanting at our Belitung Plantation.

2016 ACHIEVEMENT AGAINST TARGET

The total FFB production of 663,399 tonnes that we achieved from our four producing estates was 16.1% lower than our 2016 production target of 791,124 tonnes. Consequently, the actual sales volume for both CPO and PK were also lower. Our CPO sales volume of 177,850 tonnes was 17.2% lower than the target of 214,766 tonnes, while our PK sales volume of 39,434 tonnes was 16.2% lower than the target of 47,058 tonnes.

In 2016 we were also compelled by circumstances to sell 3,167 tonnes of FFB from our West Kalimantan Estate as the FFB production exceeded the processing capacity of our 15tph mini mill. The need to sell FFB was removed in the fourth quarter following the commissioning of the first 45tph line of our new mill.

Our budgeted CPO selling price for 2016 was USD 475 per tonne, as we had anticipated that declines in CPO prices that began in mid-2015 would continue. In fact, our actual average selling price for CPO in 2016 ended significantly higher than we had expected at USD 591 per tonne. Our actual average selling price of PK was USD 512 per tonne, also higher than our budgeted price of USD 285 per tonne. As a result of these higher prices, revenue received from our palm oil segment of USD 126.8 million was 9.9% higher than our pre-year target revenue of USD 115.4 million.

At the same time, our production cash costs in our mature plantations (excluding our newly mature West Kalimantan plantation) were USD 274 per tonne, higher than our budgeted production cash costs of USD 266 per tonne, in line with the lower-than-budgeted CPO production volume.

OUR TARGET IN 2017

In 2017, we are targeting an increase of approximately 20% in CPO production and sales volume on 2016 levels.

We continued a replanting program that was started in 2015 at our Belitung Island Plantation, planting a total of 463 hectares in 2016, and we intend to maintain this in 2017 with a plan to replant 607 hectares. We also plan to maintain it in future years, as well as follow it with a similar program at our North Sumatra I Plantation. These programs are intended to ensure that we can maintain the age profile of our plantations at optimal levels and avoid falling yields associated with aging palms.

As in past years, our profitability will depend to a large extent on the selling price of CPO. We have observed positive improvements in the CPO selling price after it rose from 2015's lowest point in the final quarter and continued a modest rally through 2016. Therefore, we have anticipated an average selling price for CPO of approximately USD 600 per tonne, only USD 9 per tonne higher than in 2016. Under these assumptions, we expect income from the palm oil segment in 2017 to grow by approximately 21% on 2016 levels, similar to our anticipated increase in CPO production and sales volume.

Despite higher CPO production volume, our production cash costs per tonne are expected to increase by approximately 6%, in line with increases that we anticipate in estate expenses.

Through our responsible development policy, we will strive to achieve our planned increase in sales volume and continue our careful management of costs to achieve healthy profits in 2017.

Sago Starch

In 2010, we were 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, in order to process the logs into dry sago starch for use in food preparation.

Sago palms grow in clusters of different ages in swampland and are relatively low maintenance, requiring minimal pruning and no fertilization or pest management. The most valuable part of the plant is the trunk, where the starch is found.

Palms are harvested when they reach full maturity at around 10 years of age, and we plan to harvest sustainably by averaging no more than 10% of the total stand in any area in each year, maintaining a continuous supply of sago logs as the forest regenerates naturally.

Processing sago palms into starch is labor-intensive. Trees must be felled, then the trunks cut into meter-long logs and floated in bound groups along canals to a processing mill. There, they are mechanically stripped of their bark, shredded, mashed and boiled to extract starch solution, which is filtered and dried, resulting in starch powder.

Our venture in South Sorong is a pilot project for our move into non-palm oil agribusiness and is our first experience of commercially developing the dense natural forest of sago palms.

Our venture in South Sorong is a pilot project for our move into non-palm oil agribusiness and is our first experience of commercially developing the dense natural forest of sago palms. We must develop and maintain infrastructure such as the canals for transporting sago palm logs to our processing mills, permanent housing and other facilities for our employees and mills at fixed locations.

The area is located mainly in swampland and is relatively far from any town or city. It is thus remote from reliable infrastructure and electricity supplies, and in these circumstances we have encountered some delays due to logistical and construction challenges.

In 2013 we began building our first sago starch mill to process sago logs from the first 6,000 hectares. After integrating the plant and trialing it in continuous operation in the first half of 2014, it became evident that the front-end machines, used to process sago logs, and the wet station machines, used to extract the sago starch, were not functioning to the required performance to achieve our commercial production target.

Following an economic cost-benefit analysis by independent process engineering and equipment manufacturing consultants in the first half of 2014, we decided in May 2014 to replace the underperforming machinery. We booked an impairment charge of USD 10.8 million to reflect this.

In December 2014 we appointed a qualified contractor to implement the refit and to build a 3MW coal- and biomass-fueled power plant to replace the mill's diesel generators. The project had an investment of USD 12.2 million. The machinery refit was completed in the second half of 2015, and in October we began a period of pre-commercial start-up testing with a target of beginning commercial operations after the commissioning and testing of the permanent power plant.

During 2016 we experienced some delays in completing the build and performance-testing

Sago logs are bound and floated to the processing mill (in the background).

of the power plant. It was commissioned in September, and was fully functional using coal as a fuel, but we continued operations on a trial basis as we focused on fine-tuning the power plant for use with biomass as a fuel as well as conducting durability testing and operation training for our workers. We also focused on raising our starch extraction rate to optimal levels and ensuring quality consistency, both issues that had presented challenges during the trial production phase.

As at December 31, 2016, the process of developing our commercial operations was thus still under way as we continued trial production while integrating the new power plant. We expect to begin scaling up to commercial factory operations in 2017.

The commercial production capacity of the mill is currently 1,250 tonnes of sago starch per month, but a second phase of construction is planned to double this when we have established successful commercial operation of our sago business.

As at December 31, 2016, our investment in our sago business stood at USD 46.3 million, including the impairment charge of USD 10.8 million. We remain confident that our sago business promises healthy returns once we are able to begin commercial production.

PRODUCT MARKETING

The sago starch market is rudimentary and fragmented, but we believe that there is a significant potential demand for sago starch relative to world supply. This situation creates both opportunities and challenges for us in introducing sago starch to a domestic and international market.

Currently, the domestic food industry uses little sago starch due to inconsistent quality and irregular supply, because traditional, small-scale methods are used to process the sago starch. We are certain that we can eliminate problems of quality and supply since we are operating with modern machinery and technology.

We intend to market our sago starch to customers in Indonesia, Japan and other parts of the world where there is a significant market for native starches

ANJ President Director Istini Siddharta (center) visits ANJAP's booth at the Food Ingredients Asia 2016 exhibition.

and its derivative products. This includes the US, where consumers have a high awareness of healthy foods and we believe sago starch has significant potential for its benefits as a gluten-free product.

We have sold our sago starch, under the brand name Pati Alam, to several domestic buyers and we have exported the sago starch to a customer in Japan for factory trials to ensure that it matches Japanese quality. Meanwhile, we are conducting research to explore various alternative applications for sago starch in the food industry.

As part of our marketing strategy to widen customer knowledge, we participated in the Food Ingredients Asia 2016 exhibition, with the bonus that we won the exhibition award for Most Attractive Booth.

2016 ACHIEVEMENT AGAINST TARGET

Previously, we expected to start scaling up to commercial operation in the second quarter of 2016, however, as discussed above, activities in our sago starch segment in 2016 remained focused on the process of readying for commercial operation. Production of sago starch during this trial phase amounted to about 300 tonnes.

OUR TARGET IN 2017

We expect to start scaling up to commercial operation in 2017 on completion of production trials. Our focus in 2017 will be on building product awareness and developing domestic and export markets.

In the fourth quarter of 2016, the management team began a project that is ongoing in 2017 to look at optimizing our sago business model and operations. This includes:

- Reviewing harvesters' productivity, our formula for paying harvesters and recruitment and retention efforts;
- Improving cost-efficiency, particularly in terms of manpower management as well as starch yield and quality consistency;
- Assessing our options for suitable markets and product choices to ensure a price platform for our sago starch.

Renewable Energy

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 ISLAND BIOGAS POWER PLANT

Our biogas power plant located at our Belitung Island Plantation is our first. It was built and is run by our subsidiary PT Austindo Aufwind New Energy (AANE) with the primary aim of reducing the plantation's greenhouse gas emissions. It does this by capturing methane released from the decomposition of palm oil mill effluent (POME) and burning it to generate electricity.

AANE was formed in 2008 as a joint venture between ANJA and German company Aufwind Schmack Asia Holding GmbH to develop and operate renewable energy projects in Indonesia, wherever feasible under the Clean Development Mechanism (CDM), a Kyoto Protocol initiative encouraging emissions-reduction projects to generate credits for use in emissions trading schemes.

The 1.2MW plant was registered as a CDM project in 2009. It was fully operational in 2013, and we decided to take advantage of an Indonesian framework for sales of renewable energy to the national grid, operated by state electricity utility PT PLN (Persero).

We concluded a 15-year power purchase agreement (PPA) with PLN, under which we would receive a fixed price of IDR 975 per kWh of electricity sold, and sales began on December 31, 2013. With this move, AANE became the first independent power producer in Indonesia to operate a biogas plant and sell the electricity commercially.

We expanded the capacity of the plant from 1.2MW to 1.8MW in 2015, successfully completing and testing the new facility in October 2015. An amendment to our PPA in which PLN has agreed to purchase all electricity generated from this capacity expansion and any excess electricity generated was signed on December 18, 2015, and we commenced commercial operation of the additional capacity in January 29, 2016.

In 2016, AANE sold a total of 8,995MWh to PLN Wilayah Bangka Belitung, 8.6% higher than 8,284MWh sold in 2015. This was in line with the increased capacity of the plant tempered by lower FFB production in 2016 as a result of the El Niño weather patterns, which meant less a reduction in waste mulch to generate biogas. Total sales proceeds increased in line with the higher sales volume to IDR 8.8 billion from IDR 8.1 billion in 2015.

While the sale price of AANE's

> **We are continuing to explore the development of other biogas facilities, to be located at our North Sumatra I Plantation and West Kalimantan Plantation. We have been in discussions with PLN at both locations.**

electricity generated per kWh has been fixed at IDR 975, this price is currently under negotiation with PLN in light of a revision to tariffs by the Ministry of Energy and Mineral Resources (ESDM).

In mid-2016, ESDM Regulation 21/2016 was issued, setting the biogas tariff for Bangka and Belitung at a maximum of 15.96 US cents per kWh. Then in January 2017, ESDM Regulation 12/2017 was issued, ruling that the tariff should depend on the levels of the local and the national cost of power production — with the tariff set at the local cost where that is lower than or equal to the national cost, and the tariff set at a maximum of 85% of the local cost where that is above the national cost.

In line with these regulatory revisions, we have since October 2016 charged PLN a revised tariff of 13.56 US cents per kWh (equivalent to 85% of 15.96 US cents). As of the date of this report, however, the Company is in negotiation with PLN regarding the implementation of these regulations.

As of the end of 2016, we had invested a total of approximately USD 4.1 million into the biogas plant, including its capacity expansion, with USD 1 million in financing obtained from the proceeds of the Company's IPO and the remainder from our cash reserves.

We are continuing to explore the development of other biogas facilities, to be located at our North Sumatra I Plantation and West Kalimantan Plantation. We have been in discussions with PLN at both locations concerning the feasibility of plants, and we expect in the medium term to implement biogas projects at each of our producing plantations to further reduce greenhouse gas emissions attributable to the company, maximize use of their byproducts and generate additional value across the group's business units. We have also begun a study into the possibilities of biogas power generation at our developing sago project in West Papua.

GEOTHERMAL POWER GENERATION

The first geothermal power project in which we have an investment is in the Darajat Geothermal Resource field in West Java. Our subsidiary PT Darajat Geothermal Indonesia (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 geothermal power plants, Darajat II and Darajat III. These have a combined electricity-generating capacity of 211MW.

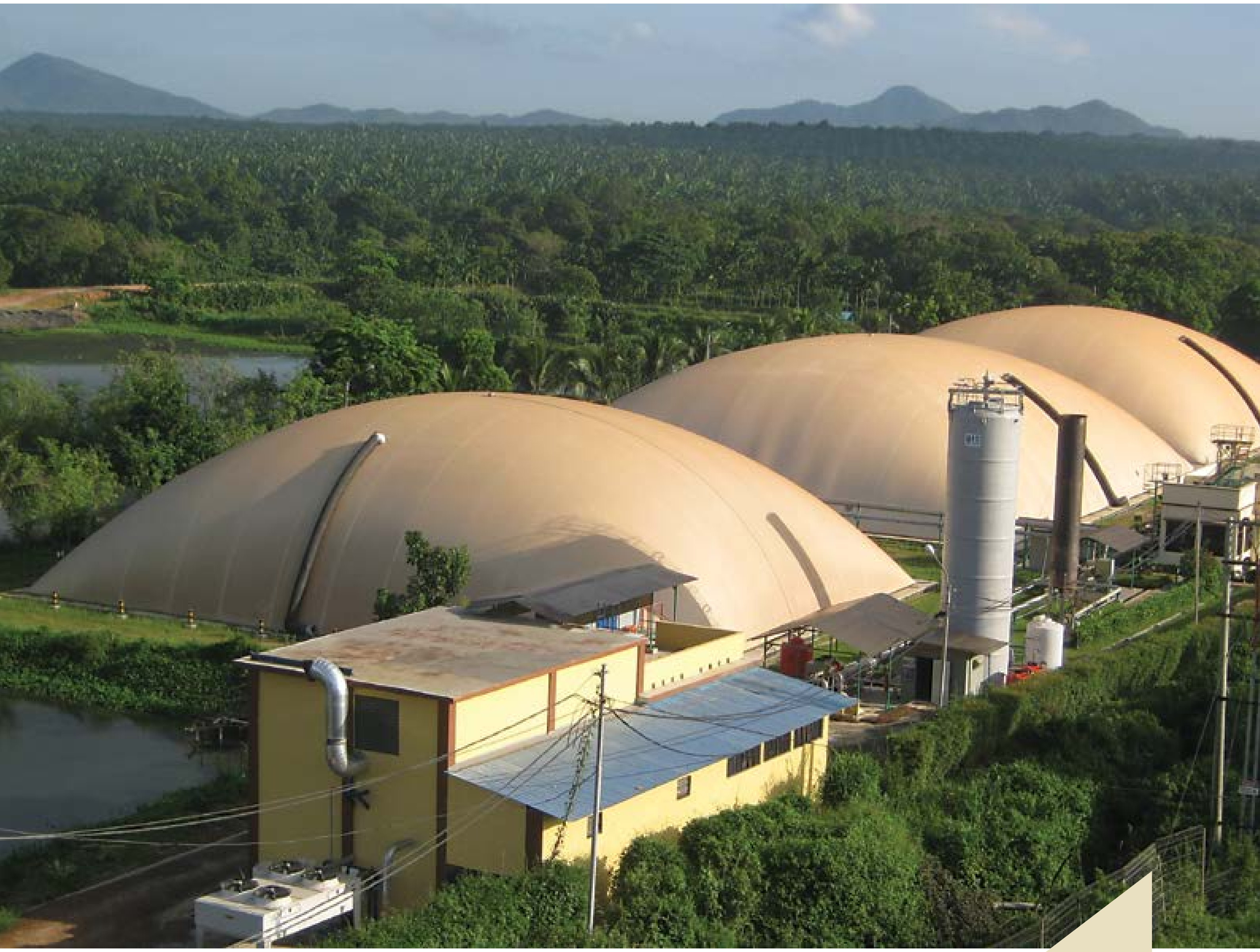
The consortium acts as a contractor to PT Pertamina Geothermal Energy (PGE), a subsidiary of the state-owned oil and gas company PT Pertamina (Persero), to provide power generated by geothermal steam that PGE sells to PLN.

The consortium sold a total of 1,701,600MWh of electricity to PGE from Darajat II and III during 2016. Of this, DGI's share was 85,080MWh, for a total revenue of USD 5.7 million.

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

PRODUCT MARKETING

The renewable energy power sold by our subsidiaries, both in term of the volume supplied and the unit price, are governed by long-term contracts. In the case of AANE this is in the form of a power purchase agreement with PLN, in



Biogas tanks supply the power plant at our Belitung Island Plantation.

the case of DGI it is in a joint-operation contract with PGE.

PLN is the only off-taker for electricity from our Belitung Island biogas plant. As we are not pushing into project locations outside the ANJ group of companies, we are currently not actively marketing our services or products.

2016 ACHIEVEMENT AGAINST TARGET

During 2016, AANE generated and sold 8,995MWh of biogas-generated power to PLN's Belitung region subsidiary at a fixed price of IDR 975 per kWh, 23.5% lower than our pre-year target sale of 11,764MWh. This was mainly due to lower palm oil mill effluent produced as a result of 23.1% lower FFB production in our Belitung Plantation due to drought caused by the El Niño effect.

Meanwhile, our subsidiary DGI's 85,080MWh share of electricity sales from the Darajat II and Darajat III power plants in 2016 was in line with our pre-year target.

OUR TARGET IN 2017

We expect AANE to produce and sell 18.9% more electricity from its biogas plant than in 2016 following the expected recovery of FFB production in our Belitung Island Plantation in 2017.

The volume of electricity produced from Darajat II and Darajat III geothermal power plants is expected to be similar to that produced in 2016.

Other Businesses

TOBACCO AND EDAMAME PROCESSING

In addition to our three core operational sectors, we have a legacy subsidiary, PT Gading Mas Indonesia Teguh (GMIT), formerly known as PT Gading Mas Indonesian Tobacco. Established in 1970, GMIT was primarily engaged in tobacco processing and trading until the end of 2014. GMIT purchased tobacco from individual farmers in Indonesia, processed it and sold it to cigar and cigarette producers in Indonesia, as well as in Europe and China.

In line with our strategy to transfer ANJ's core businesses since 2012 to agribusiness (oil palm), emerging food (sago) and renewable energy, we reassessed the suitability of our tobacco business for the Company's future. We concluded that this type of business was no longer an ideal fit, and we decided to gradually exit the tobacco business and concentrate on higher-value agricultural products.

Since 2014, we have performed extensive trials in cultivating edamame, a green vegetable similar to a soybean. It is consumed as a snack or a vegetable dish, is used in soups or processed into sweets. Starting in 2015, we began to purchase edamame from individual farmers and sold the produce to the domestic market. We supervise these individual farmers during the planting and harvesting of the crops to manage product quality.

In 2016, GMIT's tobacco sales revenue was USD 1.0 million, a significant drop from USD 5.2 million in 2015 in line with our target to gradually exit from the tobacco business. During 2015 and 2016, GMIT purposely reduced tobacco purchases and sold off tobacco inventory. We expect to complete the sale of our inventory and exit the tobacco business entirely during 2017.

We are exploring opportunities, including a possible joint venture with an established food production and distribution company, to process and freeze edamame and then export it within Asia to established consuming countries such as Japan and China.

On the domestic front, GMIT has successfully entered the fresh edamame market in Bali, East Java, Jakarta and West Java, and will be focusing more intensely on expanding opportunities in and around Jakarta.

Finally, during 2016 we developed an edamame planting synergy pilot project between GMIT and our oil palm landbank at Empat Lawang, South Sumatra, run by our subsidiary GSB. Under this project, GMIT has provided expertise and support to GSB to provide farmers who release their land for our oil palm project with

GMIT's edamame is packaged as a fresh snack, and we are planning a frozen product.

regular income from the cultivation of edamame seeds, which are then provided back to GMIT to expand its seed bank for commercial planting. During 2016 there were three phases of planting, involving about 0.6 hectares. The project is being continued and expanded in 2017.

Revenue from sales of edamame in 2016 was USD 243 thousand, a 75.8% increase from USD 138 thousand in 2015, in line with an increase in sales from to 658 tonnes from 335 tonnes in 2015. However, this was still less than our 2016 sales target of 1,445 tonnes, due to the area under plantation reaching only 122 hectares, less than our targeted area of 200 hectares, and to poor weather in the last quarter of the year.

In 2017 we are targeting an increase in the area under plantation to about 250 hectares and sales of 1,625 tonnes of fresh edamame as we scale the business up to full commercial operations.

TRADITIONAL POWER GENERATION

We have investments in two traditional power plants through our subsidiary PT Puncakjaya Power (PJP), one consisting of three 65MW coal-fired generators and one 215MW diesel-powered generator in West Papua. We own a 14.288% stake in a partnership with Freeport-McMoRan Gold and Copper Inc.

In 2015, we received a dividend of USD 746,405 from this investment, but in 2016 we did not receive a dividend as PJP retained its distributable profit to meet regulatory requirements of 20% appropriated retained earnings. We do not anticipate receiving a dividend in 2017 due to regulatory challenges faced by PT Freeport Indonesia, the sole off-taker of electricity from PJP, which led PT Freeport Indonesia to suspend its operation from February 2017. We do not know if PJP will distribute dividends in the future.

Edamame produced by GMIT in West Java undergoes strict quality control.

Review of Financial Performance

The Company recorded a total of 177,850 tonnes in CPO sales volume for 2016, a decrease of 8.4% from 194,248 tonnes in 2015. This decrease was primarily due to the effect in 2015 and 2016 of dry conditions brought by the El Niño weather phenomenon, which affected the productivity of palm oil companies Indonesia especially as well as Malaysia. This caused a significant restriction in CPO production volumes for the majority of palm oil companies in 2016.

As a consequence of the supply pressure, the CPO selling price rose. Our average CPO selling price increased by 14.5% to an average of USD 591 per tonne in 2016 from USD 516 in 2015. As revenue from palm oil represented 94.3% of the Company's total revenue, this increase in CPO selling price was the primary factor that enabled the Company to record an increase in total revenue, with USD 134.4 million, up 6.7% from USD 126.0 million in 2015.

In 2015 the Company took a decision to slow down the oil palm planting program at our new estates in West Papua and temporarily halted land-clearing activity as a prudent response to ensure long-term sustainable growth. These measures necessarily resulted in the cessation of certain contractors, triggering termination charges of USD 8.8 million in 2015.

The increase in total revenue and the absence of 2015's non-recurring termination charge were the main factors in the Company recording income before tax of USD 19.4 million, an increase of USD 18.8 million from a USD 0.6 million loss before tax in 2015.

After deduction of income tax expense, the Company booked a net income for the year of USD 9.2 million, compared to a net loss of USD 8.4 million in 2015.

Net income for 2016 attributable to the owners of the Company was USD 9.2 million, compared to a net loss of USD 8.2 million in 2015.

The management discussion and analysis on the Company's financial performance in 2016 that follows is based on the Consolidated Financial Statements and Notes to the Financial Statements as of and for the years ended December 31, 2016, and December 31, 2015.

These were audited by public accounting firm Satrio Bing Eny & Rekan (previously Osman Bing Satrio & Eny), which has given an unqualified opinion that they are a fair representation of the Company's financial position, financial performance and cashflow.

CHANGES TO THE PRESENTATION OF OUR FINANCIAL STATEMENTS

Until the year ended December 31, 2015, the Company presented its consolidated statements of profit or loss and other comprehensive income using the single-step method, as it historically comprised subsidiaries engaged in a variety of industries.

In 2012, however, the Company decided to refocus on agribusinesses and the food industry and spun off or divested substantially all non-core businesses. As a result, since 2013, the Group's revenue has come primarily from sales and service concessions and its expenses are primarily contributed by cost of sales and cost of service concessions.

Accordingly, the Company has restated the presentation of its consolidated statements of profit and loss and other comprehensive income for the year ended December 31, 2015, to include a subtotal for gross profit or loss in its agribusiness and food industry activities and supporting businesses. The restatement does not affect the company's previously reported net income or loss.

Financial Results

REVENUE

Total revenue in 2016 was USD 134.4 million, an increase of 6.7% from USD 126.0 million in 2015. Revenue from sales of palm oil accounted for 94.3% of our total revenue in 2016, with the remaining 5.7% from service concession revenues and sales of tobacco and other products.

CPO sales revenue was USD 106.6 million, an increase of 6.4% from USD 100.2 million in 2015 following a substantial increase in our average CPO selling price of 14.5% to USD 591 per tonne from USD 516 per tonne in 2015. This was offset, however, by a 8.4% decrease in CPO sales volume to 177,850 tonnes from 194,248 tonnes in 2015.

PK sales revenue was USD 20.2 million in 2016, an increased of 39.2% from USD 14.5 million in 2015 due to an extraordinary 52.4% increase in our average selling price to USD 512 per tonne from USD 336 per tonne in 2015. PK sales volume decreased by 8.3% from 43,019 tonnes to 39,434 tonnes.

Revenue from sales of tobacco and other products was USD 1.3 million, a decrease of 76.1% from USD 5.3 million in 2015, mainly due to significantly lower tobacco sales volume at our subsidiary PT Gading Mas Indonesia Teguh (GMIT). We have greatly reduced tobacco purchases and tobacco inventory levels in line with our strategy to gradually exit from the tobacco business and switch to higher-value agricultural products, including edamame.

Service concession revenue comprises revenue from PT Darajat Geothermal Indonesia (DGI) and PT Austindo Aufwind New Energy (AANE). DGI is a subsidiary that holds a 5% interest in a consortium with Chevron Group that acts as a contractor to PT Pertamina Geothermal Energy (PGE) to generate

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

USD thousand except where stated	2016	2015	Difference	Change
Total revenue	**134,443**	125,994	8,449	6.7%
Total cost of revenue	**89,157**	87,138	2,019	2.3%
Gross profit	**45,286**	38,856	6,430	16.5%
Total operating expenses, net	**(29,424)**	(29,335)	(88)	-0.3%
Operating profit	**15,862**	9,521	6,342	66.6%
Total other income (expenses)	**3,504**	(160)	3,664	2,293.9%
Income before tax and non-recurring charges	**19,367**	9,361	10,006	106.9%
Non-recurring charges	**-**	(8,803)	8,803	-
Income before tax	**19,367**	558	18,809	3373.8%
Net income (loss) for the year	**9,199**	(8,386)	17,586	209.7%
Net loss attributable to non-controlling interests	**(3)**	(168)	165	98.5%
Net income (loss) attributable to the owners of the Company	**9,202**	(8,218)	17,420	212.0%
Total comprehensive income (loss)	**11,872**	(16,205)	28,077	173.3%
EBITDA	**35,296**	23,689	11,607	49.0%
EBITDA margin (%)	**26.3%**	18.8%	7.5%	39.6%

As a consequence of the supply pressure, the CPO selling price rose. Our average CPO selling price increased by 14.5% to an average of USD 591 per tonne in 2016 from USD 516 in 2015.

electricity from two geothermal power plants in West Java, which PGE sells to state utility PT PLN (Persero). AANE is a subsidiary engaged in generating electricity from biogas and selling it to PLN in Belitung Island.

Our total service concession revenue was USD 6.4 million in 2016, an increase of 5.8% from USD 6.1 million in 2015, mainly due to rupiah appreciation.

COST OF REVENUE

Cost of sales amounted to USD 86.5 million in 2016, a rise of 2.8% from USD 84.2 million in 2015.

The core component was costs relating to sales of CPO and PK, which totaled USD 84.4 million in 2016, an increase of 5.6% from USD 80.0 million in 2015. This increase was mostly due to third-party FFB purchases. The cost of third-party FFB purchases increased to USD 21.2 million from USD 13.6 million in 2015, as a result of a higher FFB purchase prices, in line with higher CPO prices, combined with the fact that the volume purchased, 177,883 tonnes, was 30.6% higher than the 136,191 tonnes purchased in 2015.

The cost of sales in our tobacco and other businesses decreased to USD 2.1 million from USD 4.2 million in 2016, mainly due to a lower volume of tobacco sold, in line with our strategy to reduce tobacco stocks and gradually exit the tobacco business.

Cost of service concessions totaled USD 2.6 million, a decrease from USD 2.9 million in 2015. There were no unexpected repair and maintenance expenses incurred in 2016, as was the case in 2015.

OPERATING INCOME AND EXPENSES

Dividend income primarily reflects dividends received from investments in entities in which we hold less than a 20% interest. Dividend income received in 2016 was USD 1.6 million, 47.6% lower than USD 3.1 million in 2015, primarily due to a decrease in the dividend payment by:

PT Agro Muko (AM), a palm oil plantation company, from USD 2.4 million in 2015 to USD 1.6 million in 2016. On December 6, 2016, we entered into a conditional sale and purchase of shares agreement (CSPA) with SIPEF NV, whereas we agreed to sell 3,316,856 shares which represented 10.87% of our ownership in AM. As of December 31, 2016, the conditions precedent required in the CSPA were not completely fulfilled and therefore, we did not recognize the sale in 2016.

PT Puncakjaya Power (PJP), a traditional power plant company, from USD 0.7 million in 2015 to nil in 2016 as PJP retained its distributable profit to meet regulatory requirements of 20% appropriated retained earnings.

Foreign exchange loss decreased significantly to USD 0.4 million from USD 4.4 million in 2015, primarily arising from the effect of conversion in September 2015 prior-year US dollar-denominated loans used to finance development of our West Kalimantan and West Papua plantations into rupiah loans to match the book-keeping records of the subsidiaries involved.

Selling expenses increased to USD 6.1 million from USD 3.4 million in 2015. This was due to higher freight cost, as some sales from our North Sumatra estates were made on a cost and freight (C&F) basis. We also started to export CPO in 2016, resulted in the imposition of export levy and export tax.

Personnel expenses amounted to USD 12.8 million in 2016, an 11.0% decrease from USD 14.4 million in 2016, in line with reduced costs due to changes in senior management.

General and administrative expenses totaled USD 11.1 million in 2016, down from USD 11.9 million in 2015, due to efforts to manage our costs more efficiently, particularly travel and transportation expenses.

Other income totaled USD 1.3 million, primarily consisting of gains from the premium received from sales of RSPO-certified palm oil, from FFB sales and from management service income from plasma. Other income decreased by 41.3% from USD 2.2 million in 2015, mainly due to the absence of recognition of deferred revenue from a sale and leaseback transaction by one of our subsidiaries in 2012 that was fully amortized by June 2015.

Other expenses totaled USD 1.8 million in 2016, down from USD 9.4 million in 2015, mainly due to the absence of a one-off expense of USD 8.8 million in 2015, following our decision to slow down planting and temporarily halt land-clearing in West Papua, which resulted in termination charges incurred over the contracts of certain contractors.

NON-OPERATING INCOME AND EXPENSES

Share in net income of associates 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. The favorable CPO price in 2016 also affected the performance of ANJ's associate companies in this sector, as demonstrated by a significant increase of 94.0% in the share of income attributable to the Company to USD 3.4 million from USD 1.8 million in 2015.

Net financial income increased to USD 73 thousand from a charge of USD 1.9 million in 2015 due to the absence of amortized cost adjustment of security deposits by some of our subsidiaries in 2015.

Tax expense increased to USD 10.2 million, 13.7% higher than the USD 8.9 million in 2015 as a result of higher revenues and thus higher income before tax.

NET INCOME (LOSS), OTHER COMPREHENSIVE INCOME (LOSS) & TOTAL COMPREHENSIVE INCOME (LOSS)

As a result of higher revenue than last year and the absence of 2015 termination charges, we recorded a net income for the year of USD 9.2 million, compared to a net loss of USD 8.4 million in 2015.

Some of the Company's subsidiaries maintain their book-keeping records in rupiah. Strengthening of the rupiah against the US dollar in 2016 increased the net assets of those subsidiaries by USD 1.7 million when their financial statements were translated from rupiah to the US dollar. The foreign exchange effect due to translation of subsidiaries' financial statements was reported as other comprehensive income.

As a result, the Company reported a total comprehensive income of USD 11.9 million, a significant increase from a total comprehensive loss of USD 16.2 million in 2015.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

USD thousand	2016	2015	Difference	Change
Current assets	**64,410**	51,690	12,720	24.6%
Non-current assets	**460,698**	418,754	41,944	10.0%
Total assets	**525,108**	470,444	54,664	11.6%
Current liabilities	**45,041**	55,893	(10,852)	-19.4%
Non-current liabilities	**125,419**	74,121	51,298	69.2%
Total liabilities	**170,460**	130,014	40,446	31.1%
Equity attributable to owners of the Company	**354,491**	340,275	14,216	4.2%
Total equity	**354,648**	340,430	14,218	4.2%

CASH

Net cash provided by operating activities: A total of USD 21.0 million was provided by operating activities in 2016, a significantly increase from USD 0.9 million provided in 2015. The increase was chiefly due to more cash received from customers as a result of higher sales revenue from palm oil products, along with the absence of payment of termination charges as incurred in 2015.

Net cash used in investing activities: A total of USD 50.4 million was used in investing activities in 2016, 19.9% less than the USD 62.9 million used in 2015, primarily because we incurred less capital expenditure in 2016, in line with our strategy implemented in the third quarter of 2015 to slow down planting and temporarily halt land-clearing in West Papua. This strategy affected the West Papua operations until the first half of 2016.

Net cash provided by financing activities: USD 27.2 million was provided by financing activities in 2016, a decrease of 46.7% from USD 51.0 million provided in 2015, primarily due to decrease in utilization of bank loan facilities, in line with lower capital expenditures.

ASSETS, LIABILITIES AND TOTAL EQUITY

Current assets totaled USD 64.4 million in 2016, a 24.6% increase from USD 51.7 million in 2015, primarily driven by the increase in trade receivables from sale of palm oil and prepayment and advances from prepaid value-added taxes and overpayment of corporate income tax.

Non-current assets amounted to USD 460.7 million in 2016, 10.0% higher than USD 418.8 million in 2015, primarily due to the new oil palm planting, the purchase of property, plant and equipment (especially in our West Kalimantan and West Papua palm oil plantations), and an increase in plasma receivables.

Total assets amounted to USD 525.1 million in 2016, 11.6% more than USD 470.4 million in 2015, principally due to a rise in non-current assets.

Current liabilities amounted to USD 45.0 million in 2016, 19.4% lower than USD 55.9 million in 2015. This was mainly due to the repayment of short-term bank loans in 2016. As at December 31, 2016, total short-term loans withdrawn amounted to USD 22.7 million compared to USD 40.2 million as at December 31, 2015. The loan facilities were provided by PT Bank OCBC NISP Tbk. and PT Bank CIMB Niaga Tbk. and were utilized by us together with our subsidiaries KAL, PPM, PMP and GMIT. Short-term loans from Citibank, NA, and PT Bank Central Asia Tbk. were fully paid in 2016 and were no longer outstanding as of December 31, 2016.

Meanwhile, trade accounts payable from subsidiaries engaged in palm oil plantations increased due to higher FFB purchase. We also recorded a non-refundable deposit of USD 1.25 million, in relation to the sale of shares in PT Agro Muko, as advances in other payable account.

Non-current liabilities totaled USD 125.4 million, 69.2% more than USD 74.1 million in 2015. In 2016 the Company and its subsidiaries in West Papua (PPM, PMP and ANJAP) and GMIT collectively withdrew long-term bank loans from PT Bank OCBC NISP Tbk. amounting to USD 37.0 million. Of this, USD 8.4 million will be due in 2018 and 2019 and the remainder in quarterly installments starting at various dates between 2018 and 2020. Our subsidiary KAL in West Kalimantan also withdrew a long-term bank loan from PT CIMB Niaga Tbk. amounting to USD 12.3 million. This loan will be due in monthly installments starting in 2017.

Total liabilities amounted to USD 170.5 million in 2016, 31.1% higher than the USD 130.0 million in 2015, largely as a result of the significant increase in non-current liabilities.

Total equity was USD 354.6 million in 2016, an increase of 4.2% from USD 340.4 million in 2015, as a result of our net income, other comprehensive income and cash dividends of IDR 113.3 billion (35 rupiah per share), equivalent to USD 8.5 million (USD 0.003 per share).

In addition, the Company reissued treasury shares amounting to IDR 122.6 billion, equivalent to USD 9.3 million in 2016. These treasury shares had derived from share acquisitions from shareholders who disagreed with the resolution of the Extraordinary General Meeting of Shareholders relating to the merger between ANJ and PT Pusaka Agro Makmur in 2015. For further details on these treasury shares, please refer to Shareholder Information on page 32.

OPERATING RATIOS

Gross Margin: Our gross margin in 2016 was 33.7% compared to 30.8% in 2015. This increase of 2.9 percentage points was driven by higher revenue in 2016. Due to the nature of ANJ's businesses, our gross profit is calculated by subtracting the sum of the 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 by the sum of revenue from sales and service concession revenue.

EBITDA Margin: Our EBITDA margin in 2016 was 26.3% compared to 18.8% in 2015. The increase of 7.5 percentage points was primarily due to higher revenue and the absence of contractor termination charges of USD 8.8 million as in 2015. Our EBITDA is calculated from profit before tax, adding back depreciation, amortization, interest expenses, impairment loss and foreign exchange loss, then subtracting foreign exchange gain and interest income. Our EBITDA margin is measured by dividing EBITDA by the sum of revenue from sales and service concession revenue.

In 2016 we continued with an expansion strategy into palm oil, sago and renewable energy that we began across the group in 2012 in an effort to drive shareholder value creation.

Net Profit (Loss) Margin: Our net profit margin in 2016 was 6.8% in comparison to net loss margin of -6.3% in 2015. Our net income in 2016 was USD 9.2 million from total revenue of USD 134.4 million, compared to 2015's net loss of USD 8.4 million from total revenue of USD 126.0 million.

Return on Assets and Equity: Return on assets (ROA) in 2016 was 1.8% compared to -1.8% in 2015, following our net income in 2016. ROA is calculated by dividing net income (loss) for the year by the total assets at the end of the year.

Return on equity (ROE) in 2016 was 2.6% compared to -2.5% in 2015, following our net income in 2016. ROE is calculated by dividing net income (loss) for the year by the total equity at the end of the year.

Receivables Turnover: This is a measure of the average days required by a company to turn receivables over into cash collected. In 2016, our receivables average turnover was around 40 days, similar to 2015.

Receivables turnover is calculated by dividing the total days in the year (365) with the quotient of total revenue from sales during the year and trade receivable at the end of the year. The lower the number of days, the faster the receivable is turned over into cash.

Our trade receivables originate from our export sales of palm oil, service concession revenue and tobacco sales. Local sales of CPO and PK are made on a tender basis, where cash advance payment is required of buyers before delivery, and consequently no trade receivables are incurred.

FINANCIAL RATIOS

Current Ratio is measured by dividing total current assets by total current liabilities at the end of the year. Our current ratio in 2016 was 1.43x, higher than 0.92x in 2015. This was due to the increase in current assets and decrease in current liabilities, particularly due to repayment of short-term bank loans.

Cash Ratio is calculated by dividing total cash and cash equivalents with total current liabilities. At the end of 2016, 26.2% of our current assets were in the form of cash and cash equivalents, lower than 37.0% in 2015. Our cash ratio slightly increased to 0.37x in 2016 from 0.34x in 2015, demonstrating more ability to meet the current liabilities.

Debt-to-Equity Ratio reflects our ability to meet the total liabilities. The lower the ratio, the better our ability. Our total liabilities in 2016 were USD 170.5 million, an increase of USD 40.5 million from 2015. Consequently, our debt-to-equity ratio was higher at 0.48x than 0.38x in 2015, but still clearly reflecting our strong capability to meet our liabilities.

Net Debt-to-Equity Ratio is calculated by dividing net debt by equity, where net debt represents the interest-bearing liabilities minus cash and cash equivalents. Our net debt-to-equity ratio in 2016 was 0.32x, in line with the substantial increase in long-term bank loans drawn.

The new mill at our West Kalimantan Plantation was inugurated by Bupati Martin Rantan and ANJ Management in December 2016.

Other Financial Information

CAPITAL STRUCTURE

In 2016 we continued with an expansion strategy into palm oil, sago and renewable energy that we began across the group in 2012 in an effort to drive shareholder value creation. To finance this expansion, we have taken advantage of our strong liquidity from palm oil operations and cash balance from previous years, supplemented by the proceeds from our initial public offering in May 2013 and, since 2014, the introduction of a modest degree of leverage into the Company's capital structure.

Starting in 2015, we recorded a substantial increase in bank loans, in line with our financing strategy to have a balanced mix between the use of equity and borrowings.

As at December 31, 2016, short-term loans outstanding totaled USD 22.7 million. Of this amount, USD 12.8 million or 56.1% was withdrawn from loan facilities from PT Bank CIMB Niaga Tbk. The remaining balance represented withdrawals from PT Bank OCBC NISP Tbk.

As at December 31, 2016, the Company and its subsidiaries had collectively drawn down USD 95.7 million in a long-term bank loan from PT Bank OCBC NISP Tbk. USD 8.4 million will be due in 2018 and 2019 and the remainder in quarterly instalments starting at various dates from 2018 to 2020. Meanwhile, another long-term bank loan of USD 12.3 million, from PT Bank CIMB Niaga Tbk., will be due in monthly installments starting from 2017.

We recognize that a strong capital structure is essential to ensure our ability to sustain our businesses, and we believe our net debt to total equity ratio of 0.32x as at December 31, 2016, clearly reflects our strong capital structure. We will prudently continue to increase our leverage in our capital structure up to a level of no more than 0.5 times net debt to shareholders' equity, either from bank loans, bonds or other resources, to meet our requirements for funds for our oil palm planting program and other business expansion.

MATERIAL COMMITMENTS TO CAPITAL EXPENDITURE

Our capital expenditure amounted to USD 49.8 million in 2016. Of this, USD 45.5 million was spent on developing our palm oil estates, USD 4.2 million on developing our sago starch business and the remainder on developing our energy and other businesses. The spending was financed primarily by existing cash, by cash from operations and by short- and long-term bank loans.

In 2016, we made a number of material capital expenditure commitments in line with our strategy to grow our core businesses, particularly on the following:

- Construction of the first line of a mill with two lines of 45-tonnes-per-hour capacity at our West Kalimantan Plantation;
- Replacement of mill machinery and construction of a power plant for our sago project in West Papua, to support the operation of our sago mill with capacity of 1,250 tonnes per starch per month;
- Planting of 3,000 hectares of oil palms and construction of associated plantation infrastructure in West Papua;
- Land compensation at our South Sumatra landbank;
- Replanting at our Belitung Island Plantation;
- Development of an enterprise resource planning (ERP) system across the Group.

We anticipate capital expenditure in 2017 of USD 63.7 million, mainly comprising USD 11.3 million on mill construction in West Papua (the remainder of the USD 21 million cost will be spent in 2018), USD 26 million on planting in West Papua and South Sumatra, USD 1 million on edamame freezing facilities and the remainder on infrastructure. This spending will be financed primarily by cash from operations and external financing, including but not limited to bank loans.

Our overall expenditure levels and allocation among projects remain subject to many uncertainties. We may increase, reduce or suspend our planned capital expenditures or we may change the timing and area of our capital expenditure spending from the estimates as 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 FACTS ABOUT RELATED-PARTY TRANSACTIONS

ANJ has a minimal number of transactions with related parties. During 2016, we had related-party transactions only within ANJ's group of companies. All were disclosed to the Financial Markets Authority (OJK) and the Indonesia Stock Exchange (IDX) in accordance with prevailing laws and regulations. Related-party transactions during 2016 were as follows:

- GMIT used land and buildings owned by AKJ and MDN as its office, employee housing, training center and warehouse in accordance with a lend-use agreement dated May 24, 2016, and valid until May 17, 2018. Based on this agreement, GMIT has no obligation to pay anything to AKJ or MDN, but GMIT has to pay 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 agreement period.

- SMM charged management fees to AANE of IDR 80 million per month, based on a management and technical services agreement dated May 21, 2014. From July 1, 2016, the fee was reduced to IDR 50 million per month.
- ANJA charged management fees to ANJAS of USD 125,000 per month, based on a management and technical services agreement dated June 27, 2014.
- ANJA charged management fees to SMM of USD 225,000 per month, based on a management and technical services agreement dated June 27, 2014.
- The Company charged management fees to subsidiaries, based on a management services agreement dated December 14, 2015, at the following rates per month for each subsidiary based on certain conditions as stipulated in the agreement:

Subsidiary	Fee
ANJA, SMM, ANJAS and KAL	IDR 870 million
PPM, PMP, ANJAP	IDR 435 million
DGI	IDR 362.5 million
GSB	IDR 145 million
ATI and SM	IDR 58 million
AANE	IDR 29 million
GMIT	IDR 14.5 million
ANJB	IDR 4.35 million

- The Company gave a shareholder loan to AANE amounting to USD 750,000 based on a loan agreement dated December 15, 2014, for a three-year period, at an annual interest rate of 2.75% plus Libor. This loan facility was to be used for constructing an extension to AANE's biogas plant. The total outstanding loan as of December 31, 2016, was USD 355,292.
- On April 1, 2015, ANJAS entered into a loan facility agreement for a maximum amount of USD 7 million with ANJA as the borrower. This loan facility is valid for a three-year-period, at an annual interest rate of 3%. This agreement was amended on May 18, 2015, to increase the facility to USD 10 million. The total outstanding loan as of December 31, 2016, was nil.
- On June 24, 2015, ANJA and KAL entered into a loan agreement for USD 6 million, valid until December 31, 2015, at an annual interest rate of 3%. This agreement was amended on November 16, 2015, to IDR 145 billion, and later was amended on October 7, 2016, to IDR 300 billion. The latest amendment is valid until December 31, 2018, at an annual interest rate of 10%. The total outstanding loan as of December 31, 2016, was IDR 33.2 billion.
- On July 15, 2015, the Company and ANJAP entered into a loan agreement amounting to IDR 40 billion or US dollar equivalent for a one-year period, at an annual interest rate of 11.5% for the rupiah facility or 3% for the US dollar facility. The loan facility was to be used for developing

Our capital expenditure amounted to USD 49.8 million in 2016. Of this, USD 45.5 million was spent on developing our palm oil estates, USD 4.2 million on developing our sago starch business and the remainder on developing our energy and other businesses.

a sago factory in Saga, West Papua. On July 15, 2016, the agreement was amended for a one-year period as of the date of the amendment and it will be automatically extendable for another one-year period. The total outstanding loan as of December 31, 2016, was nil.

- On August 19, 2016, the Company and PPM entered into a loan agreement for IDR 135 billion or US dollar equivalent, valid until August 18, 2017 and automatically extendable for another one-year period. The facility has an annual interest rate of 10.75% for the rupiah facility or 4.25% for the US dollar facility. The total outstanding loan as of December 31, 2016, was nil.
- On August 19, 2016, the Company and PMP entered into a loan agreement for IDR 135 billion or US dollar equivalent, valid until August 18, 2017, and is automatically extendable for another one-year period. The facility has an annual interest rate of 10.75% for the rupiah facility or 4.25% for the US dollar facility. The total outstanding loan as of December 31, 2016, was nil.
- On October 7, 2016, ANJAS and KAL entered into a loan agreement for IDR 200 billion with KAL as the borrower, valid until December 31, 2018, at an annual interest rate of 10%. The total outstanding loan as of December 31, 2016, was IDR 91 billion.

MATERIAL FACTS FROM AFTER THE ACCOUNTING REPORTING DATE

On February 20, 2017, we held an extraordinary general meeting of shareholders (EGMS) in relation to the resignation of Ridha Wirakusumah from his position as Independent Commissioner and the appointment of Darwin Cyril Noerhadi as a new Independent Commissioner.

In relation to a conditional sale and purchase of shares agreement (CSPA) with SIPEF NV, regarding its investment in our subsidiary PT Agro Muko, we have received the outstanding sale proceeds of USD 43.1 million in February 2017.

CHANGES TO ACCOUNTING POLICY

The Financial Accounting Standards Board of the Indonesian Institute of Accountants issued one new Statement of Financial Accounting Standards (PSAK), one interpretation of an existing statement (ISAK) and a number of amendments to existing statements effective for the accounting period beginning on or after January 1, 2016, as shown in the table opposite.

The adoption of this new standard, intepretation and amendments does not have any impact to the amounts and disclosures in the Company's consolidated financial statements.

The Financial Accounting Standards Board of the Indonesian Institute of Accountants also issued the following new and revised standards, which have not yet been adopted:

Amendments to standards and interpretations effective for periods beginning on or after January 1, 2017, with early application permitted: PSAK 1, Presentation of Financial Statements, concerning disclosure initiative; ISAK 31, Interpretation on the Scope of PSAK 13: Investment Property.

Standards and amendments to standards effective for periods beginning on or after January 1, 2018, with early application permitted: PSAK 69: Agriculture; PSAK 16: Fixed Assets, concerning agriculture: bearer plants.

Management is still evaluating the effect of adoption of these standards and interpretations on the Group's financial statements.

DIVIDEND POLICY

Under Indonesian law, dividend payments are decided by a resolution at the annual general meeting of shareholders based on the recommendation of the Board of Directors.

We may declare dividends in any year if we have positive retained earnings. Our policy is to pay dividends at a rate of up to 50% of our consolidated net income after provisioning all statutory reserves. The dividend rate and our ability to pay dividends in the future will be subject to our cash flow, future retained earnings, financial condition, working capital requirements and investment plans, as well as regulatory restrictions and other requirements.

Dividends are paid in Indonesian rupiah. Shareholders of record on the applicable dates will be entitled to the full dividend amount approved, subject to any Indonesian withholding tax imposed. Dividends paid to shareholders not resident in Indonesia 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 subject to modification by our Board of Directors with shareholders' approval at a general meeting of shareholders.

During the AGM held on June 1, 2016, shareholders approved the distribution of a cash dividend of IDR 35 per share for the year 2015 to all shareholders registered on the recording date of June 13, 2016. The cash dividend totaled IDR 113.3 billion, equivalent to USD 8.5 million, representing a 2.0% dividend yield. It was paid on July 1, 2016.

This compares to a cash dividend of IDR 35 per share paid for the year 2014 that totaled IDR 112.7 billion, equivalent to USD 8.4 million, representing a 2.7% dividend yield.

NEW, REVISED AND AMENDED ACCOUNTING STANDARDS FOR 2016

New standard:

- PSAK 70, Accounting for Tax Amnesty Assets and Liabilities

Revised standard:

- ISAK 30: Levies

Amendments to standards:

- Amendments to PSAK 4, Separate Financial Statements, concerning equity method in separate financial statements;
- Amendments to PSAK 5, Operating Segments;
- Amendments to PSAK 7, Related-Party Disclosures;
- Amendments to PSAK 13, Investment Property;
- Amendments to PSAK 16, Fixed Assets;
- Amendments to PSAK 19, Intangible Assets;
- Amendments to PSAK 22, Business Combinations;
- Amendments to PSAK 24, Employee Benefits, concerning employee contributions to defined-benefit plans;
- Amendments to PSAK 25, Accounting Policies, Changes in Accounting Estimates and Errors;
- Amendments to PSAK 53, Share-Based Payment;
- Amendments to PSAK 65, Consolidated Financial Statements;
- Amendments to PSAK 67, Disclosure of Interests in Other Entities;
- Amendments to PSAK 66, Joint Arrangements, concerning accounting for acquisitions of interests in joint operations;
- Amendments to PSAK 68, Fair Value Measurement.

Industry & Market Outlook

Palm Oil

Palm oil is the world's most-consumed vegetable oil and the most cost-efficient to produce. Despite a climate-driven drop in global production of between 10% and 15% in 2016, more than 57 million tonnes of CPO were produced, dominated by Indonesia at 30 million tonnes and Malaysia at 17 million tonnes.[1] The two countries account for 85% of world palm oil production between them.

Global palm oil consumption has grown at an annual average of 5.3% over the past five years.[2] The key reasons for this include rises in population and income, expansion in the uses of palm oil, and palm oil's competitiveness with other vegetable oils.

USES AND MARKET

Palm oil competes with other edible oils including soybean, rapeseed, sunflower, peanut and coconut oils. It is used predominantly in frying food and as a baking and confectionery fat. It is also used as a biofuel and as a feedstock for oleochemicals in fatty acid production.

Demand is dispersed internationally. India, Indonesia and the EU are the major consuming countries followed by China and Malaysia. As a result of the government's mandatory B20 program — which requires some industry sectors to use diesel containing at least 20% biofuels — and higher demand for oleochemicals, Indonesia is expected to overtake India as the world's largest palm oil consuming country. Recently, consumer demand for palm oil in India has dropped, partly due to the removal from circulation of high-value rupee notes which had formed 86% of cash in circulation.[3]

CPO is the most exported vegetable oil globally, with an estimated 42 million tonnes exported by Indonesia and Malaysia in 2016.[4] Indonesia is the largest exporter of CPO. Its share has remained fairly constant since 2010 as domestic processing has expanded.

CPO production costs are low compared to other crops of a similar nature due to its high yield.

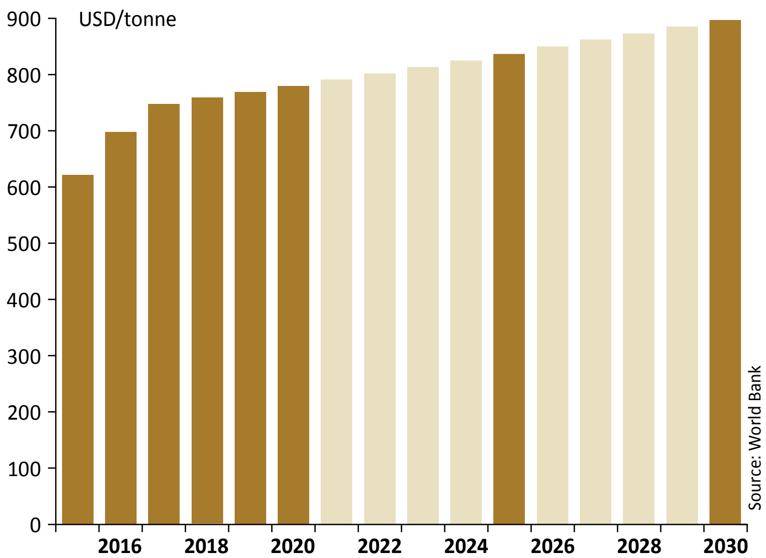
CPO is traded in the international commodity markets, and pricing is generally determined by supply and demand. As such, ANJ's competition with other CPO and PK producers generally regards quality, delivery time and logistics (the location of our plantations and mills).

OUTLOOK

Global vegetable oil production is expected to rise by more than 24% by 2024.[5] Because it is free of trans fats, palm oil is well positioned to benefit from the growth in consumption of vegetable oils worldwide.

Long-term growth in CPO prices globally should continue to be driven by

CPO PRICE OUTLOOK TO 2030



growth in global demand for palm oil along with other vegetable oils.

The palm oil business faces short-term challenges due to production weakness following El Niño weather patterns in Malaysia and Indonesia in 2015 and 2016. The CPO price may well fluctuate and experience weakness amid volatile market conditions due to ongoing uncertainties over short-term prospects for global economic growth; and low global crude oil prices, which have shrunk the market share of CPO as alternative energy source.

Medium- and long-term growth is forecast to continue, however, reaching an estimated 72 million tonnes by 2020 and 90 million by 2025.[6] Most of this growth will be driven by continued population expansion and economic development in Asia — notably in China, India and Indonesia — along with global changes in dietary preferences, increases in disposable income especially in emerging Asian economies, and rising use of palm oil in biofuels and in non-edible products and oleochemicals. The Indonesian government's implementation in 2015 of a subsidy regime to incentivize biodiesel producers is set to drive domestic consumption.

At ANJ we believe we are well positioned to benefit from this increased demand for CPO and other oil palm products. We see the long-term business prospects for palm oil as very encouraging. CPO-producing countries, including Indonesia, should see significant export growth opportunities.

The demand for sustainable palm oil, specifically, will rise as nations insist on more sustainable food sources. While 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.

This will advantage producers such as ANJ, which is committed to producing sustainable palm oil products.

FFB entering the milling process. Palm oil demand is forecast to continue growing.

Sago Starch

Pure (native) starches are widely used in the food and paper industries, primarily for binding and thickening.

Production is dominated by corn starch, mostly from the US and China, cassava starch, mostly from Asia, and potato and wheat starches, mostly from Europe and the US. China has long been the largest producer and consumer of native starch, although Indonesia is also a significant consumer.

World native starch consumption is estimated at around 30 million tonnes annually. It is forecast to expand at 2.5% per year up to 2020, with corn remaining the main raw material for future native starch demand, supported by Asian cassava starch. Australia, China, Indonesia, Japan and the US represent the largest markets.[7]

Sago starch forms only a small part of world production of native starches. Consumption in Indonesia is about 170,000 tonnes per year, with the vast bulk produced and consumed domestically. Government statistics put sago starch exports at an estimated 12,000 tonnes annually, mainly to Japan and Malaysia.[8]

In Indonesia, the main use for starch is as a sweetening agent in foods. Tapioca starch is the main material, but there is a large potential market for our sago starch to meet the population's growing carbohydrate needs.

In common with other native starches, sago starch has various uses and can be modified and used in baking cakes, frying and in processed foods. One potential market is selling sago starch to manufacturers of modified starch.

The sago starch market is rudimentary and fragmented, but we believe that there is a significant potential demand for sago starch relative to world supply. This situation creates both opportunities and challenges for us in introducing sago starch to a domestic and international market.

We believe that there is a significant opportunity to build a commercial starch production business in Indonesia. While competition among starch producers is historically strong, we see a clear market opportunity as demand in Indonesia is not matched by domestic supply, making it a significant net importer.

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

Biogas

As global support for renewable energy rises, more and more countries — including Indonesia and other Asian nations — are creating the necessary framework and regulatory conditions for fast growth in biogas and other developing renewable-energy technologies.

Increased adoption of renewable energy sources in general is being driven by global trends focused on actions to control or mitigate climate change, along with volatility in the price and supply of fossil fuels and lower tolerance for fossil fuels' environmental hazards. This scenario is set to foster a sharp rise in biogas, the most sustainable source of bioenergy, according to the International Energy Agency In the medium term, it forecasts a 7% annual rise in bioenergy from around 460TWh in 2015 to 560TWh by 2018.

In Indonesia, state utility PT PLN (Persero), the only legal entity permitted to supply electricity for public needs, is responsible for executing an ambitious government plan for new power plants with a total capacity of 35GW by 2019. We accordingly expect to see strong encouragement and an increasingly favorable regulatory regime for biogas power producers that help feed electricity into the national grid.

In 2016, the Ministry of Energy and Mineral Resources issued Ministerial Decree No.21/2016, which provided the biogas and biomass power industries with new attractive feed-in tariffs denominated in US dollars. In January 2017, however, the ministry issued Decree No.12/2017, ruling that the tariff should depend on the local and the national cost of power production.

We are currently negotiating with PLN following this review and look forward to an early confirmation of the new tariff in order to be provided with business certainty for this industry.

Notes

1 "Indonesian Palm Oil Industry Outlook 2017" presentation at Indonesian Palm Oil Conference 2016 by M. Fadhil Hasan, Council of Palm Oil Producing Countries; Malaysian Palm Oil Council, monthly palm oil import and export statistics, December 2016.

2 M. Fadhil Hasan, *op. cit.*

3 "India's Long Term Demand for Palm Oil," presentation at Indonesian Palm Oil Conference 2016 by B. V. Mehta.

4 Indonesia Investments report, January 10, 2017; Malaysian Palm Oil Council, monthly palm oil import/export statistics, December 2016.

5 "OECD-FAO Agricultural Outlook 2015," OECD/Food and Agriculture Organization of the United Nations (2015), OECD Publishing, Paris.

6 "Palm Oil: A Global Strategic Business Report," Global Industry Analysts, US (2015).

7 "Market Study 2016" presentation by Giract, Agrana RoadShow 2016/17.

8 Indonesian Central Statistics Agency, sago starch import and export estimates, 2016.

Business Strategies & Future Plans

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:

GRADUALLY INCREASE LEVELS OF NEW OIL PALM PLANTINGS IN RESPONSIBLE WAYS

We intend to continue expanding our oil palm plantations by developing our existing plantable landbank. We plan to continue planting at our West Papua plantations and resume land-clearing and planting at our South Sumatra Plantation.

In 2016, we continued development by planting 1,841 hectares through concurrent planting at our South Sumatra and West Papua estates.

We aim to plant about 2,000 hectares across our South Sumatra and West Papua estates in 2017.

Furthermore, we have completed our pre-planting activities at all locations, including performing environmental assessments in West Papua, engaging with local communities, securing sufficient seedlings and developing nurseries.

We will continue our growth strategy to maximize yields from planted areas. Our strategy is focused on sustainability, striking a balance between environmental protection and rural

One key focus of our strategy is our planting and replanting program.

development needs. All of our mature plantations are RSPO-certified, and our new plantations are all being planted according to RSPO guidelines, with our West Papua plantations subject to specific and extensive voluntary conservation measures (see pages 131-137).

FURTHER IMPROVE OUR OPERATIONAL EFFICIENCIES TO MAXIMIZE YIELDS

We believe that continuous improvement in operational efficiency is key to our success and long-term sustainability.

Our growth strategy also involves planting in a manner that better allows us to mechanize our harvesting.

Accordingly, we have invested in improving our harvesting technique through mechanically assisted infield collection (MAIC) to increase harvester productivity, reduce harvesting costs and reduce the turnover of harvesters as well as our dependency on them. MAIC has been implemented at our Belitung Island, North Sumatra I and West Kalimantan plantations, and we expect that implementing it at our West Papua and South Sumatra plantations will lead to increased yields and help lower maintenance and harvesting costs.

We intend also to continue upgrading our operating processes to optimize efficiency, including progressively mechanizing the process of loading, unloading and transporting FFB at all of our plantations.

We intend to continue to improve our disciplined implementation of best management practices, including scheduling of fertilizer application, harvesting of ripe FFB, harvesting of palms in predefined blocks, and use of empty fruit bunches in immature areas and in poor soil conditions to improve soil fertility and soil structure.

In 2015, we established a research and development team to optimize yield, reassess the mix of fertilizers we use and to increase the use of empty fruit bunches as compost to reduce our fertilizer requirements. The result is quite positive, therefore we plan to continue and refine this program.

We will continue to directly employ a high percentage of our harvesters, rather than using contract workers. This helps us increase supervision over and training of our harvesters, helping us to uphold our quality control procedures and maintain labor cost efficiency.

CONTINUE EXPANSION INTO COMPLEMENTARY BUSINESS LINES

Biogas: We are currently developing our renewable energy business as a complement to our palm oil business. Our first biogas facility, at our Belitung Island Plantation, began commercial operations in December 2013 and allows us to monetize an otherwise unused byproduct of our palm oil mills by generating electricity and selling it to PLN while reducing the environmental impact of our operations by capturing methane produced from decomposition of mill effluent. This capacity of our biogas plant at Belitung is 1.8MW.

We are focused on harnessing the biomass available from our other plantations and are exploring the development of a second plant at our North Sumatra I and West Kalimantan plantations. We plan over time to develop similar biogas power plants at all of our producing plantations.

Edamame: Our subsidiary GMIT has spent several years gradually exiting its core business of tobacco processing in favor of exploring higher-value food products. Based on a 2015 pilot project to grow and process edamame, we successfully scaled up the operations in 2016 and began selling into markets in East Java, Bali and Jakarta, and we intend to establish an edamame business focused on domestic and export markets in 2017.

We expect further expansion into food and renewable energy businesses to strengthen our overall performance and business sustainability by opening access to new, less cyclical earnings in potentially high-growth businesses.

FURTHER DEVELOP OUR CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

We continuously strive to develop community support platforms, conservation plans and sustainability initiatives and plan to continue this as a core principle of our businesses. We also intend to continue our productive dialogues with NGOs and other parties to help us keep our operations aligned with international best practices in palm oil production and agribusiness.

In line with our obligations under the Indonesian government's Plasma Program, we have implemented a program at our West Kalimantan Plantation, under which we assist local communities in forming co-operatives, train farmers in operating the Plasma plantation area, then purchase the resulting FFB from the co-operatives for processing in our mills.

We plan to implement a similar program at our South Sumatra and West Papua plantations and have already begun preparations. We have also implemented a partnership (*kemitraan*) program at our Belitung Island Plantation, where we have no obligation to do so, to help smallholders raise their standard of living, while also aligning their interests with ours. We plan to continue and develop this program, as well as implement a similar program at our North Sumatra plantations.

We have initiated a support program at our West Kalimantan Plantation to support community enterprises by helping them to enhance their governance and business development skills. We have targeted assistance for at least three businesses around the plantation during the coming four years, and plan to apply the initiative to our other producing estates.

We have a strong emphasis on good management of areas of high conservation value in our producing estates as well as our developing estates in West Papua. In particular, we manage a conservation area of 2,330 ha at our West Kalimantan plantation together with key stakeholders including local community and local government. With support from the organization The Nature Conservancy, we are promoting it as an Essential Ecosystem Area of Ketapang district. We aim to have agreed a conservation plan for the area with stakeholders, particularly the district government, within two years. We believe this initiative will bring the local community significant economic benefit.

To raise awareness of conservation and the environment among the younger generation, we have initiated a green school program, adopting the national Adiwiyata model developed by the Ministry of Environment and Forestry. We focus on state elementary schools around our plantation areas, and we aim for at least one state school to meet the standard within two years. We plan to extend the initiative to all of our producing estates.


Young seedlings stay in pots for about four months before being replanted in nurseries.

Corporate Governance

We exercise sound corporate governance through detailed management reporting systems and high ethical standards, in line with the core values that we strive to instill across ANJ: integrity, respect for people and the environment, and continuous improvement. We emphasize transparency in governance, both within our Group and in our relations with all stakeholders.

Our management team consists of experienced executives who have demonstrated successful track records in managing our existing operations and growth plans, including executing acquisition opportunities. Their expertise is vital to us achieving our goal: world-class practices in plantation management.

This section describes the bodies, structures and policies that form our mechanisms of corporate governance and risk management.

Governance Structures & Policies

General Meeting of Shareholders

The general meeting of shareholders is an organ of the Company in which its shareholders make decisions relating to the Company, subject to the provisions of the Articles of Association and applicable laws and regulations. It has authority not given to the Board of Directors or the Board of Commissioners. In a general meeting of shareholders, the Board of Commissioners and the Board of Directors report to the shareholders on their performance and accountability.

To protect shareholders' interests, the Company is committed to ensuring that general meetings of shareholders are convened on time as determined in the Company's Articles of Association and regulations of the Financial Services Authority (OJK).

A general meeting of shareholders is either an annual general meeting (AGM) or an extraordinary general meeting (EGM). An AGM should be convened once a year, at the latest six months after the end of the Company's financial year. An EGM may be convened at any time as deemed necessary for the interests of the Company.

The Company convened one AGM in 2015, on June 22, and two EGMs, on June 22 and October 21. In 2016, the Company convened one AGM, on June 1. The following sections list the resolutions made at these meetings and the follow-up actions taken.

AGM & EGMs 2015

AGM 2015: The Board of Directors and the Board of Commissioners have completed all resolutions stipulated by the shareholders at the AGM. For full details, see table opposite.

EGM of June 22, 2015: The Board of Directors and the Board of Commissioners completed all resolutions stipulated by the shareholders at the EGM within the 2015 financial year. For details, see the table on page 90.

EGM of October 21, 2015: The Board of Directors and the Board of Commissioners completed all resolutions stipulated by the shareholders at the EGM within the 2015 financial year. For details, see table on page 90.

AGM IN 2016

The AGM was convened at Mercantile Athletic Club, World Trade Center, 18th Floor, Jl. Jenderal Sudirman Kav. 31, South Jakarta. Of the Company's total shareholders, 98.68% were present or represented. The Board of Directors and the Board of Commissioners completed all resolutions stipulated by the shareholders at the EGM within the 2016 financial year.

A summary of resolutions made is as shown in the table on page 91.

The Board of Commissioners

The Board of Commissioners is responsible for supervising the management of the Company. Its principal function is to advise and give recommendations to the Board of Directors. It is also responsible for monitoring the policies adopted by and performance of the Board of Directors in executing its management duties in accordance with the provisions of the Articles of Association of the Company and applicable laws and regulations. It is tasked with ensuring that the Board of Directors has implemented good corporate governance at all levels.

Commissioners are appointed by the shareholders at a general meeting

AGM 2015 RESOLUTIONS AND FOLLOW-UP ACTIONS

Resolutions
I To approve and ratify the annual report of the Company for the year ending December 31, 2014 (including the operational report, the supervisory report of the Board of Commissioners and the consolidated financial statements), as well as to give full release and discharge of responsibilities (*acquit et décharge*) to the members of the Board of Directors and the Board of Commissioners for their management duties and supervisory duties carried out during the year ending on December 31, 2014, to the extent that their actions were reflected in the annual report. *Follow up status:* Completed. Financial statements for the year ending December 31, 2014 were delivered on February 25, 2015, and the annual report for the year ending December 31, 2014, was delivered on April 30, 2015, both to the OJK and the Indonesia Stock Exchange (IDX).
II To approve the use of the net income of the Company for the year ending December 31, 2014 as follows: 1) IDR 31,000,000 or equivalent to USD 2,372 (by using the middle exchange rate of Bank Indonesia on June 19, 2015, of IDR 13,324 per USD 1) will be allocated and recorded as reserve funds. 2) IDR 116,721,500,000 will be distributed as cash dividend to the shareholders of the Company so that each share will receive cash dividend of IDR 35. The exchange rate for book-keeping purposes will use the middle exchange rate of Bank Indonesia on the recording date to determine the shareholders who are entitled to the cash dividend, namely, on July 2, 2015. 3) The remaining balance will be recorded as retained earnings which will be used for the working capital of the Company. *Follow up status:* Completed. The dividend was distributed to shareholders on July 24, 2015.
III To give authorities and powers to the Nomination and Remuneration Committee, one of the committees under the Board of Commissioners of the Company, to determine the salary and/or other allowances payable to the members of the Board of Commissioners and the Board of Directors of the Company for the 2015 financial year. *Follow up status:* Completed.
IV 1) To approve the recommendation from the Board of Directors to appoint the firm of public accountants Osman Bing Satrio & Eny to carry out an audit on the Company for the financial year of 2015, and 2) To give authorities to the Board of Directors to approve and determine its honorarium and the terms of appointment. *Follow up status:* Completed.

Resolutions
V 1) To approve the appointment of: a) Handi Belamande Syarif as a new Director of the Company; b) Sonny Sunjaya Sukada as a new Director of the Company. 2) To approve the reappointment of: a) Adrianto Machribie as the President Commissioner (Independent); b) Arifin Mohamad Siregar as an Independent Commissioner; c) George Santosa Tahija as a Commissioner; d) Sjakon George Tahija as a Commissioner; e) Istama Tatang Siddharta as a Commissioner; f) Anastasius Wahyuhadi as a Commissioner; g) Josep Kristiadi as an Independent Commissioner; h) Suwito Anggoro as the President Director; i) Istini Tatiek Siddharta as the Deputy President Director; j) Sucipto Maridjan as a Director. *Follow up status:* Completed. The appointment and the reappointments as stated were made and reported to the Ministry of Law and Human Rights.
VI To approve the report on the use of all of the proceeds of the initial public offering of the Company. *Follow up status:* Completed. The Company reported the use of proceeds to the OJK and IDX on June 15, 2014.
VII 1) To give powers to the Board of Commissioners to carry out actions in relation to the increase of the issued and paid-up capital of the Company in relation to the implementation of the Management Stock Option Plan (MSOP) in accordance with the resolutions of the Extraordinary General Meeting of Shareholders as stated in Deed No.161 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated January 17, 2013, in relation to the Company's IPO. 2) To reconfirm and approve the issuance of new shares of maximum 1.5% of the total issued and paid-up capital of the Company as well as to approve the amendment to the Articles of Association of the Company in relation to the increase of the issued and paid-up capital of the Company in conjunction with the implementation of the Management Stock Option Plan (MSOP). 3) To give powers to the Board of Commissioners and/or the Board of Directors and/or the Corporate Secretary to carry out all and any actions required with respect to the implementation of the issuance of new shares in relation to the Management Stock Option Plan (MSOP). *Follow up status:* Completed. In 2015, the Company opened two windows for MSOP options to be exercised, on May 8 and November 2. There were 625,000 new shares issued in relation to the MSOP, and this was reported to the Ministry of Law and Human Rights.

EGM JUNE 2015 RESOLUTIONS AND FOLLOW-UP ACTIONS

Resolutions	
I	To approve the merger plan between the Company and PT Pusaka Agro Makmur (PAM), a fully owned subsidiary of the Company, with the Company as the surviving company, which shall be done under the conditions stipulated in the merger plan approved by the Company and PAM, including to approve the merger plan, the draft deed of merger and the draft articles of association of the Company with respect to the merger as well as the implementation of the buyback of shares from the shareholders who do not approve the merger. *Follow up status:* Completed. The merger was finalized on June 23, 2015.
II	To approve and change the main business activity of the Company, in light of the abovementioned merger, by adding to the main business activities of the Company to include the direct operation of plantations of palm oil, processing of palm oil and trading of palm oil products, as well as to amend Article 3 of the Articles of Associations of the Company, which amendment is stated in the third agenda item of the EGM. *Follow up status:* Completed. Both changes were made and reported to the Ministry of Law and Human Rights.
III	1) To approve the amendment to the Articles of Association of the Company, including the change of the main business activities of the Company and therefore to amend Article 3 of the Articles of Association, to amend the Articles of Association of the Company in order to comply with the OJK Regulations, as well as to approve the restatement of all articles in the Articles of Association of the Company. 2) To approve giving authorities and powers to the Board of Directors and/or the Corporate Secretary of the Company, with the right of substitution, to carry out any and all actions required in relation to above resolutions, including but not limited to, stating the resolutions in a notarial deed, amending and/or restating the Articles of Association of the Company in accordance with the above-mentioned resolution (including restating the composition of the shareholders in the deed, if required) as required and in accordance with the prevailing laws and regulations, drawing up or requesting to draw up and signing any deed, letter and document as required, submitting for approval and/or reporting the resolutions of the EGM and/or the amendment to the Articles of Association of the Company to the authorized institutions as well as carrying out all and any actions required in accordance with the prevailing laws and regulations. *Follow up status:* Completed. The Articles of Association were amended to comply with OJK regulations, and this was reported to the Ministry of Law and Human Rights.
IV	To grant powers and authorities to the Board of Directors and/or the Corporate Secretary of the Company, with the right of substitution, to implement any and all actions required in relation to the resolutions of the EGM. *Follow up status:* Completed.

EGM OCTOBER 2015 RESOLUTIONS AND FOLLOW-UP ACTIONS

Resolutions	
I	• To approve the appointment of Geetha Govindan K Gopalakrishnan as a new Director of the Company, effective as of the closing of the EGM until the closing of the fifth AGM after such appointment, namely, the AGM in 2020, which appointment shall be with due observance to the required working permit and the compliance with the prevailing laws and regulations in Indonesia; • To approve the resignation of Suwito Anggoro as the President Director of the Company, effective as of January 1, 2016, and to release and discharge Mr Anggoro from his responsibility during his term of office, provided that his management of the Company complies with the Articles of Association of the Company, prevailing laws and regulations, including but not limited to Law No.40 of 2007 regarding Limited Liability Companies; • To approve the resignation of Istini Tatiek Siddharta as the Deputy President Director of the Company, effective as of January 1, 2016, and to release and discharge Mrs Siddharta from her responsibility during her term of office, provided that her management of the Company complies with the Articles of Association of the Company, prevailing laws and regulations, including but not limited to Law No.40 of 2007 regarding Limited Liability Companies; • To approve the appointment of Istini Tatiek Siddharta as the President Director of the Company, effective as of January 1, 2016 until the closing of the AGM in 2020; • To state the composition of the Board of Commissioners and the Board of Directors of the Company; • To give authorities and powers to the Board of Directors of the Company and/or the Corporate Secretary of the Company, with the right of substitution, to state the composition of the Board of Commissioners and the Board of Directors of the Company in a notarial deed. *Follow up status:* Completed. The changes were made and reported to the Ministtry of Law and Human Rights.

AGM 2016 RESOLUTIONS AND FOLLOW-UP ACTIONS

Resolutions

I To approve and ratify the annual report of the Company for the year ending December 31, 2015 (including the operational report, the supervisory report of the Board of Commissioners and the consolidated financial statements), as well as to give full release and discharge of responsibilities (acquit et décharge) to the members of the Board of Directors and the Board of Commissioners for their management duties and supervisory duties carried out during the year ending on December 31, 2015, to the extent that their actions were reflected in the annual report.

Follow up status: Completed. Financial statements for the year ending December 31, 2015, were delivered on March 10, 2016, and the annual report for the year ending December 31, 2015, was delivered on April 27, 2016, both to the OJK and IDX.

II To approve the distribution of dividends to the shareholders of the Company taken from the unappropriated retained earnings as at December 31, 2015 in the amount of IDR 113,348,329,500 so that each share will receive a cash dividend of IDR 35. The exchange rate for book-keeping purposes will use the middle exchange rate of Bank Indonesia on the recording date to determine the shareholders who are entitled to the cash dividend, namely on June 13, 2016.

Follow up status: Completed. The dividend was distributed to shareholders on July 1, 2016.

III To give authorities and powers to the Nomination and Remuneration Committee, one of the committees under the Board of Commissioners of the Company, to determine the salary and/or other allowances payable to the members of the Board of Commissioners and the Board of Directors of the Company for the 2016 financial year.

Follow up status: Completed.

IV 1) To approve the recommendation from the Board of Directors to appoint the firm of public accountants Osman Bing Satrio & Eny to carry out an audit on the Company for the financial year of 2016, and

2) To give authorities to the Board of Directors to approve and determine its honorarium and the terms of appointment.

Follow up status: Completed.

Resolutions

V 1) To give powers to the Board of Commissioners to carry out actions in relation to the increase of the issued and paid-up capital of the Company in relation to the implementation of the Management Stock Option Plan (MSOP) in accordance with the resolutions of the Extraordinary General Meeting of Shareholders as stated in Deed No.161 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated January 17, 2013, in relation to the Company's IPO.

2) To reconfirm and approve the issuance of new shares of maximum 1.5% of the total issued and paid-up capital of the Company or maximum 50,000,000 shares as well as to approve the amendment to the Articles of Association of the Company in relation to the increase of the issued and paid-up capital of the Company in conjunction with the implementation of the Management Stock Option Plan (MSOP).

3) To give powers to the Board of Commissioners and/or the Board of Directors and/or the Corporate Secretary to carry out all and any actions required with respect to the implementation of the issuance of new shares in relation to the Management Stock Option Plan (MSOP).

Follow up status: Completed. In 2016, the Company opened two windows for the exercise of MSOP options, on May 9, 2016, and November 1, 2016.

There were 18,650,000 new shares issued in relation to the MSOP, and this was reported to the Ministry of Law and Human Rights.

VII 1) To approve the transfer of treasury stock through an Employee Stock Option Plan or Employee Stock Purchase Plan to the Directors and certain employees of the Company under the following conditions: (i) the sale price is IDR 1,271 and (ii) the maximum number of the treasury stock to be transferred is 63,000,000 shares.

2) To give powers to the Board of Directors to determine the schedule and procedures for the transfer of treasury stock.

3) To give powers to the Board of Directors and/or the Corporate Secretary to carry out all and any actions required with respect to the implementation of the above resolutions.

Follow up status: Completed. The transfer of 15,000,000 shares in treasury stock was made on June 23, 2016.

of shareholders. Under the Articles of Association of the Company, the Board of Commissioners is required to comprise at least two members, and one member is to be appointed as the President Commissioner.

A commissioners' term of office is up to the fifth AGM following his or her appointment, but is also 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 December 31, 2016, the composition of the Board of Commissioners was as shown in the table below.

Commissioner	Position
Adrianto Machribie	President Commissioner (Independent)
Arifin Mohamad Siregar	Independent Commissioner
George Santosa Tahija	Commissioner
Sjakon George Tahija	Commissioner
Istama Tatang Siddharta	Commissioner
Anastasius Wahyuhadi	Commissioner
Josep Kristiadi	Independent Commissioner
Ridha Wirakusumah	Independent Commissioner *(until December 7, 2016)*
Darwin Cyril Noerhadi	Independent Commissioner *(from February 20, 2017)*

For profiles of each of the commissioners see pages 36-40.

Independence

The members of the Board of Commissioners have all met the qualification requirements as stipulated by applicable laws and regulations, especially the capital market regulations, and they have a comprehensive understanding of the Company's business activities so that they can make decisions independently as part of their duty to supervise the Company's management.

The independence of the Board of Commissioners is essential to its efficacy as a mechanism of checks and balances. In compliance with capital market regulations, consistently more than 30% of the members are independent. Currently four of the eight commissioners are independent. The independent commissioners fulfill the qualification requirements set out in all prevailing laws and regulations.

The appointment of commissioners is made based on recommendations from the Company's Nomination and Remuneration Committee.

Board of Commissioners' Charter

In carrying out its duties and responsibilities, the Board of Commissioners follows the guidelines set out in the Board of Commissioners Charter. The charter was formulated based on prevailing laws and regulations and is reviewed periodically. The complete charter is available on the ANJ website's corporate governance page at www.anj-group.com/en/boc/index.

Meetings

Meetings of the Board of Commissioners must be held at least once every two months, and 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 10% 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 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 aimed at reaching a consensus. If one 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 whom he or she may be representing.

Meetings of the Board of Commissioners must be held at least four times a year. During the year ended December 31, 2016, six meetings were convened, of which four were held jointly with the Board of Directors. The table below lists attendance of commissioners at these meetings:

Commissioner	Meetings	%
Adrianto Machribie	6/6	100
Arifin Mohamad Siregar	6/6	100
George Santosa Tahija	6/6	100
Sjakon George Tahija	6/6	100
Istama Tatang Siddharta	6/6	100
Anastasius Wahyuhadi	6/6	100
Josep Kristiadi	6/6	100
Ridha Wirakusumah	5/6	83

The independence of the Board of Commissioners is essential to its efficacy as a mechanism of checks and balances. In compliance with capital market regulations, consistently more than 30% of the members are independent.

Remuneration

The Board of Commissioners receives a monthly honorarium, the amount based on a recommendation from the Nomination and Remuneration Committee and subject to approval by shareholders at a general meeting of shareholders. Remuneration is based on the market rates for such positions and is also determined based on the participation of individual commissioners in various committees under the Board of Commissioners. During 2016, the members of the Board of Commissioners and the Board of Directors were paid cumulative remuneration of USD 3.05 million.

Members of the Board of Commissioners are also covered by liability insurance.

Performance Assessment

Assessment of the performance of the Board of Commissioners is conducted internally or by self-assessment. No independent party was appointed to conduct a performance assessment of the Board of Commissioners in 2016.

Committees Under the Board of Commissioners

In carrying out its duties, the Board of Commissioners may form committees. Currently, it has established four: Audit Committee; Risk Management Committee; Nomination and Remuneration Committee; and Corporate Social Responsibility and Sustainability Committee.

Under ANJ policy, all committees are also independent in their operations. Assessment of each of the committees under the Board of Commissioners is conducted by the Board of Commissioners. A discussion of the roles, structure and activity of each committee follows.

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 to minimize operational risks and fraud risk (see pages 108), overseeing the qualifications and independence of internal and external auditors and identifying 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.

The committee's roles and responsibilities are listed in the Audit Committee Charter.

Structure and Membership

The committee was formed by Resolution of the Board of Commissioners in 2013. It is accountable to and reports directly to the Board of Commissioners. It is independent of the Company's management.

The committee has a chairman chosen from among the independent commissioners of the Company and two other members appointed by the Board of Commissioners.

All members satisfy the membership criteria stated in OJK Regulation No.55/POJK.04/2015 on the Establishment and Working Guidelines for Audit Committees. The members are as follows:

Member	Position
Arifin Mohamad Siregar	Chairman *(June 23, 2015, to August 4, 2016)*
Ridha Wirakusumah	Chairman *(August 4, 2016, to December 7, 2016)*
Darwin Cyril Noerhadi	Chairman *(since February 20, 2017)*
Muljawati Chitro	Member
Danrivanto Budhijanto	Member

Mr Siregar stepped down as committee chairman on August 4, 2016, and was replaced by Mr Wirakusumah, a member of the committee at the time, on August 4, 2016. Mr Wirakusumah stepped down as chairman and was replaced by Mr Noerhadi on February 20, 2017, who joined the committee directly as chairman.

A member's term of office is until the fifth AGM following his or her appointment. For Mr Noerhadi this will be the AGM in 2021, and for Ms Chitro and Mr Budhijanto the AGM in 2020.

For profiles of the members see opposite.

Independence

The committee is chaired by an Independent Commissioner and has as members two other professionals from outside the Company. In carrying out their duties and responsibilities, every member of the committee is required to be independent, objective and professional.

AUDIT COMMITTEE PROFILES

Arifin Mohamad Siregar: Mr Siregar's profile can be found in the commissioner profiles on page 36-40.

Basis of appointment as a member: Resolution of the Board of Commissioners No.001/ANJ/2013 dated February 6, 2013.

Ridha Wirakusumah: Mr Wirakusumah's profile can be found in the commissioner profiles on page 36-40.

Basis of appointment as a member: Resolution of the Board of Commissioners No.15/BOC/ANJ/GEN/2016 dated August 8, 2016.

Darwin Cyril Noerhadi: Mr Noerhadi's profile can be found in the commissioner profiles on page 36-40.

Basis of appointment as a member: Resolution of the Board of Commissioners No.04/BOC/ANJ/GEN/2017 dated February 20, 2017.

Muljawati Chitro: Indonesian citizen aged 50. She was born in Jakarta in 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 accounting firm Muljawati, Rini & Partner since 2000, a member of the audit committee at PT Asuransi Wana Artha since 2011 and at PT Samudera Indonesia Tbk. since 2009. She has been a member of the Education Committee at the Institute of Public Accountants Indonesia since 2005.

Previously, she was a member of the audit committee at PT Asuransi Bintang Tbk. from 2005 to 2010, at PT Century Textile Industry Tbk. from 2002 to 2008, and at PT Metrodata Tbk. from 2002 to 2003. She was Associate Partner at public accountants Siddharta, Siddharta & Wijaya from 1988 to 2000.

Education: Ms Chitro earned a degree in economics from Atma Jaya University in 1990 and a master's degree in finance from PPM School of Management in 2002.

Basis of appointment as a member: Resolution of the Board of Commissioners No.001/ANJ/2013 dated February 6, 2013.

Danrivanto Budhijanto: Indonesian citizen aged 45. He was born in Cimahi in 1971.

Experience: Mr Budhijanto has served as a member of the Audit Committee of ANJ since 2013. He has also been an arbitrator (FCBArb.) at the Indonesia National Board of Arbitration since 2010, a lecturer in the graduate program at Padjadjaran University in Bandung since 2003 and a lecturer in the university's law faculty 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, and an associate lawyer at law firm Makes & Partners from 1995 to 1997.

Education: Mr Budhijanto received a degree in international law from Padjadjaran University, Bandung, in 1995; a master's degree in information technology law from John Marshall Law School, Chicago, in 2003; and a doctorate in science of law from Padjadjaran University in 2009.

Basis of appointment as a member: Resolution of the Board of Commissioners No.001/ANJ/2013 dated February 6, 2013.

The Audit Committee in 2016: Danrivanto Budhijanto, Muljawati Chitro and Ridha Wirakusumah.

Members do not hold any shares of the Company and have no affiliate relationships with any other commissioners, directors or shareholders of the Company.

Meetings

Pursuant to the OJK Regulation No.55/POJK.04/2015 on the Establishment and Working Guidelines for Audit Committees and the Audit Committee charter, the committee holds a meeting at least once every three months. The Audit Committee held four meetings in 2016 in collaboration with the Company's group internal audit department as well as the external auditor. Three meetings were held with the management and one with the external auditors.

Committee members' meeting attendance in 2016 is listed in the table on page 99.

2016 Activity Report

In 2016 the Audit Committee fulfilled its duties of oversight by reviewing:

- Risk management implementation by the Company's Board of Directors;
- Quarterly financial reports issued to the public and the authorities;
- The performance and independence of external auditors;
- The Company's compliance with applicable laws and regulations;
- The implementation of internal audit functions and management follow-ups.

The committee has confirmed that the external auditor, Satrio Bing Eny & Rekan, only performed auditing services and did not provide any other consulting services for the Company during 2016.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee's role is to monitor, guide and advise the Board of Directors on the overall risk management of the Company and its subsidiaries.

It assists the Board of Commissioners in reviewing the risk management system, including the internal control system established by the Board of Directors, and evaluating the Company's risk tolerance. Its responsibilities include advising the Board of Directors in identifying current and potential risk management and compliance issues. Details of the committee's roles and responsibilities are listed in the Risk Management Committee Charter.

Structure and Membership

The committee was formed by a Resolution of the Board of Commissioners in 2013. Its current composition is based on Resolution of the Board of Commissioners No.22B/BOC/ANJ/GEN/2015 dated June 23, 2015. A member's term of office is until the fifth AGM following his or her appointment. The members as at December 31, 2016, were as follows:

Member	Position
George Santosa Tahija	Chairman
Anastasius Wahyuhadi	Member
Josep Kristiadi	Member

For profiles of the members, see pages 36-40.

Independence

The committee works collectively and independently of the Company's management. All members are commissioners; one member, Josep Kristiadi, is an independent commissioner. He and Anastasius Wahyuhadi do not hold any shares of the Company, and have no affiliate relationships with any other commissioners, directors or major shareholders of the Company or its subsidiaries.

Meetings

Pursuant to the Risk Management Committee Charter, the committee meets

Commissioner Sjakon George Tahija lines up for shot on goal during a visit to PMP's estate in West Papua.

at least six times each year, either in person or by teleconference, with a pre-approved agenda for each meeting. The committee held eight meetings in 2016. Members' attendance is listed in the table on page 99.

2016 Activity Report

In 2016, the committee met or communicated with management at least once a month, wherever possible, in order to:

a) Evaluate the Company's policies related to risk management and compliance in line with the prevailing regulations, code of ethics, and any conflicts of interest;

b) Identify and monitor any risk management and compliance-related issues requiring the attention of the Board of Commissioners;

c) Gather information and discuss issues with the potential to have an adverse impact on the Company's performance.

The committee chairman reported to the Board of Commissioners on its activities at quarterly internal Board of Commissioners' meetings or the combined meeting of the Board of Commissioners and the Board of Directors.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee's role is to approve senior management appointments, to review and approve senior management promotions and determine remuneration structure and amounts for senior management at ANJ and its subsidiary companies. Its duties and responsibilities include:

Regarding nominations:

- Provide recommendations to the Board of Commissioners relating to a) the composition of the Board of Directors and the Board of Commissioners; b) policy and criteria for nominations to both boards; and c) policy on the performance review for both boards.
- Assist the Board of Commissioners in conducting performance evaluations of the Board of Directors and Board of Commissioners based on approved benchmarking.
- Provide recommendations to the Board of Commissioners relating to the capability development program of the Board of Directors and the Board of Commissioners.

- Propose candidates who qualify as members of the Board of Directors and Board of Commissioners.
- Review and promote the succession plan of the Board of Directors and Board of Commissioners.

Regarding remuneration:

- Provide recommendations to the Board of Commissioners relating to the structure, policy and amount of remuneration for the Board of Directors and the Board of Commissioners.
- Assist the Board of Commissioners in evaluating performance against remuneration for each member of the Board of Directors and Board of Commissioners.

Details of the committee's roles and responsibilities are listed in the Nomination and Remuneration Committee Charter.

Structure and Membership

The committee was established in 2013 under a previous title, Compensation and Benefit Committee. Its current composition is based on Resolution of the Board of Commissioners No.22B/BOC/ANJ/GEN/2015 dated June 23, 2015. A member's term of office is until the fifth AGM following his or her appointment.

All members satisfy the membership criteria stated in OJK Regulation No.34/POJK.04/2014 on the Nomination and Remuneration Committee of the Issuer or Public Company.

The members as at December 31, 2016, were as follows:

Member	Position
Adrianto Machribie	Chairman
George Santosa Tahija	Member
Sjakon George Tahija	Member
Istama Tatang Siddharta	Member

For profiles of the members, see pages 36-40.

Independence

The committee works collectively and independently of the Company's management. All members are commissioners; the chairman, Adrianto Machribie, is an independent commissioner and does not hold any shares of the Company, and has no affiliate relationships with any other commissioners, directors or major shareholders of the Company or its subsidiaries.

Meetings

Pursuant to the Nomination and Remuneration Committee Charter, the committee meets at least once in every four months, either in person or by teleconference, with a pre-approved agenda for each meeting. The committee held four meetings in 2016. Members' attendance is listed in the table 99.

2016 Activity Report

The committee provided its evaluation and a summary report of its activities to the Board of Commissioners during quarterly internal Board of Commissioners' meetings.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

The Corporate Social Responsibility and Sustainability Committee's role is to monitor and to provide guidance and advice to the Board of Directors on the development and execution of the corporate social responsibility and sustainability plans of ANJ Group companies. The committee assists the Board of Commissioners in fulfilling its oversight responsibilities, in particular in matters relating to corporate social responsibility and sustainability.

Details of the committee's roles and responsibilities are listed in the Corporate Social Responsibility and Sustainability Charter.

Structure and Membership
The committee was established in 2013 under a previous title, Corporate Social Responsibility Committee. Its current composition is based on Resolution of the Board of Commissioners 15/BOC/ANJ/GEN/2016 dated August 8, 2016. A member's term of office is until the fifth AGM following his or her appointment. The members as at December 31, 2016, were as follows:

Member	Position
Sjakon George Tahija	Chairman
Adrianto Machribie	Member
Anastasius Wahyuhadi	Member
Josep Kristiadi	Member
Arifin Mohamad Siregar	Member

For profiles of the members, see pages 36-40.

Independence
The committee works collectively and independently of the Company's management. All members are commissioners; three of them are independent commissioners and do not hold any shares of the Company and have no affiliate relationships with any other commissioners, directors or major shareholders of the Company or its subsidiaries.

Meetings
Pursuant to the Corporate Social Responsibility and Sustainability Committee Charter, the committee meets at least two times each year, either in person or by teleconference, with a pre-approved agenda for each meeting.

During 2016, the committee conducted four meetings. Members' meeting attendance in 2016 is listed in the table at right.

COMMITTEES UNDER THE BOARD OF COMMISSIONERS IN 2016

Member	Meetings	%
AUDIT COMMITTEE		
Arifin Mohamad Siregar*	2/2	100
Ridha Wirakusumah	4/4	100
Muljawati Chitro	4/4	100
Danrivanto Budhijanto	3/4	75
RISK MANAGEMENT COMMITTEE		
George Santosa Tahija	7/8	87.5
Anastasius Wahyuhadi	8/8	100
Josep Kristiadi	6/8	75
NOMINATION AND REMUNERATION COMMITTEE		
Adrianto Machribie	4/4	100
George Santosa Tahija	4/4	100
Sjakon George Tahija	4/4	100
Istama Tatang Siddharta	4/4	100
CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY COMMITTEE		
Sjakon George Tahija	4/4	100
Adrianto Machribie	2/4	50
Anastasius Wahyuhadi	4/4	100
Josep Kristiadi	4/4	100
Arifin Mohamad Siregar*	1/2	50

* Mr Siregar stepped down as Audit Committee chairman and joined the Corporate Social Responsibility & Sustainability Committee on August 4, 2016.

2016 Activity Report
During 2016, the committee's activities included reviewing and updating:
a) The Company's corporate social responsibility and sustainability strategic direction.
b) Policies and practices relating to corporate social responsibility and sustainability, the environment, politics and government.
c) The Company's response to issues of major concern or material non-compliance related to corporate social responsibility and sustainability.

The Board of Directors

The Board of Directors is responsible for managing the Company towards achieving its vision and mission in accordance with the Articles of Association and prevailing laws and regulations. It manages day-to-day operations and steers the Company towards its stated goals, objectives and business activities. It is responsible for managing the business of the Company and appointing principal senior management.

Each member has responsibilities in accordance with his or her competency and experience. The Directors may be assigned specific roles or duties, for example, finance, external affairs and risk management. The board performs its duties in good faith, following prevailing rules and regulations and always placing the best interests of the Company first. It accounts to the shareholders for its activities through a general meeting of shareholders.

The members of the Board of Directors are appointed by the shareholders at a general meeting of shareholders based on a recommendation from the Nomination and Remuneration Committee. Under the Articles of Association of the Company, the board is required to comprise a president director and at least one director. In the event that there is more than one director, one may be appointed as a deputy president director.

A director's term of office is up to the fifth AGM after his or her 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 December 31, 2016, the composition of the Board of Directors was as follows:

Director	Position
Istini Tatiek Siddharta	President Director
Sucipto Maridjan	Government Relations, Security and EHS Director
Lucas Kurniawan	Independent/Finance Director
Handi Belamande Syarif	Supply Chain Management Director
Sonny Sunjaya Sukada	Sustainability Director
Geetha Govindan	Operations Director

For a profile of each director, see pages 41-43.

Duties and Responsibilities
The duties and responsibilities of the Board of Directors are as stipulated in the Articles of Association, relevant prevailing laws and regulations as well as the job description of the relevant members of the Board of Directors, as outlined below. The members are jointly and severally liable for its actions, except where it is proven that a member does not agree with a decision of the Board of Directors and has communicated this disagreement with supporting arguments as to the reason in writing to the members (copied to the Board of Commissioners) before the decision was made.

The Board of Directors may seek and receive advice and recommendation from the Board of Commissioners. In the event that it does not share the view of the

ANJ President Director Istini Tatiek Siddharta visits the elementary school at our North Sumatra I Plantation.

the Company's Board of Directors is at all times fully informed about significant actions of each of the Company's subsidiaries, as one or more members of the board will usually have been required to approve any such actions in their capacity as a commissioner or director of that subsidiary.

Board of Commissioners on such advice or recommendation, the two boards will discuss the matter together.

The duties and responsibilities of each member of the Board of Directors during 2016 were as follows:

***President Director*:** Co-ordinates, supervises and leads the Company's management, and ensures that all the Company's business activities are executed in accordance with the vision, mission and values of the Company; monitors and reviews the Company's risk management (see pages 116-121), internal control system (see page 108), corporate governance for the interests of the minority shareholders and other stakeholders, and compliance to regulations; leads the Legal, Human Resources and Corporate Communication departments.

Government Relations, Security and EHS Director: Plans, coordinates, directs, controls, implements and evaluates operational tasks with respect to the Government and Stakeholder Relations, Security and Employee Health and Safety departments.

***Independent/Finance Director*:** Leads the Finance department to ensure that the Company complies with all reporting, accounting and audit requirements imposed by capital market regulations and to prepare an annual budget, other budgets and financial plans of the Company; leads the Business Development, Business Process, Investor Relations and Information Communications Technology departments.

Supply Chain Management Director: Plans, coordinates, directs, controls, implements and evaluates operational tasks with respect to the Demand Planning, Logistics, Procurement, Commercial and Marketing departments.

Sustainability Director: Plans, coordinates, directs, controls, implements and evaluates operational tasks with respect to Community Involvement and Development, Conservation and Sustainability Compliance departments.

Operations Director: Plans, coordinates, directs, controls, implements and evaluates agronomic aspects and overall operational processes of our palm oil and sago businesses.

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 prior approval of the Board of Commissioners, including:

- Acquisition of a new business;
- Approval of any subsidiary's acquisition of a new business;
- Acquisition or sale of assets or properties representing more than 5% of the Company's total assets;
- 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;

- Entry into any material contract other than in the ordinary course of business;
- Entry into 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.

Board of Directors' Charter

In carrying out its duties and responsibilities, the Board of Directors follows the guidelines set out in the Board of Directors Charter. The charter was formulated based on prevailing laws and regulations and is reviewed periodically.

The complete charter is available to download from the ANJ website's corporate governance page at www.anj-group.com/en/bod/index.

Oversight of ANJ subsidiaries

One particular and deliberate strength of ANJ's governance is that one or more director of the Company sits on the Board of Commissioners of each of the Company's key subsidiaries, to the extent permitted by prevailing laws and regulations.

In addition, each subsidiary has at least one director of the Company serving on its board of directors (for full details of commissioners and directors of ANJ Group subsidiaries, please see pages 26-29).

This means that the Company's Board of Directors is at all times fully informed about significant actions of each of the Company's subsidiaries, as one or more members of the board will usually have been required to approve any such actions in their capacity as a commissioner or director of that subsidiary.

Meetings

Meetings of the Board of Directors must be held at least once every month, and 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 Commissioners or from one or more of the shareholders jointly representing 10% 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, not counting 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 chaired by the President Director, or if absent 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.

The Board of Directors holds the following meetings:

- **Meeting A:** Combined meetings with the Board of Commissioners, at least once every three months. In 2016 there were four meetings.
- **Meeting B:** Meetings of the Board of Directors, which may include directors of the Company's subsidiaries and other invitees, at least every two weeks where

BOARD OF DIRECTORS MEETINGS IN 2016

	Meeting A		Meeting B	
	Meetings	Attendance	Meetings	Attendance
Istini Tatiek Siddharta	4/4	100%	19/19	100%
Sucipto Maridjan	4/4	100%	18/19	95%
Lucas Kurniawan	4/4	100%	16/19	84%
Handi Belamande Syarif	4/4	100%	17/19	89%
Sonny Sunjaya Sukada	4/4	100%	16/19	84%
Geetha Govindan	4/4	100%	15/19	79%

possible. In 2016 there were a total of 19 meetings. The table above sets out board members' attendance at meetings in 2016.

Remuneration
The remuneration of the Board of Directors comprises a basic salary, performance bonus, allowances and benefits, the amount of which is determined based on a recommendation from the Nomination and Remuneration Committee and is subject to approval by the shareholders at a general meeting of shareholders. During 2016, the members of the Board of Commissioners and the Board of Directors were paid cumulative remuneration of USD 3.05 million.

Directors also receive management stock options. All directors are also covered by liability insurance.

The remuneration 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 include consideration of the following aspects:
- Financial performance, in particular the level of Economic Value Added (EVA), and achievement against corporate key performance indicators (KPIs). For ANJ, these include area planted as well as other non-financial indicators, including leadership in developing and maintaining the internal structures and organization of the Company and its subsidiaries as well as achievement in guiding the Company towards its strategic objectives.
- Individual performance, as assessed by the Nomination and Remuneration Committee.
- Fair comparison with other peer companies.
- Consideration of the Company's long-term goals and objectives, including strategic development.

Performance Assessment
Assessment of the performance of the Board of Directors is conducted internally or through self-assessment. No independent party was appointed to conduct a performance assessment of the Board of Directors in 2016.

Corporate Secretary

The Corporate Secretary functions as a liaison, connecting the Company to external parties, especially in managing the public perceptions of the Company's image and compliance with the Company's responsibilities. The Corporate Secretary is responsible for:
- Helping the Company implement good corporate and legal governance;
- Ensuring that the Company complies with prevailing laws and regulations, especially capital market regulations such as regards information disclosures, publications and communications between the Company and the capital market authorities and the public;
- Facilitating internal co-ordination within the organs of the Company.

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.

The Company's Corporate Secretary

during 2016 was Naga Waskita. He was appointed as Corporate Secretary pursuant to a Letter of Appointment No.001/FAD/ANJ/2013 dated January 3, 2013. His profile is at left.

2016 Activity Report
The Corporate Secretary's particular duties and responsibilities in 2016 were as follows:

- Ensure full compliance with applicable laws and regulations, especially to prevailing Indonesia Stock Exchange (IDX) and capital market regulations.
- Provide input and recommendations to the Company's Board of Directors in respect of the Company's compliance with applicable laws and regulations, particularly in the capital markets.
- Liaise with and assuming responsibility for correspondence with the OJK, IDX and other relevant parties.
- Keep abreast of developments and changes in capital market regulations.
- Give input and recommendations to the Company's Board of Directors regarding legal matters of the Company and corporate action plans.
- Be responsible for organizing meetings of the Board of Directors, Board of Commissioners and shareholders, as well as the Company's annual public exposé.
- Convene the Annual General Meeting and Annual Public Exposé, both on June 1, 2016.

Internal Audit Unit

The Internal Audit Unit is a strategic partner for shareholders and management and supports the Company in managing resources productively and effectively to improve results for stakeholders and uphold ANJ's values. Its purpose is to review and improve the effectiveness of the Company's

PROFILE OF THE CORPORATE SECRETARY

Naga Waskita: Indonesian citizen, aged 43, born in Tanjung Pinang in 1974.

Experience: Mr Waskita has served as the Corporate Secretary of ANJ since January 3, 2013. Before joining the Company in September 2012, Mr Waskita worked for 15 years for Indonesian law firm Mochtar Karuwin Komar.

Education: Mr Waskita graduated from the Faculty of Law, Gadjah Mada University, Yogyakarta, in 1997. He earned a master's degree from the University of Groningen in the Netherlands in 2008.

Training: Training or development programs attended by the Corporate Secretary in 2016 included:

- Leadership Development Program — Translating Strategy into Results and Setting Goals and Reviewing Results, by Daya Dimensi Indonesia on August 20-21.
- Cross-Border M&A Trends & Issues in Indonesia, by Komisi Pengawas Persaingan Usaha on October 26.
- Corporate Secretary Workshop, by The Indonesia Capital Market Institute on November 23-24.
- Various workshops run by the Indonesian Corporate Secretary Association, OJK and IDX.

financial and operational policies and its internal control system, risk management and good corporate governance.

Duties and Responsibilities

The unit's principal responsibilities include to:

- Review the Company's internal control system to achieve organizational goals, including testing and evaluating internal control and risk management systems;
- Formulate and implement an annual internal audit plan;
- Report on implementation and achievement of the annual internal audit plan;
- Evaluate the relevance, reliability and integrity of financial and management information;
- Perform audits and assess the efficiency and effectiveness of finance, accounting, operations, human resources, marketing, information technology and other functions;
- Verify the existence of assets and assess the effectiveness of asset safeguarding;
- Assess compliance with internal instruction and relevant law;
- Develop an internal audit report and submit it to the President Director, Audit Committee and Board of Commissioners;
- Give suggestions and recommendations for improving systems and procedures to prevent inefficiency and fraud at all management levels;
- Give advice and consultation on effective and strong operational and financial systems;
- Monitor, analyze and report on the implementation of suggested improvements;
- Coordinate with appropriate management levels to execute investigative and corrective action in the event of any indications of fraud or systems failure;
- Perform specific tasks as requested by the President Director and/or Audit Committee with regard to valuation, inspection, investigation, observation or review;
- Establish and maintain effective communication and co-operation with the Audit Committee;
- Prepare programs to evaluate the quality of internal audit tasks.

Structures

The Internal Audit Unit is part of the independent management structure, reporting directly to the President Director and the Audit Committee, in accordance with OJK Regulation No.56/POJK.04/2015 regarding The Formation and Charter Compilation of Corporate Internal Audit Unit. It thus may not undertake any

ANJ Commissioner George Santosa Tahija (center right) visiting PPM's developing plantation in West Papua.

concurrent tasks and positions in operations at the Company or its subsidiaries.

The unit's auditors have direct responsibilities to the unit's head. To perform its duties, the unit co-operates with the Audit Committee, as described in the Audit Committee Charter.

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

Internal audit functions are divided into producing and developing estates, and the unit consists of one head and eight members with academic backgrounds in either accounting or agriculture. None is yet a certified internal auditor.

The unit's head is appointed and dismissed by the President Director with the approval of the Board of Commissioners. Any such appointment or dismissal is promptly notified to the OJK. The present head of the unit is Edwin Darmawan. He was appointed based on Board of Commissioners Resolution No.15/BOC/ ANJ/ GEN/2014 dated April 15, 2014. Below is his profile.

Edwin Darmawan: Indonesian citizen aged 45, born in Jakarta in 1971.

Experience: Mr Darmawan has served as the Head of Internal Audit Unit of the Company since April 15, 2014. He joined ANJ in May 2013 as Head of Risk Management & Compliance. Before joining ANJ he had more than 18 years of

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

experience managing audit and control functions at companies within Sinarmas group across various industries including agribusiness, real estate, pulp and paper and financial services. His last position in 2013 was as Head of Internal Audit in Sinarmas Agribusiness Downstream Division.

Education: Mr Darmawan earned a degree in economics from Tarumanagara University, Jakarta, in 1994.

Activities in 2016

During 2016, the Internal Audit Unit conducted 29 operational audit assessments across subsidiaries within the group. The outcomes were all reported to the Company's President Director and Audit Committee. The unit also conducted a project to assess agronomy activities, licensing, budgeting and project management.

The unit's members also participated in a range of training activities, including supply chain and risk management. Workshops and training attended by members during 2016 included:

- Institute of Internal Auditors Indonesia National Conference;
- Supply Chain Management Forum;
- Fraud in Procurement Practice;
- Interviewing Skills for Anti-Fraud Specialists;
- Annual Workshop with the Engineering, Corporate Social Responsibility and Research Divisions.

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 and its financial reporting is accurate and comprehensive through identifying relevant business risks and obstacles, analyzing their impact and managing or mitigating them where appropriate.

Our internal control system is focused on four areas:

- Operational effectiveness and efficiency;
- Asset management and monitoring;
- Timely reporting;
- Compliance with laws and regulations.

In 2015, the Company began to improve and strengthen the components of our internal control system based on the internal control framework approach advocated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a US joint initiative of five private-sector organizations dedicated to global excellence in corporate governance, business ethics, internal control, enterprise risk management, fraud and financial reporting. There are five focus areas to its approach:

Control Environment: We see the behavior of every individual across every level of the Company as a significant component of our internal control system. The Company's core values and code of conduct are well established, and we continually run internal promotion programs, facilitated by our Value Champion team members across our estates (see page 110).

Risk Assessment: We have identified and assessed potential risks that could hinder the achievement of the Company's objectives. This has been conducted at both operational and strategic management levels and is under continuous review.

Control Activities: We have planned a

number of internal control and operational activities to mitigate the impact of potentially significant risks. The Company continuously improves both existing procedures and policies in accordance with the following principles: segregation of duties; limited access, authority and responsibility; adequate documentation; gradual review system. All internal control system activities are aimed at ensuring that the above internal control objectives are achieved.

Information and Communication: We regularly disseminate communication and information in relation to the structures and status of our internal control system, including any challenges and improvements to it, principally through quarterly Audit Committee meetings, monthly reports by the Value Champion team, reports of the outcome of internal audit assignments and other management meetings.

Monitoring Activities: We perform frequent evaluations to ascertain whether the components of internal control are present and functioning. If we find deficiencies we communicate them quickly to appropriate parties for corrective action.

Effectiveness of the Internal Control System

The internal control system is formally monitored by a number of business units.

Internally, the system and the Company's daily operations are assessed by the Internal Audit Unit, the Corporate Secretary and the Risk Management Committee. Externally, the system is assessed quarterly by the Audit Committee and annually by an independent auditor appointed by the shareholders.

In 2016, we continued to strengthen and broaden the scope of our internal control system. This has given us an improved and more responsive internal control environment and clarified the project management process.

While there was no change in staff numbers in the Internal Audit Unit in 2016, we are looking to hire additional auditors. We are committed to raising the skills, experience and capabilities of our internal auditors to meet the rising standards required as the Company growth.

With specific regard to financial control, the risk of error in our financial statements is minimized by the following means: they are generated by appropriate, tailored computer software; financial transactions are reviewed by the Internal Audit Unit by sampling; and complete financial reports are reviewed by the 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 and Audit Committee for control purposes.

We believe that our internal control system as detailed above 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.

No internal control system can provide absolute assurance in this regard, however, or against the occurrence of material errors, poor decision-making, human error, losses, fraud or other irregularities.

Code of Ethics and Corporate Culture

In 2013, the Company developed a Corporate Code of Ethics to reflect its corporate values. This code of conduct emphasizes the importance of maintaining a good reputation with our stakeholders through transparency, accountability, objectivity and equality.

The articles of corporate culture that are the foundation of the code of conduct relate to the Company's three core values: Integrity, Respect for People and the Environment, and Continuous Improvement.

The code of conduct is the primary source of guidance for employees in performing their duties effectively, safely and legally. It is applicable to all employees and all levels of management, including the Board of Directors and the Board of Commissioners. This commitment that every individual employed by ANJ Group must adhere to the code also extends where relevant to investors, stakeholders and business partners.

The code was finalized and formally adopted in January 2014, and by the end of 2015 it had been communicated to all employees, as well as being embedded in the learning and development curriculum at our ANJ Learning Center. The code was introduced to the Company's management trainees in October 2016.

The articles of the code of conduct cover:

A socialization session for staff to introduce ANJ's new Whistleblowing System in 2016.

- Compliance with relevant laws and regulations;
- 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 is reviewed periodically to ensure that it is always compatible with and relevant to the Company's business growth.

Value Champions

We are proud of our active Value Champions program, which helps to ensure that the Company's core values are upheld and are strengthened in practice as well as in theory.

Currently, 27 employees are appointed as Value Champions across our estates and offices. They report to an organizing committee, comprising a chairman and two secretaries, tasked with consolidating and analyzing monthly feedback from the Value Champions.

The committee submits monthly reports to the Company's "Value Guardians," currently Commissioners George Santosa Tahija and Anastasius Wahyuhadi. The reports aim to provide highlights of actions and behaviors in the ANJ group that display or promote our core values. This is far-reaching, as it may involve third parties, for example the people living around our operational areas and our contractors or vendors.

The report also details actions and behaviors that run counter to our core values and need to be rectified. The report states any rectification actions already taken and any proposals for rectification by

our Value Champions. In some instances, when a matter needs urgent attention, Value Champions are encouraged to channel a report to appropriate personnel, possibly including management and Internal Audit head.

Besides reporting, Value Champions act as guides in how to live by the Company's core values. They must also be able to serve as an intermediary between the management or the Company and its employees, for example, in terms of facilitating employees in making complaints or voicing grievances.

The Value Champions are not expected to know all of the company's policies, but they should be able to tell employees how to find appropriate assistance.

Whistleblowing System

The Company gives signal importance 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.

The Company now provides all employees with a whistleblowing system as a confidential channel to report alleged illegal activity. The system was effectively implemented in May 2016, and was communicated to employees at all of our estates and offices by the end of 2016. The whistleblowing system has a dedicated e-mail hotline and SMS gateway.

All allegations reported are objectively assessed by an independent representative of the Internal Audit Unit. The representative assigns a team to investigate, which could be led either by the unit, by legal counsel, or through joint efforts with external investigators. Whistleblowing matters are reported to the President Director, the Board of Commissioners and the Audit Committee.

The Company ensures the confidentiality of any informant, including with regard to their identity, the reported information and security details in order to protect against the possibility of retaliation from a party subject to a report.

Whistleblowing Reports in 2016

Between implementation of the whistleblowing system in May 2016 and December 31, 2016, three reports were received, of which two cases have been followed up and one case was not progressed as its subject matter was not appropriate. The Internal Audit Unit reported all cases to the President Director, the Board of Commissioners and the Audit Committee.

Lawsuits and Administrative Sanctions

The Company and its subsidiaries and the commissioners and directors of the Company and its subsidiaries 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 2016.

As of December 31, 2016, certain officers in the Company's West Kalimantan subsidiary KAL remained subject to an inquiry by a law enforcement agency into a fire in September 2015 that originated outside the Company's plantation area but which subsequently spread to a section of the estate. As of the issuance date of this report, the investigation is ongoing.

In February 2016, the Company received one administrative sanction in form of a written warning I from the Indonesia Stock Exchange with regards to compliance with IDX Regulation No.I-A of 2014, stipulating that all listed companies must have a minimum free float ratio of 7.5% as of January 31, 2016. ANJ has complied with the regulation.

No administrative sanctions from the capital market authorities or any other authorities were imposed on the Board of Commissioners or the Board of Directors during the financial year 2016.

Stock Ownership Programs

EMPLOYEE STOCK ALLOCATION PROGRAM

In relation to the initial public offering 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 (ESAP).

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

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

The ESAP shares are subject to a lock-up period of at least 12 months commencing from the listing date or until such time as a participant's loan has been repaid in full, after which they may sell or otherwise transfer their ESAP shares.

Any participant resigning before their loan is repaid in full may sell or transfer their shares and are then required to repay their ESAP 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 (MSOP) for senior management and directors, including the management and directors of its subsidiaries.

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

The MSOP has been implemented in accordance with Indonesia Stock Exchange 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 exchange.

The Company's Board of Directors determine the terms and conditions for the exercise of the options issued under the MSOP with due observance to applicable laws and regulations.

The stock options are granted as

MANAGEMENT STOCK OPTION PLAN EXERCISE WINDOWS

	Nov. 3-Dec. 5, 2014	May 8-June 15, 2015	Nov. 2-Dec. 4, 2015	May 9-June 10, 2016	Nov. 1-Dec. 5, 2016	From May 1, 2017	From Nov. 1, 2017
Cycle 1 *40% of shares*	2014 Window	2015 Window 1	2015 Window 2	-	-	-	-
Cycle 2 *30% of shares*	-	2015 Window 1	2015 Window 2	2016 Window 1	2016 Window 2	-	-
Cycle 3 *30% of shares*	-	-	-	2016 Window 1	2016 Window 2	2017 Window 1	2017 Window 2

follows: 40% on the first anniversary of the Company's IPO (Cycle I); 30% at the second anniversary (Cycle II); and 30% at the third anniversary (Cycle III). Options are valid for three years after they are issued, which includes a one-year vesting period from the date that they are issued during which option holders will not have the right to exercise them.

Upon expiry of the vesting period, the options may be exercised at determined periods of up to 25 trading days, up to two times per year for each cycle (see table).

On November 3, 2014, the Company opened the first window in Cycle I for MSOP options to be exercised, with 40% of the stock options (equivalent to 20,000,000 shares) available to be exercised. Participants exercised a total of 1,550,000 shares at an exercise price of IDR 1,095 per share. The Company notified the Indonesia Stock Exchange of the exercise of the options on December 8, 2014.

In 2015, the Company opened two windows for options to be exercised: one from May 8 to June 15 and one from November 2 to December 4. During the first period, no Cycle I or Cycle II options were exercised. During the second period, 325,000 Cycle I options and 300,000 Cycle II options were exercised, all at an exercise price of IDR 1,095 per share. The Company notified the IDX of the exercise of the options on December 8, 2015.

In 2016, the Company again opened two windows for options to be exercised: one from May 9 to June 10 and one from November 1 to December 5. During the first period, 8,750,000 Cycle II options and 9,900,000 Cycle III options were exercised, all at an exercise price of IDR 1,095 per share. During the second period, no Cycle II or Cycle III options were exercised. The Company notified the Indonesia Stock Exchange of the exercise of the options on June 15, 2016 and December 7, 2016.

EMPLOYEE STOCK OPTION PLAN OR EMPLOYEE STOCK PURCHASE PLAN

The AGM on June 1, 2016 approved the transfer of maximum 63,000,000 treasury stock through an Employee Stock Option Plan or Employee Stock Purchase Plan to the Directors and certain employees of the Company. The sale price of the treasury stock to the Directors and certain employees of the Company was IDR 1,271 per share.

On June 23, 2016, the Company completed the transfer of 15,000,000 shares to the Directors and certain employees of the Company.

Corporate Governance Guidelines for Public Companies

In 2015, the Financial Services Authority (OJK) issued guidelines on corporate governance for companies, based on OJK Regulation No.21/ POJK.04/2015 dated 16 November 2015. The guidelines are divided into five aspects, eight principles and 25 recommendations. Below is ANJ's compliance with the guidelines.

A) The relations between Public Companies and Shareholders in Assuring Shareholders' Rights

Principle 1: Increase the value of general meetings of shareholders (GMS)	Companies should have technical procedures on voting in a GMS (both for an open and closed voting system) that protects shareholders' independence or freedom.	*Status:* Fulfilled. The procedure is stated in the GMS rules distributed to shareholders at each GMS.
	All members of the board of directors and board of commissioners should attend the annual GMS.	*Status:* Fulfilled. All members of the Board of Directors and Board of Commissioners attend the GMS unless exceptional circumstances apply.
	A summary of minutes of general meetings of shareholders should be made available in the company's website for at least one year.	*Status:* Fulfilled. Minutes are made available at www.anj-group.com indefinitely.
Principle 2: Increase the quality of communications between Companies and their shareholders or investors	Companies should have a policy for communications with their shareholders or investors.	*Status:* Mostly fulfilled. The outline of the policy has been stated in the Company's Code of Ethics but not detailed.
	The communications policy should be disclosed in the company's website.	*Status:* Mostly fulfilled. The Company's Code of Ethics is published on the website.

B) Function and Role of the Board of Commissioners

Principle 3: Strengthen the membership and composition of the Board of Commissioners	The conditions of the company should be considered in determining the number of board members.	*Status:* Fulfilled.
	The composition of the board should be determined by taking into account the skills, knowledge and experience needed by the company.	*Status:* Fulfilled.
Principle 4: Increase the quality of the implementation of the Board of Commissioners' duties and responsibilities.	The board should have a self-assessment policy to assess its performance.	*Status:* Fulfilled. The board has a working self-assessment policy.
	The Board's self-assessment policy should be disclosed in the annual report.	*Status:* Fulfilled.
	The board should have a policy for the resignation of members if they have been found guilty of a financial crime.	*Status:* Mostly fulfilled. There is no written policy but we follow the prevailing rules and regulations.
	The Board of Commissioners or the Nomination and Remuneration Committee should have a succession policy for members of the Board of Directors.	*Status:* Partly fulfilled. There is no succession policy, but we formed a succession committee in 2015 to identify and train potential leadership candidates.

C) Function and Role of the Board of Directors

Principle 5: Strengthen the membership and composition of the Board of Directors	The conditions of the company and effectiveness in decision-making should be considered in determining the number of board members.	*Status:* Fulfilled.
	The composition of the board should be determined by taking into account the skills, knowledge and experience needed by the company.	*Status:* Fulfilled.
	The board member that carries out the accounting or finance function should have skills or knowledge in accounting.	*Status:* Fulfilled.
Principle 6: Increase the quality of the implementation of the Board of Directors' duties and responsibilities.	The board should have a self-assessment policy to assess its performance.	*Status:* Fulfilled. The Board of Directors undergo self-assessment based on KPIs, the results of which are subject to Nomination and Remuneration Committee review, assessment and coaching.
	The self-assessment policy should be disclosed in the annual report.	*Status:* Fulfilled.
	The board should have a policy for the resignation of board members if they have been found guilty of a financial crime.	*Status:* Fulfilled. The Board of Directors is subject to the Company's Code of Ethics and should follow prevailing rules and regulations.

D) Stakeholder Participation

Principle 7: Increase corporate governance through the participation of stakeholders.	Companies should have a policy to prevent insider trading.	*Status:* Fulfilled. The policy is stated in the Company's Code of Ethics.
	Companies should have an anti-corruption and anti-fraud policy.	*Status:* Fulfilled. Policy is included in the Company's Code of Ethics and all employees and suppliers sign an integrity pact.
	Companies should have a policy on supplier selection and capacity improvement.	*Status:* Partly fulfilled. We have a policy on supplier selection, but not for supplier/vendor capacity improvement.
	Companies should have a policy to fulfil creditors' rights.	*Status:* Fulfilled. There is a standard operating procedure for payment of invoices.
	Companies should have a whistleblowing policy.	*Status:* Fulfilled. The policy is stated on page 111 of this report.
	Companies have policy for giving long-term incentives to members of the Board of Directors and employees.	*Status:* Fulfilled. Our three schemes — ESAP, MSOP and Employee Stock Option/Purchase Plan — are described on page 112 of this report.

E) Public Disclosure

Principle 8: Improve the implementation of information transparency	Companies should use a broad range of information technology (in addition to their websites) as a means of making disclosures.	*Status:* Partly fulfilled. The company currently uses its website, the Indonesia Stock Exchange website, and e-mail communications for disclosures.
	Companies should disclose in their annual reports the ultimate beneficial owners of shareholdings of more than 5% or more of their issued shares, in addition to disclosing the beneficial owners of shareholdings of the company through the ultimate and controlling shareholders.	*Status:* Fulfilled. Details are published on page 32 of this report.

Risk Management

Reducing risk as far as is possible is a cornerstone of our continuing success, and we place great importance on identifying, understanding and proactively managing potential business risks.

Our main aim is to safeguard long-term business continuity by ensuring reliable product supply to our customers at a margin adequate to safeguard future growth and ensure shareholder returns.

Due to the long-term and capital-intensive nature of plantation growing and harvesting, we take a proactive, conservative approach to anticipating and neutralizing risks.

In line with the OJK's good corporate governance framework, the primary responsibility for risk management is taken by the Board of Directors. The Board of Commissioners established a Risk Management Committee in 2013 to guide and advise the directors. Risk management needs and activities are defined annually, based on the following steps:

- Determine corporate-wide risk appetite.
- Each significant business unit internally assesses risks and control initiatives.
- An internal audit plan is drawn up to include high-risk areas and enable timely identification of areas for follow-up by management, especially to improve productivity and control development costs.

Risks to Our Business

The following paragraphs summarize our primary business risks in 2016 at operational and strategic level and outlines specific efforts taken to control or mitigate such risks where possible.

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.

INTERNATIONAL FLUCTUATIONS IN THE PRICE OF CPO

CPO prices have in the past been characterized by a high volatility and cyclicality, and a number of factors affect international prices for our products. These include changes in: world production, supply and demand levels for palm oil and other vegetable oils; 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.

ANJ Response: Management anticipated and has been prepared for the low selling price since 2013, and as a result we have been focusing on efficiency and reducing production cost to mitigate the effect.

Additionally, our Board of Commissioners has authorized management to sell our product by entering into forward contracts if we believe the CPO price trend is declining. This has limitations: 1) total volume of outstanding forward contracts may not exceed 30% of monthly CPO production; 2) the forward contract period may not exceed six months. To override these limitations requires the approval of the Board of Commissioners.

LAND COMPENSATION DELAYS IN DEVELOPING PLANTATIONS

To develop our plantations, we must release the land that we plan to use from third-party claims. This usually involves complicated negotiations with local stakeholders such as communities, tribes and influential community figures. Plantation owners

A fire emergency simulation exercise at our West Kalimantan Plantation.

*are required to resolve any existing compensation issues in relation to the land in order for land cultivation rights (*hak guna usaha*, or HGU) to be granted. Achieving resolution can be complex and therefore time-consuming, impacting the plantation's development and operation.*

ANJ Response: We aim to offer attractive compensation for land and integrated development plans that will benefit the community. 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 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.

We have completed the land compensation process at our West Papua landbanks. We remain to complete land compensation at our South Sumatra landbank, and are following the principles stated above to develop mutually agreeable land compensation conditions there.

DELAYS OR DIFFICULTIES IN DEVELOPING LAND OR OBTAINING LAND RIGHTS

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. To develop a plantation, we need to obtain HGU rights for the plantation, which is a lengthy, complex process that can meet with significant delays.

ANJ Response: All but one of our subsidiaries already holds HGU rights, including our emerging estates in West Papua, reducing this risk considerably.

We also ensure that we enter into the extension process for all permits and titles well in advance of their expiry date. We have developed good relationships based on mutual benefit and respect with all stakeholders, including government agencies and representatives, and we work hard to maintain these relationships.

We ensure that we follow applicable laws and regulations and adhere to the principles of sustainable plantation business in order to reduce the potential for legal obstacles.

COMMUNITY SOCIAL CONFLICT AND LAND DISPUTES

Even after land has been acquired for 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: We strive to develop and maintain community relationships based on mutual benefit and respect while maintaining our standards, and we ensure that we use fair processes and proper administration procedures. We have developed sustainable corporate social responsibility initiatives to support social and economic development of communities around our business operations. We also foster co-operation with NGOs and accept input from various organizations to improve our program.

We engage in regular communication and dialogue with community members to socialize the benefits of the Company's presence.

DIFFICULTIES IN ATTRACTING OR RETAINING QUALIFIED STAFF

Our business success and growth depends on our ability to attract and retain highly qualified, skilled and experienced personnel in the palm oil industry. Our inability in the event of vacancies to attract, recruit, train and retain either experienced senior management or sufficiently qualified key personnel such as plantation or mill managers, field assistants and engineers could have a material adverse effect on our business, financial condition and operations.

In addition, oil palm plantations require extensive manpower. Harvesters and other plantation workers are increasingly mobile, and if we are unable to hire and retain sufficient workers to maintain our workforce, or if the minimum wage rate is increased significantly, our business and prospects could be adversely affected.

ANJ Response: We continually monitor our remuneration and benefit programs, referencing them to the market, and improving our performance-related pay program to help retain our employees and attract new ones.

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

We also regularly make improvements to our learning and development capabilities, with emphasis on leadership development. 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, and we pay retention bonuses where appropriate.

TRANSPORTATION OR LOGISTICS DISRUPTIONS OR MISHAPS

We typically sell our products on an ex-mill, ex-jetty or FOB basis, and our customers transport the products they purchase from us. Any disruption of transportation *services due to weather, 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 only to sell CPO once it is available for supply in our storage facilities, thus we rely on efficient transportation for timely off-take by our customers.

Our West Papua projects also present logistics and construction challenges, as those project areas are located mainly in the interior (palm oil) and in swampland (sago). Both are relatively far 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 West Papua projects, we well understood when planning our developments that our large and remote plan area would create logistical challenges, and with regard to the considerable economic investment that we are making we have formed a specific department to reduce disruption risks by improving our logistics planning, developing integrated logistics systems and creating logistical synergies between our estates.

ADVERSE WEATHER, CLIMATE, CROP DISEASE, PESTS AND NATURAL DISASTERS

Our business is vulnerable to adverse weather conditions, natural disasters, disease, crop pests and other factors that can affect FFB production and harvesting, potentially having a material and adverse effect on our business, financial condition, results of operations and prospects.

In particular, insufficient rainfall causes oil palms to produce fewer flowers that 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.

ANJ Response: We manage weather and climatic disruption risk by using a range of agronomic best practices, including using high-resilience seeds with the best quality in all new plantation development; managing water volumes through the use of water gates and water catchment systems to preserve water during the long dry season; applying FFB waste to the plantation land as mulch; conducting soil conservation and anti-erosion measures; planting cover crops to reduce weeds and pests; conducting chemical soil analyses to determine the best fertilizer regimes.

DISRUPTION BY ENVIRONMENTAL GROUPS, NGOS OR INTERESTED INDIVIDUALS

Environmental groups, charities, non-governmental organizations (NGOs) or interested individuals may seek to challenge or impair the ability of the Company to engage in lawful plantation activities.

Such groups support a variety of causes, such as forest and wildlife preservation and the protection of indigenous wildlife from land clearance. There is a risk that they could influence the relevant authorities to change current regulations and impose more onerous conditions upon our operations, or directly influence public opinion regarding plantation activities, or organize disruptive protest activities at or near our operations.

Such activities may generate negative publicity about us and plantation companies in general and potentially delay production activities, adversely affecting our reputation and disrupting our operations.

ANJ Response: We recognize the importance of conservation and environmental stewardship in our operations, and we are committed to striking a balance between this and commercial development, which includes national social development as a goal.

We are rigorous in applying the highest standards of sustainability to our operations, including adhering to RSPO guidelines; complying in all material respects with applicable Indonesian environmental laws, regulations and standards such as ISPO; commissioning independent, RSPO-certified environmental feasibility assessments of our landbanks; and voluntarily setting aside land for conservation initiatives, particularly for orangutan habitats. We minimize the risk of disruption by ensuring responsible environmental management and biodiversity.

We also proactively attempt to maintain good relationships and dialogue with all groups with an interest in plantation activities, and welcome them to work with us as partners in ensuring the needs of agribusiness are always balanced with conservation concerns.

LOW COMMUNITY UNDERSTANDING OF OUR PLASMA PROGRAM ACTIVITIES

Under the Indonesian Government's Plasma Program, oil palm plantation companies obtaining a plantation business license (IUP) since 2007 must develop part of the plantation to be operated by local small landholders. Accordingly, our West Kalimantan Plantation currently has a Plasma program. In developing our West Papua and South Sumatra landbanks we are setting aside the required 20% of the plantable area.

To mitigate the risk of receiving inferior quality of FFB through our plasma program, we develop our programs through co-operative structures. However, these programs may not be accepted by the smallholders and, as such, we may be forced to purchase FFB harvested from oil palms grown and maintained by the communities instead of by us.

ANJ Response: We run our existing Plasma program, and plan to run future ones, based on co-operative ownership, which we believe is in the best interests of both smallholders and the Company. The co-operatives have management service agreements with us to ensure that our standard of maintenance and harvesting is preserved in our plasma area.

We are continuing to develop a capacity-building program for co-operative members and continue our coaching program as part of our corporate social responsibility initiatives, to enable smallholders to grow together with us.

We will also engage in regular socialization and training programs to develop co-operative members' plantation, agronomic and business operating knowledge.

FOREIGN EXCHANGE RATE FLUCTUATIONS

Our financial reporting currency is the US dollar, and substantially all of our sales are denominated in US dollars, whereas our expenditures, including labor costs, are primarily denominated in Indonesian rupiah. Due to this mismatch, any appreciation of the rupiah against the dollar will reduce our net income and increase our expenditures in US dollar and rupiah terms.

In contrast, many of our subsidiaries that are still at the planting stage are required to use rupiah as their operating currency, while their borrowing, if any, is *denominated in either US dollars or rupiah. Any appreciation of the dollar against the rupiah will result in foreign exchange losses for these entities.*

ANJ Response: Company policy allows us to enter into forward exchange-rate contracts to hedge against fluctuations as long as any contract does not exceed six months and 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 hold enough rupiah for two weeks' operational requirements, but we may increase our rupiah cash holdings up to a maximum amount adequate to cover up to three months' operational expenses, if and only if we consider that the future direction or trend of the rupiah is not favorable.

In 2015, we introduced a policy that any bank borrowing by a subsidiary should be in the functional currency of that subsidiary, which is the same as its book-keeping currency. This has significantly reduced our foreign exchange fluctuation risk. Some of our subsidiaries maintain their book-keeping records in rupiah and thus we have converted their borrowings into rupiah. Although the interest rate for rupiah borrowing is higher than US dollar borrowing, we believe the policy helps us to better to measure currency risks and take action in a timely fashion.

INCREASES IN LABOR COSTS

We operate in a labor-intensive industry in which government regulations concerning wages can significantly effect us. The Manpower and Transmigration Ministry Law No.7/2013 stipulates that the minimum wage is determined and implemented annually by provincial governments based on the annual living cost conditions of each respective province. Further, Government Regulation No. 78/2015 specifies a measured annual wage increase based on current growth rates of inflation and gross domestic product.

Due to the combined effect of these regulations, we have experienced sharp increases in our labor costs, and we expect increases to continue. Over the last five years, the minimum wage has risen by between 5% and 36% annually, depending on the location of our workers. Labor costs are a significant component of our total production costs, typically accounting for about 30%.

ANJ response: Since 2015, we have taken a series of steps to control or mitigate labor costs, including improving productivity and optimizing resources. We introduced an incentives program to increase workers' productivity and implemented strict standards to ensure our FFB are optimally ripe before being harvested as this contributes to a higher oil extraction rate, meaning more efficient CPO and PK production.

Moreover, we have initiated mechanization for non-undulating plantation areas such as in our Belitung, North Sumatra I and West Papua plantations. This has also assisted in reducing problems associated with labor constraints in these areas.

Our main aim is to safeguard long-term business continuity by ensuring reliable product supply to our customers at a margin adequate to safeguard future growth and ensure shareholder returns.

Teachers and students in our early childhood education program in South Sorong, West Papua.

Social and Environmental Responsibility

As a responsible public company, ANJ demonstrates the highest commitment to minimizing the impact of its decisions and activities on surrounding communities and the environment.

The company provides a number of initiatives dedicated to complying with and exceeding sustainability standards, mitigating our environmental footprint and maximizing our conservation methods, as well as demonstrating consistently high attention to staff conditions and welfare, community involvement and social development.

This chapter considers these issues in detail.

Environment & Sustainability

Sustainability

ANJ adheres wherever possible to international and national standards of sustainable agribusiness, including Roundtable on Sustainable Palm Oil (RSPO) and Indonesia Sustainable Palm Oil (ISPO), as well as to applicable laws, while balancing these commitments with our responsibility to secure solid financial returns for the Company's shareholders.

ANJ's operations have long adhered to an internal sustainability policy as an umbrella strategy to guide our activities in relation to social and environmental duties, but in 2016 we formalized this policy and published it in the interests of improving transparency. This sustainability policy (see page 138 for the full text) includes the following commitments, which apply to ANJ and all of its subsidiaries:

- Comply with all relevant laws and regulations;
- Adhere to international and local standards in relevant sectors as well as responsible business practices;
- Maintain the landscape ecology of the area with environmental stewardship such as no development on peat and wetlands, no burning of land for clearing, reducing greenhouse gas emissions and managing areas of high conservation value (HCV) and high carbon stock (HCS);
- Balance development and consider social, environment and economic needs;
- Engage with social responsibilities including gender equality, human rights, occupational health and safety and community involvement and development.

In addition, we have improved business processes such as standard operating procedures to enhance group-wide corporate governance related to community involvement and development. Continuous improvement, particularly human resource development in our sustainability department, remains important as we know that people are the key to the company achieving its objectives.

ANJ's operations have long adhered to an internal sustainability policy as an umbrella strategy to guide our activities in relation to social and environmental duties, but in 2016 we formalized this policy and published it in the interests of improving transparency.

SUSTAINABILITY STANDARDS

ANJ operations comply with all applicable international and national environmental laws, regulations and guidelines. ANJ has also completed specific mandated processes as required under Indonesian Government Regulation No.27 of 2012 and Ministry of Environmental Affairs Decree No.16 of 2012, such as conducting required environmental impact assessments (AMDAL) in order to obtain an environmental permit, and preparing both environmental management and monitoring plans, which is required under the terms of the environmental permit.

ISPO Certification: ANJ and its all subsidiaries are fully committed to following 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, as most recently coded in 2015 (Permentan No 11 Tahun 2015), plantation companies

CERTIFICATION STATUS FOR OPERATIONAL PALM OIL PLANTATIONS

	North Sumatra I	North Sumatra II	Belitung Island	West Kalimantan
RSPO	November 2012	September 2014	January 2016	Documentation in process
ISPO	August 2016	April 2015	December 2014	Documentation in process
SMK3	April 2016	May 2014	April 2015	Planned for 2017
ISCC	November 2016	n/a	January 2016	n/a
PROPER	Blue rating 2015-16	Not yet selected	Blue rating 2015-16	Not yet selected
PROPER Gambut	n/a	n/a	n/a	Blue rating 2016
ISO 14001	July 2014	November 2014	April 2015	In progress
OHSAS 18001	2013	Not yet scheduled	Not yet scheduled	Not yet scheduled

operating under plantation operation licenses (*izin usaha perkebunan*, or IUPs) must adhere to and demonstrate high standards in criteria including legal and permits, plantation management, protection of primary forest and peatland, environmental management and monitoring, responsibility for workers, social, community economic empowerment and continuous improvement.

To date our Belitung and both North Sumatra plantations have obtained ISPO certification. Our West Kalimantan Plantation has completed the audit process leading to ISPO certification and aims for certification in 2017.

ISPO certification is valid for three years, and each year the certified company undergoes an audit conducted by a certification body commissioned by ISPO.

SMK3 Certification: Indonesian law obliges companies to uphold occupational health and safety standards through SMK3 (*Sistim Manajemen Keselamatan dan Kesehatan Kerja*) certification as a prerequisite for ISPO certification; to date, our Belitung and both our North Sumatra plantations have this certification. We target for our West Kalimantan Plantation to receive it during 2017. The SMK3 certification is valid for three years.

Compliance with national regulations is just a foundation to benchmark our performance. We make sure that we also meet and exceed international standards through the following:

RSPO Certification: The central sustainable initiative that ANJ has implemented is membership of the Roundtable on Sustainable Palm Oil (RSPO), a non-profit association formed in 2004 that comprises more than 2,500 member companies from more than 85 countries around the world. It engages with oil palm growers, oil processors, food companies, retailers, NGOs, banks and investors to develop and implement global standards for sustainable palm oil produced in a socially and environmentally responsible way.

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

Companies are eligible to apply for RSPO certification after they start processing palm oil products, and companies with RSPO-certified crude palm oil are entitled to sell it with a price premium. Our Belitung and both North Sumatra plantations have all obtained certification.

Our newly mature West Kalimantan Plantation is run wholly according to RSPO principles and has fully adopted RSPO's New Planting Procedure (NPP) framework, instituted in 2010. The plantation began producing oil in 2015 and is in the process of earning RSPO certification. It is currently completing required documentation with the aim of achieving RSPO certification during 2017.

Our South Sumatra and West Papua land banks are also being developed following RSPO guidelines. Furthermore, they also have fully adopted the NPP framework. As palms planted there are immature, they are not yet eligible for RSPO certification.

RSPO certification is valid for five years, and each year the certified company is subject to an audit conducted by a certification body commissioned by Accreditation Service International.

ISCC Certification: Our Belitung and North Sumatra I plantations are our only producing plantations eligible to apply for International Sustainability and Carbon Certification (ISCC), the European sustainability standard that measures greenhouse gas emissions, preservation of biodiversity, agricultural practices and respect for labor and land rights. Both achieved it in 2016. The certification body in both cases was TüV Nord German. ISCC certification is valid for one year.

PROPER Program: The Indonesian Ministry of Environment and Forestry's PROPER program (*Program Penilaian Peringkat Kinerja Perusahaan*) assesses environmental quality in operations, production processes, business ethics and responsibility to the community. It is an annual program that ranks companies as gold, green and blue if they are meeting criteria and red or black if they are failing.

Since 2014 our Belitung and North Sumatra I plantations have earned blue certificates, meaning that they meet all legal and regulatory requirements. Our North Sumatra II and West Kalimantan plantations have not yet been selected by local government to participate in the PROPER program.

In 2016 the Ministry of Environment and Forestry launched the PROPER *Gambut* (peat) program to ensure that plantation and forestry companies manage and maintain peat land according to government regulation No 71/2014. Our West Kalimantan plantation was selected as one of 30 participants in the program and was awarded a blue rating.

ISO 14001 Certification: Our Belitung and both North Sumatra plantations have certification for their environment management systems under the international standard ISO 14001: 2004. Certification is valid for five years, and each year the certified company is subject to an audit by a certification body accredited by the National Accreditation Committee.

OHSAS 18001 Certification: Our North Sumatra I Plantation has certification under OHSAS 18001, a globally recognized British standard for occupational health and safety management systems. We will certify our other plantations as soon as practical.

OUR APPROACH TO PRODUCT SAFETY

The Company's main end product are crude palm oil and palm kernel oil, mostly for use in foodstuffs, and we have clearly defined responsibilities to ensure our products meet all necessary quality and hygiene standards. We ensure that all staff understand the priority for product safety.

In the field: Our attention to quality and food safety starts with our approach to growing. We use only quality assured, imported inorganic fertilizer from reputable manufacturers or organic by-products from our mills as fertilizer substitutes. We conduct monitoring to ensure that fertilizer does not contiminate any food sources in the environment, for example rivers and lakes. Further, we minimize the use of any chemical pesticides that could potentially enter the food chain, as described above.

In the mill: Arriving deliveries of fresh fruit bunches at our mills undergo inspection by dedicated quality control inspection teams, who also monitor the production process. Fruit bunches are processed as quickly as possible to preserve freshness. No materials are recycled in the milling process, and all waste material is segregated for later decomposition in ponds or for application as fertilizer.

Food safety standards are applied continually in the mill processing cycle, and 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. CPO under storage is monitored for contamination or spoilage, and transport tankers are routinely tested for cleanliness and contaminants.

ANJ received no reports of contamination claims or complaints regarding the quality or safety of our products either internally or from customers during 2016.

Sago starch: We have completed construction of our subsidiary ANJAP's new sago starch mill and factory, which is preparing to produce sago starch commercially, principally to be sold as raw material for other food companies, and the same high-quality safety standards will apply. The facility is fully equipped with sterilizing and cleaning mechanisms.

Consumer safety is paramount, and we regularly test our palm oil products in our laboratory as a quality control.

In our HCV initiatives we engage collaboratively with key stakeholders, such as non-profit organizations with expertise and long experience in conservation, as well as both local and national governments.

Certification is valid for five years, and each year the certified company is subject to an audit by a certification body accredited by the National Accreditation Committee.

ENVIRONMENTALLY RESPONSIBLE OPERATIONS

We adhere to strict, internationally recognized environmental standards in all of our operations, as described in the previous section. We thus strive to adopt best practices to meet these standards. The key measures we take include the following:

- We have a zero-burning policy in our land-clearing activities and we do not use incinerators. This avoids air pollution and enhances soil fertility as trees are left to decompose naturally.
- Accidental and externally set fires are a continual danger in palm oil plantations. To minimize the risk and effects, we have well-established response procedures at our producing estates. This includes fully equipped emergency response teams as well as fire fighting teams. We have built fire towers and assigned a dedicated patrol team working around the clock. Additionally, there is visible signage in many locations warning of the dangers of starting fires. We are also involved in training and educating villagers surrounding our estates to be aware of the danger of fire and how to extinguish fires. We work together with government authorities in all prevention efforts. In our West Papua operations, we are implementing a systematic and structured plan to apply similar fire-prevention measures.
- 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, applied according to strict schedules and nutrient needs.
- We control pests using environmentally-friendly means where possible. This includes using natural biological pesticides, encouraging beneficial plants to attract natural predators, encouraging parasitoids to control leaf-eating pests, and rearing barn owls (*Tyto alba*) to control larger pests such as rats and mice.
- The milling of FFB produces solid waste such as fiber from empty fruit bunches and palm kernel shells. Adopting the “4Rs” principle — reduce, reuse, recycle and recover — we recycle all fruit bunches in our plantations as soil-enriching and soil-binding mulch, and we use kernel shells to power generators in remote areas of our plantations.
- No process chemicals are required in milling FFB to produce oils, but the steaming, pressing and centrifuging produces mill effluent. Each of our mills channels effluent to large anaerobic treatment ponds where bacteria break it down for use as a high-nutrient fertilizer substitute. All effluents meet or are well below maximum levels of biochemical oxygen demand, a measure of organic pollution in water, as mandated under Indonesian law.
- Effluent treatment results in methane emissions, and we have developed a biogas

power business to capture this and use it to generate electricity for supply to local communities to support economic development. Our first biogas plant, at our Belitung Island Plantation, started operating in 2013 as the first Indonesian independent biogas power producer and has attracted significant public attention as a positive example for the palm oil industry. This plant not only limits methane emissions, it has directly helped reduce the state's need to burn diesel for power generation by about 2.5 million liters per year, thus avoiding the need for greenhouse gas emissions equivalent to an estimated 35,000 tons of carbon dioxide per year. We plan to build similar plants at our other producing estates when feasible.

Environment & Conservation

ANJ is fully committed to preserving and managing areas of high conservation value (HCV). In our HCV initiatives we engage collaboratively with key stakeholders, such as scientists, experts and non-profit organizations with expertise and long experience in conservation, as well as both local and national governments. The community surrounding our plantations are also key stakeholders in preserving HCV areas.

We manage and monitor HCV areas across all our palm oil plantations with reference to HCV management indexes and best practices. We engage with key stakeholders, particularly conservation-focused members of the community. Additionally, before clearing land for planting we conduct HCV assessments. We also continually monitor our implementation of the RSPO NPP framework in all of our plantations.

We are also committed to managing reforestation in areas that have been degraded and providing a variety of plants as food for wild animals to encourage population numbers and create stronger natural ecosystems.

IDENTIFYING AND MANAGING CONSERVATION AREAS

We have identified HCV areas in all of our plantations, and we have created dedicated conservation areas totaling 1,630 hectares at our North Sumatra II Plantation and 3,844 hectares at our West Kalimantan Plantation to serve as models of managing biodiversity. At our North Sumatra I Plantation, HCV area amounts to 321 hectares covering riparian buffer areas. At our Belitung Plantation, riparian buffer areas as well as Makam Balok forest are protected as HCV areas and amount to 1,756 hectares in total.

In 2016, we conducted an HCV assessment and social impact assessment (SIA) for our South Sumatra land bank at Empat Lawang. We also conducted an analysis of land-use change and assessments of both high-carbon stock areas and land for community plantation (*kebun mitra*) at our North Sumatra I plantation in preparation for RSPO and ISPO re-certification.

We spent IDR 3.1 billion in 2016 managing our conservation areas, not including the cost of staff assigned to duties relating to them. The cost increased significantly from 2015 as we intensified our activities in managing the 2,330 hectare conservation area in our West Kalimantan Plantation. In preserving and managing the most extensive conservation areas — those at our West Kalimantan plantation — we have engaged with key supporting stakeholders, including the Nature Conservation Agency (Balai Besar

River rapids run through the conservation area at our North Sumatra II Plantation.

Konservasi Sumber Daya Alam, or BKSDA), a government agency under the Ministry of Environment and Forestry, and the NGO International Animal Rescue.

The conservation areas at our West Kalimantan Plantation are home to dozens of Bornean orangutans (*Pongo Pygmaeus wrumbii*) and a range of flora and fauna, including endangered species. They feature a broad range of flora and fauna including orangutans, proboscis monkeys, Malayan sun bears, pig-tailed macaques, maroon leaf monkeys, monitor lizards, grey woodpeckers, rhinoceros hornbills and black hornbills. Our monitoring shows eight species of protected mammals as listed by the International Union for Conservation of Nature and by the government. There are also at least 23 different species of birds.

By the end of 2016 there were at least 30 orangutans confirmed as living in the conservation areas, and ANJ operates a nursery for tree species to be planted in the conservation areas to provide food for them, including *duku*, *langsat*, *durian* and a range of other plants, predominantly fruits.

In collaboration with BKSDA and Yayasan IAR Indonesia (YIARI), we succeeded in 2016 in building “flying bridges” made of rubber in order to relink riparian areas separated by public roads and increase access and movement between habitats for wild animals, including orangutans. Our objective in managing our conservation areas is to mitigate potential conflicts between wildlife, the local community and the Company. We built barrier trenches around parts of the conservation areas, and up to a dozen staff patrol regularly. Signs are posted informing local residents when they are entering a conservation area. We also identified active threats to the conservation areas, most prominently illegal logging and land clearance for crop cultivation. Through speaking to those responsible and where possible offering alternative income sources, we reduced instances of these threats to near zero.

A core initiative begun in 2016 at our West Kalimantan Plantation has been to develop a grand design to manage one of our conservation areas, with an area of 2,330 hectares, as part of a larger landscape linked to Gunung Palung National Park and other adjacent HCV areas.

Our first action in this has been to work toward earning legal protected status of Essential Ecosystem Area (*Kawasan Ekosistem Esensial*, or KEE) for the area. To do this, during 2016 we collaborated to set up a forum comprising various stakeholders, including the local community, the local government, non-profit organizations The Nature Conservancy, International Animal Rescue and the University of Tanjung Pura Pontianak.

The forum was established with support from the Governor of West Kalimantan, and will in 2017 submit a formal proposal for the KEE. We hope to have a formal granting decree from the head of Ketapang district later in 2017.

Our next step will be to develop and manage the area together with local villagers to enable them to earn an economic benefit. In preparation for this, we have been building internal capacity for our human resources. Without capable personnel, we will not succeed in achieving our objectives with this initiative.

To gain more support at our West Kalimantan Plantation, particularly from communities living around the plantation area, we operate an environmental education outreach program for young children, which includes them visiting and learning about the flora and fauna and being involved in reforestation activities.

To embed this initiative for the long term, we have aligned it with another program (described in the following section on page 148) to develop “green schools” to provide practical environmental education for future generations of children around our estates.

To date we have been supporting two elementary schools at our West Kalimantan plantation — SDN 7 and SDN 9 in Matan Hilir Utara sub-district — to achieve the standard necessary to join the national Adiwiyata green schools program.

At our Belitung plantation we are also supporting one junior high school, SMPN 1 in Dendang district, which has already been verified by the District Office of Environment to participate in the Adiwiyata program.

Our Approach in West Papua

A key test of our responsible attitude to development is in West Papua, where we are developing new plantations, as it is at the forefront of the competing claims of rural development and conservation.

ANJ believes development in West Papua requires a different approach to other parts of Indonesia. The Indonesian Government has adopted a policy addressing unequal economic development by prioritizing development there. Its policy, that the people of Papua have a right to progress and development, should be respected, not least because it has allocated large swathes of land for conservation.

In this context, although some land will be cleared for agriculture, conservation and development goals can both be met in a balanced manner where the development is undertaken by companies committed to sustainability rather than just focused on maximizing palm oil production.

The Indonesian Government has adopted a policy addressing unequal economic development by prioritizing development there. Its policy, that the people of Papua have a right to progress and development, should be respected, not least because it has allocated large swathes of land for conservation.

ANJ's responsible approach guided us to begin the project by ensuring that we comply in all respects with RSPO requirements, including NPP. Our activities are thus preceded by official reports of comprehensive HCV assessments, an Environmental Impact Assessment (AMDAL) as required by law, a social impact assessment and a high carbon stock (HCS) assessment.

In addition, we implement the Free Prior and Informed Consent process when dealing with the local communities, which rests on the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use. We are committed to resolving any grievances systematically and abiding by international human rights standards.

Typical issues of community concern include inter-tribe disputes over traditional tribal boundaries, entitlements under the Company's future Plasma Program, provision of infrastructure such as roads, electricity and bridges, and land compensation.

After establishing our compliance with RSPO guidelines, we have begun to incorporate stricter standards and developed a sustainable socio-economic framework that balances rural development with conservation of natural resources, including HCV and HCS areas. Specifically, we are committed to conserving a minimum of 30% of the legally allocated land for development in West Papua. The framework includes the following aspects:

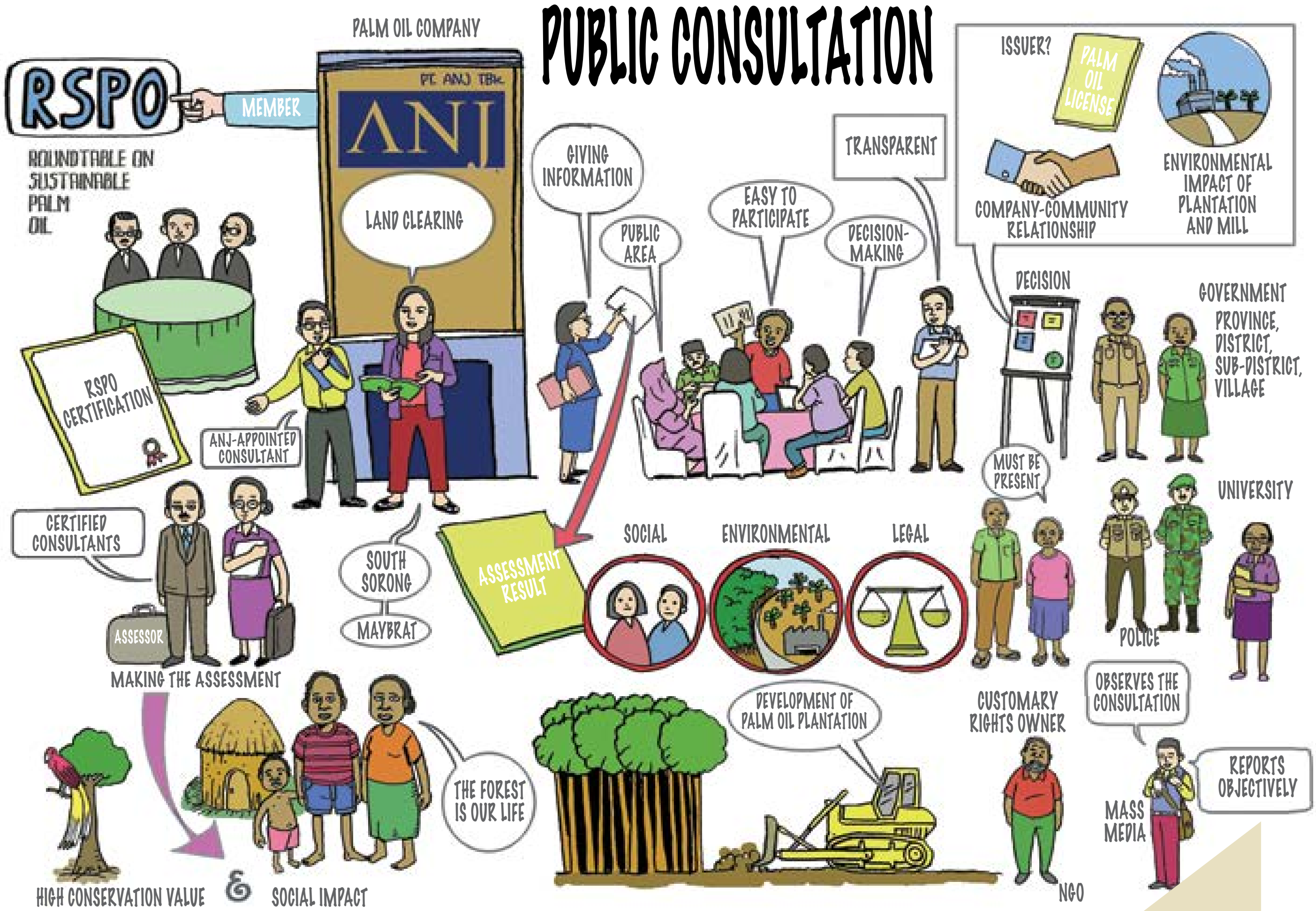
- A comprehensive conservation plan, a conservation department to manage all identified areas, led by local specialists, and funding for local conservation research;
- Detailed social anthropological studies to better understand the needs of local Papuan communities;
- A sensible corporate social responsibility strategy, tailored to specific needs; and an appropriate array of livelihood programs taking into consideration gender issues.

ANJ is committed to take the lead in West Papua, and we will ensure that all dimensions of sustainability are balanced and development rationality prevails in this remote and economically challenged province.

CONSERVATION FOCUS IN 2016

Our main conservation activity in West Papua is monitoring and gathering information on HCV areas, and communicating with our stakeholders and involving them in the areas' upkeep. In 2016 we focused on educating our internal stakeholders, particularly employees and business partners. In addition we have communicated with community members around our plantations regarding the importance of HCV areas. This has included discussion in five villages on the importance of preventing fires.

In addition to regular HCV monitoring, we also conducted biodiversity observation. During this fieldwork we found most diversity among bird populations. Among the species we found were Blyth's hornbill, northern cassowary, western crowned pigeon, sulphur-crested cockatoo, palm



A graphic produced for stakeholders and used in the public consultation process at our West Papua estates.

cockatoo, rufous-bellied kookaburra, eclectus parrot, great white egret, red-cheeked parrot, black-capped lory, hair-crested drongo, brahminy kite, collared sparrowhawk, black lory and long-tailed honey-buzzard. Our monitoring activities also included checking on the health of rivers in and around our plantations, with the aim of ensuring that they are undisturbed and that the community around our plantations can gain positive benefit from them.

Stakeholder engagement is important in supporting our management of HCV areas, particularly when it comes to protecting wildlife from being hunted by local communities. This is a challenge, but it is also an opportunity to engage closely with other stakeholders such as the BKSDA.

COMMUNITY ENGAGEMENT IN 2016

The main focus of our efforts in 2016 was in seeking views from and developing relationships with local communities around our West Papuan operations. This took the form of two specific initiatives, public consultations and stakeholder meetings.

In the first initiative, we organized a two-day public consultation forum in the town of Teminabuan, South Sorong district, in June. The main objective was to help members of the community to understand and comment on the social and environmental impact they will experience as a result of plantation development at the southernmost of our three adjacent concessions in the South Sorong and Maybrat districts.

The forum was attended by nearly 300 people drawn from a range of stakeholder groups, including local tribes and community leaders, government agencies, NGOs, academic institutions and media.

All key speakers, including a tribal elder and heads of local government and the police, encouraged community co-operation and support for investments such as by ANJ to speed West Papua's economic development. We were pleased with the ability to communicate more broadly thanks to reports published by six local

Community training in the use of biological pesticides at our West Papua landbanks.

media organizations that attended.

Various concerns were brought up at the forum, mainly in relation to land compensation and Plasma Program management. For transparency purposes, we distributed copies of written contracts of release of tribal lands by the clan and tribal members, and the compensation each group received, that had been signed by community members.

This public consultation reset ANJ's relationship with stakeholders, especially indigenous land owners, as it allowed all parties to share understanding of their concerns and ambitions, as well as removing misconceptions about ANJ's development plans in West Papua. In particular, it was a vital step in maintaining the integrity of our commitment to obtain Free Prior and Informed Consent (as explained above) from local communities for our development plans.

In 2016, we employed an average of about 40 staff dedicated to managing communications and our social development plan. We conducted village profiling to understand the development needs of directly impacted villages, and following the public consultation, in the third quarter we collaborated with community leaders to establish an informal, village-centered communication channel, *Forum Aspirasi Kampung*. This is intended to facilitate community members' discussions of grievances and claims and allow any demands to ANJ or external parties to be lodged as a collective instead of individually. This approach was agreed by community leaders as a new standard procedure for channeling environmental complaints to the Company.

The public consultation was also followed by a series of three wide-ranging stakeholder meetings through the second half of 2016 intended chiefly as a forum for the Company and representatives of indigenous communities and local government to provide updates and allow any further community questions and concerns to be aired.

During the meetings, we focused on providing accurate information about our operational development plan across the three concession areas that we control, as well as discussing our social development plan, our Plasma Program development policy and plan, and the result of our high conservation value (HCV) study in the concession areas.

Among those at the meetings were officials from South Sorong and Maybrat regencies, indigenous communities and customary land-right holders located around our concession areas. The meetings attracted about 250 people and were held in South Sorong's capital, Teminabuan.

At the stakeholder meeting in December, South Sorong Regent Samsudin Anggiluli called for a recognition of the benefits of development, in particular fast economic growth, and tribal representative Salmon Sira said there was wide willingness to work with ANJ as long as pending land-ownership issues were concluded with integrity.

GREENPEACE CLAIMS IN 2016

In September 2016, ANJ was contacted by the environmental activist organization Greenpeace, which requested information on our operations in West Papua as part of an investigative report that it planned on the Malaysian palm oil company IOI Group, specifically the practices of its third-party suppliers.

Greenpeace's questions to ANJ focused on land clearance at our Papua landbank in terms of environmental and social impact. ANJ responded to each request with detailed information, and stated clearly that the Company was not a third-party supplier to IOI.

In its report, published later in September, Greenpeace alleged that ANJ and its West Papuan palm oil subsidiary companies were responsible for "extensive clearance of primary forest and exploitation of local communities." ANJ responded in a letter with clarifications on a series of inaccuracies in the report and requested that these also be published. To date this has not happened.

We also noted Greenpeace as an important stakeholder in a national conversation about responsibility in the palm oil industry and welcoming constructive interaction in the future. We also used our discussion with the organization as an opportunity to reassess our corporate communication practices and public access to our policies. This influenced us to publish our corporate sustainability policy in full for the first time, as detailed above. The policy is reproduced in this report on page 138.

It remains important, however, to address the inaccuracies contained in Greenpeace's report. The organization suggested that in our West Papuan operations that we had cleared primary forest, that we were damaging and planning to plant on peatland, and that we took insufficient steps to ensure informed consent of local communities before starting land clearance. Below we respond to these specific claims.

Forest clearance: We have never knowingly cleared primary forest and we will not do so in the future. We prepared to begin clearing land at our West Papua project based on two core factors: 1) All forest within the concession areas of the Company, PPM and PMP were classified by the Ministry of Forestry as for uses such as agriculture (*Areal Penggunaan Lain*) and were not classified as protected forest (*hutan lindung*); 2) Prior to any clearance, we commissioned third-party HCV and social impact assessments for the three subsidiaries developing our concessions, as required by RSPO, and the results indicated that clearance was feasible.

We began clearance in February 2014, but became aware several months later that we had not quite completed NPP guidelines before starting the clearance. As a result, we immediately self-imposed a moratorium on all clearing pending a detailed third-party review.

The review's preliminary findings then revealed that a portion of the area initially allowed for clearing by the initial third-party HCV assessment (by an RSPO-certified assessor) was incorrectly identified as secondary forest and should have been classified as primary forest. We maintained the moratorium and commissioned a new HCV assessment.

As a result of this, we have set aside approximately 40,000 hectares of our palm oil concession area of 91,000 hectares for conservation. Land clearing did not resume in 2016.

Peatland: ANJ has an internal policy on peatland use and is committed to retaining peatland as HCV land in any new development. As a member of RSPO, we are well aware that we may only develop plantation in non-HCV areas and we adhere to this policy.

We commissioned a reputable international consultant to conduct a comprehensive landscape ecological assessment and detailed social impact study of the West Papua project site. As a result of this, all peatlands, wetlands and areas with marginal soils have been marked for conservation.

The area has been retained as High Value Conservation Forest, aligned with our policy on peatland use. This is also in line with the instruction of Minister of Environment and Forestry on peat exploitation.

The latest assessment indicates that there is no peat soil present within and outside of PMP and PPM concessions. Freshwater swamp forest is found extensively and may have been mistaken by external parties for peat swamp forest. It is our policy to conserve both peat and freshwater swamp forest in our concessions.

Community exploitation: As explained above, our company is committed to free, prior and informed consent (FPIC) as a prerequisite for releasing land for clearance and engaging with local communities. ANJ has continuously undertaken a consultative approach towards land release and associated actions. Local communities have been consulted and in general accepted oil palm development in the area.

Due to the nature of social complexity in the development site, we see FPIC as a continuous process with various grades of consultation being undertaken to ensure that all parties concerned are informed of the plans and are included in the planning and implementation of development. We have detailed above the public consultation exercise and stakeholder meetings that took place in 2016 as well as the presence of 40 staff members dedicated to community relations.

In addition to this, a management planning exercise was initiated at the end of 2014. The exercise was completed, but focused on conservation planning and management rather than broader sustainability considerations, so ANJ management chose to incorporate it into an Integrated Management Plan. This integrated plan also puts a major emphasis on social and equity requirements.

This integrated plan was completed by the end of 2016, but was still in the process of scrutiny and evaluation in early 2017. A summary will be made available for stakeholders when this is complete.

An example of the pitcher plant *Nepenthes ampullaria* in one of our West Papua HCV areas.

ANJ Sustainability Policy

COMMITMENT STATEMENT

PT Austindo Nusantara Jaya Tbk. (ANJ) is an agribusinesses company involved in palm oil, sago starch, edamame and biogas production. We are committed to responsible development with the aim of producing high-quality products that are environmentally sustainable by using best management practices based on a balanced implementation of our main policy pillars: Environmental Stewardship, Business Policy and Social Responsibilities.

SCOPE OF POLICY

This policy applies to ANJ and all its subsidiaries. We expect all business associates to respect and comply with our commitments.

ANJ is also fully committed to the Principles and Criteria (P&C) of the Roundtable on Sustainable Palm Oil (RSPO), national and other global Sustainability Standards.

The key pillars of the company's sustainability policy are as follows:

SUSTAINABILITY POLICY PILLARS

A) ENVIRONMENTAL STEWARDSHIP

I) Environmental Management. Environmental Management is concerned with maintaining the landscape ecology of the area and includes the following elements:

- Conservation of primary forest and utilization of secondary forest areas to promote rural development in line with the nation's development goals;
- Commitment to reducing greenhouse gases and maintaining areas with high conservation value (HCV) and high carbon stock (HCS);
- No development on peat and wetlands;
- No burning of land for development;
- Precautionary approach when developing on fragile soils, slopes and water ways (including river basins);

II) Sustainable Development. Sustainable Development should satisfy current environmental, social and economic needs but also ensure that future productivity can be sustained. The following are ANJ's commitments to sustainable development:

- A balanced development approach that considers social, environmental and economic needs;
- Responsible development of new areas incorporating an integrated landscape approach;

III) Best Practices. Best Practices are benchmark operating procedures that allow management standards to be set and maintained. These procedures apply to the following;

- Implementation of integrated pest management;
- Water management in peat areas and wetlands;
- Waste management promoting reduction, reuse and recycling;
- Responsible use of chemicals and restricted use of paraquat;
- Reduction of pollution.

B) BUSINESS POLICY

I. Economic Viability. Economic Viability refers to the ability and capacity of a company to make a

reasonable and sustainable profit.
• Commit to good corporate governance;
• Guarantee high quality of products.

II. Responsible Business Practice. Responsible Business Practice requires the company to take into consideration ethical, environmental and social factors in striving for profitability.
• Compliance with local laws and regulations and international conventions;
• Subscribe to a Fair and Ethical Code of Conduct

C) SOCIAL RESPONSIBILITIES
I. Gender Equality. Gender Equality ensures that all employees and related parties should receive equal treatment and not face discrimination based on their gender. ANJ will promote gender equality within the company and all its associates.
• Women's Empowerment
- Childcare and reproductive rights
- Women's healthcare
• Equal Opportunity
- Fair wages and bonuses and equal opportunities for advancement

II. Human Rights. Human Rights refers to basic rights that should be respected by all and are guided by universal principles and norms.
• Children's Rights
• No Violence, Harassment or Sexual Exploitation
• Zero tolerance for any discrimination based on race, religion, nationality, political views, physical conditions and others
• Labor Rights
- No child trafficking or forced labor
- Employment Conditions and Benefits
• Community land rights and customary rights
• Effective Grievance Mechanisms

III. Safety and Security. Safety and Security aims to provide a safe and secure environment to enable employees to work without risk of injury and illness.
• Occupational Health and Safety (OHS)

IV. Social Responsibility. ANJ regards communities as equal partners and commits to actively manage social risks associated with its operations in cooperation with all stakeholders. The targeted goal is to promote activities that improve community welfare and sustainable livelihoods. This includes community empowerment through provision of education, health and economic opportunities.

ANJ is committed to an adaptive management approach in implementing this policy. This involves a Commitment to Continuous Improvement through periodic updates, reviews and the adoption of new technologies to improve all three pillars of this policy. ANJ also subscribes to Corporate Transparency and is committed to provide appropriate information to relevant stakeholders on environmental, social and legal issues through consultative processes and thus also enabling the traceability of ANJ products and its supply chain.

Jakarta, 28 November 2016
ANJ Board of Directors

Our policy aims to balance human development with protection of nature.

Employee Welfare & Safety

At ANJ, we understand that our employees are the foundation of our business strength, growth and sustainability. We focus on maximizing employees' engagement, skills and career development.

In 2015, we overhauled our human resources strategy to improve our commitment to our employees. This included establishing: development programs for potential leaders and for line managers, an expert internal pool of trainers, supply chain and sustainability directorates, a dedicated engineering department, a succession committee to help identify potential future leaders of the Company, and a performance management system.

In 2016, we consolidated our efforts to embed this stronger human resources foundation and implemented several other strategic steps:

We expanded the organizational structure to meet the Company's changing needs, by adding three new functions to strengthen the existing senior management team's ability to focus on the Company's vision and mission:

Investor Relations: to realize our objective to serve and engage with investors more comprehensively, ease public access to and improve information about our performance;

Corporate Communication: to strengthen communication systems with all of ANJ's various stakeholders;

Commercial: to increase how competitive we are in the market for our main palm oil products and build a market-penetration strategy for our new products development.

We moved our West Papua regional office from Sorong to closer to our estates in order to improve our team's co-ordination and work flow. Decision-making processes have been speeded up and are more cost-efficient.

We also conducted a systematic change management program preceding implementation of our new enterprise resource planning (ERP) system across the Company during 2016 and 2017 (see page 58), to ensure that all employees understand, accept and engage with it.

ANJ is committed to being an equal opportunity employer and encouraging and supporting diversity. We aim to create a conducive working environment where all employees are treated fairly, irrespective of age, gender, race, religion or beliefs. All employees have equal opportunities based on their performance and competencies.

EQUALITY AND WORK OPPORTUNITY

ANJ is committed to being an equal opportunity employer and encouraging and supporting diversity. We aim to create a conducive working environment where all employees are treated fairly, irrespective of age, gender, race, religion or beliefs. All employees have equal opportunities based on their performance and competencies. This commitment is also applied in our hiring processes.

In preparing our future leaders, we are committed to managing gender ratios as far as possible, and we recognize that we need to place higher emphasis on opening opportunities for women to develop as leaders.

ANJ AND SUBSIDARIES TOTAL MANPOWER

		Head Office		Palm Oil		Sago		Others		TOTAL	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
TOTAL		**73**	64	**7,055**	6,986	**207**	170	**57**	53	**7,394**	7,279
By Education	Master's/bachelor's degree	**61**	57	**427**	424	**35**	30	**27**	23	**552**	539
	Diploma	**6**	3	**113**	102	**7**	0	**12**	12	**138**	118
	Senior/vocational high school	**6**	4	**1,817**	1,741	**74**	27	**18**	18	**1,915**	1,790
	Other	**0**	0	**4,698**	4,719	**91**	113	**0**	0	**4,789**	4,832
By Age	Over 55	**7**	10	**81**	75	**24**	21	**5**	2	**117**	108
	41-55	**22**	18	**1,828**	1,631	**77**	75	**17**	16	**1,944**	1,741
	25-40	**41**	34	**4,347**	4,315	**78**	68	**35**	34	**4,505**	4,455
	Under 25	**3**	2	**799**	965	**28**	6	**0**	1	**830**	975
By Position	Director	**5**	6	**3**	3	**0**	0	**3**	2	**11**	12
	General Manager (GM)	**17**	14	**18**	18	**2**	3	**3**	2	**40**	37
	Manager	**25**	14	**164**	65	**8**	8	**4**	4	**204**	92
	Staff	**20**	27	**271**	367	**24**	23	**42**	45	**358**	466
	Laborers or workers	**6**	3	**6,599**	6,533	**173**	136	**5**	0	**6,783**	6,672
By Status	Contract workers	**8**	7	**493**	303	**55**	5	**4**	1	**560**	317
	Permanent staff	**65**	57	**6,562**	6,683	**152**	165	**53**	52	**6,836**	6,962

EMPLOYEE CONDITIONS

To maximize our employees' welfare, we strive to improve the quality of facilities and infrastructure for them wherever possible, including housing, education, places of worship and healthcare.

We have an established housing policy, which details a scheme of level-based employee benefits. We provide furniture, water and electricity for our staff housing. At our estates there are also co-operatives that serve communities to help provide for their daily needs.

In order to help our workers organize and engage in social activities we provide clubhouses and sport facilities. We believe that by providing such facilities we not only contribute to a conducive neighborhood environment but also increase our employees' engagement.

We try to offer a comprehensive range of healthcare services, including dedicated medical clinics. Our clinics are integrated with the national health insurance program initiated by the Indonesian Government under the Social Security Organizing Body (BPJS). Clinics provided for staff and their families comprise both outpatient and inpatient facilities, and doctors also make referrals where necessary to designated full-service hospitals.

STUDENT AND TEACHER NUMBERS AT ANJ SCHOOLS

	ANJA (North Sumatra I Plantation)		ANJAS (North Sumatra II Plantation)	
	Students	Teachers	Students	Teachers
Kindergarten/nursery	123	5	45	1
Elementary school	584	13	491	13
Junior high school	197	8	-	-
Principals & administrative staff		5		5
Total	**904**	**26**	**536**	**14**

The Company requires doctors also to offer education and support for new mothers with additional infant nutrition and regular mother and baby clinics (*posyandu*). Employees receive regular medical checkups and have access to integrated health advice centers and family planning services as integrated in our social development activities (see pages 148).

We hold regular counseling on health issues, conduct training in prevention of infectious diseases, promote healthy-living education, provide sports facilities where feasible, and support local government health campaigns.

Our developing estate in West Papua was equipped in 2015 with a health clinic complete with river ambulance, doctors and paramedics.

In West Papua, we also regularly conduct insecticide fogging and mosquito control, promote hygienic behavior and provide water-treatment facilities.

We are committed to offering quality education for our employees' children, and we built and maintain schools at both of our North Sumatra plantations. We support teachers in their continuing professional development and teaching certification. We also run an achievement-based scholarship program for employees' children, helping to open opportunities to the students to continue their education to university level.

In 2016 close to 1,500 children were taught by more than 50 teachers at our two dedicated schools.

OCCUPATIONAL HEALTH AND SAFETY

In line with ANJ's corporate values to respect people and the environment, we insist on a safe, healthy and environmentally sound workplace. In 2016, we further improved ANJ's occupational health and safety standards.

We monitor and improve workplace conditions and policies to ensure best-practice safety standards and no compromise in occupational health and safety (*kesehatan dan keselamatan kerja*, or K3). The Company's Environment, Health and Safety (EHS) Department works closely with all units to achieve a world-class EHS standard.

New employees must undergo a comprehensive safety induction program, including understanding and learning the Company' rules and guidelines on safety at work. Development and refresher

Reliable infant care is one of the key services we provide for our employees.

training is given continuously, most regularly in using personal protective equipment. All employees routinely undergo health checks and are provided with all necessary protective safety gear and equipment, such as helmets, boots and covers for harvesting blades. Our operational plantations have medical clinics permanently staffed with doctors and nurses and serviced by ambulances.

We have established regulations regarding standards and safety procedures that must be maintained in the workplace. We also have a safety committee at our head office and operational sites comprising staff and workers who support the EHS department. They hold 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

Our target accident rate is zero. Our four operational plantations have an established internal safety index that includes all reported accident data and fosters communication to promote safety on a daily basis.

Both of our North Sumatra plantations, Belitung Island Plantation and our newly mature West Kalimantan Plantation analyze discrete data for estate activities and processing mill activities. At our developing West Papua estate, our operational safety has continually rising safety standards.

In all cases, our safety index benchmark is well beyond the mandated standard. It records incidents requiring medical attention and lost-time injuries. During 2015 we tightened our benchmark from 0.5 to 0.4, and the cumulative index score across our businesses was 0.27 in 2016, an improvement from 0.35 in 2015 and 0.38 in 2014. We recorded one fatality accident in 2016. We will retain our benchmark safety index target of 0.4 in 2017.

Our Belitung Island and West Kalimantan plantations succeeded in achieving a record of zero accidents and were awarded certificates by the Company's President Director.

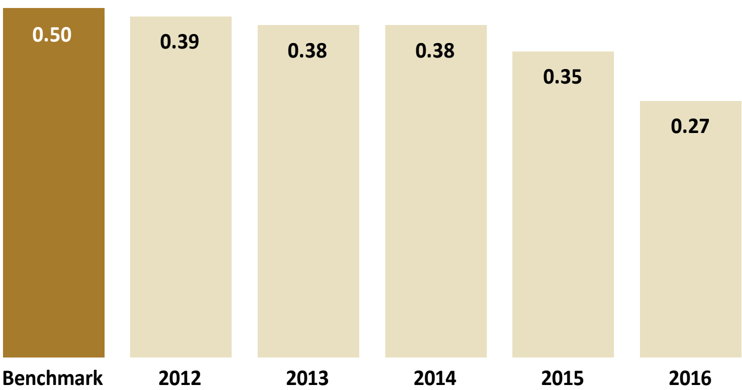
We aim for all of our producing estates to have standards high enough to earn national and international certifications for their environmental, health and safety systems (see table on page 125).

Our North Sumatra and Belitung Island plantations both have ISO 14001: 2004 certification for their environment management systems. We also work to adhere to the standards of OHSAS 18001, a British standard for occupational health and safety management systems widely seen as the world's best-recognized. So far our North Sumatra I Plantation has been certified, and we intend to earn certification for our other plantations as soon as is practical.

In addition, Indonesian law obliges companies to uphold occupational health and safety standards through the government's SMK3 certification; so far our Belitung Island Plantation and both of our North Sumatra plantations have this certification.

In 2016, our North Sumatra I Plantation earned a golden flag from the Ministry of Manpower and Transmigration for meeting the SMK3. We are still rolling out compliance to our West Kalimantan Plantation, with completion targeted for 2017.

SAFETY INDEX PERFORMANCE 2012-16



ESTATE MONITORING

ANJ's estate workers mostly are from the community surrounding our operations, and we directly employ a high percentage of our harvesters rather than using contract workers. This enables us to increase supervision and monitoring and to offer them better training. It also helps us to uphold quality-control procedures and allows us to swiftly identify and mitigate any problem areas. We plan to continue this policy.

We have developed a 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 attention and improvement.

We regularly review standard operating procedures for emergency response and house emergency response teams at each of our operational estates. Defined procedures are in place for dealing with workplace accidents or health threats such as chemical/biological spills, burns, explosions or natural disasters.

ANJ has established co-operation with local healthcare officials and our estates receive regular visits from local public health offices (*dinas kesehatan*).

We provide regular emergency response training — focused on fire-fighting, first aid and site evacuation — and hold emergency simulations at least once in a year.

LEARNING AND DEVELOPMENT

To keep our employees engaged and performing to their best, we provide systematic career planning. We devised career maps based on industry best practice, adjusted to meet our employees' needs and to cope with our rapidly growing company. By mapping our employees' careers we can assess their talent and competencies and plan their development towards potential future roles as leaders in the Company.

We ensure careful succession planning for key positions to ensure effective regeneration and minimize the challenges presented by vacant positions. Our leaders are committed to nurturing our employees to fill in key positions wherever practical.

The importance of developing our employees cannot be overemphasized. While we conduct some training at an established training center at our North Sumatra I Plantation, we built the ANJ Learning Center at our Belitung Island Plantation in 2013 to become the focal point of training. It provides five categories of training:

- ***Core:*** mandatory for all employees, featuring the Company's values, code of conduct and safety knowledge.
- ***Technical:*** enhancing employees' technical capabilities to improve performance in their roles.
- ***Soft skills:*** improving employees' teamwork and organizational skill to help them collaborate effectively within the

CORE TRAINING COURSES IN 2016

Among the core training courses offered in 2016 were:

Technical
- Safety in sprayer and chemical blending
- Safety in fertilization
- Crop monitoring
- Spraying technique
- FFB production administration
- RSPO and HCV
- Fire response
- Integrated pest management and insect fogging
- Lubricants training
- Internal audit workshop
- Mill operation and maintenance
- Fertilizer assessment and research

Leadership and Soft Skills:
- Leadership for foremen and supervisors
- Supervisory skills for assistants
- ANJ values workshop
- Service excellence
- Transformational leadership for executives

Certification:
- Fire-fighting (D-class)
- Lifting certification
- Environment, health and safety for electricians and for construction workers
- Welding
- Steam turbine operation
- ISPO auditing
- Hygiene, agronomy and health

TRAINING PARTICIPATION 2016

	Technical		Soft skills		Certification	
	Staff	Man days	Staff	Man days	Staff	Man days
ANJ	55	57	96	139	1	5
ANJA	2,509	1,069	1,409	533	29	135
ANJAS	665	222	274	125	26	105
SMM	3,473	956	2,510	748	80	243
GSB	9	3	125	107	49	147
KAL	790	475	2,395	627	10	63
PMP	74	32	-	-	38	114
PPM	28	9	1	3	-	-
ANJAP	6	12	1	2	-	-
GMIT	41	5	1	2	-	-
AANE	-	-	1	2	4	27

The ANJ Learning Center at our Belitung Island Plantation.

organization and with external parties.

- ***Leadership and supervisory:*** preparing our employees to lead units, teams and divisions and as potential future leaders of the Company.
- ***Certification:*** Ensuring and standardizing employees' technical proficiency in specific skills related to their job function.

In particular, the learning center also hosts our management trainee program. Each year selected employees undergo extensive training to prepare as leaders in ANJ. In 2016, we evaluated and improved our management trainee program through changes to its curriculum, method, facilitator preparation and system for coaching and mentoring.

The core management trainee program now lasts for nine months and features between 20 and 30 trainees per intake. Trainees continue their development on the job with a five-year mentoring program for graduating trainees to reach a managerial level. Line managers from the level of field assistant up to general manager will serve as mentors. With our new system we believe that trainees will be able to achieve a managerial level within five years.

The Management Trainee course now also includes a specific pathway to prepare our future leaders in Papua. Following the nine-month in-house course, recruits from our West Papua estates will spend two years gaining experience at our producing estates before returning. Of our 2016 intake, 30% of participants are indigenous to Papua and 25% are from eastern Indonesia.

Following the establishment of our succession committee in 2015 to boost our ability to identify future leaders of the Company, in 2016 we focused also on leadership development training. As part of this we ran a specialist course involving all general managers and department heads and concentrating on change management, the qualities of a role model and alignment to the Company's vision, mission and values.

As part of our commitment to prepare our future executive leaders, in mid-2016 we established an MBA scholarship program for staff at the level of general managers and department heads. We have formalized the criteria and requirements for selecting participants and have committed to the program on a continuing basis. The MBA course is conducted at a university in Jakarta and lasts two years. In 2016 we enrolled two participants and will review the program regularly to assess future numbers.

At our learning center in Belitung, we also focused on line managers, with courses to strengthen their capacity across three areas: situational leadership, problem-solving and effective coaching.

Technical development programs contributed 51% of all learning and development activities in 2016, with most courses led by internal trainers.

Details of our 2016 learning and development courses are in the table on the opposite page.

REMUNERATION AND LABOR RELATIONS

We believe that retaining the best talent and maintaining employees' engagement is critical, and that fair treatment and rewards best incentivize our employees to raise the Company's performance and professionalism.

To achieve this, we continuously benchmark our internal salary structure to industry standards and market competitiveness. We do this through participation in plantation-sector salary surveys.

As motivational tools, in 2016 we implemented a scheme to pay performance-based bonuses. We also initiated an Employee of the Year program, under which we reward employees with the highest achievements with travel prizes.

We decided also to increase remote-area allowances for staff and manager level employees.

We strive to optimize communication between the Company and employees. We are mandated by Indonesian law to have a Bipartite Co-operation Body (*Lembaga Kerja Sama Bipartit,* or LKS Bipartit) at all of the companies in our Group with more than 50 employees. It takes the form of a committee comprising representatives of the Company and elected employee representatives. We actively promote its function as a forum for communication and consultation on employee welfare and conditions, as a body for resolving labor relations issues, and also as a channel for strengthening the relationship between the Company and its employees.

We believe LKS Bipartit also contributes effectively as a medium for resolving employee grievances. Employees thus have the choice to convey complaints and grievances through LKS Bipartit or the Company's own grievance mechanism. In addition, the Company set up an employee whistleblowing system in 2016 (for details, see page 111).

We have provided the LKS Bipartit committee with a systematic development program to enhance its competence and capacity to carry out its duties.

Social Development

ANJ's venture into oil palm plantations dates back to 2000, when our first plantation was established in North Sumatra. As we have grown over the years to own four producing plantations and hold landbanks in South Sumatra and West Papua, we have been mindful throughout of our responsibilities to the communities that live around our operations. Growing oil palms is an intensive activity, often in remote areas, and by its nature requires large areas of land. As such, the communities affected by our operations are extensive, with thousands of individuals becoming our employees or neighbors.

We believe we have built a good track record, rigorously continuing to comply with the industry's best practices in oil palm plantation management. We believe, too, that our sustainability approach reflects our commitment to local communities' aspirations and development as we attempt to balance commercial viability, conservation, economic development and social welfare.

Our social development strategy has over the years emphasized five areas of impact: economic development, health, education, culture and religion, and infrastructure. After acquiring our new West Papuan ventures in 2013 and 2014, however, we saw that we needed to develop a more targeted and nuanced approach reflecting the diverse locations and circumstances of our communities.

NEW STRATEGY FOR 2016

In 2015, along with the appointment of a new director in charge of sustainability and corporate social responsibility, we launched a review of the Community Involvement and Development Department's activities. The review involved on-the-ground appraisal and social impact study at each of our plantations, a survey of stakeholders on their needs and expectations, and internal discussions on how effective our programs were.

Specifically, the review was directed towards bringing a greater emphasis on using an evidence-based approach in our development programs, fitting them to the social and economic conditions in each of our operational areas. The review was completed in the second quarter of 2016, and we began to implement a new long-term strategy from the third quarter.

This strategy continues to prioritize the three core themes of health, economic development and education, and place a secondary focus on social, cultural and religious development and on improving infrastructure for the communities around our estates. These five areas had emerged clearly in our review as still the keystone issues where we can make a difference.

However, we have shifted emphasis away from direct financial contributions to a structured approach of social investment coupled with practical community assistance and support. Our aim is to ensure that our spending is focused on helping communities to improve their standard of living and equipping them with tools to continue improvement on their own into the future. In this approach, we will stress targeted funding for training, skills-building and creating a culture of enterprise over less structured financial assistance.

Alongside the review, we concentrated in 2016 on improving our processes and standard operating procedures so that our social development team members clearly understand our objectives and how to achieve them.

Our process stresses engagement with key internal and external stakeholders in all phases of project management, and

ANJ President Director Istini Tatiek Siddharta assists in a community celebration in West Papua.

we therefore also stressed continuous capacity-building through training, mentoring and online knowledge-sharing.

To this end, our social development team underwent training developed by The Nature Conservancy (TNC) known as SIGAP. This stands for "Communities Inspiring Action for Change" or "*Aksi Inspiratif Warga untuk Perubahan*." The TNC team has experience in facilitating community-based forest management, and facilitated the training, which covered all aspects of running community programs, from building trust and engagement through to recognizing milestones of achievement.

In 2016 we delivered community programs that we estimate benefited more than 7,000 people around our plantations.

During 2016 we invested IDR 14.2 billion in our community development program, with 30% of this allocated to our producing plantations in Sumatra, Belitung and West Kalimantan and 70% for our developing plantations in West Papua, directed particularly at villages surrounding our operations.

Spending increased quite significantly from the amount we invested in 2015, as we had decided in 2015 to freeze the majority of our investment until the conclusion of our review into the focus and effectiveness of our community programs.

Spending in each category of our program was as follows: IDR 818 million on health; IDR 5.8 billion on education; IDR 1.0 billion on economic development; IDR 5.1 billion on social, culture and religion; IDR 578 million on infrastructure; IDR 772 million on miscellaneous other projects. Our budgeted investment target for 2016 was IDR 16.5 billion, so the disbursement level was more than 85%. Our target for investment in 2017 is

IDR 23.76 billion, with 77% earmarked for our West Papua communities and 23% to our communities around our Sumatra, West Kalimantan and Belitung Island plantations.

The detailed activities in 2016 by category follow. While some baseline services and initiatives were kept running during our review process, many projects begun in the second half of the year.

HEALTH

We have focused our program on two areas: firstly access for all to water, sanitation and hygiene, known as WASH, as this is one of the biggest factors in reducing illness; secondly the health of new mothers and children, as these are disproportionately likely to become ill.

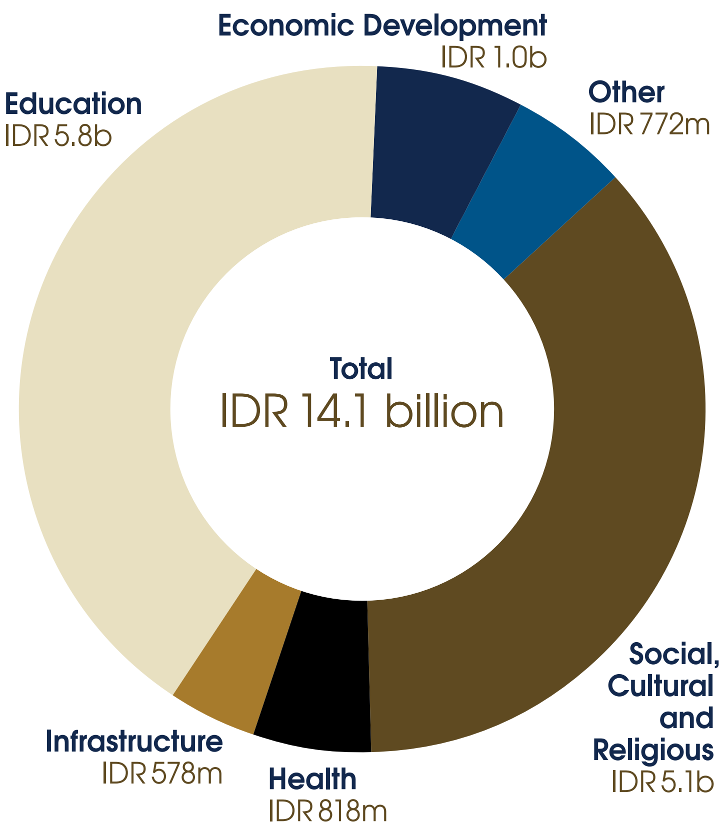
In 2016 we involved communities at our estates in North Sumatra, Belitung, Empat Lawang, West Kalimantan and West Papua in our health program. Among our specific initiatives were a campaign to encourage healthy and hygienic behavior (*Perilaku Hidup Bersih dan Sehat*, or PHBS) and a drive to facilitate access to clean water for residential communities and schools.

In addition, we consistently support or contribute to programs including blood donation drives, child nutrition, free medical checkups and mass circumcision.

In West Papua, we worked together with Yayasan Pembangunan Citra Insan Indonesia (YPCII) in conducting a baseline health survey covering 27 villages. The survey included measurements of water quality, community members' health and hygiene behavior, as well as household waste patterns.

In West Papua, we worked closely with government health officials to offer free treatment for mothers and children, and in 2016 completed the water access infrastructure in one village in collaboration with the Anak Sehat Papua Foundation (YASP).

INVESTMENT IN SOCIAL DEVELOPMENT 2016



EDUCATION

Our strategy emphasizes support for early childhood education and formal schooling. Last year we developed a program initiated in 2015 to facilitate development of village "green" schools, where students are taught environmental awareness and respect. Our primary aim here is to open a pilot green school in each of our producing estates.

Our criteria for these green schools references the national Adiwiyata Schools Program, a government scheme

Brushing up: part of a community health campaign around our West Kalimantan Plantation.

that comprises environmental-based policies in learning, a curriculum focused on the environment, participation in environmental initiatives and facilities managed in an environmentally conscious way. The Adiwiyata schools program also aims to support the attainment of Indonesia's Sustainable Development Goals.

We are collaborating with partners with experience in mentoring the schools, and our goal is for the pilot schools to achieve Adiwiyata recognition by 2018. As part of this, the schools will be obliged to work with other local schools to transfer their experiences and guidance.

During 2016, mentoring continued at our Belitung and West Kalimantan plantations, through our partners ProVisi at Belitung and Innovera at West Kalimantan. At Belitung, our pilot school has gained recognition from the local government, which also suggested that it meets the Adiwayata standard at provincial level. The pilot school at West Kalimantan awaits scheduling for Adiwiyata appraisal in early 2017.

In West Papua, we have been working with the Better Indonesia Foundation (Yayasan Indonesia Lebih Baik, or YILB) in implementing activities to build the trust of villagers around our estates. YILB helped us start a one-year project in which we placed eight field facilitators (*tenaga penggerak*) into seven villages, tasked with: motivating villagers to engage in informal education, for example in reading, writing and arithmetic; leading by example such as through domestic cleaning and hand-washing before meals; and helping village administrators such as by helping to prepare meeting minutes, reports and letters.

We worked together with the Early Childhood Care and Development Resource Center (ECCD-RC) to improve early childhood education (*Pendidikan Anak Usia Dini,* or PAUD). Local teachers were trained and mentored during the fourth quarter of 2016.

Other activities included:

- An incentive scheme to enhance teaching quality for more than 100 teachers from play groups to junior high school;
- Scholarships for more than 200 school students, including rewards for those achieving high results;

At our West Papua estates, we initiated a pilot organic farming project. In collaboration with the Paramitra Foundation, we completed plans for a livelihood program and started to provide introductory training in organic farming as well as establishing demonstration plots in two villages.

- Sponsorships for inter-school sports, art and cultural competitions to help develop students' characters and other capabilities; and
- Educational field visits for students to our operations and our high conservation value areas.

ECONOMIC EMPOWERMENT

Our economic empowerment program aims to increase household incomes in the communities around our plantations by developing alternative income-generating activities.

In 2016 our main focus in our producing estates was continuing to build our partnership (*kemitraan*) program for oil palm smallholders with training and support to improve their oil productivity and quality, particularly at our West Kalimantan and North Sumatra plantations. We provided advice principally on agronomy and fertilizer management.

In addition we are supporting co-operatives to prepare documents to earn RSPO certification. Co-operatives will be able to realize a higher profit margin and benefit from better governance as a result of meeting RSPO standards.

At our West Papua estates, we initiated a pilot organic farming project. In collaboration with the Paramitra Foundation, we completed plans for a livelihood program and started to provide introductory training in organic farming as well as establishing demonstration plots in two villages. The project included 70 participants, mostly women.

SOCIETY, CULTURE AND RELIGION

ANJ aims to sustain good relationships with key stakeholders surrounding our operations. In 2016 we conducted regular cross-culture workshops, facilitated by an expert, to enhance the cultural awareness of our staff from outside Papua as well as local staff. The program will continue targeting a wider audience, including local church leaders. It is expected that the program will create a better understanding and more effective bridge of communication among the stakeholders.

We provide financial and non-financial support for a range of activities related to religion, sports, arts and culture, national celebrations and other events.

Among the main activities that we supported in 2016 were:

- Supporting a community harvest festival (Maras Taun) at our Belitung operation;
- Sponsoring a Koran recitation festival at our North Sumatra plantations;
- Religious celebrations such as Ramadhan; donation of ceremonial sacrificial animals; and Christmas celebrations at churches around our West Papua plantation;
- Sponsoring Independence Day events.

INFRASTRUCTURE

One of the biggest challenges faced by communities in many of our operational areas is maintaining reliable infrastructure. This is especially the case

A community organic farming workshop at PPM's estate in West Papua.

at our North Sumatra II Plantation and West Papua estates.

Local and national governments have many competing priorities for infrastructure provision and cannot meet all needs, so ANJ has had an established practice of contributing where necessary.

The benefits of improving roads, repairing bridges or adding street lighting are considerable. Our support is financial or practical depending on local needs or community requests.

In 2016, ANJ continued to support road and bridge repairs and maintenance. We also built or renovated various community buildings, churches, mosques and other community facilities.

In West Papua, we also strive to provide the infrastructure for clean water delivery, bridges and other support facilities as a community and household resource. One particular challenge to be addressed is ensuring that local village institutions can manage facilities sustainably.

This challenge is especially present in our West Papua operations. We will continue to prioritize efforts to develop local institutions and their capacity to establish community priorities, perform maintenance and ensure the sustainable use of infrastructure.


IRELLI

PT Austindo Nusantara Jaya Tbk. and Subsidiaries

Consolidated Financial Statements

and supplementary information for the years ended Dec. 31, 2016 & 2015 and Independent Auditors' Report

CONSOLIDATED FINANCIAL STATEMENTS

SUPPLEMENTARY INFORMATION

PT AUSTINDO NUSANTARA JAYA Tbk.

ATRIUM MULIA, 3A FLOOR, SUITE 3A-02
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
RELATING TO THE RESPONSIBILITY
ON THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2016 AND 2015
AND FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015

PT AUSTINDO NUSANTARA JAYA Tbk AND ITS SUBSIDIARIES

We the undersigned:

1.	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
	Phone number	:	(021) 29651777
	Position	:	President Director
2.	Name	:	Lucas Kurniawan
	Office Address	:	Atrium Mulia 3A Floor, Suite 3A-02 Jl. H.R. Rasuna Said Kav.B10-11, Jakarta
	Domicile as in ID card	:	Jl. Pulau Pelangi II No.7, Kembangan Utara
	Phone number	:	(021) 29651777
	Position	:	Director

State that :

1. We are responsible for the preparation and presentation of the consolidated financial statements and supplementary information;
2. The consolidated financial statements and supplementary information 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 the internal control system of PT Austindo Nusantara Jaya Tbk and its subsidiaries.

This statement letter has been made truthfully.

Jakarta, March 7, 2017

Istini Tatiek Siddharta	Lucas Kurniawan
President Director	Director

Deloitte.

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Registered Public Accountants
License No. 89/KM.1/2017
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Independent Auditors' Report

No. GA117 0098 ANJ SK

The Stockholders, Boards of Commissioners and Directors
PT Austindo Nusantara Jaya Tbk

We have audited the accompanying consolidated financial statements of PT Austindo Nusantara Jaya Tbk and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2016, and the consolidated statement of profit or loss and other 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 these 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 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 these 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 financial position of PT Austindo Nusantara Jaya Tbk and its subsidiaries as of December 31, 2016, and their financial performance and their cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Satrio Bing Eny & Rekan

Satrio Bing Eny & Rekan

Other Matter

Our audit of the consolidated financial statements of PT Austindo Nusantara Jaya Tbk and its subsidiaries as of December 31, 2016, and for the year then ended was performed for the purpose of forming an opinion on these consolidated financial statements taken as a whole. The accompanying financial information of Parent Entity, which comprises the statement of financial position as of December 31, 2016, and the statement of profit or loss and other 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 the "Parent Entity Financial Information"), which is presented as a supplementary information to the accompanying consolidated financial statements, is presented for the purpose 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.

SATRIO BING ENY & REKAN

Satrio Kartikahadi
Public Accountant License No. AP.0573

March 7, 2017

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015

	Notes	31/12/2016	31/12/2015
		US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	16,882,293	19,104,326
Restricted time deposits	6	-	736,504
Other investment	13	9,148,259	-
Investment in trading securities at fair value	7	290,207	290,200
Receivable from service concession arrangement - current	47	205,055	149,503
Trade accounts receivable - net of allowance for impairment losses of US$ 193,336 as of December 31, 2016 and nil as of December 31, 2015	8	2,829,103	1,252,446
Other receivable - net of allowance for impairment losses of US$ 46,131 as of December 31, 2016 and US$ 40,654 as of December 31, 2015	9	983,989	890,056
Inventories - net of allowance for decline in value of inventories of US$ 811,826 as of December 31, 2016 and US$ 100,369 as of December 31, 2015	10	7,701,313	8,971,071
Prepayments and advances	11	26,369,298	20,295,976
Total Current Assets		64,409,517	51,690,082
NON-CURRENT ASSETS			
Long-term receivable from service concession arrangement	47	8,115,802	7,624,236
Investment in associates	12	25,097,944	24,010,736
Other investments	13	16,594,435	24,252,332
Deferred tax assets	40	12,885,940	10,972,366
Palm plantation - net of accumulated depreciation of US$ 105,574,928 as of December 31, 2016 and US$ 98,319,192 as of December 31, 2015	14	181,015,668	160,026,636
Property, plant and equipment - net of accumulated depreciation and impairment of US$ 76,982,847 as of December 31, 2016 and US$ 69,769,206 as of December 31, 2015	15	177,347,866	162,381,590
Intangible asset - landrights - net of accumulated amortization of US$ 24,814 as of December 31, 2016 and US$ 23,649 as of December 31, 2015	16	801,594	798,385
Advances	17	11,999,172	9,799,861
Goodwill	18	4,967,256	4,967,579
Claims for tax refund	19	115,284	112,284
Other assets	20	21,757,198	13,807,933
Total Non-current Assets		460,698,159	418,753,938
TOTAL ASSETS		525,107,676	470,444,020

See accompanying notes to the consolidated financial statements which are an integral part of the consolidated financial statements

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016 AND 2015 (Continued)

	Notes	31/12/2016 US$	31/12/2015 US$
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	21	22,733,039	40,244,250
Trade accounts payable	22	6,247,916	3,286,379
Taxes payable	23	1,649,247	2,402,992
Other payable	24	6,332,225	2,720,936
Accrued expenses	25	7,108,626	7,103,031
Long term bank loan - current maturities	21	905,478	-
Provision for service concession arrangement - current maturities	47	64,358	135,886
Total Current Liabilities		45,040,889	55,893,474
NON-CURRENT LIABILITIES			
Long-term bank loans - net of current maturities	21	105,382,449	57,842,919
Provision for service concession arrangement - net of current maturities	47	2,376,955	1,834,895
Deferred tax liabilities	40	3,721,577	3,471,198
Post-employment benefits obligation	26	13,937,925	10,971,639
Total Non-current Liabilities		125,418,906	74,120,651
EQUITY			
Capital stock - Rp 100 par value per share			
Authorized - 12,000,000,000 shares			
Issued and paid-up - 3,354,175,000 shares as of December 31, 2016 and 3,335,525,000 shares as of December 31, 2015	27	46,735,308	46,598,236
Additional paid in capital	28	50,251,938	45,395,647
Treasury stock	1c,27	(3,926,668)	(10,642,803)
Management stock options	29	55,939	923,185
Difference in value due to changes in equity of subsidiaries	30	30,607,591	30,607,591
Other comprehensive income	12,30	(26,614,314)	(29,770,035)
Retained earnings			
Appropriated	42	6,796,399	6,796,399
Unappropriated		250,584,848	250,366,482
Equity attributable to the owners of the Company		354,491,041	340,274,702
Non-controlling interests	31	156,840	155,193
Total Equity		354,647,881	340,429,895
TOTAL LIABILITIES AND EQUITY		525,107,676	470,444,020

See accompanying notes to the consolidated financial statements which are an integral part of the consolidated financial statements

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Notes	2016	2015 *)
		US$	US$
Revenue	32,47	134,443,317	125,994,045
Cost of revenue	33,47	(89,157,096)	(87,138,035)
GROSS PROFIT		45,286,221	38,856,010
Dividend income	36	1,637,074	3,126,436
Foreign exchange loss, net		(442,875)	(4,387,591)
Selling expenses		(6,118,643)	(3,369,818)
Personnel expenses	34	(12,788,930)	(14,371,315)
General and administrative expenses	35	(11,161,393)	(11,911,324)
Others, net	38	(549,068)	(7,225,159)
OPERATING PROFIT		15,862,386	717,239
Share in net income of associates	39	3,431,206	1,768,996
Financial income (charges), net	37	73,033	(1,928,722)
INCOME BEFORE TAX		19,366,625	557,513
TAX EXPENSE	40	(10,167,380)	(8,943,927)
NET INCOME (LOSS) FOR THE YEAR		9,199,245	(8,386,414)
OTHER COMPREHENSIVE INCOME (LOSS) FROM:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) gain	26	(639,255)	1,402,201
Deferred tax benefit (expense)	40	152,029	(356,017)
Total		(487,226)	1,046,184
Items that will be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments	13	1,490,362	21,134
Foreign exchange differentials from translation of subsidiaries' financial statements		1,669,592	(8,886,323)
Total		3,159,954	(8,865,189)
Total other comprehensive income (loss) - net of tax		2,672,728	(7,819,005)
TOTAL COMPREHENSIVE INCOME (LOSS)		11,871,973	(16,205,419)
NET INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		9,201,831	(8,218,376)
Non-controlling interests		(2,586)	(168,038)
Net income (loss) for the year		9,199,245	(8,386,414)
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:			
Owners of the Company		11,870,326	(16,007,525)
Non-controlling interests		1,647	(197,894)
Total Comprehensive Income (Loss)		11,871,973	(16,205,419)
EARNINGS (LOSS) PER SHARE	41		
Basic earnings (loss) per share		0.002814	(0.002515)
Diluted earnings (loss) per share		0.002814	(0.002512)

*) See Note 54 to the consolidated financial statements

See accompanying notes to the consolidated financial statements which are an integral part of the consolidated financial statements

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Notes	Capital stock	Additional paid in capital	Treasury stock	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, 2015		46,593,718	45,329,389	-	728,435	30,607,591	4,851,471	(25,786,173)	6,794,072	265,989,206	375,107,709	353,087	375,460,796
Additional paid in capital from exercised stock options		4,518	66,258	-	(21,302)	-	-	-	-	-	49,474	-	49,474
Treasury stock		-	-	(10,642,803)	-	-	-	-	-	-	(10,642,803)	-	(10,642,803)
Management stock options	29	-	-	-	216,052	-	-	-	-	-	216,052	-	216,052
Net loss for the year ended December 31, 2015		-	-	-	-	-	-	-	-	(8,218,376)	(8,218,376)	(168,038)	(8,386,414)
Other Comprehensive Loss:													
Items that will not be reclassified subsequently to profit or loss:													
Actuarial gain		-	-	-	-	-	-	-	-	1,402,201	1,402,201	-	1,402,201
Deferred tax expense from actuarial gain		-	-	-	-	-	-	-	-	(356,017)	(356,017)	-	(356,017)
Items that will be reclassified subsequently to profit or loss:													
Change in fair value of available-for-sale investments	13	-	-	-	-	-	21,134	-	-	-	21,134	-	21,134
Foreign exchange differentials from translations of subsidiaries' financial statements		-	-	-	-	-	-	(8,856,467)	-	-	(8,856,467)	(29,856)	(8,886,323)
Total comprehensive (loss) income		-	-	-	-	-	21,134	(8,856,467)	-	(7,172,192)	(16,007,525)	(197,894)	(16,205,419)
Appropriation for retained earnings	42	-	-	-	-	-	-	-	2,327	(2,327)	-	-	-
Cash dividend	43	-	-	-	-	-	-	-	-	(8,448,205)	(8,448,205)	-	(8,448,205)
Balance as of December 31, 2015		46,598,236	45,395,647	(10,642,803)	923,185	30,607,591	4,872,605	(34,642,640)	6,796,399	250,366,482	340,274,702	155,193	340,429,895
Additional paid in capital from management exercised stock options	27	137,072	1,935,658	-	(571,793)	-	-	-	-	-	1,500,937	-	1,500,937
Expired management stock option		-	315,025	-	(315,025)	-	-	-	-	-	-	-	-
Issuance of treasury stock	27	-	2,605,608	6,716,135	-	-	-	-	-	-	9,321,743	-	9,321,743
Management stock options	29	-	-	-	19,572	-	-	-	-	-	19,572	-	19,572
Net income for the year ended December 31, 2016		-	-	-	-	-	-	-	-	9,201,831	9,201,831	(2,586)	9,199,245
Other Comprehensive Income:													
Items that will not be reclassified subsequently to profit or loss:													
Actuarial loss		-	-	-	-	-	-	-	-	(639,255)	(639,255)	-	(639,255)
Deferred tax benefit from actuarial loss		-	-	-	-	-	-	-	-	152,029	152,029	-	152,029
Items that will be reclassified subsequently to profit or loss:													
Change in fair value of available-for-sale investments	13	-	-	-	-	-	1,490,362	-	-	-	1,490,362	-	1,490,362
Foreign exchange differentials from translations of subsidiaries' financial statements		-	-	-	-	-	-	1,665,359	-	-	1,665,359	4,233	1,669,592
Total comprehensive income (loss)		-	-		-	-	1,490,362	1,665,359	-	8,714,605	11,870,326	1,647	11,871,973
Cash dividends	43	-	-	-	-	-	-	-	-	(8,496,239)	(8,496,239)	-	(8,496,239)
Balance as of December 31, 2016		46,735,308	50,251,938	(3,926,668)	55,939	30,607,591	6,362,967	(32,977,281)	6,796,399	250,584,848	354,491,041	156,840	354,647,881

See accompanying notes to the consolidated financial statements which are an integral part of the consolidated financial statements

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016	2015
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	133,093,192	125,228,781
Cash received from interest income	138,723	239,265
Cash received from income tax restitution	-	6,447,932
Payment of post-employment benefits	(1,205,311)	(494,223)
Income taxes paid	(14,230,349)	(19,352,323)
Payments for other operating activities	(13,503,169)	(28,484,559)
Payments to suppliers	(54,283,403)	(50,439,395)
Payments to employees	(29,034,974)	(32,258,209)
Net Cash Provided by Operating Activities	20,974,709	887,269
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	3,384,104	2,657,471
Proceeds from sale of property, plant and equipment	22,955	1,019,527
Proceeds from advance from sale of other investments	1,250,000	-
Placement of restricted time deposits	-	(736,524)
Withdrawal of restricted time deposits	745,091	236,466
Acquisition of property, plant and equipment	(22,224,444)	(34,075,446)
Additions to palm plantations	(26,272,578)	(24,936,808)
Additions in advances	(2,940,974)	(1,801,236)
Additions to other assets	(4,315,698)	(5,262,670)
Net Cash Used in Investing Activities	(50,351,544)	(62,899,220)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares through Management Stock Options	46,188	49,474
Payment of lease liabilities	-	(149,204)
Payment for interest expense	(598,815)	(478,992)
Payment of cash dividends	(8,496,239)	(8,448,205)
Reissuance (purchase) of treasury stock	7,887,592	(10,642,803)
Proceeds from short-term bank loans	64,447,359	122,901,419
Payment of short-term bank loans	(83,555,480)	(110,251,610)
Proceeds from long-term bank loans	49,140,932	58,695,326
Payment of long-term bank loans	(651,138)	-
Payment for borrowing cost	(1,065,597)	(693,435)
Net Cash Provided by Financing Activities	27,154,802	50,981,970
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,222,033)	(11,029,981)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	19,104,326	30,134,307
CASH AND CASH EQUIVALENTS AT END OF YEAR	16,882,293	19,104,326

See accompanying notes to the consolidated financial statements which are an integral part of the consolidated financial statements

1. GENERAL

a. Establishment and General Information

PT Austindo Nusantara Jaya Tbk (the Company), formerly PT 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 Company's Articles of Association have been amended several times, among others, by Deed No. 161 of Notary Dr. Irawan Soerodjo, S.H., M.Si., dated January 17, 2013, pertaining to the Initial Public Offering (IPO) of the Company, which 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 the regulation of Financial Service Authority ("OJK", formerly Bapepam-LK). The deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Decision Letter No. AHU-03796.AH.01.02.Tahun 2013 dated January 31, 2013.

The amendment to the entire Articles of Association by the Deed No. 270 of notary Dr. Irawan Soerodjo, S.H., M.Si., dated June 22, 2015, pertaining to the merger between the Company and PT Pusaka Agro Makmur ("PAM"), changes to the Company's principal business activities and the change to the Company's Articles of Association in order to comply with the regulation of OJK. The deed has been approved by the Minister of Law and Human Rights of the Republic of Indonesia in his Approval Letter of the Changes to the Articles of Association No. AHU-0937905.AH.01.02.Tahun 2015 dated June 23, 2015. The Notification of Merger and Notification of Amendment to the Articles of Association of the Company has been recorded in the database of the Legal Entity Administrative System of the Ministry of Law and Human Rights of the Republic of Indonesia under No. AHU-AH.01.10-0105667 and No. AHU-AH.01.03-0944887, respectively, both dated June 23, 2015. The Articles of Association have been further amended by the Deed No. 98 of notary Dr. Ir. Yohanes Wilion, S.H, S.E., M.M. dated May 31, 2016 pertaining to the issuance of new shares from the Company's portfolio in relation with the management stock option program. The deed has been accepted by the Minister of Law and Human Rights of the Republic of Indonesia in his Notification Letter of the Changes to the Article of Association No. AHU-AH.01.03-0053226 dated May 31, 2016.

In accordance with the latest amendment in Article 3 of the Company's Articles of Association, the scope of its activities is to engage in the general trading, services and integrated palm oil plantation with its processing into crude palm oil and palm kernel. The Company is eligible to, among others, pursue business opportunities and investments. The Company started its commercial operations in 1993. Currently, the Company provides management services, operates in palm oil plantations and also operates as a holding company for its subsidiaries and associates operating in the agribusiness industry, which are palm oil plantation, sago processing, tobacco processing and horticultural agriculture as well as renewable energy.

As of December 31, 2016 and 2015, the Company and its subsidiaries (the Group) had 6,836 and 6,962 permanent employees, respectively.

The Company is domiciled in Jakarta and its head office is located at Atrium Mulia 3A floor, Suite 3A-02, Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910.

Based on Deed No. 84 of Notary Dr. Irawan Soerodjo, S.H., M.Si., dated January 19, 2016 the shareholders of the Company approved the resignation of Mr. Suwito Anggoro as the President Director of the Company effectively on December 31, 2015 and the appointment of Mrs. Istini Tatiek Siddharta as the President Director of the Company effectively on January 1, 2016. The deed was reported to the Minister of Law and Human Rights of the Republic of Indonesia and accepted in his decision letter No. AHU-AH.01.03-0006040 dated January 25, 2016.

As of December 31, 2016 and 2015, the composition of the Company's Board of Commissioners and Board of Directors are as follows:

	12/31/2016	31/12/2015
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
	Mr. Ridha D.M. Wirakusumah (1)	Mr. Ridha D.M. Wirakusumah
President Director	Mrs. Istini Tatiek Siddharta	Mr. Suwito Anggoro
Deputy President Director	-	Ny./Mrs. Istini Tatiek Siddharta
Directors	Mr. Sucipto Maridjan	Mr. Sucipto Maridjan
	Mr. Lucas Kurniawan	Mr. Lucas Kurniawan
	Mr. Sonny Sunjaya Sukada	Mr. Sonny Sunjaya Sukada
	Mr. Handi Belamande Syarif	Mr. Handi Belamande Syarif
	Mr. Geetha Govindan Kunnath Gopalakrishnan	Mr. Geetha Govindan Kunnath Gopalakrishnan

(1) Mr. Ridha D.M. Wirakusumah resigned as the Commisioner of the Company on December 7, 2016 and has been approved by the shareholders in Extraordinary General Meeting of Shareholders (EGMS) on February 20, 2017 (Note 53)

The Company paid benefits to its Commissioners and Directors as follows:

	31/12/2016	31/12/2015
	US$	US$
Short-term benefits	3,045,438	2,935,457

Based on the Decision of Board Commissioners No. 15/BOC/ANJ/GEN/2016 dated August 4, 2016, Mr. Arifin Mohamed Siregar resigned from the Chairman of the Company Audit Committee and replaced by Mr. Ridha D.M. Wirakusumah (previously a member of Audit Committee).

The members of the Audit Committee as of December 31, 2016 and 2015 were as follows:

	31/12/2016	31/12/2015
Chairman	Mr. Ridha D.M. Wirakusumah (1)	Mr. Arifin Mohamed Siregar
Members	Mr. Danrivanto Budhijanto	Mr. Danrivanto Budhijanto
	Mrs. Muljawati Chitro	Mrs. Muljawati Chitro
		Mr. Ridha D.M. Wirakusumah

(1) Mr. Ridha D.M. Wirakusumah resigned as the Chairman of Audit Committee on December 7, 2016 and has been approved by the shareholders in Extraordinary General Meeting of Shareholders (EGMS) on February 20, 2017 (Note 53)

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., M.Si., 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 accepted in his decision letter No. AHU-AH.01.10-25577 dated June 24, 2013.

As of December 31, 2016, all of the Company's 3,354,175,000 outstanding shares have been listed at the Indonesian Stock Exchange.

c. Merger with PT Pusaka Agro Makmur and Treasury Stock

The Extraordinary General Meeting of Shareholders (EGMS) of the Company on June 22, 2015 approved the merger of the Company and PAM (subsidiary), as stated in Deed No. 270 dated June 22, 2015 of notary Dr. Irawan Soerodjo, S.H., M.Si. The effective date of the merger is June 23, 2015, which is the approval date of the merger by the Minister of Law and Human Rights of the Republic of Indonesia as stated in its decision letter No. AHU-AH.01.10-0105667 dated June 23, 2015. Prior to merger, PAM was a wholly-owned subsidiary of the Company and its financial statements were consolidated to the Group's consolidated financial statements. Accordingly, the merger does not have any impact to the consolidated financial statements of the Group. At the effective date of the merger, all assets and liabilities were transferred to the Company, and PAM was liquidated in accordance with laws and regulations in Indonesia. The approval by the Capital Investment Coordinating Board is obtained on January 29, 2016.

In accordance with Law No. 40 of 2007 regarding Limited Liability Company ("Company Law") and Government Regulation No. 27 of 1998 regarding Merger, Consolidation and Acquisition of a Limited Liabilty Company ("PP 27/1998"), the shareholders of the Company who disagreed with the EGMS resolution as discussed above can exercise their rights to have their shares purchased by the Company at a fair price determined by the Company which is Rp 1,224 per share. On June 30, 2015, the Company completed the purchase of 115,651,300 shares from the shareholders who disagreed with the EGMS resolution for total acquisition cost of Rp 141,840 million (including other direct acquisition costs of Rp 283 million) or equivalent to US$ 10.6 million.

In December 2015, the Company submitted its application to use the book value in relation with this merger to the Directorate General of Taxation (DGT). On February 19, 2016, DGT issued the approval letter No. KEP-563/WPJ.07/2016 for using the net book value in the merger between the Company and PAM.

d. Subsidiaries

i. Details of the Group's subsidiaries at the end of the reporting periods are as follows:

Subsidiaries and principal activities	Location	Year of commercial operation	Equity interest 31/12/2016	Equity interest 31/12/2015	Total Assets Before Elimination 31/12/2016	Total Assets Before Elimination 31/12/2015
			%	%	US$	US$
Direct Subsidiaries						
Renewable Energy						
PT Darajat Geothermal Indonesia (DGI)	Darajat, West Java	1998	99.99	99.99	11,789,167	12,025,509
PT Austindo Aufwind New Energy (AANE)	Belitung, Bangka Belitung	2013	99.18	99.18	2,589,647	2,558,871
Agribusiness						
PT Aceh Timur Indonesia (ATI)	Jakarta	1998	99.99	99.99	5,526,309	4,943,893
PT Surya Makmur (SM)	Medan	1998	99.99	99.99	7,309,991	6,452,363
PT Austindo Nusantara Jaya Agri (ANJA)	Binanga, North Sumatera	1995	99.99	99.99	337,931,803	290,381,167
PT ANJ Agri Papua (ANJAP)	South Sorong, Papua	Pre-operating	99.99	99.99	24,890,473	19,990,755
PT Austindo Nusantara Jaya Boga (ANJB)	Jakarta	2014	99.99	99.99	166,278	220,192
PT Gading Mas Indonesia Teguh (GMIT)	Jember	2000	99.96	99.96	3,209,281	4,639,535
Indirect Subsidiaries						
Agribusiness						
PT Sahabat Mewah dan Makmur (SMM) (1)	Belitung,Bangka Belitung	1994	99.99	99.99	33,541,190	29,106,802
PT Austindo Nusantara Jaya Agri Siais (ANJAS) (1)	South Angkola, North Sumatera	2009	99.99	99.99	59,491,780	58,859,477
PT Kayung Agro Lestari (KAL) (1)	Ketapang, West Kalimantan	2014	99.99	99.99	95,695,729	69,970,977
PT Galempa Sejahtera Bersama (GSB) (3)	South Sumatere	Pre-operating	99.99	99.99	6,170,481	3,950,617
PT Putera Manunggal Perkasa (PMP) (3)	South Sorong and Maybrat, Papua	Pre-operating	99.99	99.99	49,155,251	38,029,689
PT Permata Putera Mandiri (PPM) (3)	South Sorong, Papua	Pre-operating	99.99	99.99	41,241,199	30,458,373
PT Lestari Sagu Papua (LSP) (2)	South Sorong, Papua	Pre-operating	51.00	51.00	277,730	274,326

(1) Owned by ANJA
(2) Owned by ANJAP
(3) 95.00% is owned by ANJA and 5.00% is owned by the Company

PT ANJ Agri Papua (ANJAP)

Based on Deed No. 104 of Notary Desman, S.H., M.Hum. dated November 25, 2016, the shareholders of ANJAP approved the increase of issued and paid up capital from Rp 527,592,000,000 to Rp 579,592,000,000 by issuing 52,000 new shares, all of which was subscribed and paid by the Company. The increase in paid up capital was accepted by the Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No. AHU-AH.01.03-0111001 dated December 22, 2016. The Company's direct ownership in ANJAP increased from 99.689% to 99.717%.

PT Kayung Agro Lestari (KAL)

Based on Deed No. 124 of Notary Desman, S.H., M.Hum. dated November 29, 2016, the shareholders of KAL approved the increase in issued and paid up capital from Rp 730,217,000,000 to Rp 875,289,500,000 by issuing 290,145 new shares, of which 290,000 shares were subscribed and paid by ANJA and 145 shares were subscribed and paid by SMM. The increase in paid up capital was accepted by the Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No. AHU-AH.01.03-0109887 dated December 21, 2016.

PT Galempa Sejahtera Bersama (GSB)

Based on Deed No. 14 of Notary Desman, S.H., M.Hum. dated November 2, 2016, the shareholders of GSB approved the increase of authorized capital from Rp 100,000,000,000 to Rp 300,000,000,000 and the increase of issued and paid up capital from Rp 77,683,100,000 to Rp 118,000,000,000 by issuing 403,169 new shares, of which 383,011 shares were subscribed and paid by ANJA and 20,158 shares were subscribed and paid by the Company. The increase in authorized and paid up capital were approved and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No. AHU-0022656.AH.01.02.TAHUN 2016 and No. AHU-AH.01.03.0989359 dated November 29, 2016.

PT Putera Manunggal Perkasa (PMP)

Based on Deed No. 95 of Notary Desman, S.H., M.Hum. dated November 24, 2016, the shareholders of PMP approved the increase in issued and paid up capital from Rp 170,950,980,000 to Rp 256,454,000,000 by issuing 85,503,020 new shares, of which 81,227,869 shares were subscribed and paid by ANJA and 4,275,151 shares were subscribed and paid by the Company. The increase in paid up capital was accepted by the Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No. AHU-AH.01.03.0111873 dated December 23, 2016.

PT Permata Putera Mandiri (PPM)

Based on Deed No. 94 of Notary Desman, S.H., M.Hum. dated November 24, 2016, the shareholders of PPM approved the increase in issued and paid up capital from Rp 163,799,679,000 to Rp 249,055,000,000 by issuing 85,255,321 new shares, of which 81,000,949 shares were subscribed and paid by ANJA and 4,254,372 shares were subscribed and paid by the Company. The increase in paid up capital was accepted by the Minister of Law and Human Rights of the Republic of Indonesia in his decision letter No. AHU-AH.01.03.0111555 dated December 23, 2016.

ii. Details of non-wholly owned subsidiaries that have material non-controlling interest to the Group are as follows:

		Percentage of ownership interest held by non-controlling interests		Profit (loss) attributable to non-controlling interests		Accumulated non-controlling interests	
Subsidiary	Domicile	2016	2015	2016	2015	31/12/2016	31/12/2015
				US$	US$	US$	US$
PT Lestari Sagu Papua (LSP)	South Sorong, Papua	49%	49%	(1,923)	(191,618)	134,412	132,769
Subsidiaries with immaterial non-controlling interests				(663)	23,580	22,428	22,424
Total				(2,586)	(168,038)	156,840	155,193

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. Standards and amendments effective in the current period

In the current year, the Group has applied a new standard, a number of amendments, and an interpretation to PSAK issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant to its operations and effective for accounting period beginning on January 1, 2016.

- Amendments to PSAK 4, Separate Financial Statements: Equity Method in Separate Financial Statements

  The amendments focus on separate financial statements of the parent entity presented as supplementary information to the consolidated financial statements and allow the use of the equity method in such statements. Specifically, the amendments allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

  a. At cost;
  b. In accordance with PSAK 55, Financial Instruments: Recognition and Measurement; or
  c. Using the equity method.

  The same accounting must be applied to each category of investments.

  The adoption of this amendment to standard does not have any impact to the amounts and disclosures in Group's consolidated financial statements as management did not elect to change to equity method.

- Amendments to PSAK 5, Operating Segments

  The amendments (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a brief description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have "similar economic characteristics"; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if segment assets are regularly provided to the chief operating decision-maker.

  The adoption of this amendment to standard does not have any impact to the amounts and disclosures in the Group's consolidated financial statements.

- Amendments to PSAK 7, Related Party Disclosures

  The amendments clarify that a management entity providing key management personnel services to the reporting entity to the parent of the reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

  The adoption of this amendment to standard does not have any impact to the amounts and disclosures in the Group's consolidated financial statements.

- Amendments to PSAK 22, Business Combination

  The amendments clarify that PSAK 22 does not apply to the accounting for the formation of joint arrangement in the financial statements of the joint arrangement itself. The amendments also clarify that contingent consideration should be measured at fair value at each reporting date, irrespective of whether or not the contingent consideration falls within the scope of PSAK 55. Changes in fair value (other than measurement period adjustments as defined in PSAK 22) should be recognised in profit and loss. The amendment to PSAK 22 requires prospective application, i.e. entities should apply the amendment prospectively to business combinations for which the acquisition date is on or after January 1, 2016.

  The adoption of this amendment to standard does not have any impact to the amounts and disclosures in the Group's consolidated financial statements.

- PSAK 24, Employee Benefits about Defined Benefit Plans: Employee Contributions

  The amendments to PSAK 24 clarify the accounting treatment for contributions made by employees or third parties, based on whether those contributions are dependent on the number of years of service provided by the employee.

  For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

  The adoption of this amendment to standard does not have any impact to the amounts and disclosures in the Group's consolidated financial statements.

- Amendments to PSAK 53, Share Based Payment

  The amendments clarify the definition of vesting condition and market condition to ensure the consistent classification of conditions attached to a share based payment. It also adds definitions for 'performance condition' and 'service condition' which were previously included as part of the definition of 'vesting condition'. Specifically, for 'market condition', the amendment indicates that it is a performance condition that relates to the market price or value of the entity's equity instruments or the equity instruments of another entity in the same group. A market condition requires the counterparty to complete a specified period of service. For 'performance condition', the amendment specifies that the period over which the performance target is achieved should not extend beyond the service period and that it is defined by reference to the entity's own operations or activities of another entity in the same group.

  The adoption of this amendment to standard does not have any impact to the amounts and disclosures in the Group's consolidated financial statements.

- Amendments to PSAK 66, Joint Arrangements, Accounting for Acquisitions of Interests in Joint Operation

  The amendments to PSAK 66 provide guidance on how to account for the acquisition of an interest in a joint operation in which the activities constitute a business as defined in PSAK 22, Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in PSAK 22 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

  A joint operator is also required to disclose the relevant information required by PSAK 22 and other standards for business combinations.

  The adoption of this amendments to standard does not have any impact to the amounts and disclosures in the Group’s consolidated financial statements.

- Amendments to PSAK 68, Fair Value Measurement

  The amendment clarifies that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, PSAK 55, even if those contracts do not meet the definitions of financial assets or financial liabilities.

  The adoption of this amendment to standard does not have any impact to the amounts and disclosures in the Group’s consolidated financial statements.

- ISAK 30, Levies

  This interpretation addresses the issue as to when to recognize a liability to pay a levy imposed by a government. The interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in future period.

  The adoption of this interpretation to standard does not have any impact to the amounts and disclosures in the Group’s consolidated financial statements.

The application of the following amendments and standard have not resulted to material impact to disclosures or on the amounts recognized in the current and prior year consolidated financial statements:

- Amendments to PSAK 13, Investment Property
- Amendments to PSAK 16, Property, Plant and Equipment
- Amendments to PSAK 19, Intangible Assets
- Amendments to PSAK 25, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to PSAK 65, Consolidated Financial Statements
- Amendments to PSAK 67, Disclosure of Interest in Other Entities
- PSAK 70, Accounting for Tax Amnesty Asset and Liability

b. Standards and interpretation issued, but not yet adopted

New amendments and interpretation effective for periods beginning on or after January 1, 2017, with early application is permitted are the following:

- PSAK 1, Presentation of Financial Statements about Disclosure Initiative
- ISAK 31, Scope Interpretation of PSAK 13, Investment Property

Standard and amendment to standard effective for periods beginning on or after January 1, 2018, with early application permitted are:

- Amendment to PSAK 16, Property, Plant and Equipment
- PSAK 69, Agriculture

As of the issuance date of the consolidated financial statements, management is still evaluating the effect of adoption of these standards and interpretations on the consolidated financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Indonesian Financial Accounting Standards.

b. Basis of Preparation

The consolidated financial statements, except for the consolidated statements of cash flows, have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values and accrual basis, at the end of each reporting period, as explained in the accounting policies below. The functional currency and presentation currency used in the preparation of the consolidated financial statements is the United States Dollar (US$).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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 and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved where the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including (i) the size of the Company's holding of voting rights relative to the size and dispersion of holding of the other vote holders; (ii) potential voting rights held by the Company, other vote holders or other parties; (iii) rights arising from other contractual arrangements; and (iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expense of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiaries is attributed to the owners of the Company and the non-controlling interest even if this results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's 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. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted 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, Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquire (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase option.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another accounting standard.

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 at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured subsequent to reporting dates at fair value, with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to 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 have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment 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. Business Combination Under Common Control

Business combination of entities under common control that qualifies as a business are accounted for under 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 is presented as Additional Paid in Capital and is not recycled to profit or loss.

The pooling of interest method is applied as if the entities had been combined from the period when the merging entities were placed under common control.

f. Foreign Currency Transactions and Translation

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the financial statements of the Company are presented in United Stated Dollar, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowing relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowing.

- Exchange differences on transaction entered into in order to hedge certain foreign currency risks.

- Exchange differences on monetary items receivable from or payable to a foreign currency operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

g. 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).

   viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Significant 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.

h. Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial Assets

All financial assets are recognized and derecognized on trade date where 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 the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

The Group's financial assets are classified as follows:

- Fair Value Through Profit or Loss (FVTPL)
- Available-for-Sale (AFS)
- Loans and Receivable

<u>Financial Assets at Fair Value Through Profit Or Loss (FVTPL)</u>

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 term; 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
- a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the entity's key management personnel (as defined in PSAK 7, Related Party Disclosures), for example the entity's board of directors and chief executive officer.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss 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 profit or loss and other comprehensive income.

Available-for-Sale (AFS)

AFS financial assets are non-derivative financial assets that are either designated as AFS or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

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 equity as AFS investment revaluation, with the exception of 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. Where the investment is disposed of or is determined to be impaired, the cumulative of gain or loss previously accumulated in AFS investment revaluation 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 on 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, except cash on hand, 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.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or 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 instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial instruments at FVTPL.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

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.

For financial asset that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group’s 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 receivables.

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.

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 receivables, which the 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.

With the exception of AFS equity instruments, 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.

In respect of 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.

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 an equity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments (treasury shares), the consideration paid, including any directly attributable incremental costs is recognized and deducted directly in equity until the shares are cancelled or reissued. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Financial liabilities at amortized cost

Trade and other payable, accrued expenses, bank loans and other borrowings, are initially measured at fair value, net of transaction costs, and subsequently measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's 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 Instruments

The Group uses derivative financial instruments to manage their exposures to interest rate and foreign exchange rate fluctuations. Further details on the use of derivatives are disclosed in Note 44.

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 hedge accounting although they were entered into as economic hedge of exposures against interest rate fluctuation risk and foreign exchange rate risks.

A derivative is presented as non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months and is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

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:

- currently 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.

i. Cash and Cash Equivalents

For cash flow presentation purposes, 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.

j. Time Deposits

Time deposits 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.

k. Receivable from Service Concession Arrangement

Receivable due from concession project represents services provided in connection with the 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 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.

l. 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.

m. Investment in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results of operations and assets and liabilities of associates or joint ventures 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, Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture) the Group discontinues recognizing it's share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. 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 or a joint venture recognized at the date of acquisition, is recognized as goodwill, which is included within the carrying amount of the 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, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of PSAK 55, 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 or joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with PSAK 48, 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 forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with PSAK 48 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures any retained investment at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with PSAK 55. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture 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 the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain that had previously been recognized in other comprehensive income relating to that reduction in ownership interest (if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities).

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of its interest in the associate or joint venture that are not related to the Group.

n. Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the PSAKs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

o. Property, Plant and Equipment - Direct Acquisitions

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognized so as to write-off the cost of assets less residual values using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings, roads and bridges	4 - 20
Machinery and equipment	4 - 8
Computer and communication equipment	4
Office equipment, furniture and fixtures	4 - 8
Motor vehicles	4 - 8

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 profit or loss 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 stated at cost and is not depreciated 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.

p. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

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 the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group policy regarding goodwill arising from acquisition of associates is explained in Note 3m.

q. Palm Plantations

Palm plantations are classified as immature and mature plantations.

Immature plantations are stated at cost which represents accumulated costs incurred on the 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 (1) the age of the plantations in a block are at the minimum 36 months old with the productivity at a minimum of 3.5 ton per hectare per year or (2) the age of the plantations in a block has reached 48 months. At the time palm plantations are considered matured, immature plantations are reclassified to mature plantations account and are 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.

r. 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 extension or over the economic life of the asset, whichever is shorter.

s. Impairment 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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 in profit or loss.

Accounting policy for impairment of financial assets is discussed in Note 3h; while impairment for goodwill is discussed in Note 3p.

t. 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 Lessee

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.

u. 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.

Under the concession arrangement, AANE as the service provider is responsible for the maintenance of Electricity Generation Facility under its management. In this case, AANE is responsible to conduct a major overhaul of gas engine for every 64,000 hours (approximately 8 years) of its operation.

Since DGI’s consortium and AANE are not specifically remunerated for its maintenance activities, such maintenance costs are then 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.

v. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

w. Revenue and Expense Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

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 the service concession arrangement, DGI and AANE received only one consideration for their services. Management is of the opinion that the consideration should be split into two different activities i.e. (1) financing activities and (2) operating and maintenance activities. DGI and AANE employed the residual value method in allocating revenue between financing and operating and maintenance activities. DGI and AANE adopted an implicit interest rate to account for its financing revenue. The implicit interest rate is the discount rate that drives 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. DGI and AANE have used an implicit interest rate of 15% and 6.7%, respectively.

Dividend Income

Dividend income from 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 outstanding principal and at the applicable effective interest rate.

Expenses

Expenses are recognized when incurred.

x. Post Employment Benefits

The Company and certain subsidiary established defined benefit pension plan covering all the local permanent employees. In addition, the Group also provides post-employment benefits as required under Labor Law No. 13/2003 (the “Labor Law”). For normal pension scheme, the Group calculates and recognizes the higher of the benefits under the Labor Law and those under such pension plan.

The cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earning and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognized at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

y. Share-Based Payments

The Company provides Management Stock Option Plans (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.

z. Income Tax

The tax currently payable is based on taxable profit to the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Current tax expense is determined based on the taxable income for the period computed using prevailing tax rates.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary differences arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary differences arises from the initial recognition of goodwill.

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 the 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 their assets and liabilities.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Current and deferred tax are recognized as an expense or income in profit or loss, except when they relate to items that are recognized outside of profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognized outside of profit or loss, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when there is legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities when there is an intention to settle its current tax assets and current tax liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

aa. Earnings per Share

Basic earnings per share is calculated by dividing net income attributable to the owners 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 ordinary shares.

bb. 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 (Note 3h 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 5, 6, 8, 9 and 20.

ii. Estimated Useful Lives of Palm Oil Plantation and Property, Plant and Equipment

The useful life of each item of the Group's 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 plantations and property, plant and equipment are disclosed in Notes 14 and 15.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

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 present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

The carrying amount of goodwill is disclosed in Note 18.

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 40.

vi. Employment Benefits

The cost of defined benefit plan and present value of the pension obligation are determined based on actuarial valuation which makes use of various assumptions such as discount rates, expected rates of return on plan assets, rates of compensation increases and mortality rates. The defined benefit obligation is highly sensitive to changes in the assumptions.

The carrying amount of the obligation is disclosed in Note 26.

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.

viii. Valuation of Financial Instruments

As described in Note 51, the Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Note 51 provides detailed information about the key assumptions used in the determination of the fair value of financial instruments, as well as the detailed sensitivity analysis for these assumptions.

The management believes that the chosen valuation techniques and assumptions used are appropriate in determining the fair value of financial instruments.

5. CASH AND CASH EQUIVALENTS

	31/12/2016	31/12/2015
	US$	US$
Cash on hand	120,466	99,442
Bank - third parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	2,371,220	2,296,475
PT Bank CIMB Niaga Tbk	442,656	255,660
PT Bank Syariah Mandiri	289,616	240,321
PT Bank OCBC NISP Tbk	245,939	50,732
PT Bank Rakyat Indonesia Tbk	228,254	415,646
Citibank N.A.	40,152	40,059
PT Bank Central Asia Tbk	35,849	9,449
PT ANZ Panin Bank	3,163	3,565
PT Bank Permata Tbk	1,971	1,922
PT Bank Maybank Indonesia Tbk	1,162	1,164
PT Bank Negara Indonesia (Persero) Tbk	1,001	1,049
PT Bank Rabobank International Indonesia	-	6,748
U.S. Dollar		
J.P. Morgan International Bank Ltd.	6,499,315	6,184,289
PT Bank Mandiri (Persero) Tbk	2,077,621	1,170,833
PT Bank OCBC NISP Tbk	1,616,368	1,021,051
PT Bank CIMB Niaga Tbk	572,075	686,506
PT Bank Rabobank International Indonesia	145,692	53,316
Citibank N.A.	86,102	65,670
Bank OCBC Singapore	85,811	43,074
Credit Suisse Singapore	61,023	29,473
PT ANZ Panin Bank	41,219	1,574
PT Bank Central Asia Tbk	4,570	3,940
PT Bank Permata Tbk	3,986	134,748
PT Bank Maybank Indonesia Tbk	522	588
PT Bank Negara Indonesia (Persero) Tbk	471	515
Euro		
PT Bank Mandiri (Persero) Tbk	4,384	5,282
PT Bank Central Asia Tbk	2,266	1,764
PT ANZ Panin Bank	1,981	19,651
PT Bank Permata Tbk	1,654	1,781
PT Bank Maybank Indonesia Tbk	1,269	1,386
Time deposits - third parties		
Rupiah		
PT Bank Permata Tbk	240,780	52,416
PT Bank UOB Buana Tbk	-	208,515
U.S. Dollar		
Credit Suisse Singapore	1,250,133	-
PT Bank UOB Buana Tbk	403,602	445,722
PT Bank Rabobank International Indonesia	-	4,000,000
PT Bank Permata Tbk	-	1,550,000
Total	16,882,293	19,104,326
Interest rate per annum of time deposits		
Rupiah	6.25%	7.50%-8.75%
U.S. Dollar	0.40% - 0.75%	0.40% - 2.75%

As of December 31, 2016 and 2015, all the Company's, ANJA's, ANJAP's, PPM's and PMP's bank accounts at PT Bank OCBC NISP were used as collateral for the bank loan obtained from PT Bank OCBC NISP Tbk (Note 21). No restrictions are imposed making the cash in bank accounts available anytime at those companies' disposal.

Cash and cash equivalents, except cash on hand are classified as loans and receivables. The fair value of cash and cash equivalents are their carrying value.

6. RESTRICTED TIME DEPOSITS

	31/12/2016	31/12/2015
	US$	US$
Rupiah		
PT Bank Mandiri (Persero) Tbk	-	151,504
U.S. Dollar		
PT Bank Mandiri (Persero) Tbk	-	585,000
Total	-	736,504
Interest rate per annum of time deposits		
Rupiah	-	4.25%
U.S. Dollar	-	0.50%

Time deposits are classified as loans and receivables. The fair value of time deposit is its carrying value.

As of December 31, 2015, time deposits with PT Bank Mandiri (Persero) Tbk represented time deposits of PMP, PPM and the Company (through PAM, before merger) used as collateral for the issuance of bank guarantee for the period from January 13, 2015 to April 13, 2016, May 11, 2015 to August 10, 2016 and January 9, 2015 to April 9, 2016, respectively, in relation with Timber Use License ("Ijin Pemanfaatan Kayu" / IPK) issued by Provincial and District Forestry Services of West Papua amounting to Rp 790 million and US$ 215 thousand for PMP, Rp 1 billion and US$ 280 thousand for PPM and Rp 300 million and US$ 90 thousand for the Company.

In July and October 2016, the Group had withdrew all of restricted time deposits from PT Bank Mandiri (Persero) Tbk.

As of December 31, 2016, there is no restricted time deposits for the issuance of bank guarantee from PMP, PPM and the Company.

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.

	31/12/2016		
	Amortized acquisition cost	Unrealized loss	Fair value
	US$	US$	US$
Money market fund	290,207	-	290,207
Bonds	65,000	(65,000)	-
Total	355,207	(65,000)	290,207

	31/12/2015		
	Amortized acquisition cost	Unrealized loss	Fair value
	US$	US$	US$
Money market fund	290,200	-	290,200
Bonds	65,000	(65,000)	-
Total	355,200	(65,000)	290,200

All investments in trading securities are placed with third parties.

8. TRADE ACCOUNTS RECEIVABLE

	31/12/2016	31/12/2015
	US$	US$
Third parties		
Palm oil	1,436,435	-
Electricity power	1,434,453	1,055,638
Tobacco	145,275	194,268
Others	6,276	2,540
Total	3,022,439	1,252,446
Allowance for impairment losses	(193,336)	-
Net	2,829,103	1,252,446

Details of trade accounts receivable based on their currencies are as follows:

	31/12/2016	31/12/2015
	US$	US$
U.S. Dollar	2,597,545	981,900
Rupiah	424,894	105,375
Euro	-	165,171
Total	3,022,439	1,252,446

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 not impaired is as follows:

	31/12/2016	31/12/2015
	US$	US$
Not yet due	2,675,438	1,144,579
< 30 days	71,602	73,490
31 - 60 days	82,063	34,377
Total	2,829,103	1,252,446

As of December 31, 2016, there is an allowance for impairment losses on trade receivables arising from electricity power in relation with the increase in AANE's electricity tariff which is still in discussion with PLN (Note 46e).

Management believes that the allowance for impairment losses on trade accounts receivable is adequate. As of December 31, 2016 and 2015, credit risk concentration in trade accounts receivable is mainly from PT Pertamina Geothermal Energy (Notes 46d and 47) which presented as trade accounts receivable from electricity power and contributes 36% and 76% to the total trade accounts receivable as of December 31, 2016 and 2015, respectively.

9. OTHER RECEIVABLE

As of December 31, 2016 and 2015, this account mainly consisted of employees' receivable.

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 Group's eligible 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, 2016 and 2015, this account also included the current portion of the ESA receivable amounting to US$ 57 thousand. The ESA receivable which falls due after one year amounted to nil as of December 31, 2016 and US$ 114 thousand as of December 31, 2015 are presented as part of other assets (Note 20).

The management believes that the allowance for impairment losses as of December 31, 2016 and 2015 of US$ 46,131 and US$ 40,654, respectively are adequate to cover any possible losses from uncollectible receivables.

10. INVENTORIES - NET

	31/12/2016	31/12/2015
	US$	US$
Palm oil	2,837,049	2,391,583
Tobacco	2,246,386	3,299,996
Supplementary materials, spareparts and others	3,429,704	3,379,861
Total	8,513,139	9,071,440
Allowance for decline in value of inventories	(811,826)	(100,369)
Net	7,701,313	8,971,071

	31/12/2016	31/12/2015
	US$	US$
Changes in the allowance for decline in value of inventories:		
Beginning balance	100,369	103,439
Addition	711,457	24,079
Reversal	-	(27,149)
Ending balance	811,826	100,369

Management believes that the allowance for decline in value of inventories is adequate.

As of December 31, 2016, ANJA's palm oil inventories amounting to US$ 4.5 million were used as collateral for the bank loan obtained from PT Bank OCBC NISP Tbk (Note 21).

As of December 31, 2015, GMIT's tobacco inventories amounting to Rp 15 billion and ANJA's palm oil inventories amounting to US$ 4.5 million were used as collateral for the bank loan obtained from PT Bank Central Asia Tbk and PT Bank OCBC NISP Tbk, respectively (Note 21).

Palm oil inventories were insured against losses from fire and other risks under a blanket policy amounting to US$ 15.0 million and Rp 6.0 billion as of December 31, 2016 and amounting US$ 12.3 million and Rp 6.0 billion as of December 31, 2015. Tobacco inventories were insured against fire, theft, earthquake, flood and other risks. The insurance coverage for tobacco inventories as of December 31, 2016 and 2015 amounted to Rp 45.3 billion and Rp 55.3 billion, respectively. Management believes that the insurance coverage is adequate to cover possible losses to the Group. As of December 31, 2016 and 2015, the sum insured of palm oil inventory at ANJA amounting to US$ 4.5 million is assigned as collateral for the bank loan obtained from PT Bank OCBC NISP Tbk (Note 21).

11. PREPAYMENTS AND ADVANCES

	31/12/2016	31/12/2015
	US$	US$
Prepaid expenses		
Insurance	288,687	234,628
Rent	360,246	445,632
Other	77,821	165,842
Value added taxes	16,685,151	13,201,113
Overpayment of corporate income tax	8,120,155	6,098,251
Advances	837,238	150,510
Total	26,369,298	20,295,976

As of December 31, 2016, the overpayment in corporate income tax (current tax) balance is from 2016 corporate income tax overpayment in ANJAS and 2015 corporate income tax overpayment in the Company, ANJA, SMM and ANJAS.

In 2016, the Company, ANJA, SMM, and ANJAS have filed for 2015 tax refund, however until the issuance of these consolidated financial statements, the decision from the Directorate General of Taxation is still not yet received.

12. INVESTMENT IN ASSOCIATES

	31/12/2016		
	Acquisition cost	Accumulated equity in net income less dividends received	Carrying amount
	US$	US$	US$
PT Pangkatan Indonesia	2,959,700	8,966,147	11,925,847
PT Bilah Plantindo	533,775	6,775,841	7,309,616
PT Simpang Kiri Plantation Indonesia	496,988	5,008,842	5,505,830
PT Evans Lestari	488,998	(132,347)	356,651
Total	4,479,461	20,618,483	25,097,944

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

	31/12/2015		
	Acquisition cost	Accumulated equity in net income less dividends received	Carrying amount
	US$	US$	US$
PT Pangkatan Indonesia	2,959,700	9,357,717	12,317,417
PT Bilah Plantindo	533,775	5,916,552	6,450,327
PT Simpang Kiri Plantation Indonesia	496,988	4,423,137	4,920,125
PT Evans Lestari	488,998	(166,131)	322,867
Total	4,479,461	19,531,275	24,010,736

Details of the Group's associates, percentage of ownership interest and their principal activities are as follows:

Associate companies	Main activities	Domicile	Ownership interest 31/12/2016 and 31/12/2015
			%
PT Pangkatan Indonesia	Agribusiness	Pengkalan, North Sumatera	20.00
PT Bilah Plantindo	Agribusiness	Bilah, North Sumatera	20.00
PT Simpang Kiri Plantation Indonesia	Agribusiness	Simpang Kiri, Aceh	20.00
PT Evans Lestari	Agribusiness	Musi Rawas, South Sumatera	20.00

Changes in investments in associates:

	31/12/2016	31/12/2015
	US$	US$
PT Pangkatan Indonesia		
Balance at beginning of year	12,317,417	11,318,241
Equity in net income	1,952,428	999,176
Cash dividend for the year	(2,343,998)	-
Balance at end of year	11,925,847	12,317,417
PT Bilah Platindo		
Balance at beginning of year	6,450,327	5,988,753
Equity in net income	859,289	461,574
Balance at end of year	7,309,616	6,450,327
PT Simpang Kiri Plantation Indonesia		
Balance at beginning of year	4,920,125	4,522,787
Equity in net income	585,705	397,338
Balance at end of year	5,505,830	4,920,125
PT Evans Lestari		
Balance at beginning of year	322,867	405,309
Equity in net income (loss)	33,784	(82,442)
Balance at end of year	356,651	322,867

All of the above associates are accounted for using the equity method in these consolidated financial statements.

The summary of associates' financial information is set out below:

	12/31/2016			
	PT Pangkatan Indonesia	PT Bilah Plantindo	PT Simpang Kiri Plantation Indonesia	PT Evans Lestari
	US$	US$	US$	US$
Assets	65,959,097	38,588,222	29,308,401	26,848,104
Liabilities	5,039,388	2,116,793	1,823,758	24,924,876
Equity attributable to Owners of the Company	59,749,016	36,471,429	27,484,643	1,923,228
Non-controlling interests	1,170,693	-	-	-
Total	65,959,097	38,588,222	29,308,401	26,848,104
Income	29,188,277	9,452,222	6,779,273	238,984
Expenses	(19,252,395)	(5,155,776)	(3,850,750)	(70,061)
Profit	9,935,882	4,296,446	2,928,523	168,923
Total income attributable to:				
Owners of the Company	9,762,140	4,296,446	2,928,523	168,923
Non-controlling interests	173,742	-	-	-
Total income	9,935,882	4,296,446	2,928,523	168,923
Total comprehensive income attributable to Owners of the Company	9,762,140	4,296,446	2,928,523	168,923

	31/12/2015			
	PT Pangkatan Indonesia	PT Bilah Plantindo	PT Simpang Kiri Plantation Indonesia	PT Evans Lestari
	US$	US$	US$	US$
Assets	66,368,371	34,106,032	26,184,448	16,582,105
Liabilities	3,510,202	1,818,097	1,527,111	14,836,199
Equity attributable to Owners of the Company	61,622,221	32,287,935	24,657,337	1,745,906
Non-controlling interests	1,235,948	-	-	-
Total liabilities and equity	66,368,371	34,106,032	26,184,448	16,582,105
Income	24,221,572	8,011,754	6,580,534	6,949
Expenses	(19,107,895)	(5,699,634)	(4,631,340)	(419,159)
Profit (loss)	5,113,677	2,312,120	1,949,194	(412,210)
Total income (loss) attributable to:				
Owners of the Company	4,995,879	2,312,120	1,949,194	(412,210)
Non-controlling interests	117,798	-	-	-
Total income (loss)	5,113,677	2,312,120	1,949,194	(412,210)
Total comprehensive income (loss) attributable to Owners of the Company	4,995,879	2,307,870	1,986,690	(412,210)

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

13. OTHER INVESTMENTS

This account represents the Group's investments in shares of other investees with ownership interest of less than 20%.

	31/12/2016		
	Acquisition cost	Fair value adjustment and allowance	Fair value or acquisition cost
	US$	US$	US$
PT Agro Muko	7,108,324	6,249,503	13,357,827
PT Puncakjaya Power	10,271,880	-	10,271,880
PT Prima Mitrajaya Mandiri	692,437	-	692,437
PT Moon Lion Industries Indonesia	1,026,225	(383,061)	643,164
PT Chevron Geothermal Suoh Sekincau	300,000	-	300,000
PT Teguh Jaya Prima Abadi	234,038	-	234,038
PT Sembada Sennah Maju	222,411	-	222,411
ARC Exploration Ltd. (ARC)	2,911,153	(2,902,716)	8,437
PT Chevron Geothermal Sekincau Selatan	12,500	-	12,500
Others	41,964	(41,964)	-
Net	22,820,932	2,921,762	25,742,694
Other investment - current assets	(4,868,216)	(4,280,043)	(9,148,259)
Other investment - non-current assets	17,952,716	(1,358,281)	16,594,435

	31/12/2015		
	Acquisition cost	Fair value adjustment and allowance	Fair value or acquisition cost
	US$	US$	US$
PT Agro Muko	7,108,324	4,755,983	11,864,307
PT Puncakjaya Power	10,271,880	-	10,271,880
PT Prima Mitrajaya Mandiri	692,437	-	692,437
PT Moon Lion Industries Indonesia	1,026,225	(383,061)	643,164
PT Chevron Geothermal Suoh Sekincau	300,000	-	300,000
PT Teguh Jaya Prima Abadi	234,038	-	234,038
PT Sembada Sennah Maju	222,411	-	222,411
ARC Exploration Ltd. (ARC)	2,911,153	(2,899,558)	11,595
PT Chevron Geothermal Sekincau Selatan	12,500	-	12,500
Others	41,964	(41,964)	-
Net	22,820,932	1,431,400	24,252,332

Other investments are classified as available-for-sale investments. Except for PT Agro Muko, ARC Exploration Ltd. and PT Moon Lion Industries Indonesia, 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

For the years ended December 31, 2016 and 2015, the increase (decrease) in the fair value of PT Agro Muko of US$ 1,493,520 and (US$ 181,286), respectively, was recognized by the Group in other comprehensive income. The investment represents 15.87% ownership of outstanding shares in PT Agro Muko owned by the Company.

On December 6, 2016, the Company entered into a conditional sale and purchase of shares agreement (CSPA) with SIPEF NV, where the Company agreed to sell its 3,316,856 shares which represents 10.87% ownership in PT Agro Muko for US$ 44,310,861. The completion of the sale and purchase of the shares is subject to the fulfillment of the certain substantial conditions precedent, including obtaining the technical recommendation from the Directorate General of Plantations.

Pursuant to the CSPA, SIPEF NV paid a non-refundable deposit of US$ 1,250,000 to the Company while the remaining balance was received in February 2017 (Note 53). As of December 31, 2016, the conditions precedent required in the CSPA have not been completely fulfilled and therefore, the Company has not recognized the sale. In addition, as of December 31, 2016, the Company has presented the carrying value for 10.87% investment in PT Agro Muko as part of current assets and the non-refundable deposits as part of advance in the current liabilities. As of the issuance date of these consolidated financial statements, the fulfillment of the conditions precedent is still in progress.

PT Moon Lion Industries Indonesia

For the years ended December 31, 2016 and 2015, the increase in the fair value of PT Moon Lion Industries Indonesia of nil and US$ 216,939, respectively, was recognized by the Group in other comprehensive income.

ARC Exploration Ltd. (ARC)

For the years ended December 31, 2016 and 2015, based on the quoted market price of ARC shares, the decrease in the fair value of ARC amounted to US$ 3,158 and US$ 14,519, respectively, was recognized in other comprehensive income.

14. PALM PLANTATION

	01/01/2016	Additions	Deductions	Reclassification	Translation adjustments	31/12/2016
	US$	US$	US$	US$	US$	US$
Mature plantation						
Cost	205,774,521	-	(680,616)	7,348,354	507,786	212,950,045
Accumulated depreciation	(98,319,192)	(7,571,475)	336,989	-	(21,250)	(105,574,928)
Net book value	107,455,329	(7,571,475)	(343,627)	7,348,354	486,536	107,375,117
Immature plantation - at cost	52,571,307	27,179,420	-	(7,348,354)	1,238,178	73,640,551
Total	160,026,636					181,015,668

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

	01/01/2015	Additions	Deductions	Reclassification	Translation adjustments	31/12/2015
	US$	US$	US$	US$	US$	US$
Mature plantation						
Cost	195,947,874	-	(605,998)	11,867,706	(1,435,061)	205,774,521
Accumulated depreciation	(90,771,545)	(8,122,826)	507,967	-	67,212	(98,319,192)
Net book value	105,176,329	(8,122,826)	(98,031)	11,867,706	(1,367,849)	107,455,329
Immature plantation - at cost	43,353,690	25,762,283	-	(11,867,706)	(4,676,960)	52,571,307
Total	148,530,019					160,026,636

Depreciation expense allocated to cost of sales for the years ended December 31, 2016 and 2015 amounted to US$ 7,571,475 and US$ 8,122,826, respectively.

In 2016 and 2015, 1,588 hectares and 3,182 hectares of KAL immature plantation (nucleus) were reclassified to mature plantations account and were depreciated from the date of transfer.

Borrowing cost capitalized to the acquisition cost of immature plantations for the year ended December 31, 2016 and 2015 amounted to US$ 10,855,939 and US$ 4,447,709, respectively.

The area of mature and immature plantations based on location are as follows:

	31/12/2016		
	Mature plantation (Hectare)	Immature plantation (Hectare)	Total planted area (Hectare)
Binanga, North Sumatera	9,813	-	9,813
Belitung, Bangka Belitung	13,180	1,011	14,191
Batang Angkola, North Sumatera	7,912	-	7,912
Ketapang, West Kalimantan	7,769	1,773	9,542
Empat Lawang, South Sumatera	-	400	400
South Sorong, West Papua	-	4,640	4,640
Total	38,674	7,824	46,498

	31/12/2015		
	Mature plantation (Hectare)	Immature plantation (Hectare)	Total planted area (Hectare)
Binanga, North Sumatera	9,813	-	9,813
Belitung, Bangka Belitung	13,682	545	14,227
Batang Angkola, North Sumatera	7,912	-	7,912
Ketapang, West Kalimantan	6,181	3,690	9,871
Empat Lawang, South Sumatera	-	279	279
South Sorong, West Papua	-	3,441	3,441
Total	37,588	7,955	45,543

As of December 31, 2016, KAL's palm plantation located in Ketapang, West Kalimantan were used as collateral for the bank loans obtained by KAL from PT Bank CIMB Niaga Tbk (Note 21).

In September 2015, KAL experienced a fire that was caused by wind bearing sparks from fires that originated from outside of KAL's plantation area. All fire was extinguished as soon as possible. The losses because of this fire is insignificant.

Management believes that there are no events or changes in circumstances that indicate any impairment on immature plantations and mature plantations as of December 31, 2016 and 2015.

15. PROPERTY, PLANT AND EQUIPMENT

	01/01/2016	Additions	Deductions	Reclassifications	Translation adjustments	31/12/2016
	US$	US$	US$	US$	US$	US$
At cost:						
Direct acquisitions						
Land	74,460,995	1,488,073	-	-	409,561	76,358,629
Buildings, roads and bridges	61,964,953	461,700	(361,122)	1,210,826	348,051	63,624,408
Machinery and equipment	53,775,657	836,804	(1,383,745)	1,609,051	93,654	54,931,421
Computer and communication equipment	473,232	39,602	-	-	84	512,918
Office equipment, furniture and fixtures	5,470,329	156,676	(386,270)	(21,914)	32,607	5,251,428
Motor vehicles	9,026,382	339,143	(212,710)	116,326	110,142	9,379,283
Construction in progress	26,979,248	19,461,948	(14,562)	(2,914,289)	760,281	44,272,626
Total cost	232,150,796	22,783,946	(2,358,409)	-	1,754,380	254,330,713
Accumulated depreciation and impairment losses:						
Direct acquisitions						
Buildings, roads and bridges	19,024,201	3,430,004	(216,291)	(157,808)	33,967	22,114,073
Machinery and equipment	33,287,287	3,869,184	(1,344,483)	193,608	30,073	36,035,669
Computer and communication equipment	245,953	86,441	-	-	13	332,407
Office equipment, furniture and fixtures	3,879,354	638,655	(403,749)	(56,305)	13,709	4,071,664
Motor vehicles	4,051,276	1,019,264	(210,352)	20,505	19,221	4,899,914
Construction in progress	9,281,135	-	-	-	247,985	9,529,120
Total accumulated depreciation and impairment losses	69,769,206	9,043,548	(2,174,875)	-	344,968	76,982,847
Net carrying amount	162,381,590					177,347,866

	01/01/2015	Additions	Deductions	Reclassifications	Translation adjustments	31/12/2015
	US$	US$	US$	US$	US$	US$
At cost:						
Direct acquisitions						
Land	52,097,461	23,932,561	-	-	(1,569,027)	74,460,995
Buildings, roads and bridges	52,752,067	145,386	(116,660)	10,071,521	(887,361)	61,964,953
Machinery and equipment	41,234,394	3,557,260	(803,355)	10,094,030	(306,672)	53,775,657
Computer and communication equipment	429,297	44,085	-	-	(150)	473,232
Office equipment, furniture and fixtures	5,108,122	371,745	(106,630)	199,497	(102,405)	5,470,329
Motor vehicles	7,302,628	650,535	(139,623)	1,522,846	(310,004)	9,026,382
Construction in progress	24,898,131	22,633,814	(53,398)	(17,887,894)	(2,611,405)	26,979,248
Leased assets	4,000,000	-	-	(4,000,000)	-	-
Total cost	187,822,100	51,335,386	(1,219,666)	-	(5,787,024)	232,150,796
Accumulated depreciation and impairment losses:						
Direct acquisitions						
Buildings, roads and bridges	16,026,269	3,191,871	(73,074)	-	(120,865)	19,024,201
Machinery and equipment	26,699,552	3,260,236	(561,180)	4,000,000	(111,321)	33,287,287
Computer and communication equipment	154,050	91,952	-	-	(49)	245,953
Office equipment, furniture and fixtures	3,392,558	635,206	(100,452)	-	(47,958)	3,879,354
Motor vehicles	3,359,775	893,862	(135,491)	-	(66,870)	4,051,276
Construction in progress	10,292,063	-	-	-	(1,010,928)	9,281,135
Leased assets	2,767,769	1,232,231	-	(4,000,000)	-	-
Total accumulated depreciation and impairment losses	62,692,036	9,305,358	(870,197)	-	(1,357,991)	69,769,206
Net carrying amount	125,130,064					162,381,590

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

At December 31, 2016 and 2015, the estimated fair value of land, buildings, roads and bridges and machinery is US$ 151.2 million and US$ 194.1 million, respectively. The estimated fair value of other property, plant and equipment is not significantly different from the carrying amount of those property, plant and equipment.

Depreciation expense for the years ended December 31, 2016 and 2015 were allocated as follows:

	31/12/2016	31/12/2015
	US$	US$
Cost of sales (Note 33)	7,060,341	7,722,743
General and administrative expenses (Note 35)	926,528	968,163
Capitalized to immature plantation	860,615	614,452
Capitalized to construction in progress	196,064	-
Total	9,043,548	9,305,358

ANJA and its subsidiaries own several parcels of land with cultivation rights title (HGU) totaling to 93,857 hectares in Binanga, Ramba, Batang Angkola and Siais (North Sumatera Province), Gantung and Dendang (Bangka and Belitung Province), Laman Satong, Kuala Satong and Kuala Tolak (West Kalimantan Province), Metamani, Kais, North Kokoda and South Aifat (West Papua Province) and land with building use rights title (HGB) covering a total area of 31 hectares in Dendang. Those HGU and HGB are valid for 30 to 85 years period, expiring between 2039 until 2091.

GMIT owns several parcels of land with HGB in Jember and Lumajang. This HGB is valid for period of 20 years, expiring in 2028.

The Company owns land with HGU totaling to 30,515.75 hectares in Womba, Sorong, West Papua. This HGU is valid for 35 years period, expiring in 2050.

Construction in progress represents buildings, roads and bridges under construction as well as machinery and equipment under installation which belong to subsidiaries, including ANJAP's assets. These construction in progress are estimated to be completed between 2017 and 2018.

As of December 31, 2016, machinery and equipment owned by KAL were used as collateral for the bank loans obtained by KAL from PT Bank CIMB Niaga Tbk and PT Bank OCBC NISP Tbk (Note 21).

As of December 31, 2015, all land and buildings owned by GMIT were used as collateral for the bank loans obtained by GMIT from PT Bank Central Asia Tbk (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$ 79,928 thousand and Rp 155,828,943 thousand as of December 31, 2016 and US$ 65,420 thousand and Rp 173,573,014 thousand as of December 31, 2015. 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 which were still utilized in operations as of December 31, 2016 and 2015 amounted to US$ 24,550,187 and US$ 23,667,479, respectively.

16. INTANGIBLE ASSET - LANDRIGHTS

	31/12/2016	31/12/2015
	US$	US$
Cost	890,801	890,801
Accumulated amortization	(24,814)	(23,649)
Translation adjustments	(64,393)	(68,767)
Net carrying amount	801,594	798,385

Amortization expense charged to operations amounted to US$ 1,165 and US$ 1,158 for the years ended December 31, 2016 and 2015, respectively.

17. ADVANCES

	31/12/2016	31/12/2015
	US$	US$
Third parties:		
Advances for legal processing of landrights	7,647,042	5,253,557
Advances for purchase of property, plant and equipment	1,153,967	1,723,782
Advances for palm plantation	352,175	844,262
Advances others	2,845,988	1,978,260
Total	11,999,172	9,799,861

In 2016 and 2015, advances for legal processing of landrights represents payments to obtain HGU for several estates.

Advances for palm plantation represents down payments paid to third party contractors for land clearing and other activities related to the immature plantation.

Advances others mainly represents down payments paid for timber costs.

18. 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 is no impairment loss on goodwill as of December 31, 2016 and 2015.

19. CLAIMS FOR TAX REFUND

On December 10, 2014, GMIT received Tax Assessment Letter for fiscal year 2009 for additional corporate income tax amounting to Rp 1,548,956 thousand. The tax assessment was paid in January 2015 and was recorded as claim for tax refund. On February 5, 2015, GMIT filed an objection on the corporate income tax underpayment assessment for fiscal year 2009 amounting to Rp 1,548,956 thousand (equivalent to US$ 115,284 and US$ 112,284, respectively, as of December 31, 2016 and 2015). DGT, in its decision letter dated February 3, 2016, rejected the objection of GMIT. On April 12, 2016, GMIT has filed an appeal to the Tax Court. As of December 31, 2016, the Company have not yet received the decision of the appeal.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

20. OTHER ASSETS

	31/12/2016 US$	31/12/2015 US$
Security deposits	6,063,970	6,114,403
Advances for plasma and partnership plantation projects - net	5,287,720	5,317,420
Plasma receivables - net	6,023,468	1,411,948
MSOP and ESPP receivables	3,269,699	-
Software and implementation	817,898	-
ESA receivable (Note 9)	-	113,884
Others	294,443	850,278
Total	21,757,198	13,807,933

Security deposits mainly represents transactional deposits relating to security deposit for the aircraft charter agreement with PT Airfast Indonesia (Airfast) (Note 46b), and the office lease agreement with PT Bumi Mulia Perkasa Development (Note 46c).

As of December 31, 2016, security deposits to Airfast was presented at amortized cost of Rp 85.1 billion of which Rp 7.4 billion (equivalent to US$ 0.6 million) was classified as current assets (Note 11).

As of December 31, 2015, security deposits to Airfast was presented at amortized cost of Rp 80.3 billion.

Advances for plasma plantation projects represents payments made to develop palm oil plantation partnership by SMM and plasma palm oil plantation by PPM, PMP and ANJ. Plasma receivables represent all payments made to develop palm oil plasma plantation by KAL, located in Ketapang, West Kalimantan, net of proceeds from loan facility for plasma financing. KAL has commitments on this plasma plantation project (Note 46i).

In 2016, the Group provided an interest bearing loan to the Group's eligible employees to finance the purchase of the Company's shares through Management Stock Option Program (MSOP) and Employee Stock Purchase Plan (ESPP). The number of new shares issued for the MSOP and the number of treasury shares issued under ESPP are 18,650,000 shares and 15,000,000 shares, respectively. The loan bears interest at 5% per annum and will mature on May 15, 2021.

21. BANK LOANS

	31/12/2016 US$	31/12/2015 US$
Short-term bank loans		
Rupiah		
PT Bank CIMB Niaga Tbk	12,764,216	6,705,328
PT Bank OCBC NISP Tbk	6,968,823	6,596,593
Citibank N.A.	-	24,288,148
PT Bank Central Asia Tbk	-	654,181
U.S. Dollar		
PT Bank OCBC NISP Tbk	3,000,000	2,000,000
Total	22,733,039	40,244,250

	31/12/2016	31/12/2015
	US$	US$
Long-term bank loans		
Rupiah		
PT Bank OCBC NISP Tbk	87,699,534	50,732,077
PT Bank CIMB Niaga Tbk	12,347,425	-
U.S. Dollar		
PT Bank OCBC NISP Tbk	8,000,000	8,000,000
Total	108.046.959	58.732.077
Unamortized borrowing cost	(1,759,032)	(889,158)
Total	106,287,927	57,842,919
Long term bank loan - current maturities	(905,478)	-
Long-term bank loans - net of current maturities	105,382,449	57,842,919
Effective interest rate per annum		
Short-term bank loans		
Rupiah	10.25% - 10.50%	10.00%-12.65%
U.S. Dollar	3.76%	4.17%
Long-term bank loans		
Rupiah	10.67% - 11.25%	12.76% - 12.77%
U.S. Dollar	5.22%	5.79%

The following table summarizes the repayment schedule for principal balance of long-term loan at December 31, 2016 and 2015:

	31/12/2016	31/12/2015
	US$	US$
Due in the year:		
Within one year	905,478	-
1 - 5 years	58,759,225	15,609,812
> 5 years	48,382,256	43,122,265
Total	108,046,959	58,732,077

Bank loans are classified as other financial liabilities measured at amortized cost using the effective interest rate. The fair value of bank loans are their carrying value.

PT Bank CIMB Niaga Tbk

On July 28, 2015, the Company, KAL, GSB and ANJA entered into a short-term loan agreement with PT Bank CIMB Niaga Tbk for a total facility of US$ 35 million. The loan bears interest rate at 2.5% to 3% above LIBOR for borrowings in USD and 2.5% to 3.25% above JIBOR for borrowings in Rupiah. The loan facility is secured with corporate guarantee from ANJA, ANJAS and SMM.

On December 19, 2016, ANJA and KAL entered into a long-term loan agreement with PT Bank CIMB Niaga Tbk for a total facility of US$ 25 million or equivalent to Rp 337.5 billion. The loan bears interest rate at 3.5% above LIBOR for borrowings in USD and 3.5% for borrowings in Rupiah. The loan facility will expire on December 19, 2020. The loan facility is guaranteed with the palm plantation assets and machinery assets of KAL and corporate guarantee from ANJA, SMM, and ANJAS.

The Group should fulfill certain financial covenants which among others maintaining a maximum leverage of 1.5x, interest bearing debt to EBITDA ratio of not more than 4.5x, 4x and 3x for financial year 2016-2019, 2020 and afterwards, respectively, if there is an official notification from other banks that shows similar maximum limit and interest service coverage ratio of not less than 2x.

As of December 31, 2016 and 2015, the Group is in compliance with the terms and conditions of the loan agreement.

As of December 31, 2016, outstanding loan of the Company and KAL from short-term credit facility amounted to Rp 31.5 billion (equivalent to US$ 2.34 million) and Rp 140 billion (equivalent to US$ 10.42 million), respectively. The outstanding loan of KAL from long-term credit facility amounted Rp 165.9 billion (equivalent to US$ 12.35 million) whereas the total credit facility left unused amounted to US$ 34.89 million.

As of December 31, 2015, outstanding loan of KAL from short-term credit facility amounted to Rp 92.5 billion (equivalent to US$ 6.70 million).

PT Bank OCBC NISP Tbk (OCBC NISP)

<u>OCBC NISP with the Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM</u>

On August 24, 2015, the Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM entered into loan agreement with OCBC NISP for the following credit facilities:

- Overdraft credit facility of US$ 5 million with the allocation limit to the Company, ANJA, PMP and PPM of US$ 0.5 million, US$ 2.5 million, US$ 1 million and US$ 1 million, respectively. The facility bears interest rate at 3.75% above LIBOR and available until the due date of 1 year from the loan agreement date.
- Demand Loan 1 credit facility of US$ 3 million bearing interest rate at 3.75% above LIBOR and available until the due date of 1 year after the loan agreement date.
- Demand Loan 2 credit facility of Rp 91 billion bearing interest rate at OCBC NISP's Prime Lending Rate and available until the due date of 1 year after the loan agreement date.
- Fixed Loan credit facility of US$ 8 million to the Company bearing interest rate at 5% above LIBOR and available until the due date of 4 years after the loan agreement date.
- Term Loan 1 and 3 credit facilities of Rp 1,345.5 billion for the Company, PPM, PMP and ANJAP bearing interest rate at 1% above OCBC NISP's Prime Lending Rate and available until the due date of 7 years after the loan agreement date.
- Term Loan 2 and 4 credit facilities of US$ 23.5 million for the Company, PPM, PMP and ANJAP bearing interest rate at 5% above LIBOR and available until the due date of 7 years after the loan agreement date.
- Foreign exchange transaction facility of US$ 10 million which is available until the due date of 1 year after the loan agreement date.

On June 24, 2016, the loan agreement was amended to provide additional credit facility of Term Loan 5 amounting to Rp 200 billion for the Company, PPM and PMP bearing interest rate at 0.5% above OCBC NISP's Prime Lending Rate and available until the due date of 4 years after this loan amendment agreement date and also extend the availability of Overdraft credit facility, Demand Loan 1, Demand Loan 2 and Foreign exchange transaction facility until August 24, 2017.

The loan facilities are guaranteed with:

- Pledges of ANJA's shares in ANJAS of 420,760 shares with the right to sell and set off;
- Pledges of ANJA's shares in SMM of 24,999 shares with the right to sell and set off;
- Corporate guarantee from ANJA;
- Fiduciary of inventory in the amount of US$ 4.5 million from ANJA;
- Charge over all Accounts of the Company, ANJA, PPM, PMP and ANJAP at OCBC NISP; and
- Assignment of insurance proceeds of inventory in the amount of US$ 4.5 million from ANJA.

The Group should fulfill certain financial covenants which among others maintain debt to equity ratio at a maximum of 1x, debt service coverage ratio of not less than 1.25x and debt to EBITDA of not more than 4.5x, 4x, and 3x for the financial year 2015-2019, 2020, and afterwards, respectively.

The Group should also fulfill certain non-financial covenants which among others maintain the ownership of Tahija family at least at 51%, restrict the Group to incur financial activities in the amounts which equivalent with the loan financing, submit the annual budget plan to the Bank for the next accounting year at the latest 30 days after the year end of the current year and submit the loan monitoring report.

As of December 31, 2016 and 2015, the Group is in compliance with the terms and conditions of the loan agreement.

As of December 31, 2016, outstanding loan from short-term credit facility of PPM amounted to US$ 1.5 million and Rp 91 billion (equivalent to US$ 6.7 million) and PMP amounted to US$ 1.5 million. The outstanding loan from long-term facilities of the Company, PPM, PMP and ANJAP amounted to US$ 8.0 million, Rp 371.9 billion (equivalent to US$ 27.7 million), Rp 510.9 billion (equivalent to US$ 38 million) and Rp 97.5 billion (equivalent to US$ 7.2 million), respectively. The total unused credit facility amounted to Rp 64.68 billion and US$ 9.5 million. The Company's loan will be due on August 24, 2019 while PPM, PMP and ANJAP's loan will be due on August 24, 2022.

As of December 31, 2015, outstanding loan of the Company, PPM, PMP and ANJAP amounted to US$ 8.0 million, Rp 256.4 billion, Rp 385.1 billion, and Rp 58.35 billion, respectively, from the long-term loan facilities.

OCBC NISP with KAL

On January 29, 2016, KAL entered into loan agreement with OCBC NISP for loan facility with maximum amount of Rp 225 billion for financing the construction of mill and bulking station and foreign exchange transaction facility amounting to US$ 4.5 million. The loan facilities will be due in 96 months after the agreement date. The credit facilities are guaranteed with the fiduciary of machinery and equipment in KAL's mill and bulking amounting to Rp 225 billion, assignment of insurance proceeds of machinery and equipment in KAL's mill and bulking amounting to Rp 225 billion and corporate guarantee from ANJA, ANJAS, and SMM.

As of December 31, 2016, KAL has withdrawn Rp 193.1 billion (equivalent to US$ 14.37 million) from the loan facility with interest rate at OCBC NISP's Prime Lending Rate which will be due on January 29, 2022. The total unused credit facility amounted to Rp 31.86 billion (equivalent to US$ 2.37 million)

OCBC NISP with GMIT

On May 30, 2016, GMIT entered into loan agreement with OCBC NISP for the following credit facilities:

- Overdraft credit facility of Rp 3.0 billion bearing interest rate at OCBC NISP's Prime Lending Rate and available until the due date of 1 year from the loan agreement date.
- Demand Loan credit facility of Rp 7.5 billion bearing interest rate at OCBC NISP's Prime Lending Rate and available until the due date of 1 year after the loan agreement date.
- Fixed Loan credit facility of Rp 13.5 billion bearing interest rate at OCBC NISP's Prime Lending Rate and available until the due date of 2 years after the loan agreement date.
- Term Loan credit facility of Rp 10.0 billion bearing interest rate at 0.5% above OCBC NISP's Prime Lending Rate and available until the due date of 5 years after the loan agreement date.

The credit facilities are mainly used for financing the operation of tobacco and edamame business as well as the construction of frozen line facilities for edamame and other vegetables. The credit facilities are guaranteed with the corporate guarantee from SMM.

As of December 31, 2016, outstanding loan from short-term and long-term loan facilities of GMIT amounted to Rp 2.63 billion (equivalent to US$ 195,974) and Rp 4.86 billion (equivalent to US$ 362,157), respectively. The total unused credit facility amounted to Rp 26.5 billion. The Company's long-term loan will be due in 2018.

Citibank N.A.

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. This loan facility is guaranteed with corporate guarantee from ANJA, SMM and ANJAS.

In 2014, the loan agreement was amended several times, whereas ANJA, KAL, PPM and PMP became the joint parties for the credit facility of US$ 25 million from Citibank N.A.

In June 2015, the loan facility was amended to allow loan withdrawal in Rupiah. The interest rate on loan withdrawal in Rupiah will be notified by the Bank prior to the loan withdrawal. The loan facility will expire on November 12, 2016 and can be automatically extendable each year.

As of December 31, 2015, outstanding loan of KAL, PPM and PMP amounted to Rp 231.93 billion (equivalent to US$ 16.81 million), Rp 48.125 billion (equivalent to US$ 3.48 million) and Rp 55 billion (equivalent to US$ 3.99 million), respectively, from the total loan facility.

In February 2016, the loan facility was amended to impose limit to the outstanding loan principal balance of PPM and PMP that it is not exceeding Rp 103.1 billion.

As of December 31, 2016, KAL, PPM and PMP have fully repaid their loans.

Subsequently, on January 3, 2017, the loan agreement with Citibank N.A. has been terminated.

PT Bank Central Asia Tbk (BCA)

On January 29, 2010, GMIT obtained credit facilities from 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 have been amended for the following:

- Local credit facility, with a maximum limit of Rp 2 billion.
- Time loan revolving facility, with a maximum limit 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 (Notes 10 and 15). These credit facilities were extended only until April 29, 2016.

The loan agreements relating to the above facilities contain 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.

The outstanding bank loan in GMIT was Rp 9.0 billion (equivalent to US$ 654,181) as of December 31, 2015 and has been fully repaid on May 27, 2016.

22. TRADE ACCOUNTS PAYABLE

	31/12/2016	31/12/2015
	US$	US$
Third parties		
Palm plantation	6,060,659	2,614,019
Electricity power	186,624	671,302
Tobacco	633	1,058
Total	6,247,916	3,286,379

Based on currencies:

	31/12/2016	31/12/2015
	US$	US$
U.S. Dollar	192,124	706,037
Rupiah	6,055,792	2,580,342
Total	6,247,916	3,286,379

Based on creditors:

	31/12/2016	31/12/2015
	US$	US$
Koperasi Laman Mayang Sentosa	3,025,204	970,537
PT Mest Indonesiy	534,104	-
PT Goautama Sinar Batuah	193,187	-
PT Bumi Tani Subur	166,156	94,596
PT Meroke Tetap Jaya	158,459	-
PT Sasco Indonesia	142,777	-
CV Sumber Buana Perkasa	125,099	90,990
Toko Setia Usaha	93,104	-
CV Mitra Agro Sejati	84,405	-
Haji Sati Rambe	80,503	-
PT Jaya Abadi Siaga	80,253	-
Koperasi Bina Satong Lestari	62,074	-
PT Hatika Patra Persada	60,063	36,517
PT Permata Agro Persada	57,952	-
GEA Westfalia Separator Indonesia	54,275	-
PT Delta Pawan Abadi	50,684	-
PT Wilmar Chemical Indonesia	-	259,412
PT Bumi Pesona Permai	-	99,445
Koperasi Eka Lestari	-	99,838
Koperasi ANJA Lestari	-	84,377
Others (each below US$ 50,000)	1,279,617	1,550,667
Total	6,247,916	3,286,379

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

23. TAXES PAYABLE

	31/12/2016	31/12/2015
	US$	US$
Corporate income tax		
The Company (Note 40)	430	-
Subsidiaries	405,056	226,872
Income taxes		
Article 4 (2)	44,809	87,605
Article 15	22,544	21,991
Article 21	568,336	595,233
Article 22	7,081	1,803
Article 23/26	72,197	72,107
Article 25	458,016	1,361,200
Value Added Tax	70,778	36,181
Total	1,649,247	2,402,992

24. OTHER PAYABLE

	31/12/2016	31/12/2015
	US$	US$
Payable to third parties	3,941,282	2,546,979
Advance from sale of investment (Note 13)	1,250,000	-
Advances received from customers	1,140,943	173,957
Total	6,332,225	2,720,936

Payable to third parties is classified as financial liabilities and is measured at amortized cost. The fair value of payable to third parties is its carrying amount.

Advance received from customers represents receipt of cash from several customers for the sale of tobacco and crude palm oil whose deliveries will be made based on further instructions from those customers.

All other payable is payable to third parties.

25. ACCRUED EXPENSES

	31/12/2016	31/12/2015
	US$	US$
Salaries, bonuses and allowances	3,829,188	3,936,085
Professional fees	270,234	294,287
Interest	171,988	256,222
Others	2,837,216	2,616,437
Total	7,108,626	7,103,031

26. POST-EMPLOYMENT BENEFITS OBLIGATION

Defined Benefit Pension Plan

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 were 6,836 in 2016 and 6,962 in 2015.

The pension plan for the Company's employees is managed by Dana Pensiun Lembaga Keuangan (DPLK) Manulife Indonesia, the deed of establishment of which was approved by the Minister of Finance of the Republic of Indonesia in his decision letter No. KEP-231/KM.17/1994 dated August 5, 1994.

The defined benefit pension plan typically expose the Group to actuarial risks such as: investment risk, interest rate risk and salary risk.

Investment Risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan assets are placed at the government banks and in money market.

Interest Risk

A decrease in the bond interest rate will increase the plan liability, however this will be partially offset by an increase in the return on the plan's assets.

Salary Risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Amounts recognized in profit or loss and other comprehensive income in respect of the defined benefit plan are as follows:

	2016	2015
	US$	US$
Recognized in profit or loss:		
Current service cost	2,196,741	3,146,330
Termination cost, curtailment, and settlement	193,195	344,802
Interest cost	957,956	713,151
Interest income on plan assets	(25,282)	(19,375)
Components of defined benefit costs recognized in profit or loss	3,322,610	4,184,908
Recognized in other comprehensive income:		
Remeasurement on the net defined benefit liability:		
Return on plan assets	115,910	409
Actuarial losses (gains)	532,758	(1,395,960)
Components of defined benefit costs recognized in other comprehensive income	648,668	(1,395,551)
Total	3,971,278	2,789,357

All the expense for the year amounted to US$ 3,322,610 and US$ 4,184,908, respectively, are recorded as part of personnel expenses on December 31, 2016 and 2015.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

The amounts included in the consolidated statement of financial position arising from the Group's obligation in respect of the defined benefits plan is as follows:

	31/12/2016	31/12/2015
	US$	US$
Present value of funded obligations	14,821,094	11,159,702
Fair value of plan assets	(883,169)	(188,063)
Net liability	13,937,925	10,971,639

Movements in the present value of the defined benefit obligation were as follows:

	31/12/2016	31/12/2015
	US$	US$
Opening defined benefit obligation	11,159,702	10,313,176
Current service cost	2,196,741	3,146,330
Interest cost	957,956	713,151
Benefits paid	(286,536)	(494,223)
Remeasurement on the net defined benefit (asset) liability:		
Actuarial losses (gains) arising from changes in financial assumptions	720,128	(696,487)
Actuarial losses from experience adjustments	(187,370)	(699,473)
Foreign exchange differential	260,473	(1,122,772)
Closing defined benefit obligation	14,821,094	11,159,702

Movements in the fair value of the plan assets were as follows:

	31/12/2016	31/12/2015
	US$	US$
Opening fair value of plan assets	188,063	259,481
Interest income	25,282	19,375
Remeasurement gain (loss):		
Return on plan assets	(115,910)	(409)
Contributions from the employer	918,775	3,563
Exchange differences on foreign plans	(1,663)	(23,943)
Benefits paid	(131,378)	(70,004)
Closing fair value of plan assets	883,169	188,063

Cumulative actuarial gain (losses) recognized in other comprehensive income are as follows:

	31/12/2016	31/12/2015
	US$	US$
Cumulative amounts at beginning of year	2,453,344	1,051,143
Actuarial gain (loss) for the year	(648,668)	1,395,551
Actuarial gain from investment in associates	9,413	6,650
Cumulative amounts at end of year	1,814,089	2,453,344

The major category of plan assets, and the expected rate of return at the end of the reporting period for each category, are as follows:

	Expected return		Fair value of plan assets	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	%	%	US$	US$
Time deposits placed in state-owned banks	8.25%	8.75%	62,939	59,306
Investment in money market	8.00%	8.00%	820,230	128,757
Fair value of plan assets			883,169	188,063

The fair value of the above investment in government banks and money market are determined based on quoted market prices in active markets. This policy has been implemented during the current and prior years.

The cost of providing post-employment benefits is calculated annually by an independent actuary, PT Dayamandiri Dharmakonsilindo. The actuarial valuation was carried out using the following key assumptions:

	31/12/2016	31/12/2015
Mortality rate	TMI 3 2011	TMI 3 2011
Normal pension age	55-60 tahun/years	55-60 tahun/years
Salary increment rate per annum	6.00% - 10.00%	8.00% - 10.00%
Discount rate per annum	8.05% - 8.75%	8.75% - 9.30%

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

- If the discount rate is 1% higher (lower), the defined benefit obligation would decrease to US$ 13,775,284 (increase to US$ 16,020,564) in 2016 and would decrease to US$ 10,043,685 (increase to US$ 11,623,818) in 2015.
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase to US$ 16,240,210 (decrease to US$ 113,574,636) in 2016 and increase to US$ 11,782,332 (decrease to US$ 9,905,289) in 2015.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statement of financial position.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

The Company's defined benefit pension plan is funded by the Company. There is no minimum funding requirement under the arrangement between the Company and DPLK Manulife Indonesia nor is there a minimum funding requirement under the prevailing regulations. Except for ANJA and DGI, the subsidiaries' defined benefit pension plan is unfunded.

The average duration of the benefit obligation at December 31, 2016 is 2.38-9.91 years (2015: 7.63-17.78 years). This number can be analysed from average expected future service of active members: 6.64-13.25 years for 2016 and 6.92-9.76 years for 2015.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

27. CAPITAL STOCK

The composition of the Company's shareholders is as follows:

	31/12/2016			
	Number	Percentage of	Total paid-in capital stock	
Name of shareholders	of shares	ownership	Rp	Equivalent in US$
PT Memimpin Dengan Nurani	1,370,050,012	41.3724%	137,005,001,200	14,040,188
PT Austindo Kencana Jaya	1,370,050,012	41.3724%	137,005,001,200	14,040,188
Mr. George Santosa Tahija	158,988,351	4.8011%	15,898,835,100	7,545,604
Mr. Sjakon George Tahija	158,891,813	4.7982%	15,889,181,300	7,541,023
Yayasan Tahija	1,500	0.0000%	150,000	73
Public (each below 5%)	253,523,700	7.6558%	25,352,370,000	3,130,595
Total outstanding shares	3,311,505,388	100%	331,150,538,800	46,297,671
Treasury stock	42,669,612	-	4,266,961,200	437,637
Number of shares issued and fully paid	3,354,175,000	100%	335,417,500,000	46,735,308

	31/12/2015			
	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	41.7347%	134,380,468,500	14,037,446
PT Austindo Kencana Jaya	1,343,804,685	41.7347%	134,380,468,500	14,037,446
Mr. George Santosa Tahija	156,242,000	4.8524%	15,624,200,000	7,544,278
Mr. Sjakon George Tahija	156,147,130	4.8495%	15,614,713,000	7,539,697
Yayasan Tahija	1,500	0.0000%	150,000	73
Public (each below 5%)	219,873,700	6.8286%	21,987,370,000	2,253,161
Total outstanding shares	3,219,873,700	100%	321,987,370,000	45,412,101
Treasury stock	115,651,300	-	11,565,130,000	1,186,135
Number of shares issued and fully paid	3,335,525,000	100%	333,552,500,000	46,598,236

Based on Deed No. 98 on notary Dr. Ir. Yohanes Wilion, S.H., S.E., M.M. dated May 31, 2016, in accordance with the announcement to the Indonesian Stock Exchange dated May 26, 2016, the Company issued 18,650,000 shares with total nominal value of Rp 1,865,000,000 (equivalent to US$ 137,072) in relation with Management Stock Option Program. The Company has recorded an addition to shareholder's equity amounting to US$ 1.5 million as a result of this transaction.

In accordance with the announcement to the Indonesian Stock Exchange dated June 27, 2016, the Company issued 15,000,000 shares from its treasury stock to the Employee Stock Purchase Plan (ESPP) participants on June 23, 2016. The Company has recorded an addition to shareholders' equity amounting to US$ 1.4 million as a result of this transaction.

On July 27, 2016, the Company has reissued 57,981,688 shares from its treasury stock to PT Austindo Kencana Jaya, PT Memimpin Dengan Nurani, Mr. George Santosa Tahija and Mr. Sjakon George Tahija for a total value of Rp 103,564 million (equivalent to US$ 7,887,592). The proceeds were recorded as an addition to shareholders' equity.

As discussed in Note 1c, the Company has acquired 115,651,300 shares of its issued and paid up shares from the shareholders who disagreed with the resolution of the Extraordinary General Meeting of Shareholders held on June 22, 2015 regarding the merger between the Company and PAM. Total acquisition cost of these treasury stock which was paid by the Company on June 30, 2015 amounted to Rp 141,840 million (including other direct acqusition cost of Rp 283 million) or equivalent to US$ 10.6 million. These shares are recorded as part of "treasury stock" in Equity.

Based on Deed No. 288 of notary Dr. Irawan Soerodjo, S.H., M.Si. dated December 23, 2015, in accordance with the announcement to the Indonesian Stock Exchange dated December 8, 2015, the Company issued 625,000 shares with total nominal value of Rp 62,500,000 (equivalent to US$ 4,518) in relation with Management Stock Option Program. The Company has also recorded an amount of US$ 66,258 as additional paid in capital (Note 28) as a result of this transaction.

28. ADDITIONAL PAID IN CAPITAL

	31/12/2016	31/12/2015
	US$	US$
Excess of IPO price over par value	37,643,466	37,643,466
Share issuance costs	(5,496,381)	(5,496,381)
Net excess of IPO proceeds over paid in capital	32,147,085	32,147,085
Management Stock Option Plan exercised	2,179,887	244,229
Lapsed Management Stock Option Plan	315,025	-
Sale of treasury stock	2,605,608	-
Subtotal	37,247,605	32,391,314
Difference in value from restructuring transaction between entities under common control:		
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)
Subtotal	13,004,333	13,004,333
Total	50,251,938	45,395,647

The difference in value from restructuring transaction between entities under common control arised from the following transactions:

Sale of investment in shares of ANJHC

On May 7, 2012, the Company transferred 165,837,499 shares or 99.99% ownership in PT Austindo Nusantara Jaya Healthcare (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 PT Bina Kosala Metropolitan (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 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.

29. MANAGEMENT STOCK OPTIONS

The Company provides a management stock option plans (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 options in this program will be granted in three phases, (i) 40% on the listing date, (ii) 30% on the first anniversary of the listing and the remaining (iii) 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 period is as follows:

Option series	Number of shares	Grant date	Expiry date	Fair value at grant date per option
				Rp
Tranche 1	13,600,000	8-May-13	8-May-16	417.45
Tranche 2	12,675,000	8-May-14	8-May-17	518.85
Tranche 3	11,925,000	8-May-15	8-May-18	327.26

The exercise price for the option is 90% of average closing price of the Company's share during 25 trading days before the notification date to the Indonesian Stock Exchange regarding the exercise period for the options. Exercise period for Tranche 1 in 2014 was from November 3, 2014 until December 12, 2014. The exercise period for Tranche 1 and Tranche 2 in 2015 was from May 8, 2015 until June 15, 2015 and November 2, 2015 until December 4, 2015. The exercise period for Tranche 2 and Tranche 3 in 2016 is from May 9, 2016 until June 10, 2016. The exercise price is Rp 1,095.

Fair value of share options granted

The fair value of the stock options on the grant date was measured using the Black and Scholes model. For the years ended December 31, 2016 and 2015, the fair value of options recognized as general and administrative expenses in profit or loss was US$ 19,572 and US$ 216,052, respectively. As of December 31, 2016 and 2015, the fair value of the stock option recorded in equity was US$ 55,939 and US$ 923,185, respectively. As of December 31, 2016, the options lapsed amounted to US$ 315,025 was reclassified to additional paid in capital (Note 28).

Key assumptions used in calculating the fair value of the options are as follows:

	31/12/2016 and 31/12/2015
Risk free interest rate	8.13%
Option period	3 years
Expected stock price volatility	35.81%
Expected dividend	3.00%

Movements in outstanding options are as follows:

	Number of options	
	31/12/2016	31/12/2015
Outstanding option at beginning of year	29,225,000	22,125,000
Options granted	-	11,925,000
Options lapsed	(8,700,000)	(4,200,000)
Options exercised	(18,650,000)	(625,000)
Outstanding options at end of year	1,875,000	29,225,000

30. DIFFERENCES IN VALUE DUE TO CHANGES IN EQUITY OF SUBSIDIARIES AND OTHER COMPREHENSIVE INCOME

Differences in Value Due to Changes in Equity of Subsidiaries

	31/12/2016	31/12/2015
	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

Other Comprehensive Income

	31/12/2016	31/12/2015
	US$	US$
Available for sale investment revaluation		
Beginning balance	4,872,605	4,851,471
Change in fair value	1,490,362	21,134
Sub total	6,362,967	4,872,605
Translation adjusments		
Beginning balance	(34,642,640)	(25,786,173)
Foreign exchange differentials from translations of subsidiaries'	1,665,359	(8,856,467)
Sub total	(32,977,281)	(34,642,640)
Total	(26,614,314)	(29,770,035)

31. NON-CONTROLLING INTERESTS

	31/12/2016	31/12/2015
	US$	US$
PT Lestari Sagu Papua	134,412	132,769
PT Austindo Aufwind New Energy	13,730	13,616
PT Austindo Nusantara Jaya Agri	7,585	7,192
PT Gading Mas Indonesia Teguh	680	1,233
Others	433	383
Total	156,840	155,193

Summarized financial information in respect to PT Lestari Sagu Papua, a subsidiary that has material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	31/12/2016	31/12/2015
	US$	US$
Balance at beginning of year	132,769	324,387
Share loss for the year	(3,925)	(191,618)
Translation adjustments	5,568	-
Total	134,412	132,769

	31/12/2016	31/12/2015
	US$	US$
Current assets	185,036	184,045
Non-current assets	92,694	90,282
Total assets	277,730	274,327
Current liabilities	3,420	3,369
Non-current liabilities	-	-
Total liabilities	3,420	3,369
Revenue	5,813	21,352
Expenses	(9,738)	(412,408)
Loss for the year	(3,925)	(391,056)
Loss attributable to:		
Owners of the Company	(3,925)	(391,056)
Non-controlling interests	-	-
Loss for the year	(3,925)	(391,056)
Total comprehensive loss attributable to:		
Owners of the Company	(3,925)	(391,056)
Non-controlling interests	-	-
Total comprehensive loss for the year	(3,925)	(391,056)
Net cash outflow from:		
Operating activities	(3,926)	(52,436)
Investing activities	-	(1,237)

32. REVENUE

Revenue consists of revenue from sales and service concession revenue.

	2016	2015
	US$	US$
Revenue from sales	128,031,909	119,935,906
Service concession revenue	6,411,408	6,058,139
Total	134,443,317	125,994,045

a. Revenue from Sales

	2016	2015
	US$	US$
Palm oil and palm kernel	126,761,921	114,628,525
Tobacco	1,027,317	5,166,621
Others	242,671	140,760
Total	128,031,909	119,935,906

b. Service Concession Revenue

	2016	2015
	US$	US$
Service concession revenue	5,332,629	5,010,991
Financing revenue from service concession	1,078,779	1,047,148
Total	6,411,408	6,058,139

33. COST OF REVENUE

Cost of revenue consists of cost of sales and cost of service concession.

	2016	2015
	US$	US$
Cost of sales	86,545,205	84,215,990
Cost of service concession	2,611,891	2,922,045
Total	89,157,096	87,138,035

a. Cost of Sales

	2016	2015
	US$	US$
Palm oil and palm kernel	84,447,289	79,974,570
Tobacco	1,861,909	4,107,950
Others	236,007	133,470
Total	86,545,205	84,215,990

	2016	2015
	US$	US$
Fresh Fruit Bunches (FFB) Costs		
Harvesting expenses	10,219,476	10,694,525
Maintenance expenses of mature plantations	19,186,087	19,167,445
Indirect expenses including depreciation of property, plant and equipment (Note 15)	18,849,080	19,302,126
Depreciation of mature plantation (Note 14)	7,571,475	8,122,826
Purchases of FFB	21,185,120	13,573,707
Total FFB Costs	77,011,238	70,860,629
Factory overhead costs including depreciation of property, plant and equipment (Note 15)	7,881,518	9,100,926
Total palm oil production costs	84,892,756	79,961,555
Tobacco Cost		
Purchase of tobacco	-	-
Tobacco processing cost	41,760	433,025
Allowance for decline in value of tobacco inventories	667,296	-
Total tobacco production cost	709,056	433,025
Others	229,866	137,449
Finished Goods:		
Beginning of year		
Palm oil	2,391,583	2,404,597
Tobacco	3,299,996	7,615,599
Others	5,924	3,320
End of year		
Palm oil	(2,837,049)	(2,391,583)
Tobacco	(2,246,386)	(3,299,996)
Others	-	(5,924)
Translation adjustment of tobacco, and other inventories	99,459	(642,052)
Cost of sales	86,545,205	84,215,990

The details of suppliers with purchases exceeding 10% of the consolidated net fresh fruit bunches (FFB) purchases are as follows:

	2016		2015	
Name	Amount	Percentage of net purchases	Amount	Percentage of net purchases
	US$	%	US$	%
Haji Sati Rambe	5,025,846	24	2,744,852	7
UD Riri	2,618,362	12	3,140,400	8
Total	7,644,208	36	5,885,252	15

b. Cost of Service Concession

This account mainly represents the maintenance and geothermal well drilling costs in order to maintain production capacity according to the service concession contract, which amounted to US$ 2,611,891 and US$ 2,922,045 for the years ended December 31, 2016 and 2015, respectively.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

34. PERSONNEL EXPENSES

This account represents salaries, allowances, bonuses and post-employment benefit expenses (Note 26).

35. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	2015
	US$	US$
Travel and transportation	2,901,728	3,820,204
Professional fees	2,687,221	2,754,897
Rent	985,969	849,871
Depreciation (Note 15)	926,528	968,163
Donation	796,896	366,253
Office expenses	510,614	660,426
Training, seminars and meeting	497,432	340,516
Repairs and maintenance	406,217	433,581
Communication and electricity	237,153	272,383
Membership and subscription fees	145,103	205,029
Insurance	92,303	102,323
Custodian fees and bank charges	88,773	136,461
Share-based compensation (Note 29)	19,572	216,052
Others	865,884	785,165
Total	11,161,393	11,911,324

36. DIVIDEND INCOME

	2016	2015
	US$	US$
Investments in stocks	1,635,788	3,126,310
Money market funds	1,286	126
Total	1,637,074	3,126,436

37. FINANCIAL INCOME (CHARGES), NET

	2016	2015
	US$	US$
Financial income:		
Amortized cost adjustment of the security deposit (Note 20)	452,968	-
Time deposits and current accounts	177,433	247,526
Total	630,401	247,526
Financial charges:		
Amortized cost adjustment of the security deposit (Note 20)	-	(1,524,386)
Loan interest expense	(514,581)	(616,478)
Others	(42,787)	(35,384)
Total	(557,368)	(2,176,248)
Total, net	73,033	(1,928,722)

38. OTHERS, NET

	2016	2015
	US$	US$
Other Income:		
Gain from sale of RSPO certificate	417,655	689,486
FFB sales	373,692	-
Management service income from plasma	125,811	148,254
Gain on sale and leaseback transaction	-	670,058
Others	375,023	693,036
Total	1,292,181	2,200,834
Other Expense:		
Loss from future commodity contracts	(1,233,111)	-
Contract termination	-	(8,803,391)
Loss on sale of property, plant and equipment	(160,579)	(352,644)
Others	(447,559)	(269,959)
Total	(1,841,249)	(9,425,993)
Total, net	(549,068)	(7,225,159)

On December 31, 2015, further to a sharp decline in CPO price, slowdown in macro-economic growth, volatility in exchange rates and other external factors, in 2015, Group decided to slow down new planting process in PPM and PMP and halted the new land clearing process as a conservative measure to ensure sustainable growth. Following this decision, PPM and PMP have reduced the activities of contractors and incurred termination charges for the land clearing contractors and seedlings purchase agreements amounted to US$ 8.8 million.

39. SHARE IN NET INCOME OF ASSOCIATES

	2016	2015
	US$	US$
PT Pangkatan Indonesia	1,952,428	999,176
PT Bilah Plantindo	859,289	462,424
PT Simpang Kiri Plantation Indonesia	585,705	389,838
PT Evans Lestari	33,784	(82,442)
Total	3,431,206	1,768,996

40. INCOME TAXES

Tax expense of the Group consists of the following:

	2016	2015
	US$	US$
Current tax	11,480,875	11,920,987
Deferred tax	(1,313,495)	(2,977,060)
Total tax expenses	10,167,380	8,943,927

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

Current Tax

The reconciliation between income before tax per consolidated statements of profit or loss and other comprehensive income and taxable income is as follows:

	2016	2015
	US$	US$
Income before tax	19,366,625	557,513
Income before tax per subsidiaries	(19,909,205)	(31,226,110)
Income adjustement based on cost method	2,007,878	56,422,085
Income before tax of the Company	1,465,298	25,753,488
Temporary differences:		
Bonus	251,829	705,354
Post-employment benefits (including foreign exchange effects)	519,784	236,142
Advance from sale of investment	1,250,000	-
Subtotal	2,021,613	941,496
Non-tax-deductible expenses (non-taxable income/subject to final tax):		
Dividend income from subsidiaries	(1,649,972)	(26,399,451)
Share based compensation	(412,033)	41,189
Interest income	(22,065)	(67,918)
Donation	34,736	54,443
Personnel expenses	1,150,289	1,061,694
Others	273,329	209,698
Subtotal	(625,716)	(25,100,345)
Total taxable income	2,861,195	1,594,639
Details:		
Taxable income (fiscal loss)		
The Company	2,861,195	1,805,227
PAM	-	(210,588)
Net	2,861,195	1,594,639

	2016	2015
	US$	US$
Current income tax expense - the Company	714,387	451,307
Current income tax expense - subsidiaries		
PT Austindo Nusantara Jaya Agri and its subsidiaries	9,605,015	10,420,246
PT Darajat Geothermal Indonesia	1,161,473	1,037,048
PT Gading Mas Indonesia Teguh	-	12,386
Total income tax expense - current	11,480,875	11,920,987

The Company has submitted its corporate income tax return for the year 2015 in April 2016. As of issuance date of the consolidated financial statements, the Company has not submitted its corporate income tax return for the year 2016.

Deferred Tax

In 2016 and 2015, the Company had deductible temporary differences from bonus accrual, post-employment benefit obligation and advance from sale of other investment. The Group only recognized the deferred tax assets over which balance management believe can be utilized in future periods to compensate future taxable income.

The details of deferred tax assets and liabilities of the Group are as follows:

	01/01/2016	Credited (charged) to income for the year	Credited (charged) to other comprehensive income	Translation adjustments	31/12/2016
	US$	US$	US$	US$	US$
Deferred tax assets					
The Company	370,948	505,403	62,259	-	938,610
PT Gading Mas Indonesia Teguh	132,586	242,216	21,617	1,010	397,429
PT Austindo Nusantara Jaya Agri	8,241,816	905,360	110,043	135,898	9,393,117
PT ANJ Agri Papua	2,037,948	(32,991)	(2,069)	54,790	2,057,678
PT Austindo Aufwind New Energy	189,068	(87,875)	(8,060)	5,973	99,106
Total	10,972,366	1,532,113	183,790	197,671	12,885,940
Deferred tax liabilities					
PT Darajat Geothermal Indonesia	(665,797)	142,630	(29,408)	-	(552,575)
PT Surya Makmur	(1,593,312)	(214,822)	(1,488)	-	(1,809,622)
PT Aceh Timur Indonesia	(1,212,089)	(146,426)	(865)	-	(1,359,380)
Total	(3,471,198)	(218,618)	(31,761)	-	(3,721,577)
Net		1,313,495	152,029		

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

	01/01/2015	Credited (charged) to income for the year	Credited (charged) to other comprehensive income	Translation adjustments	31/12/2015
	US$	US$	US$	US$	US$
Deferred tax assets					
The Company	183,545	235,375	(47,972)	-	370,948
PT Gading Mas Indonesia Teguh	149,032	14,734	(16,596)	(14,584)	132,586
PT Austindo Nusantara Jaya Agri	6,093,575	2,781,997	(241,242)	(392,514)	8,241,816
PT ANJ Agri Papua	2,138,415	140,013	(27,137)	(213,343)	2,037,948
PT Austindo Aufwind New Energy	178,366	29,825	(754)	(18,369)	189,068
Total	8,742,933	3,201,944	(333,701)	(638,810)	10,972,366
Deferred tax liabilities					
PT Darajat Geothermal Indonesia	(637,378)	(7,765)	(20,654)	-	(665,797)
PT Surya Makmur	(1,475,820)	(117,705)	213	-	(1,593,312)
PT Aceh Timur Indonesia	(1,110,800)	(99,414)	(1,875)	-	(1,212,089)
Total	(3,223,998)	(224,884)	(22,316)	-	(3,471,198)
Net		2,977,060	(356,017)		

A reconciliation between tax expense and the amount computed by applying the prevailing tax rates to income before tax is as follows:

	2016	2015
	US$	US$
Income before tax of the Company	1,465,298	25,753,488
Tax expense at prevailing tax rates	(366,325)	(6,438,372)
Effect of non-tax-deductible expenses (non-taxable income/subjected to final tax):		
Dividend income from subsidiaries	412,493	6,599,863
Share based compensation	103,008	(10,297)
Interest income	5,516	16,980
Donation	(8,684)	(13,611)
Personnel expenses	(287,572)	(265,424)
Others	(68,332)	(52,424)
Total	156,429	6,275,087
Adjustment for the Company's corporate income tax expense 2015	912	-
Fiscal loss for which no tax benefit was recognized	-	(52,647)
Total tax expense	(208,984)	(215,932)
Tax expense of subsidiaries	(9,958,396)	(8,727,995)
Total tax expense	(10,167,380)	(8,943,927)

41. EARNINGS (LOSS) PER SHARE

The computation of basic earnings (loss) per share attributable to the owners of the Company is based on the following data:

	2016	2015
	US$	US$
Earnings (loss)		
Net income (loss) attributable to owners of the Company	9,201,831	(8,218,376)
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings (loss) per share computation	3,270,047,877	3,277,126,433
Weighted average number of ordinary shares outstanding for diluted earnings (loss) per share computation	3,270,235,377	3,280,048,933
Earnings (loss) per share		
Basic	0.002814	(0.002515)
Diluted	0.002814	(0.002512)

As of December 31, 2016 and 2015, the Company has dilutive potential common shares resulting from stock options (Note 29) totaling to 1,875,000 and 29,225,000 shares, respectively.

42. APPROPRIATED RETAINED EARNINGS

In the Annual General Shareholders' Meetings held on June 22, 2015, the shareholders of the Company approved the allocation of additional appropriated retained earnings amounting to Rp 31,000,000 (equivalent to US$ 2,327) for the year 2015.

43. CASH DIVIDENDS

In the Annual General Shareholders' Meeting held on June 1, 2016, the shareholders of the Company approved the distribution of cash dividends of Rp 113,348.33 million or Rp 35 (full amount) per share (equivalent to US$ 8,496,239 or US$ 0.003 per share) from the unappropriated retained earnings as of December 31, 2015 to the shareholders recorded on the shareholders register on June 13, 2016 (recording date). This dividend was paid to the shareholders on July 1, 2016.

In the Annual General Shareholders' Meeting held on June 22, 2015, the shareholders of the Company approved the distribution of cash dividends of Rp 112,673.70 million or Rp 35 (full amount) per share (equivalent to US$ 8,448,205 or US$ 0.003 per share) from the profit of year 2014 to the shareholders recorded on the shareholders register on July 2, 2015 (recording date). This dividend was paid to the shareholders on July 24, 2015.

44. DERIVATIVE INSTRUMENTS

a. 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 exposure. 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, 2016 and 2015, there was no outstanding balance of the facility.

b. ANJA had entered into future commodity contracts with PT Bank ANZ Indonesia in 2015 which is effective in January 4, 2016 until June 30, 2016.

   The loss from these future commodity contracts amounted to US$ 1,233,111 and nil as of December 31, 2016 and 2015, respectively was recorded as part of other expense in the consolidated statements of profit or loss and other comprehensive income (Note 38).

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 with the latest validity until October 6, 2015 and was not renewed. There was no outstanding balance of the facility in 2016 and 2015.

45. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

<u>Nature of Relationship</u>

- 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.

<u>Transaction with Related Parties</u>

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 expired on May 17, 2014 and has been renewed until May 17, 2016. On May 24, 2016, the agreement was renewed and valid for another two years until May 17, 2018. 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.

46. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

a. The Group provides the economic value added (EVA) incentive plan to its management. Each EVA cycle represents a 3-year period. The period from January 1, 2013 to December 31, 2015 is the third cycle and the period from January 1, 2016 to December 31, 2018 is the fourth cycle. The bonus is calculated annually based on a 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. The agreement will be effective from January 1, 2014 to January 1, 2019.

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.

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. The security deposit of US$ 8,500,000 will be refunded by Airfast in five installments from 2015-2019 on January 15th each year. On January 15, 2015, ANJA, ANJAP, PPM, and PMP received the first installment of refundable deposit from Airfast amounting to US$ 550,000.

On November 28, 2014, the agreement was amended, whereas ANJA, ANJAP, PPM, PMP and PAM become the users of the aircraft effective from January 1, 2015.

In June 2015, the agreement was further amended whereas PAM is no longer a user of the aircraft. Based on the latest agreement, the Group is committed to pay a monthly fixed charter fee of maximum US$ 88,850 and Rp 783,851 thousand plus all operational expenses billed based on the usage of the aircraft effective per August 1, 2015.

In October 2015, ANJA, ANJAP, PPM and PMP have received the first phase from the second installment of refundable deposit amounted to US$ 458,333 which due on January 15, 2016.

On November 2, 2015, the agreement was amended to convert all fees and refundable security deposit into Rupiah. ANJA, ANJAP, PPM and PMP are committed to pay a monthly fixed charter fee maximum Rp 1,993 million plus all operational expenses billed based on the usage of the aircraft. The refundable security deposit that should be paid by Airfast every January 15th each year become Rp 1,237,500,000 for 2016, Rp 7,425,000,000 for 2017 and 2018, respectively and Rp 85,050,000,000 for 2019.

In January 2016, ANJA, ANJAP, PPM and PMP have received the remaining second phase from the second installment of refundable deposit amounted to Rp 1,237,500,000.

In January 2017, ANJA, ANJAP, PPM and PMP received the third installment of refundable deposit amounted to Rp 7,425,000,000.

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 (Note 20). 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 months, and not later than 2 months, before the due date of the lease contract.

   On February 27, 2016, the Company extended the lease agreement with PT Bumi Mulia Perkasa Development for another 3 years period starting from April 3, 2016 to April 2, 2019.

d. DGI has a 5% participation in a consortium with Chevron Geothermal Indonesia (CGI) and Chevron Darajat Limited (CDL) to develop Darajat Unit II and III Power Project. These parties have the following commitments with Perusahaan Pertambangan Minyak dan Gas Bumi Negara (Pertamina) whose geothermal operation is now operated by PT Pertamina Geothermal Energy (Pertamina Geothermal) and Perusahaan Listrik Negara (PLN):

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

i. Joint Operation Contract - On November 16, 1984, Pertamina as the first party, CGI and CDL (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, and the geothermal field operation and the electricity generation operations for the next and all subsequent units, which 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 47d.ii) 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, respectively 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 CGI as the deliverer and serving as contractor to Pertamina Geothermal 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 CGI and CDL.

   The term of this contract shall be for a period ending 432 months, however, either PLN or CGI and CDL 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 DGI 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.

e. On November 29, 2012, Perusahaan Listrik Negara (PLN) and AANE 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 1,200 kW in Desa Jangkang, subdistrict Dendang, regency of Belitung Timur. AANE has an agreed price of Rp 975/kWh, adjustable to new price if announced by PLN. AANE will also be responsible in designing, building, providing fund, construction, testing, commissioning and providing interconnection facilities and transaction points 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.

On December 18, 2015, the PPA was amended to increase the electricity production capacity by 600 kW to 1,800 kW. All increase in electricity production from this capacity will continue to be sold to PLN. On January 29, 2016, PLN and AANE have signed the Commercial Operation Date Agreement for the increase of 600 kW electricity capacity.

On August 4, 2016, the Minister of Energy and Mineral Resources (ESDM) issued Ministry Regulation No. 21 Tahun 2016 which determined the electricity tariff calculation using “Feed in Tariff” (FIT) scheme. Following this regulation, AANE received the approval letter from The Directorate General of Renewable Energy of Ministry of ESDM for the electricity tariff adjustment at US$ 0.1356/kwh. Despite having received the approval letter from the Directorate General of Renewable Energy of Ministry of ESDM to apply the revised tariff, PLN declines to adopt the new tariff. In light of respecting the prevailing regulation, AANE has started charging PLN at the revised tariff of US$ 0.1356/kwh from October 2016. As of the issuance date of these consolidated financial statements, PLN continues to decline to pay AANE’s invoices from October 2016 to December 2016 at the revised tariff.

On January 30, 2017, the Minister of ESDM issued Minister Regulation No. 12 Year 2017 which further revised the tariff. Under this new regulation, the tariff is indexed to the Regional Cost of Production to Generate (“CPG”). If the Regional CPG is lower than the National CPG, the tariff will be based on the National CPG whereas if the Regional CPG exceeds the National CPG, the maximum tariff is 85% of the Regional CPG. As of the issuance date of these consolidated financial statements, AANE is in the discussion with PLN regarding the implementation of this regulation.

f. ANJAS and ANJA, PPM and PMP each entered into a security service agreement with PT Jaga Nusantara (JANUS) and PT Adonara Bakti Bangsa (ABB) to provide security services to safeguard respectively ANJAS’, ANJA’s, PPM’s and PMP’s assets, employees and facilities. The agreement with JANUS and ABB is valid until January 9, 2017 and January 21, 2017, respectively. The estimated costs related to the service for ANJAS, ANJA, PPM and PMP are Rp 7,202,030 thousand, Rp 7,311,740 thousand, Rp 1,629,324 thousand and Rp 1,864,812 thousand, respectively.

g. On December 3, 2014, ANJAP and PT Mitra Adyaniaga entered into EPC agreement for the construction of ANJAP’s power plant and its supporting facilities. The contract amount was US$ 4,031,500, payable in several stages based on the delivery progress. Subsequently, on February 4, 2015 and March 9, 2015, ANJAP and PT Mitra Adyaniaga entered into EPC agreement for the power plant’s civil structure and test, with total contract amount of Rp 18,650 million. ANJAP has paid US$ 3,452,560 and Rp 17,210 million as of December 31, 2016 and US$ 2,768,120 and Rp 15.050 as of December 31, 2015, such amount was recorded as part of construction in progress (Note 15).

h. On December 1, 2014, ANJAP and PT Asindo Tech entered into EPC agreement for revamping of ANJAP’s sago mill. The contract amount was Rp 51,700 million, payable in several stages based on the delivery progress. Subsequently, on April 1, 2015 and May 4, 2015, ANJAP and PT Asindo Tech entered into EPC agreement for the construction of sago mill supporting facilities, with total contract amount of Rp 1,185 million. As of December 31, 2016 and 2015, ANJAP has paid Rp 49,783 million and Rp 36,664 million, respectively, such amount was recorded as part of construction in progress (Note 15).

i. Based on the Ministry of Agriculture Regulation No. 26 in year 2007, KAL has plasma obligation for a minimum 20% of hectares. In July 2014, KAL allocate 2,431 hectares for plasma plantation that are owned by Bina Satong Lestari Cooperative, Laman Mayang Sentosa Cooperative and for cooperative in Desa Kuala Tolak which its establishment is still in process. Management cooperation agreements between KAL with Bina Satong Lestari Cooperative and Laman Mayang Sentosa Cooperative were signed on August 19, 2014, whereas the KAL (referred to as the Nucleus) is required to perform the following, among others:

- Act as business partner to develop the plantation for smallholders based on the mutual agreement between the Nucleus and the cooperatives.
- Purchase the fresh fruit bunches (FFB) produced by plasma plantations at prevailing price in West Kalimantan Province.
- Plasma financing is derived from bank loan. Loan agreement is made between bank and cooperatives.

The period of the agreement is 30 years.

Meanwhile, the loan agreements between both Cooperatives and PT Bank Mandiri (Persero) Tbk were signed on August 22, 2014. The loan facility was Rp 31.6 billion and Rp 130.3 billion, respectively and guaranteed by KAL and SMM. The loan period is until 2025 with floating interest rate.

j. ANJA, ANJAS, KAL and SMM has non-cancellable CPO sales commitment with several customers for delivery from January to December 2017 from ANJA and ANJAS with total quantity ranging from 1,200 up to 5,000 metric tonnes per month, for delivery from January to December 2017 from KAL with total quantity of 3,000 metric tonnes per month and for delivery from July 2015 to December 2017 from SMM with total quantity of 3,000 metric tonnes per month. The average sales price under this sales commitment is subject to variance adjustment calculated based on formula defined in the agreements.

k. On June 29, 2015, KAL and PT Sumber Abadi Indonesia (SAI) entered into an agreement for construction of palm oil mill with the capacity of 60/90 (2 lines x 45) ton FFB/hour, located in the KAL's estate in Desa Kuala Tolak, Ketapang, West Kalimantan. Total contract amounts were Rp 129.0 billion and US$ 1,050,000, payable in several phases based on the percentage of completion. As of December 31, 2016, KAL has paid Rp 128.6 billion and US$ 1.0 million to SAI, which was recorded as construction in progress (Note 15).

l. On January 5, 2015, KAL and Perunding HMT Sdn. Bhd. (Perunding) entered into an agreement to assist in the designing, installing and commissioning of a palm oil mill with capacity of 60/90 (2 lines x 45) ton FFB/hour, located in the Company's estate in Desa Kuala Tolak, Ketapang, West Kalimantan. Total contract amounts were RM 820,000 (equivalent to US$ 192 thousand), payable in several phases based on the percentage of completion. As of December 31, 2016, KAL has paid US$ 161 thousand to Perunding, which was recorded as construction in progress (Note 15).

m. ANJAS, SMM KAL and GSB entered into scientic and technical cooperation with Centre De Cooperation Internationale En Recherche Agronomique Pour Le Developpement (CIRAD) related to scientic and technical cooperation in research and development activities in oil palm agronomy and cultural practices. This agreement is valid from June 1, 2014 until May 31, 2019 with total contract amounting to EUR 96,392 per year and will be subjected to yearly revaluation of maximum 2%.

n. On May 19, 2016, the Group entered into a consultancy service agreement with PT Wilmar Consultancy Services for providing services regarding "SAP Software License Investment, Implementation and Application Maintenance Support. This agreement is valid until March 2018 with contract amount of Rp 15.1 billion, payable based on five (5) completion progress. As of December 31, 2016, the Group has paid Rp 1.7 billion which was recorded as part of other non-current assets.

o. SMM entered into cooperation agreements related to development and management of palm oil plantation with Mitra Anugerah Cooperative and Mitra Lestari Cooperative on October 30, 2014, whereas SMM (referred to as the Nucleus) is required to perform the following, among others:

   - Act as business partner to develop the plantation for small holders based on the mutual agreement between the Nucleus and the Cooperative (small holders).

   - Purchase the fresh fruit bunches (FFB) produced by plasma plantation at prevailing price in Bangka Belitung Province.

   - Plasma financing is derived from bank loan made between bank and the cooperatives.

   The period of the agreement is 30 years.

   Meanwhile, the loan agreements between both cooperatives and PT Bank CIMB Niaga Tbk were signed on July 27, 2016. The loan facility was Rp 3.6 billion and Rp 3.5 billion, respectively, and guaranteed by SMM. The loan period are until 2026 for Mitra Anugerah Cooperative and 2024 for Mitra Lestari Cooperative bearing interest rate of 12% p.a.

p. On August 8, 2016, the Company together with PPM, PMP and ANJAP entered into a consultancy agreement with Concord Consulting on the strategy and operation of the protection of the assets and resources. The consulting agreement is valid for 5 years with an estimated cost of Rp 19.44 billion each year.

q. Other than the above commitments, the Group through its various subsidiaries have various contracts to assist the Group to develop its plantations. The contracts will expire throughout 2017 or 2018, but may be extended with agreements from both parties. The total significant contracts commitment is as follows:

	Contract value	Total amount have been paid
US$	271,465	74,509
IDR	17,219,821,103	8,910,985,616

CONTINGENCIES

As of December 31, 2016, KAL and ANJAS are in the judicial review process relating to the request filed by the tax authorities with the Supreme Court. The Group has not recorded additional tax liabilities in relation to those ongoing judicial review because the Group assessed that the Group has technical ground to support its tax position.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

47. SERVICE CONCESSION ARRANGEMENT

The Joint Operation Contract (JOC) and Energy Sales Contract (ESC) of DGI (Note 46d) and AANE (Note 46e) 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:

	31/12/2016	31/12/2015
	US$	US$
Balance at beginning of year	7,773,739	8,089,738
Addition	670,341	-
Repayment	(187,241)	(137,149)
Translation adjustment	64,018	(178,850)
Balance at end of year	8,320,857	7,773,739
Less:		
Current maturity	205,055	149,503
Non-current portion	8,115,802	7,624,236

Provision for Services Concession Arrangement

The provision for service concession arrangement represents the present value of minimum contractual obligations from the related service concession arrangement.

The movement of provision recognized in the statements of financial position is as follows:

	31/12/2016	31/12/2015
	US$	US$
Balance at beginning of year	1,970,781	1,532,985
Provision during the year	519,760	486,078
Realization during the year	(76,690)	(60,163)
Increase in provision due to the passage of time	21,696	23,768
Translation adjustment	5,766	(11,887)
Balance at end of year	2,441,313	1,970,781
Less:		
Current maturities	64,358	135,886
Non-current portion	2,376,955	1,834,895

The discount rate used in calculating the present value of the above provision as follows

	31/12/2016	31/12/2015
DGI (US$)	1.99%	1.66%
AANE (Euro)	2.00%	3.00%

48. 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 entirely 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. The Group's business segments operate in Indonesia.

Below is the operating segment information:

a. Segment Results

	31/12/2016						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
COMPREHENSIVE INCOME							
Revenue	126,761,922	6,411,408	-	1,269,987	134,443,317	-	134,443,317
Cost of revenue	(84,447,289)	(2,611,891)	-	(2,097,916)	(89,157,096)	-	(89,157,096)
Gross Profit	42,314,633	3,799,517	-	(827,929)	45,286,221	-	45,286,221
Dividend income	1,635,788	-	-	1,286	1,637,074	-	1,637,074
Foreign exchange gain (loss), net	(463,321)	67,845	(746)	1,669	(394,553)	-	(394,553)
Selling expense	(6,092,288)	-	-	(26,355)	(6,118,643)	-	(6,118,643)
Personnel expense	(4,608,376)	(334,712)	(731,832)	(543,616)	(6,218,536)	-	(6,218,536)
General & administrative expense	(10,589,552)	(829,162)	(1,832,107)	(299,075)	(13,549,896)	4,515,600	(9,034,296)
Others, net	(612,925)	68,376	(8,154)	9,593	(543,110)	-	(543,110)
Operating Profit	21,583,959	2,771,864	(2,572,839)	(1,684,427)	20,098,557	4,515,600	24,614,157
Share in net income of associates	3,431,206	-	-	-	3,431,206	-	3,431,206
Financial income (charges), net	338,789	(8,620)	(44,182)	(91,054)	194,933	24,808	219,741
Segment income before tax	25,353,954	2,763,244	(2,617,021)	(1,775,481)	23,724,696	4,540,408	28,265,104
Unallocated income before tax					(220,916)	(8,677,564)	(8,898,480)
Income before tax					23,503,780	(4,137,156)	19,366,624
Tax expense:							
Segment	(9,060,904)	(1,106,718)	(32,991)	242,218	(9,958,395)	-	(9,958,395)
Unallocated					(208,984)	-	(208,984)
Total tax expense					(10,167,379)	-	(10,167,379)
Net income for the year					13,336,401	(4,137,156)	9,199,245
Net income attributable to:							
Owners of the Company					13,338,987	(4,137,156)	9,201,831
Non-controlling interest:					(2,586)	-	(2,586)
Net income for the year					13,336,401	(4,137,156)	9,199,245
Comprehensive income:							
Owners of the Company					16,007,482	(4,137,156)	11,870,326
Non-controlling interest:					1,647	-	1,647
Total comprehensive income					16,009,129	(4,137,156)	11,871,973

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

	31/12/2015						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
COMPREHENSIVE INCOME							
Revenue	114,628,525	6,058,139	2,740	5,304,641	125,994,045	-	125,994,045
Cost of revenue	(79,974,570)	(2,922,045)	(2,123)	(4,239,297)	(87,138,035)	-	(87,138,035)
Gross Profit	34,653,955	3,136,094	617	1,065,344	38,856,010	-	38,856,010
Dividend income	2,379,905	746,405	-	-	3,126,310	-	3,126,310
Foreign exchange gain (loss), net	(4,481,792)	(91,922)	227,053	(27,216)	(4,373,877)	-	(4,373,877)
Selling expense	(3,319,031)	-	(301)	(50,486)	(3,369,818)	-	(3,369,818)
Personnel expense	(5,977,870)	(207,701)	(1,299,463)	(594,269)	(8,079,303)	-	(8,079,303)
General & administrative expense	(11,187,076)	(719,834)	(2,521,602)	(283,440)	(14,711,952)	4,621,349	(10,090,603)
Others, net	(6,772,435)	(136,682)	(207,890)	26,193	(7,090,814)	(69,749)	(7,160,563)
Operating Profit	5,295,656	2,726,360	(3,801,586)	136,126	4,356,556	4,551,600	8,908,156
Financial income (charges), net	(1,037,543)	(2,213)	(484,259)	(237,251)	(1,761,266)	(9,236)	(1,770,502)
Share in net income of associates	1,768,997	-	-	-	1,768,997	-	1,768,997
Segment income before tax	6,027,110	2,724,147	(4,285,845)	(101,125)	4,364,287	4,542,364	8,906,651
Unallocated income before tax					22,645,346	(30,994,484)	(8,349,138)
Income before tax					27,009,633	(26,452,120)	557,513
Tax expense:							
Segment	(7,855,368)	(1,014,988)	140,012	2,348	(8,727,996)	-	(8,727,996)
Unallocated					(215,931)	-	(215,931)
Total tax expense					(8,943,927)	-	(8,943,927)
Net income (loss) for the year					18,065,706	(26,452,120)	(8,386,414)
Net income (loss) attributable to:							
Owners of the Company					18,233,744	(26,452,120)	(8,218,376)
Non-controlling interest:					(168,038)	-	(168,038)
Net income (loss) for the year					18,065,706	(26,452,120)	(8,386,414)
Comprehensive income (loss):							
Owners of the Company					10,444,595	(26,452,120)	(16,007,525)
Non-controlling interest:					(197,894)	-	(197,894)
Total comprehensive income (loss)					10,246,701	(26,452,120)	(16,205,419)

b. Segment Assets and Liabilities

	31/12/2016						
	CPO / PK	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
CONSOLIDATED FINANCIAL POSITION							
ASSET							
Segment assets	432,840,693	24,650,694	25,056,751	3,209,281	485,757,419	-	485,757,419
Unallocated assets	-	-	-	-	281,836,627	(242,486,370)	39,350,257
Total consolidated assets							525,107,676
LIABILITIES							
Segment liabilities	143,898,083	4,882,657	7,959,916	1,319,780	158,060,436	-	158,060,436
Unallocated liabilities	-	-	-	-	14,559,819	(2,160,460)	12,399,359
Total consolidated liabilities							170,459,795
Capital expenditure							
Segment	45,518,385	240	4,246,131	5,406	49,770,162	-	49,770,162
Unallocated	-	-	-	-	72,406	-	72,406
Total capital expenditure							49,842,568
Depreciation and amortization							
Segment	15,961,347	1,942	344,599	79,490	16,387,378	-	16,387,378
Unallocated	-	-	-	-	228,810	-	228,810
Total depreciation and amortization							16,616,188

	31/12/2015						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
CONSOLIDATED FINANCIAL POSITION							
ASSET							
Segment assets	384,911,904	24,860,747	20,210,947	4,639,535	434,623,133	-	434,623,133
Unallocated assets	-	-	-	-	273,894,868	(238,073,981)	35,820,887
Total consolidated assets							470,444,020
LIABILITIES							
Segment liabilities	110,759,465	5,091,287	4,780,021	1,212,540	121,843,313	-	121,843,313
Unallocated liabilities	-	-	-	-	10,030,464	(1,859,652)	8,170,812
Total consolidated liabilities							130,014,125
Capital expenditure							
Segment	49,378,293	2,813	5,497,865	74,055	54,953,026	-	54,953,026
Unallocated	-	-	-	-	22,144,643	-	22,144,643
Total capital expenditure							77,097,669
Depreciation, impairment losses and amortization							
Segment	16,704,386	1,394	388,442	79,750	17,173,972	-	17,173,972
Unallocated	-	-	-	-	255,370	-	255,370
Total depreciation, impairment losses and amortization							17,429,342

49. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN U.S. DOLLARS

As of December 31, 2016 and 2015, the Group had monetary assets and liabilities in currencies other than U.S. Dollars as follows:

	31/12/2016		31/12/2015	
	Foreign currencies	Equivalent to	Foreign currencies	Equivalent to
		US$		US$
Assets				
Cash and cash equivalents				
Rupiah	52,425,018,651	3,901,832	50,809,230,618	3,683,163
Euro	10,961	11,553	32,625	29,864
Restricted time deposits				
Rupiah	-	-	2,090,000,000	151,504
Trade accounts receivable				
Rupiah	5,708,875,784	424,894	1,453,642,675	105,375
Euro	-	-	180,437	165,171
Other receivable				
Rupiah	10,658,993,776	793,316	10,422,421,745	812,055
Prepaid expenses - Value Added Taxes				
Rupiah	224,181,688,836	16,685,151	182,109,353,835	13,201,113
Claim for tax refund				
Rupiah	1,548,955,824	115,284	1,548,956,190	112,284
Other assets				
Rupiah	281,340,389,281	20,939,297	186,449,280,745	13,515,714
Total		42,871,327		31,776,243

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

	31/12/2016		31/12/2015	
	Foreign currencies	Equivalent to US$	Foreign currencies	Equivalent to US$
Liabilities				
Short-term bank loans				
Rupiah	265,133,109,153	19,733,039	527,579,422,975	38,244,250
Trade accounts payable				
Rupiah	81,365,621,312	6,055,792	35,595,817,890	2,580,342
Taxes payable				
Rupiah	22,159,115,011	1,649,235	11,237,447,745	814,603
Long-term bank loans				
Rupiah	1,344,230,942,486	100,046,959	699,849,000,000	50,732,077
Other payable				
Rupiah	39,024,283,145	2,904,457	32,116,964,855	2,328,160
Accrued expenses				
Rupiah	70,721,479,346	5,263,581	68,069,987,394	4,934,396
Post employment benefit obligation				
Rupiah	187,269,960,300	13,937,925	151,353,760,005	10,971,639
Total		149,590,988		110,605,466
Total liabilities, net		(106,719,661)		(78,829,223)

As of December 31, 2016 and 2015, the conversion rates used by the Group as well as the exchange rates, prevailing on March 7, 2017 were as follows:

	07/03/2017	31/12/2016	31/12/2015
	US$	US$	US$
Currencies:			
1 Rupiah	0.000075	0.000074	0.000072
1 Euro	1.05840	1.05400	1.09240

In relation to the fluctuation of the U.S. Dollar exchange rate against foreign currencies, the Group recorded the foreign exchange net loss of US$ 442,875 and US$ 4,387,591, respectively during the years ended December 31, 2016 and 2015.

50. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. 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, 2016 and 2015 were as follows:

	31/12/2016	31/12/2015
	US$	US$
Debts		
Short term bank loans	22,733,039	40,244,250
Long term bank loan - current maturities		
Long-term bank loans - net of current maturities	905,478	-
Long term bank loans	105,382,449	57,842,919
Total debt	129,020,966	98,087,169
Equity attributable to the owners of the Company	354,491,041	340,274,702
Debt to equity ratio	36.40%	28.83%

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, 2016				
Current Financial Assets				
Cash and cash equivalents	16,761,827	-	-	-
Other investment	-	9,148,259	-	-
Investment in trading securities at fair value	-	-	290,207	-
Receivable from service concession arrangement - current	205,055	-	-	-
Trade accounts receivable	2,829,103	-	-	-
Other receivable - net	983,989	-	-	-
Prepayments and advances	8,120,155	-	-	-
Non-current Financial Assets				
Long-term receivable from service concession arrangement	8,115,802	-	-	-
Other investments	-	16,594,435	-	-
Other assets	20,939,297	-	-	-
Current Financial Liabilities				
Short-term bank loans	-	-	-	22,733,039
Trade accounts payable	-	-	-	6,247,916
Other payable	-	-	-	3,941,282
Accrued expenses	-	-	-	7,108,626
Long term bank loan - current maturities	-	-	-	905,478
Provision for service concession arrangement - current maturities	-	-	-	64,358
Non-current Financial Liabilities				
Long-term bank loans - net of current maturities	-	-	-	105,382,449
Provision for service concession arrangement - net of current maturities	-	-	-	2,376,955
Total	57,955,228	25,742,694	290,207	148,760,103

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

	Loans and receivable	Available for sale	Assets at fair value through profit or loss	Liabilities at amortized cost
	US$	US$	US$	US$
December 31, 2015				
Current Financial Assets				
Cash and cash equivalents	19,004,884	-	-	-
Restricted time deposits	736,504	-	-	-
Investment in trading securities at fair value	-	-	290,200	-
Receivable from service concession arrangement - current	149,503	-	-	-
Trade accounts receivable	1,252,446	-	-	-
Other receivable - net	890,056	-	-	-
Prepayments and advances	6,098,251	-	-	-
Non-current Financial Assets				
Long-term receivable from service concession arrangement	7,624,236	-	-	-
Other investments	-	24,252,332	-	-
Other assets	13,807,933	-	-	-
Current Financial Liabilities				
Short-term bank loans	-	-	-	40,244,250
Trade accounts payable	-	-	-	3,286,379
Other payable	-	-	-	2,546,979
Accrued expenses	-	-	-	7,103,031
Provision for service consession arrangement - current maturities	-	-	-	135,886
Non-current Financial Liabilities				
Long-term bank loans	-	-	-	58,732,077
Provision for service concession arrangement - net of current maturities	-	-	-	1,834,895
Total	49,563,813	24,252,332	290,200	113,883,497

b. 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 and price 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.

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 disclosed in Note 49. 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.

Foreign currency sensitivity

The following table details the Group's sensitivity to 4% and 2%, as well as 8% and 2% increase and decrease in U.S. Dollar rate against the relevant foreign currencies in 2016 and 2015, respectively. 4% and 2% (2015: 8% and 2%) increase or decrease represent 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 year end for an 4% and 2% change in the foreign currency rates of Rupiah and Euro, respectively at December 31, 2016.

	31/12/2016			
	Impact on Rupiah		Impact on Euro	
	4%	-4%	2%	-2%
	US$	US$	US$	US$
Assets				
Cash and cash equivalents	(156,073)	156,073	(231)	231
Trade accounts receivable	(16,996)	16,996	-	-
Other receivable	(31,733)	31,733	-	-
Prepayments	(667,406)	667,406	-	-
Claim for tax refund	(4,611)	4,611	-	-
Other assets	(837,572)	837,572	-	-
Total *)	(1,714,391)	1,714,391	(231)	231
Liabilities				
Short-term bank loan	789,322	(789,322)	-	-
Trade accounts payable	242,232	(242,232)	-	-
Taxes payable	49,750	(49,750)	-	-
Long-term bank loans	4,001,878	(4,001,878)	-	-
Other payable	116,178	(116,178)	-	-
Accrued expenses	210,543	(210,543)	-	-
Post employment benefit obligation	557,517	(557,517)	-	-
Total *)	5,967,420	(5,967,420)	-	-
Total assets (liabilities) net	4,253,029	(4,253,029)	(231)	231

*) Included the translation effect of assets and liabilities amounted to Rp 339.6 billion and Rp 1,710.5 billion, respectively, from subsidiaries with Rupiah reporting currency.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

	31/12/2015			
	Impact on Rupiah		Impact on Euro	
	8%	-8%	2%	-2%
	US$	US$	US$	US$
Assets				
Cash and cash equivalents	(294,653)	294,653	(713)	713
Restricted time deposits	(12,120)	12,120	-	-
Investment in trading securities at fair value	(20)	20	(3,942)	3,942
Trade accounts receivable	(8,430)	8,430	-	-
Other receivable	(55,922)	55,922	-	-
Prepayments	(1,056,089)	1,056,089	-	-
Claim for tax refund	(8,983)	8,983	-	-
Other assets	(1,081,257)	1,081,257	-	-
Total *)	(2,517,474)	2,517,474	(4,655)	4,655
Liabilities				
Short-term bank loan	3,059,540	(3,059,540)	-	-
Trade accounts payable	206,427	(206,427)	-	-
Taxes payable	65,168	(65,168)	-	-
Long-term bank loans	4,058,566	(4,058,566)	-	-
Other payable	184,806	(184,806)	-	-
Accrued expenses	394,752	(394,752)	-	-
Post employment benefit obligation	877,731	(877,731)	-	-
Total *)	8,846,990	(8,846,990)	-	-
Total assets (liabilities) net	6,329,516	(6,329,516)	(4,655)	4,655

*) Included the translation effect of assets and liabilities amounted to Rp 262.0 billion and Rp 1,305.0 billion, respectively, from subsidiaries with Rupiah reporting currency.

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 'Foreign Exchange Differentials from Translation of Subsidiaries' Financial Statements' (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 4% and 8% against Rupiah, respectively for the years ended December 31, 2016 and 2015:

	31/12/2016		31/12/2015	
	+4%	-4%	+8%	-8%
	US$	US$	US$	US$
Other comprehensive income - translation adjustments	3,312,862	(3,312,862)	(5,553,720)	5,553,720

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 with 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:

	31/12/2016				
	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	14,867,312	-	-	-	14,867,312
Investment in trading securities at fair value	290,207	-	-	-	290,207
Total	15,157,519	-	-	-	15,157,519
Fixed rate					
Cash and cash equivalents	-	1,894,515	-	-	1,894,515
Receivable from service concession arrangement	315,856	947,566	5,053,689	14,949,222	21,266,333
Total	315,856	2,842,081	5,053,689	14,949,222	23,160,848
Financial liabilities:					
Floating rate					
Provision for service concession arrangement	16,089	48,269	2,240,647	136,309	2,441,314
Long-term bank loans	164,632	740,845	58,759,225	48,382,257	108,046,959
Total	180,721	789,114	60,999,872	48,518,566	110,488,273
Fixed rate					
Short-term bank loans	12,764,216	9,968,823	-	-	22,733,039
Total	12,764,216	9,968,823	-	-	22,733,039

	31/12/2015				
	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	12,748,231	-	-	-	12,748,231
Investment in trading securities at fair value	290,200	-	-	-	290,200
Total	13,038,431	-	-	-	13,038,431
Fixed rate					
Cash and cash equivalents	-	6,256,654	-	-	6,256,654
Restricted time deposits	-	736,504	-	-	736,504
Receivable from service concession arrangement	294,697	884,090	4,715,148	20,796,374	26,690,309
Total	294,697	7,877,248	4,715,148	20,796,374	33,683,467
Financial liabilities:					
Floating rate					
Provision for service concession arrangement	33,971	101,915	1,793,523	41,372	1,970,781
Long-term bank loans	-	-	15,609,812	43,122,265	58,732,077
Total	33,971	101,915	17,403,335	43,163,637	60,702,858
Fixed rate					
Short-term bank loans	40,244,250	-	-	-	40,244,250
Total	40,244,250	-	-	-	40,244,250

The Group accounts for the fixed interest rate bearing financial instruments using amortized cost method. Therefore, changes in interest rate do not have any impact to profit or loss and equity of the Group.

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.

	31/12/2016	
	+ 50 Basis Points	- 50 Basis Points
	US$	US$
Financial Assets		
Cash and cash equivalents	74,337	(18,305)
Investment in trading securities at fair value	1,451	(1,451)
Financial Liabilities		
Provision for service concession arrangement	(12,207)	12,207
Long-term bank loans	(540,235)	540,235
Total	(476,654)	532,686

	31/12/2015	
	+ 50 Basis Points	- 50 Basis Points
	US$	US$
Financial Assets		
Cash and cash equivalents	63,741	(63,741)
Investment in trading securities at fair value	1,451	(1,451)
Financial Liabilities		
Provision for service concession arrangement	(9,854)	9,854
Lease liabilities	(293,660)	293,660
Total	(238,322)	238,322

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 13).

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, trade receivables and plasma receivables. The Group places its cash and cash equivalents with credit worthy financial institutions. Management believes on its ability to control and maintain minimal exposure on credit risk considering the Group monitor the receivable collection in accordance with the credit terms in the sales agreements. As for plasma receivables, the Group minimizes the credit risk by entering into legal agreement for sales of fresh fruit bunches by plasma plantation (Note 46i).

Trade accounts receivable age analysis and credit risk concentration are disclosed in Note 8.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses represents the Group' exposure to credit risk.

The following table summarizes details of customers from sales revenue and service concession revenue which individually exceed 10% of the Group's total income:

	2016		2015	
Name	Amount	Percentage to consolidated total income	Amount	Percentage to consolidated total income
	US$	%	US$	%
PT Synergy Oil Nusantara	61,343,253	46	23,700,959	18
PT Kreasijaya Adhikarya	26,130,174	20	-	-
PT Adei Plantation & Industry	13,744,297	10	-	-
Total	101,217,724	76	23,700,959	18

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, 2016 and 2015. The tables represent the undiscounted cash flow of financial assets and liabilities based on the earliest required payment date:

	31/12/2016				
	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	-	16,882,293	-	-	16,882,293
Investment in trading securities at fair value	-	290,207	-	-	290,207
Receivable from service concession arrangement	-	1,263,422	5,053,689	14,949,222	21,266,333
Trade accounts receivable	-	2,829,103	-	-	2,829,103
Other receivable	-	983,989	-	-	983,989
Prepayments and advances	-	8,120,155	-	-	8,120,155
Other assets	-	-	20,939,297	-	20,939,297
Total financial assets		30,369,169	25,992,986	14,949,222	71,311,377
Financial liabilities:					
Short-term bank loan					
Rupiah	10.25% - 10.50%	20,243,253	-	-	20,243,253
U.S. Dollar	3.76%	3,072,955	-	-	3,072,955
Trade accounts payable	-	6,247,916	-	-	6,247,916
Provision for service concession	-	64,358	2,240,647	136,308	2,441,313
Long-term bank loans					
Rupiah	10.67% - 11.25%	11,569,163	86,992,297	50,644,218	149,205,678
U.S. Dollar	5.22%	414,965	8,683,658	-	9,098,623
Other payable	-	3,941,282	-	-	3,941,282
Accrued expenses	-	7,108,626	-	-	7,108,626
Total Financial Liabilities		52,662,518	97,916,602	50,780,526	201,359,646
Total Net Liabilities		(22,293,349)	(71,923,616)	(35,831,304)	(130,048,269)

	31/12/2015				
	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	-	19,104,326	-	-	19,104,326
Restricted time deposits					
Rupiah	4.25%	154,333	-	-	154,333
U.S. Dollar	0.50%	586,285	-	-	586,285
Investment in trading securities at fair value	-	290,200	-	-	290,200
Receivable from service concession arrangement	-	1,178,787	4,715,148	20,796,374	26,690,309
Trade accounts receivable	-	1,252,446	-	-	1,252,446
Other receivable	-	890,056	-	-	890,056
Prepayment and advances	-	6,098,251			6,098,251
Other assets	-	89,706	13,718,227	-	13,807,933
Total financial assets		29,644,390	18,433,375	20,796,374	68,874,139
Financial liabilities:					
Short-term bank loan					
Rupiah	10.00% - 11.50%	38,814,928	-	-	38,814,928
U.S. Dollar	4.17%	2,012,805	-	-	2,012,805
Trade accounts payable	-	3,286,379	-	-	3,286,379
Provision for service concession	-	132,377	184,273	3,205,962	3,522,612
Long-term bank loans					
Rupiah	12.76% - 12.77%	6,358,884	32,993,224	53,564,039	92,916,147
U.S. Dollar	5.79%	427,119	9,127,314	-	9,554,433
Other payable	-	2,720,936	-	-	2,720,936
Accrued expenses	-	7,103,031	-	-	7,103,031
Total Financial Liabilities		60,856,460	42,304,811	56,770,001	159,931,272
Total Net Liabilities		(31,212,069)	(23,871,436)	(35,973,627)	(91,057,133)

51. FAIR VALUE MEASUREMENTS

Fair value of financial instruments carried at amortized cost

The management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the financial statements approximate their fair values due to their short-term maturities, the insignificant impact of discounting or they carry market rate of interest.

Valuation techniques and assumptions applied for the purposes 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 on active liquid markets are determined with reference to quoted market prices.

- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value measurement hierarchy of the Group's assets and liabilities

The following tables summarize the carrying amounts and fair values of the assets and liabilities, analyzed among those whose fair value is based on:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are t\hose derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31/12/2016	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Assets Measured at Fair Value				
Financial Assets				
Financial assets at FVTPL				
Trading securities				
Money market fund	290,207	-	-	290,207
Available-for-sale financial assets (AFS)				
Other investments	8,437	-	14,000,991	14,009,428
Total	298,644	-	14,000,991	14,299,635

31/12/2015	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Assets Measured at Fair Value				
Financial Assets				
Financial assets at FVTPL				
Trading securities				
Money market fund	290,200	-	-	290,200
Available-for-sale financial assets (AFS)				
Other investments	11,595	-	12,507,471	12,519,066
Total	301,795	-	12,507,471	12,809,266

There were no transfers between Level 1 and 2 during the period.

Other investments are classified as available-for-sale investments. Except for PT Agro Muko, ARC Exploration Ltd., and PT Moon Lion Industries Indonesia, the Company adopts the acquisition cost in measuring its other investments, since these are non-listed shares and there is no readily available measure of fair value of the shares.

Reconciliation of Level 3 fair value measurements of financial assets

	Available-for-sale Unlisted shares	
	31/12/2016	31/12/2015
	US$	US$
Beginning balance	12,507,471	12,471,818
Total gains or (losses) - in profit or loss	1,493,520	35,653
Ending balance	14,000,991	12,507,471

All gains and losses included in other comprehensive income relate to unlisted shares held at the end of the reporting period and are reported as changes of “change in fair value of available for sale investments”.

52. SUPPLEMENTAL DISCLOSURES FOR NON-CASH FINANCING AND INVESTING ACTIVITIES

	31/12/2016	31/12/2015
	US$	US$
Financing and investing activities:		
Additional paid in capital from stock options exercised through:		
Employee receivable	1,454,759	-
Sale of treasury stock through employee receivable	1,434,151	-
Addition of property, plant and equipment through:		
Advance for purchase of property, plant and equipment	741,663	2,120,922
Other payable	41,028	419,253
Advance for legal processing of land	-	14,719,765
Addition of palm plantation through:		
Capitalization of fixed asset depreciation	196,064	614,452
Other accounts payable	136,453	211,023
(Addition) deduction of other assets through the amortized cost adjustment	(452,968)	1,524,386
Borrowing cost through payable	-	195,723
Addition of other asset through		
Reclassification of advance	-	97,356

53. EVENTS AFTER THE REPORTING PERIOD

a. On February 20, 2017, the Company held Extraordinary General Meeting of Shareholders (EGMS) in relation to the resignation of Mr. Ridha D.M. Wirakusumah from his position as the Company’s Independent Commissioner and the appointment of Mr. Darwin Cyril Noerhadi as the new Company’s Independent Commissioner. On the same date, the Company also appointed Mr. Cyril Noerhadi as the Chairman of Audit Committee to replace Mr. Ridha D.M. Wirakusumah.

b. In relation to the conditional sale and purchase of shares agreement between the Company and SIPEF NV (Note 13), the Company received the remaining balance amounting to US$ 43,060,861 in February 2017. As of the issuance date of these consolidated financial statements, the fulfillment of the conditions precedent is still in progress.

54. RESTATEMENT OF THE 2015 FINANCIAL STATEMENTS

Through the year ended December 31, 2015, the Group prepared and presented its consolidated statement of profit or loss and other comprehensive income using single step method. This is because the Group previously comprised of subsidiaries engaged in various industries such as car rental, financial services, insurance, palm plantation, oil and gas and health care. Since 2014, the Group has refocused its business to agribusiness-based food industry and therefore, substantially all non-core businesses have been spun off or divested. As a result, since 2014, the Group's revenue is primarily contributed by revenue from sales and service concession and its expenses are primarily contributed by cost of sales and cost of service concession.

Accordingly, the Group has restated the presentation of its consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2015 to include a subtotal for gross profit or loss which represents profit resulting from agribusiness based food industry activities and its supporting business.

The Group did not restate its consolidated statement of financial position as of January 1, 2015 because there is no impact from the restatement to the consolidated statement of financial position on the respective date.

55. SUPPLEMENTARY INFORMATION

The supplementary information for the parent company only on pages FS96 to FS106 presented the statements of financial position, statement of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows and other explanatory information.

56. MANAGEMENT RESPONSIBILITY AND APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The preparation and fair presentation of the consolidated financial statements on pages FS5 to FS95 and the supplementary information on pages FS96 to FS106 were the responsibility of the management, and were approved by the President Director and Director and authorized for issuance on March 7, 2017.

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PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE I - STATEMENTS OF FINANCIAL POSITION
PARENT ENTITY ONLY
DECEMBER 31, 2016 AND 2015

	Notes	31/12/2016 US$	31/12/2015 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		6,182,257	6,032,251
Restricted time deposit		-	111,747
Other investment		9,148,259	-
Investment in trading securities at fair value		290,207	290,200
Other receivable - net		3,689,455	1,598,317
Due from related party - short-term		355,292	-
Prepaid taxes		137,129	183,066
Prepayment and advances		146,526	176,272
Total Current Assets		19,949,125	8,391,853
NON-CURRENT ASSETS			
Due from related party - long-term		-	418,820
Investment in subsidiaries		239,050,587	235,103,653
Investment in associate		3,448,698	3,448,698
Other investments		20,175,372	27,056,839
Long term prepaid and advances		1,733,877	1,667,119
Deferred tax assets	2	938,610	370,948
Property and equipment - net of accumulated depreciation of US$ 228,810 as of December 31, 2016 and US$ 718,406 as of December 31, 2015		22,261,620	22,418,021
Other assets		1,356,371	603,036
Total Non-current Assets		288,965,135	291,087,134
TOTAL ASSETS		308,914,260	299,478,987

Presented using cost method

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE I - STATEMENTS OF FINANCIAL POSITION
PARENT ENTITY ONLY
DECEMBER 31, 2016 AND 2015 (Continued)

	Notes	31/12/2016 US$	31/12/2015 US$
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Taxes payable	1	196,246	231,212
Other payable		41,727	266,919
Advance from sale of investment		1,250,000	-
Accrued expenses		1,327,743	879,847
Short term bank loan		2,344,448	-
Total Current Liabilities		5,160,164	1,377,978
NON-CURRENT LIABILITIES			
Long term bank loan		7,852,406	7,874,051
Post-employment benefit obligation		1,547,255	778,437
Total Noncurrent Liabilities		9,399,661	8,652,488
TOTAL LIABILITIES		14,559,825	10,030,466
EQUITY			
Capital stock - Rp 100 par value per share			
Authorized - 12,000,000,000 shares			
Issued and paid-up - 3,354,175,000 shares as of December 31, 2016 and 3,335,525,000 shares as of December 31, 2015		46,735,308	46,598,236
Additional paid in capital		41,080,792	36,224,502
Treasury stock		(3,926,668)	(10,642,803)
Management stock options		55,940	923,185
Other comprehensive income		7,499,309	6,008,947
Retained earnings			
Appropriated		6,796,399	6,796,399
Unappropriated		196,113,355	203,540,055
Total Equity		294,354,435	289,448,521
TOTAL LIABILITIES AND EQUITY		308,914,260	299,478,987

Presented using cost method

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE II - STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Notes	2016	2015
		US$	US$
INCOME			
Dividend income		5,631,165	29,526,288
Revenue from management services	3	4,515,600	4,551,600
Interest income		239,862	111,093
Other income		64,737	9,818
Total Income		10,451,364	34,198,799
EXPENSES			
Personnel expenses		6,570,394	6,292,009
General and administrative expenses		2,146,096	1,820,985
Financial charges		218,698	244,750
Foreign exchange loss		48,322	13,412
Other expense		2,556	74,155
Total Expenses		8,986,066	8,445,311
INCOME BEFORE TAX		1,465,298	25,753,488
TAX EXPENSE	2	(208,984)	(215,932)
NET INCOME FOR THE YEAR		1,256,314	25,537,556
OTHER COMPREHENSIVE INCOME :			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss) gain		(249,034)	191,886
Deferred tax benefit (expense)		62,259	(47,972)
Total		(186,775)	143,914
Item that may be reclassified subsequently to profit or loss:			
Change in fair value of available-for-sale investments		1,490,362	21,134
Total other comprehensive income - net of tax		1,303,587	165,048
TOTAL COMPREHENSIVE INCOME		2,559,901	25,702,604

Presented using cost method.

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE III - STATEMENTS OF CHANGES IN EQUITY
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2016 AND 2015

	Capital stock	Additional paid in capital	Treasury Stock	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, 2015	46,593,718	36,158,244	-	728,435	4,851,471	1,256,452	6,794,072	186,309,117	282,691,509
Paid up capital from management stock options	4,518	66,258	-	(21,302)	-	-	-	-	49,474
Treasury Stock	-	-	(10,642,803)	-	-	-	-	-	(10,642,803)
Management stock options	-	-	-	216,052	-	-	-	-	216,052
Net income for the year December 31, 2015	-	-	-	-	-	-	-	25,537,556	25,537,556
Other Comprehensive Income:									
Change in fair value of available-for-sale investments	-	-	-	-	21,134	-	-	-	21,134
Actuarial gain	-	-	-	-	-	-	-	191,886	191,886
Deferred tax expense	-	-	-	-	-	-	-	(47,972)	(47,972)
Foreign exchange differentials from translation of subsidiaries financial statements	-	-	-	-	-	(120,110)	-	-	(120,110)
Total comprehensive income	-	-	-	-	21,134	(120,110)	-	143,914	44,938
Appropriation for retained earnings	-	-	-	-	-	-	2,327	(2,327)	-
Cash dividend	-	-	-	-	-	-	-	(8,448,205)	(8,448,205)
Balance as of December 31, 2015	46,598,236	36,224,502	(10,642,803)	923,185	4,872,605	1,136,342	6,796,399	203,540,055	289,448,521
Paid up capital from management stock options	137,072	1,936,706	-	-	-	-	-	-	2,073,778
Treasury stock	-	2,605,608	6,716,135	-	-	-	-	-	9,321,743
Management stock options	-	313,976	-	(867,245)	-	-	-	-	(553,269)
Net income for the year ended December 31, 2016	-	-	-	-	-	-	-	1,256,314	1,256,314
Other Comprehensive Income:									
Change in fair value of available-for-sale investment	-	-	-	-	1,490,362	-	-	-	1,490,362
Actuarial loss	-	-	-	-	-	-	-	(249,034)	(249,034)
Deferred tax benefit	-	-	-	-	-	-	-	62,259	62,259
Total comprehensive income	-	-	-	-	1,490,362	-	-	1,069,539	2,559,901
Cash dividend	-	-	-	-	-	-	-	(8,496,239)	(8,496,239)
Balance as of December 31, 2016	46,735,308	41,080,792	(3,926,668)	55,940	6,362,967	1,136,342	6,796,399	196,113,355	294,354,435

Presented using cost method.

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE IV - STATEMENTS OF CASH FLOWS
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2016 AND 2015

	2016 US$	2015 US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	4,579,600	3,806,000
Payment to employees	(5,792,915)	(5,429,040)
Payment to suppliers	(194,884)	-
Payment for other operating activities	(1,454,925)	(2,630,208)
Income taxes paid	(714,868)	(583,904)
Payment of post-employment benefits	(139,329)	(413,280)
Interest received	247,540	102,033
Net Cash Used in Operating Activities	(3,469,781)	(5,148,399)
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends received	5,631,165	29,526,288
Acquisition of property and equipment	(72,406)	(7,559,793)
Proceeds from (placement of) restricted time deposit	111,747	(111,747)
Acquisition and additional investment in subsidiaries, associates and other investments	(4,129,625)	(3,755,761)
Addition advance for long-term investment	(1,060,020)	(1,184,126)
Addition in advance	-	(299,934)
Addition in other assets	(376,417)	(267,864)
Proceeds from advance from sale of investment	1,250,000	-
Net Cash Provided by Investing Activities	1,354,444	16,347,063
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from management stock option	728,337	49,474
Issuance (purchase) of treasury shares	7,887,592	(10,642,803)
Loan to subsidiaries	(20,422,326)	(2,721,203)
Proceeds from loan to subsidiaries	20,552,431	2,308,033
Proceeds from short-term bank loan	37,137,173	20,500,000
Proceeds from long-term bank loan	-	8,000,000
Payment for borrowing cost	(60,000)	(142,017)
Payments of short-term bank loan	(34,886,142)	(20,500,000)
Payment of interest expense	(175,483)	(189,864)
Payment of dividend	(8,496,239)	(8,448,205)
Net Cash Provided by (Used in) Financing Activities	2,265,343	(11,786,585)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	150,006	(587,921)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,032,251	6,620,172
CASH AND CASH EQUIVALENTS AT END OF YEAR	6,182,257	6,032,251

Presented using cost method.

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE V - NOTES TO FINANCIAL STATEMENTS
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2016 AND 2015

1. TAXES PAYABLE

	31/12/2016 US$	31/12/2015 US$
Current tax (Note 2)	430	-
Income tax		
Article 4 (2)	6,463	8,796
Article 21	151,418	199,323
Article 23/26	2,468	1,729
Value Added Taxes	35,467	21,364
Total	196,246	231,212

2. INCOME TAX

Tax expense of the Company consists of the followings:

	2016 US$	2015 US$
Current tax	714,387	451,307
Deferred tax	(505,403)	(235,375)
Total tax expense	208,984	215,932

Current Tax

The reconciliation between income before tax per statements of profit or loss and other comprehensive income and taxable income is as follows:

	2016 US$	2015 US$
Income before tax per statements of profit or loss and other comprehensive income	1,465,298	25,753,488
Temporary differences:		
Bonus	251,829	705,354
Post-employment benefits (including foreign exchange effects)	519,784	236,142
Advance from sale other investment	1,250,000	-
Total	2,021,613	941,496

(forward)

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE V - NOTES TO FINANCIAL STATEMENTS
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

	2016 US$	2015 US$
Non-tax-deductible expenses		
(non-taxable income/subject to final tax):		
Dividend income from subsidiaries	(1,649,972)	(26,399,451)
Share based compensation	(412,033)	41,189
Interest income	(22,065)	(67,918)
Donation	34,736	54,443
Personnel expenses	1,150,289	1,061,694
Others	273,329	209,698
Subtotal	(625,716)	(25,100,345)
Total taxable income	2,861,195	1,594,639
Details:		
Taxable income (fiscal loss)		
The Company	2,861,195	1,805,227
PAM	-	(210,588)
Net	2,861,195	1,594,639

Current tax expense and payable are computed as follows:

	2016 US$	2015 US$
Current tax expense - the Company	714,387	451,307
Adustment for corporate income tax expense 2015	912	-
Less prepaid taxes		
Articles 23 - the Company	(714,869)	(568,216)
Current tax payable (prepaid tax - net)	430	(116,909)

Deferred Tax

In 2016, the Company has deductible temporary differences from bonus accrual, employee benefit obligation and advance from sale investment in PT Agro Muko. The Company only recognizes the deferred tax assets over which management believes can be utilized to compensate future taxable income.

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE V - NOTES TO FINANCIAL STATEMENTS
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

The details of deferred tax assets of the Company are as follows:

	01/01/2016	Credited to profit or loss for the year	Charged to other comprehensive income	31/12/2016
	US$	US$	US$	US$
Post-employment benefits obligation	194.609	129.946	62.259	386.814
Advance from sale of other investment	-	312.500	-	312.500
Bonus	176.339	62.957	-	239.296
Total	370.948	505.403	62.259	938.610

	01/01/2015	Credited to profit or loss for the year	Charged to other comprehensive income	31/12/2015
	US$	US$	US$	US$
Post-employment benefits obligation	183.545	59.036	(47.972)	194.609
Bonus	-	176.339	-	176.339
Total	183.545	235.375	(47.972)	370.948

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:

	2016	2015
	US$	US$
Income before tax per statements of comprehensive income	1.465.298	25.753.488
Tax expense at prevailing tax rates	(366.325)	(6.438.372)
Effect of non-tax-deductible expenses (non-taxable income/subjected to final tax):		
Dividend income from subsidiaries	412.493	6.599.863
Share based compensation	103.008	(10.297)
Interest income	5.516	16.980
Donation	(8.684)	(13.611)
Personnel expenses	(287.572)	(265.424)
Others	(68.332)	(52.424)
Total	156.429	6.275.087
Adjustment for corporate income tax expense 2015	912	-
Fiscal loss for which no tax benefit was recognized	-	(52.647)
Total tax expense	(208.984)	(215.932)

3. 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 Gading Mas Indonesia Teguh (GMIT) (formerly PT Gading Mas Indonesian Tobacco)
- PT Darajat Geothermal Indonesia (DGI)
- PT Aceh Timur Indonesia (ATI)
- PT Surya Makmur (SM)
- PT Sahabat Mewah Makmur (SMM)
- PT Austindo Nusantara Jaya Agri Siais (ANJAS)
- PT Kayung Agro Lestari (KAL)
- PT Galempa Sejahtera Bersama (GSB)
- PT ANJ Agri Papua (ANJAP)
- PT Lestari Sagu Papua (LSP)
- PT Permata Putera Mandiri (PPM)
- PT Putera Manunggal Perkasa (PMP)
- PT Austindo Nusantara Jaya Boga (ANJB)
- PT Austindo Aufwind New Energy (AANE)

Transaction with Related Parties

In the normal course of business, the Company entered into certain transactions with related parties, including the followings:

- On June 27, 2014, the Company entered into a Management Service Agreement with each of its subsidiaries, to provide the subsidiaries with certain management assistance to support the business operation of the subsidiaries. In return, the subsidiaries shall pay the Company management fee on a monthly basis, as specified in the agreement between the Company and each subsidiary. This agreement has been renewed on December 14, 2015 for period until December 31, 2016 and is extendable. Management fee charged to subsidiaries amounted to US$ 4,515,600 and US$ 4,551,600 for the years ended December 31, 2016 and 2015, respectively.

- On December 15, 2014, the Company provided loan facility to AANE amounting to US$ 750,000 with interest rate at 2.75% + LIBOR for increasing its electricity production capacity up to 1,800 kw. This facility will be available for three years from the grant date. As of December 31, 2016 and 2015, the outstanding loan AANE amounted US$ 355,292 and US$ 418,820, respectively.

- On January 23, 2017, the Company provided loan facility to AANE amounting to Rp 5 billion or equivalent in US$ to finance its operation and working capital. The interest rate for the loan facility in Rupiah and US$ are 10.5% and 4.25% p.a., respectively. This facility will be available for one year from the agreement date.

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE V - NOTES TO FINANCIAL STATEMENTS
PARENT ENTITY ONLY
YEARS ENDED DECEMBER 31, 2016 AND 2015 - Continued

- On July 15, 2015, the Company provided loan facility to ANJAP amounting to Rp 40 billion or equivalent in U.S. Dollar to finance its operation and sagu factory development. The interest rate for the loan facility in Rupiah and U.S. Dollar are 11.5% and 3% p.a., respectively. This facility will be available for one year from the agreement date. This agreement has been renewed on July 15, 2016 for period until July 15, 2017 and will be automatically extended for another one year period. As of December 31, 2016 and 2015, ANJAP has no outstanding loan.

- On August 19, 2016, the Company provided loan facility to PMP and PPM each amounting to Rp 135 billion or equivalent in U.S. Dollar, respectively, to finance its operation and palm oil plantation development in West Papua. The interest rate for the loan facility in Rupiah and U.S. Dollar are 10.75% and 4.25% p.a., respectively. This facility will be available for one year from the agreement date. As of December 31, 2016, no outstanding loan to PMP and PPM.

- The Company paid benefits to its Commissioners and Directors as follows:

	2016	2015
	US$	US$
Short-term employee benefits	3,045,438	2,935,457
Total	3,045,438	2,935,457

PT AUSTINDO NUSANTARA JAYA Tbk
SUPPLEMENTARY INFORMATION
SCHEDULE VI - NOTES TO INVESTMENT IN SUBSIDIARIES AND ASSOCIATES
YEARS ENDED DECEMBER 31, 2016 AND 2015

INVESTMENT IN SUBSIDIARIES AND ASSOCIATES

Investment in subsidiaries and associates were presented using cost method as follows:

			% of ownership		% of voting rights	
Subsidiaries and associates	Domicile	Nature of business	2016	2015	2016	2015
			%	%	%	%
Direct Subsidiaries						
PT Darajat Geothermal Indonesia (DGI)	Darajat, West Java	Renewable Energy	99.99	99.99	99.99	99.99
PT Austindo Aufwind New Energy (AANE)	Belitung, Bangka Belitung	Renewable Energy	99.18	99.18	99.18	99.18
PT Aceh Timur Indonesia (ATI)	Jakarta	Agribusiness	99.99	99.99	99.99	99.99
PT Surya Makmur (SM)	Medan	Agribusiness	99.99	99.99	99.99	99.99
PT Austindo Nusantara Jaya Agri (ANJA)	Binanga, North Sumatera	Agribusiness	99.99	99.99	99.99	99.99
PT Austindo Nusantara Jaya Boga (ANJB)	Jakarta	Agribusiness	99.99	99.99	99.99	99.99
PT Gading Mas Indonesia Teguh (GMIT) (formerly PT Gading Mas Indonesian Tobacco)	Jember	Agribusiness	99.96	99.96	99.96	99.96
PT ANJ Agri Papua (ANJAP)	South Sorong, Papua	Agribusiness	99.71	99,69	99.99	99.99
Indirect Subsidiaries						
PT Galempa Sejahtera Bersama (GSB)	South Sumatera	Agribusiness	5.00	5.00	99.99	99.99
PT Putera Manunggal Perkasa (PMP)	South Sorong and Maybrat, Papua	Agribusiness	5.00	5.00	99.99	99.99
PT Permata Putera Mandiri (PPM)	South Sorong, Papua	Agribusiness	5.00	5.00	99.99	99.99
PT Sahabat Mewah dan Makmur (SMM)	Belitung, Bangka Belitung	Agribusiness	0.04	0.04	99.99	99.99
PT Austindo Nusantara Jaya Agri Siais (ANJAS)	South Angkola, North Sumatera	Agribusiness	-	-	99.99	99.99
PT Kayung Agro Lestari (KAL)	Ketapang, West Kalimantan	Agribusiness	-	-	99.99	99.99
PT Lestari Sagu Papua (LSP)	South Sorong, Papua	Agribusiness	-	-	51.00	51.00
Associates						
PT Pangkatan Indonesia	Labuhan Batu, North Sumatera	Agribusiness	20.00	20.00	20.00	20.00
PT Evans Lestari	Musi Rawas, South Sumatera	Agribusiness	20.00	20.00	20.00	20.00
PT Bilah Plantindo	Labuhan Batu, North Sumatera	Agribusiness	-	-	20.00	20.00
PT Simpang Kiri Plantation Indonesia	Simpang Kiri, Aceh	Agribusiness	-	-	20.00	20.00

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