ANJ

RESPONSIBLE DEVELOPMENT:
Exploring New Horizons

PT Austindo Nusantara Jaya Tbk.
ANNUAL REPORT | **2017**

DISCLAIMER

This annual report has been prepared by PT Austindo Nusantara Jaya Tbk. (ANJ) for informational purposes only. Certain statements herein may constitute "forward-looking statements", including statements regarding ANJ's expectations and projections for future operating performance and business prospects. Such forward-looking statements are based on numerous assumptions regarding ANJ's present and future business strategies and the environment in which ANJ will operate in the future. Such forwardlooking statements speak only as of the date on which they are made.

Accordingly, ANJ expressly disclaims any obligation to update or revise any forward-looking statement contained herein to reflect any change in the Company's expectations with regard to new information, future events or other circumstances. ANJ does not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved and such forwardlooking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

By reviewing this document, you acknowledge that you will be solely responsible for your own assessment of the market and the market position of the Company and that you will conduct your own analysis and be solely responsible for forming your own view of the potential future performance of the business of ANJ.

ABOUT THIS REPORT

This report has been prepared as a detailed and accurate picture of ANJ, its subsidiaries and their activities in 2017. 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.

COMMON TERMS USED IN THIS REPORT

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

ANJA
PT Austindo Nusantara Jaya Agri

ANJAS
PT Austindo Nusantara Jaya Agri Siais

SMM
PT Sahabat Mewah dan Makmur

KAL
PT Kayung Agro Lestari

GSB
PT Galempa Sejahtera Bersama

PPM
PT Permata Putera Mandiri

PMP
PT Putera Manunggal Perkasa

ANJAP
PT ANJ Agri Papua

LSP
PT Lestari Sagu Papua

AANE
PT Austindo Aufwind New Energy

GMIT
PT Gading Mas Indonesia Teguh

ANJB
PT Austindo Nusantara Jaya Boga

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.

RESPONSIBLE DEVELOPMENT:
Exploring New Horizons

CHILDREN IN BENAWA VILLAGE SHARE A MOMENT OF LAUGHTER WITH ANJ EMPLOYEE
Photo by: Muharmansyah

In recent years, ANJ has renewed its commitment to the responsible development of agribusiness in a way that is consistent with our values: Integrity, Respect for People and The Environment, and Continuous Improvement. The way we translate these values into action is fully aligned with global best practice, as advocated by the RSPO, ISPO, and ISCC, among others. The tangible evidence of this, is our strong track record on continuous and meaningful engagement with local communities, and the measurable, positive impacts our presence is having on local economic and social development; the thousands of hectares we have set aside for conservation forest, much of which is actively managed in collaboration with community stakeholders; and the actions we are taking in working with smallholders on sustainable livelihoods and improving the traceability of our products.

In keeping with our ambition to be a world-class agribusiness-based food company, we are now expanding our horizons by applying our spirit of innovation and commitment to exemplary practice to other food products—initially sago and edamame—that we believe have the potential to contribute to Indonesia's long-term food security, food diversification and regional development goals.

Contents

Key Performance

Total CPO Production

↑ 18.6%

ANJ's total CPO production grew **18.6%** to **210,248 tonnes** in 2017.

CPO Extraction Rate

↑ 2.8%

ANJ improved its CPO extraction rate, achieving **21.8%** in 2017 compared to 21.2% a year earlier.

Total CPO Sales Volume

↑ 17.5%

Total CPO sales volume significantly increased by **17.5%** to **209,000 tonnes** in 2017 from 177,850 tonnes in 2016.

CPO sales

↑ 24.9%

The Company booked CPO sales of **USD 133.1 million**, an increase of **24.9%** from the previous year.

PERFORMANCE HIGHLIGHTS

"ANJ continued to strengthen the profitability of the core palm oil business, delivering robust volume, value and margin growth. Equally importantly, the Company strengthened its commitment to responsible growth through a series of initiatives that will deliver sustainable dividends in future."

A CURVING RAINBOW HOVERS ABOVE ANJAP SAGO MILL
Photo by: Ferdian Saputra

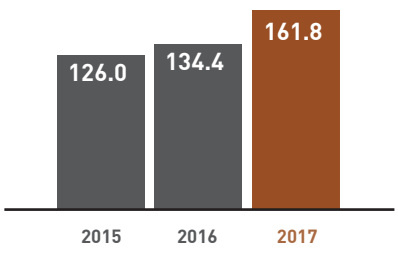
Financial and Operational Highlights

	2017	2016	2015	Variance 2017 vs 2016	
				Amount	%
RESULTS FROM OPERATIONS (USD million)					
Total revenue	161.8	134.4	126.0	27.4	20.3
Gross profit	50.1	45.3	38.9	4.9	10.7
EBITDA	101.3	35.3	23.7	66.0	187.0
Net income (loss) for the year	47.4	9.2	(8.4)	38.2	415.3
attributable to the owners of the company	47.4	9.2	(8.2)	38.2	415.3
attributable to non-controlling interests	0.0	0.0	(0.2)	(0.0)	742.4
Total comprehensive income (loss)	41.7	11.9	(16.2)	29.8	251.2
attributable to the owners of the company	41.7	11.9	(16.0)	29.9	251.5
attributable to non-controlling interests	0.0	0.0	(0.2)	(0.0)	(1,837.2)
EARNINGS (LOSS) PER SHARE (USD)					
Basic earnings (loss) per share	0.01414	0.00281	(0.00251)	0.0	402.4
Diluted earnings (loss) per share	0.01414	0.00281	(0.00251)	0.0	402.4
FINANCIAL POSITION (USD million)					
Cash and cash equivalents	46.4	16.9	19.1	29.5	174.9
Total current assets	80.8	64.4	51.7	16.4	25.4
Investment in associates	24.3	25.1	24.0	(0.8)	(3.1)
Total assets	566.5	525.1	470.4	41.4	7.9
Bank loans	112.0	129.0	98.1	(17.0)	(13.2)
Total current liabilities	55.6	45.0	55.9	10.6	23.4
Total liabilities	174.1	170.5	130.0	3.7	2.2
Total equity	392.4	354.6	340.4	37.7	10.6
FINANCIAL RATIOS					
Return on assets (%)	8.4	1.8	(1.8)	0.1	377.6
Return on equity (%)	12.1	2.6	(2.5)	0.1	365.7
Gross margin (%)	31.0	33.7	30.9	(0.0)	(8.0)
EBITDA margin (%)*	62.6	26.3	18.8	0.4	138.5
Net profit margin (%)	29.3	6.8	(6.7)	0.2	328.2
Current ratio	1.5	1.4	0.9	0.0	1.6
Liabilities to equity ratio	0.4	0.5	0.4	(0.1)	(7.7)
Liabilities to assets ratio	0.3	0.3	0.3	(0.0)	(5.3)
Net debt to equity ratio	0.2	0.3	0.2	(0.1)	(47.1)
PALM OIL PRODUCTION (tonnes unless specified)					
Total FFB produced from our estates	730,356	663,399	756,673	66,957	10.1
Total FFB bought from third parties	234,452	177,883	136,191	56,569	31.8
Total FFB processed	964,808	841,282	892,864	123,526	14.7
Average FFB yield (tonnes per hectare)	19.2	18.9	22.7	0.3	1.6
Total CPO production	210,248	177,273	192,891	32,975	18.6
Total CPO sales	209,000	177,850	194,248	31,150	17.5
Total PK production	44,037	38,283	44,204	5,754	15.0
Total PK sales	42,797	39,434	43,019	3,363	8.5
CPO extraction rate (%)	21.8	21.2	21.6	0.6	2.8
CPO average selling price (ex-mill)	613	591	516	22	3.7
PK average selling price (ex-mill)	507	512	336	(5)	(1.0)
Cash cost of production (ex-mill)	313	274	233	39	14.2

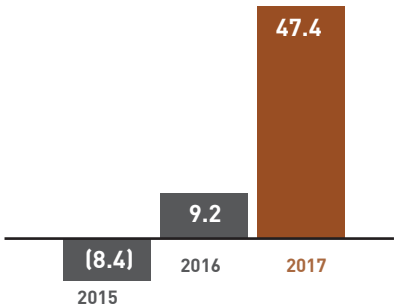
* Calculated as EBITDA divided by the sum of revenue from sales and service concessions. Note: Some figures may not balance precisely due to rounding.

ANJ booked a consolidated revenue growth of 20.3% to USD 161.8 million in 2017, exceeding our target of USD 157.5 million.

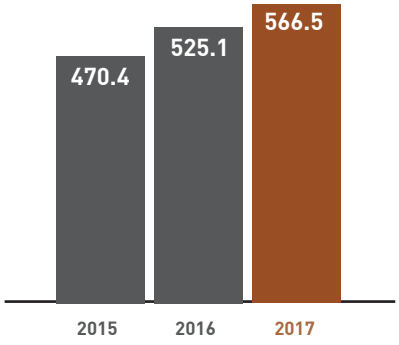
Total Revenue
(USD million)



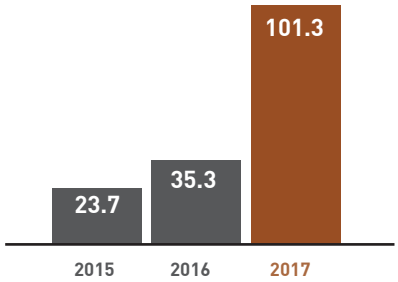
Net Income (Loss) for the Year
(USD million)



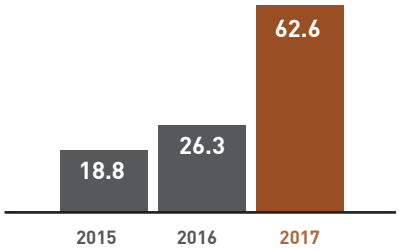
Total Assets
(USD million)



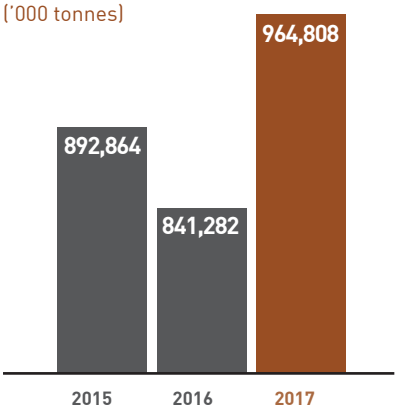
EBITDA
(USD million)



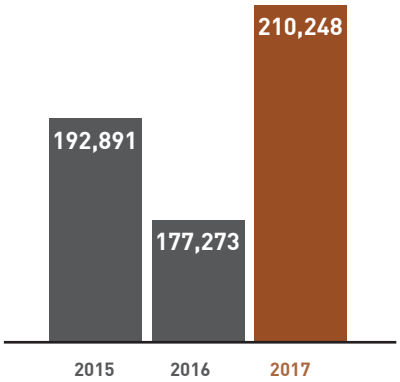
EBITDA margin
(%)



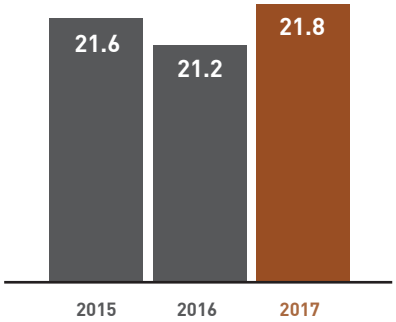
Total FFB Processed
('000 tonnes)



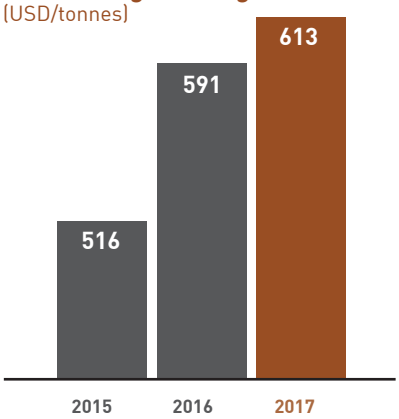
Total CPO Production
('000 tonnes)



CPO Extraction Ratio
(%)

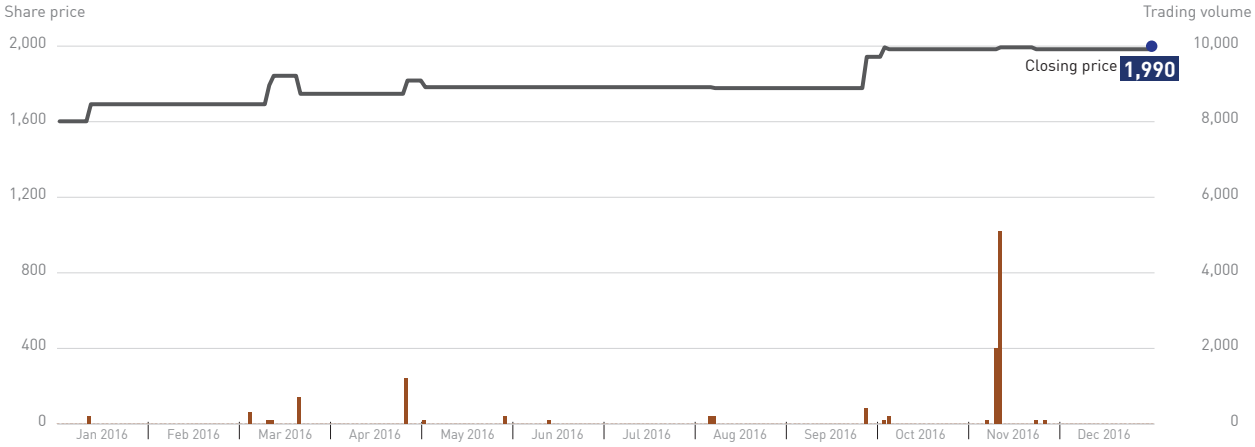


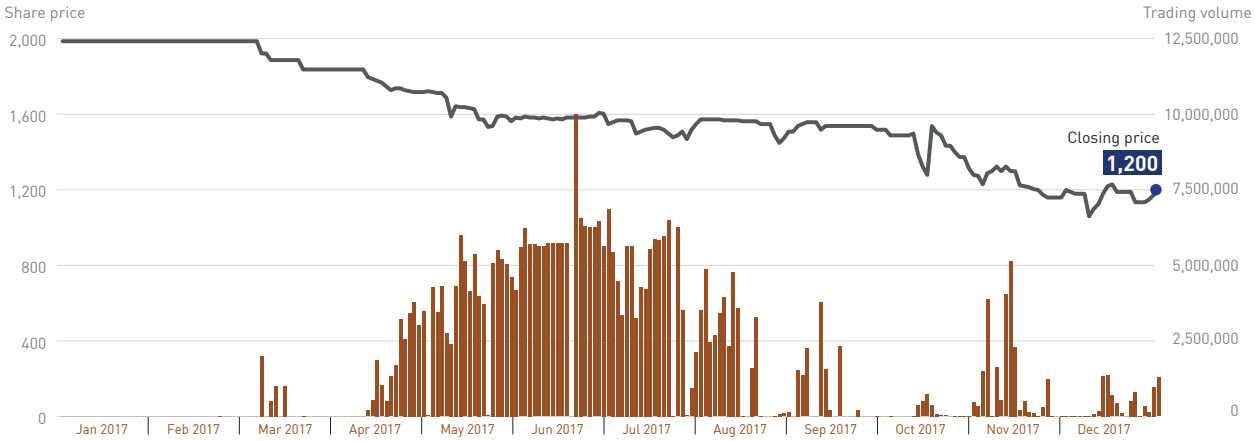
CPO Average Selling Price
(USD/tonnes)



Share Information

ANJT SHARE PRICE PERFORMANCE 2016–2017





ANJT QUARTERLY SHARE PRICE DATA 2016 - 2017

Quarter	Open (IDR)	High (IDR)	Low (IDR)	Close (IDR)	Volume (Shares)	Value of Transactions (IDR)	Outstanding (Shares)	Market cap. (IDR)
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	1,850	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	1,468,000	3,354,175,000	6,540,641,250,000
Q4	1,950	2,040	1,950	1,990	7,700	15,379,000	3,354,175,000	6,674,808,250,000
2017								
Q1	1,990	1,990	1,840	1,840	450,200	859,883,000	3,354,175,000	6,171,682,000,000
Q2	1,840	1,840	1,535	1,585	19,317,000	31,266,248,000	3,354,175,000	5,316,367,375,000
Q3	1,585	1,610	1,450	1,540	16,127,800	25,059,535,000	3,354,175,000	5,165,429,500,000
Q4	1,520	1,550	1,060	1,200	3,277,600	4,159,039,000	3,354,175,000	4,025,010,000,000

INFORMATION ON OUTSTANDING BONDS, SUKUK OR CONVERTIBLE BONDS

In the last 2 (two) years, the Company has no outstanding bond, sukuk, or convertible bond.

SUSPENSION AND/OR DELISTING

No suspension and/or delisting during financial year 2017.

Significant Events of the Year

Public Expose

ANJ Holds a Public Expose for the 2016 financial year on April 2017 in Financial Club Jakarta.

Papua's Stakeholders Meeting

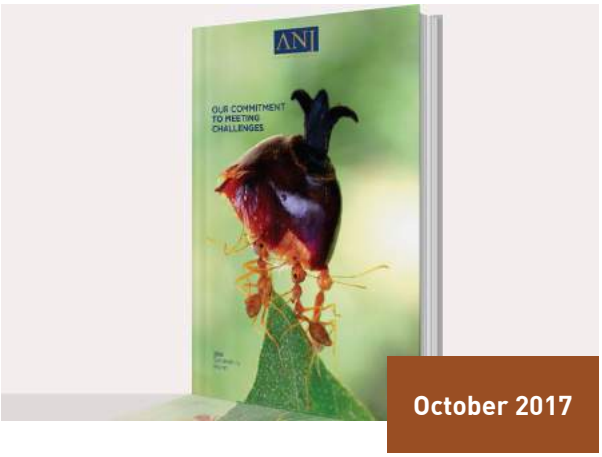
In May 2017, the Company's held Papua's Stakeholders Meeting at Fave Hotel Jakarta.

Annual General Meeting of Shareholders

ANJ Holds an Annual General Meeting of Shareholders for the 2016 financial year in May 2017.

ANJ Holds an Extraordinary General Meeting of Shareholders and Divests its Shares in PT Darajat Geothermal Indonesia (DGI)

Two major events took place in ANJ between September and November 2017. The first was the Extraordinary General Meeting of Shareholders, and the second was the sale of ANJ's shareholding in DGI.



October 2017

ANJ released its first Sustainability Report in 2017, as a tangible expression of its consistency and commitment to responsible development with its stakeholders

As a public company engaged in plantations, food products and renewable energy, it shows strong concern and commitment to preserving the environment. Therefore, in 2017, for the first time, ANJ released a Sustainability Report on its sustainability performance in 2016 as part of its commitment to being transparent and accountable to its stakeholders. The Company will issue a sustainability report on an annual basis in future.

October 2017

Seminar on Customary Law in Papua

To gain a better understanding of customary or 'adat' law in Papua, and to improve relations with local communities, ANJ organized a seminar that was attended by a number of our Commissioners and Directors.

October 2017

ANJ Holds its Q3-2017 Media Briefing

Reflecting the Company's commitment to transparency in its business, ANJ invited members of the media to attend its Media Briefing on October 31, 2017. The event included a presentation fo ANJ's achievements during the third quarter of 2017 (Q3 2017).

October 2017

SAP Goes Live in Regional 3 and at Head Office

ANJ organized a series of activities to mark the launch of SAP—our enterprise resource planning (ERP) system—in Regional 3, which covers our West Papua operation, and ANJ's Head Office. The event included an ERP Roadshow, End User Training, and culminated in a 'Go Live' Ceremony.

November 2017

Targeting Edamame Exports, ANJ Entered Into a Formal Cooperation with AJI HK Limited

ANJ officially announced a strategic partnership with AJI HK Limited, a business entity under the Asia Foods Group, in order to accelerate the growth of ANJ's subsidiary business, PT Gading Mas Indonesia Teguh (GMIT). Going forward GMIT, and the AJI HK Limited through AFCC (Asia Frozen Food Corp), will further enhance this synergy, especially in terms of sharing technical knowledge, for example, on the establishment of the edamame frozen line factory and GMIT's market expansion in the Asia Pacific region.

November 2017

ANJ Invites Papuan Media to SMM

To improve awareness about the palm oil industry, ANJ invited several representative of the media in West Papua to cover activities at SMM's palm oil plantation in East Belitung District.

December 2017

Deputy Minister for Energy and Mineral Resources shows appreciation for the development of AANE's Biogas Power Plant

AANE received a visit from Deputy Minister of Energy and Mineral Resources, Arcandra Tahar, at the ANJ Learning Center, East Belitung, on December 15, 2017. The Deputy Minister was received by the President Director of AANE, Sucipto Maridjan, and the Head of Business Development East & Renewable Energy, Imam Wahyudi.

December 2017

ANJ's President Director won the "Best CEO 2017" Award

President Director of ANJ, Mrs. Istini Tatiek Siddartha, was one of the winners of the "Best CEO 2017" title at the "Indonesia's Best CEO 2017 Awards" held by SWA magazine in cooperation with IPSOS Indonesia and Dunamis Intermaster, on December 21, 2017, in Jakarta. The award was presented directly to Mrs. Istini Tatiek Siddartha by Kemal Effendi Gani, SWA Magazine's Chief Editor, accompanied by Tommy Sudjarwadi, Partner of Dunamis Intermaster.

MANAGEMENT REPORTS

"We have tried to demonstrate, transparently and measurably, that we can manage palm oil development responsibly, practicing conservation in partnership with communities in a way that is making a real and positive difference to both biodiversity and people's livelihoods."

A BLUE APPORIK, ONE OF SEVERAL NATIVE BIRDS IN NORTHERN SUMATRA ISLAND, IS SPOTTED AT ANJAS PLANTATION AREA
Photo by: Boy Tarigan

Report from the Board of Commissioners

The Board of Commissioners
from left to right:

George Santosa Tahija, Josep Kristiadi, Arifin Mohamad Siregar, Darwin Cyril Noerhadi, Adrianto Machribie, Anastasius Wahyuhadi, Sjakon George Tahija, Istama Tatang Siddharta

Dear Shareholders,

We are pleased to report that in 2017, the Company took significant strides towards its long-term growth objectives. Most of the foundations are now in place for the Company to realize its vision of becoming a world-class agribusiness-based food company. At the same time, the Company continued to strengthen the profitability of the core palm oil business, delivering robust volume, value and margin growth. Equally importantly, the Company strengthened its commitment to responsible growth through a series of initiatives that will deliver sustainable dividends in the future.

We saw a significant upturn in both global and domestic crude palm oil (CPO) production in 2017 as plantations began to recover from the impact of El Nino in 2016, while demand, driven by population expansion and GDP growth, particularly in India and China, also continued on its upward trajectory. The average selling price for CPO rose to USD 613 per metric tonne by year end, from USD 591 in 2016; however, the average price of palm kernel oil (PK) dropped to USD 507 per metric tonne.

EVALUATION OF THE BOARD OF DIRECTORS' PERFORMANCE

The management pursued two key strategic initiatives during the year: firstly, to develop the palm oil business in accordance with the Company's Responsible Development strategy and RSPO guidelines; and secondly, to build the edamame and sago businesses by resolving the remaining production challenges and exploring the market potential for value-added products. Thus far, these strategies—which the Board of Commissioners endorsed at the end of 2016—have been ably executed.

In our core business of palm oil, the management focused on strengthening the long-term health, quality and productivity of the matured plantations through replanting and continual agronomic improvements. These strategies, implemented over a number of years, contributed to notable improvements in FFB production volume and yield in 2017. Overall, the Company achieved an 18.6% increase in palm oil production to 210,248 tonnes, which, together with the favourable CPO price, drove a 24.9% growth in CPO revenue to USD 133.1 million.

At the same time, we saw significant progress towards the development of the Company's West Papua estates as construction work began on the new palm oil mill and planting continued. Management has continued to work closely with environmental consultants to ensure that high conservation value areas are conserved, and local stakeholders are being consulted frequently and transparently. As a result, we are fully confident that RSPO principles are being upheld and that stakeholder engagement is consistent with global best practice.

"The management pursued two key strategic initiatives during the year. Thus far, these strategies—which the Board of Commissioners endorsed at the end of 2016—have been ably executed."

Plans for the commercialisation of the Company's edamame and sago businesses in East Java and West Papua, respectively, have advanced significantly. By the end of the year, the Company had overcome some of the major operational challenges associated with producing sago on a commercial scale from natural forest. Nevertheless, the Company recognised a write-down of its original investment. In the edamame business, a vendor was appointed for the construction of a frozen line that will enable the Company to enter the lucrative export market.

We were also pleased to note that the roll out of the Enterprise Resource Planning (ERP) project continued, on time and within the budget, in 2017, and that it will go live in the remaining two sites in Q1 2018. The system, which allows real time access to information across the business, is intended to make a significant difference to the speed and accuracy of management decision making.

The Company delivered satisfactory growth of 20.3% on the back of higher prices, volume and productivity. The bottom line performance was also influenced by the divestment of certain non-core activities in which we had minority interests. These actions will allow for a greater focus on the Company's core businesses going forward.

In addition to these tangible results, we have also seen the management working more effectively as a team over the year, with a more consistent focus on the tasks and the challenges. Taking all of this into account, we believe that they have done a very good job.

In a strong external endorsement of our evaluation, ANJ's CEO, Mrs. Istini Tatiek Siddartha, was one of the winners of the Best CEO 2017 Awards, organised by SWA Magazine in conjunction with IPSOS Indonesia and Dunamis Intermaster. This title is a reflection of the high standard of leadership that has been displayed by the entire management team during the year.

Of course there is always room for improvement. ANJ's business spans a geographical area comparable to the distance from the United Kingdom to the Black Sea. There are inherent challenges in operating on this scale, not least of which is the diversity of cultures, languages, local laws and regulations, and local administrative approaches that we deal with. As the Company's ambitions grow, we believe that greater professionalism, adaptability and sensitivity will be needed, particularly at middle and lower management levels, to ensure that the business can address these challenges effectively. We therefore urge the management to give more attention to this issue going forward.

SUPERVISION OF STRATEGY EXECUTION

In exercising oversight over the Company's management, the Board of Commissioners maintains close and frequent contact with the Board of Directors. We had four joint meetings with the Board of Directors in 2017, when we discussed the execution of the strategies and developments in governance, risk management, succession and other issues. In addition, one or more Commissioners participated informally in some of the 20 Board of Directors' meetings in 2017 to provide advice or recommendations on specific issues related to our expertise. We also make periodic visits to the Company's operational sites across the country, where we can listen directly to stakeholders' concerns and assess the progress of projects.

OVERVIEW OF BUSINESS PROSPECTS

The Commissioners fully endorse the strategies identified by the management for 2018.

In the palm oil segment, the focus will be on optimising matured plantation assets; continuing planting and infrastructure development in West Papua ahead of the planned commercial operation in 2019; and exploring new geographical markets.

At the same time, the Company will continue to pursue a sustainable agribusiness strategy through edamame and sago—products that will strengthen our bottom line while addressing Indonesia's food security and nutrition challenges, and contributing to local economic development. Management will continue to drive improvements in volume and yields and work with strategic partners to develop domestic and export markets for value-added products.

All the above strategies will be pursued within the framework of responsible development. ANJ's commitment to responsible and sustainable business practices is an investment in the long-term growth of the Company. First and foremost, sustainable agribusiness practices help to secure our supply chain for the future, as well as the ongoing cooperation of the communities in which we work. However, no less important is the fact that being certified to globally recognized standards such as RSPO, ISCC and ISPO allows us to command a premium price for our palm oil and gives us access to wider markets.

EVALUATION OF CORPORATE GOVERNANCE

Good governance engenders the public trust that is the foundation for the sustained growth of the business over the long term. Recognising this, we seek to provide assurance to all our shareholders and stakeholders that in pursuing our business objectives, their interests are always protected. To this end, the Company's business practices, decision making and reporting are subject to regular and robust review to ensure that they are accountable, responsible and transparent.

In our supervision of the Company's management, we are assisted by four committees. The Audit Committee reported to us four times in 2017 on their review of the adequacy and effectiveness of the Company's financial reporting, internal control and risk management systems. The Audit Committee Charter was updated during the year to clarify the Committee's position within the Company and the scope of its authority and responsibilities.

We are also supported by the Sustainability Committee and the Nomination and Remuneration Committee, which reported to us four times, as well as the Risk Management Committee, which reported to the Board ten times in 2017 to keep us informed of changes in the risk environment and how the risks are being mitigated. We are confident that all the Board Committees have discharged their responsibilities effectively during the year.

In general, we believe the level of governance and control is adequate. However, we are aware that there is scope for improvement in a number of areas, particularly managing the risks associated with the expansion of the business.

One of the Company's great strengths is the adherence to the value system laid down by the founders. These values—Integrity, Respect for People and The Environment, and Continuous Improvement—apply to everyone in the Company. Compliance begins with the actions and decisions of the Commissioners and Directors, but it is also supported effectively throughout the Company through a network of Value Champions, who model the values in their own day-to-day activities and play a role in identifying and addressing actions and behaviours that contravene them.

It is equally important that ANJ's values are reflected in the Company's relationships with external stakeholders, and we endeavour to ensure this through our sustainability initiatives, outlined in the CSR section of this report. As a palm oil producer, we inevitably come under considerable scrutiny from many quarters, particularly international NGOs. In line with our commitment to protect stakeholder interests, our policy is to engage constructively and transparently with our critics by addressing their concerns frankly and with evidence, or accepting them as input for our improvement.

EVALUATION OF THE WHISTLEBLOWING SYSTEM (WBS)

The Company has put in place a whistleblowing system through which anyone can report misconduct in strict confidence. Whistleblowing reports are channelled through the Internal Audit Unit and investigated if necessary. The Board of Commissioners, the President Director and the Audit Committee review the investigation reports and give their considerations on the follow-up action and sanctions, if they are called for. If any of the individuals concerned are objects of the report, they are recused from the review process.

Employees have seen that in the first two years of operation of the whistleblowing scheme, reports have been followed up seriously and sanctions applied, which has helped to instil more confidence in the system. Seven reports were received and resolved in 2017. We are therefore satisfied that the system is functioning well; however, we urge the management to continue to make the whistleblowing system more widely known among all employees as part of our continuous improvement of transparency and accountability.

CHANGES IN THE COMPOSITION OF THE BOARD OF COMMISSIONERS

We were pleased to welcome Dr. Darwin Cyril Noerhadi as our new Independent Commissioner on February 20, 2017. He has already made a valuable contribution to the Board, particularly through his work as the Chair of the Audit Committee. There were no resignations from the Board in 2017.

IN CLOSING

On behalf of the Board of Commissioners I would like to take this opportunity to thank the Board of Directors for their efforts to secure responsible, long-term growth for the Company. Our appreciation is also due to all the employees, shareholders and partners, and we look forward to your ongoing support in creating sustainable value for the business, our stakeholders and the environment as we go forward.

On behalf of the Board of Commissioners,

Adrianto Machribie
President Commissioner

Report from the Board of Directors

The Board of Directors
from left to right:

Sonny Sunjaya Sukada,
Geetha Govindan, Lucas Kurniawan,
Istini Tatiek Siddharta, Naga Waskita

Dear Shareholders,
In 2017, after taking a long, hard look at where we have come from, where we see the Company going over the coming decades, and how we want to do business in future, we took the decision to rejuvenate our vision and mission for ANJ. Our new vision, to be a world-class agribusiness-based food company that elevates the lives of people and nature, better reflects our commitment to generating real value for our stakeholders through responsible growth.

I'm pleased to report that in 2017, despite substantial challenges, we began to deliver on this commitment by making significant progress towards our long-term objectives.

ANJ booked consolidated revenues of USD161.8 million in 2017, up 20.3% year-on-year and slightly above our target of USD157.5 million.

THE BUSINESS CLIMATE IN 2017

Global crude palm oil (CPO) production increased in 2017 as the impacts of the drought caused by El Nino at the end of 2016 began to recede. According to the Indonesian Palm Oil Association (GAPKI), Indonesia's CPO output grew from 31.5 million tonnes in 2016 to 38.2 million tonnes in 2017, representing 56.2% of global production. CPO demand continued to rise steadily over the year in line with population growth and rising per capita incomes, with India and China remaining the top two buyers globally.

We saw a slight appreciation in the average selling price for CPO from USD 591 per metric tonne in 2016 to USD 613 in 2017. The palm kernel (PK) price held at an average 83% of the CPO price at around USD 507 per metric tonne.

In May, the Indonesian government approved a 2-year extension on its moratorium on the issuance of licenses for new palm oil plantations, in the interests of protecting primary forests and peat land. Meanwhile, certain importers continue to impose tighter restrictions, such as a resolution approved by the European Parliament in April 2017 requiring all CPO oil imports to meet international sustainability standards by 2020, and a call for a ban on all imports of biodiesel that utilise palm oil.

ANJ'S STRATEGIC INITIATIVES

In our ambition to become a world-class agribusiness-based food company, we have focused on executing two key strategic initiatives:

1. To sustainably expand our planted area in accordance with RSPO principles and our Responsible Development concept, which balances our business orientation with community development and conservation. This entails:
   - Planting only on areas already allocated for palm oil.
   - Maintaining an optimal ratio of young to mature trees.
   - Practicing active conservation, in partnership with experts, communities, NGOs and our peer companies, that definitively 'elevates nature'.

2. To complement palm oil development with sago and edamame, both of which could be staples in sustainable diets in future. Naturally occurring sago is a gluten-free carbohydrate source that has the potential to be an alternative to wheat or rice, whereas edamame is a high protein, high antioxidant superfood that can enrich Indonesian diets, initially in the local communities around our production area, while having potential as a valuable export crop.

As an integral part of these key strategies, we have also driven a number of initiatives to maximise efficiencies, manage costs and optimise productivity across the business.

PERFORMANCE VERSUS TARGETS AND CHALLENGES IN 2017

ANJ booked consolidated revenues of USD 161.8 million in 2017, up 20.3% year-on-year and slightly above our target of USD 157.5 million.

The Group reported a net profit of USD 47.4 million, increasing 415.3% compared to USD 9.2 million in 2016, and significantly exceeding our targeted figure. Excluding the one-time gains from the divestment of our geothermal energy business and a minority investment in PT Agro Muko and the one-time expenses from asset write-downs, however, the adjusted net profit was USD 7.2 million, a decline of 21.6% against the previous year.

Consolidated EBITDA reached USD 101.3 million in 2017; excluding the one-off items, it was USD 40.1 million, an improvement of 13.6% against the previous year's figure of USD 35.3 million but nevertheless above our budget of USD 39.9 million.

CHALLENGES

The pressures on both the industry and our Company have persisted, with global calls to restrict new planting; demands from European and US markets that go beyond RSPO policies, such as No Deforestation, No Peat, No Exploitation (NDPE); and an ongoing boycott of Indonesian biodiesel and palm oil products by a number of European countries. We have tried to address this by demonstrating, transparently and measurably, our conviction that we can manage palm oil development responsibly, practicing conservation in partnership with communities in a way that is making a real and positive difference to both biodiversity and people's livelihoods.

SEGMENT PERFORMANCE

Palm oil continues to drive our business, accounting for around 95.6% of total revenue in 2017. CPO production reached 210,248 metric tonnes, up 18.6% against the previous year, while we sold a total of 209,000 metric tonnes of CPO and 42,797 metric tonnes of palm kernel, up 17.5% and 8.5%, respectively, from 2016.

By selling at an average CPO price of USD 613 per metric tonnes, which compared favourably to our budget assumption of USD 600 and the previous year's price of USD 591, we increased our CPO sales revenue to USD 133.1 million, up 24.9% from 2016. This was above our budgeted level at USD 127.8 million.

One of the major challenges we had to address in 2017 was the significant drop in the production of fresh fruit bunches (FFB) from our North Sumatra I plantation, operated by our subsidiary ANJA, as a result of a prolonged dry season at the end of 2016 caused by El Nino. We were able to mitigate much of the impact by sourcing high quality fruit from outside our plantations. This initiative improved production volume and kept costs across the Group under control. Production from our other palm oil operating units improved steadily over the year.

Under the relatively strained production conditions during the year, we took the opportunity to work with our farmers to focus on the quality of our product rather than the quantity. These efforts paid off with a dramatic improvement in our oil extraction rate (OER) of 21.8%, and we expect to see this trend continue over the coming year. 2017 also saw us take several other initiatives to improve productivity and efficiency, lower fossil fuel reliance and reduce greenhouse gas emissions, helping to ensure that we maintain our production costs at a level that compares favourably with any other palm oil company operating in Indonesia.

Having made the decision to focus much of the future growth of our business in West Papua, in response to the government's call to support economic development in the eastern part of the country, we are pleased to report that we made satisfactory progress in 2017. We planted an additional 1,350 ha to bring the total planted area in our PMP and PPM estates to 6,511 ha by year end, and started the construction of a palm oil mill, which will have a total capacity of 90 metric tonnes per hour by 2021. We expect to complete construction of the first line (capacity: 45 metric tonnes per hour) in Q2 2019 to coincide with the first production of FFB from the estates. The facility will also house the Company's first palm kernel oil crushing plant.

The development in West Papua continues to be challenging on many fronts, but a fundamental part of responsible development is listening to and learning from a wide range of experts and stakeholders as we move forward. For example, we worked with international sustainability consultants to make sure that no land clearing is done in sensitive or high carbon stock areas. At the same time, our efforts to meaningfully engage and partner with local community groups has made a critical contribution to the successful resolution of a number of issues and disputes.

Sago development in 2017 was slower than anticipated due to the considerable challenges we encountered in harvesting sustainably from natural sago forest, and as a result, we fell significantly short of our budgeted production and sales volume. Due to this variance, we recognised a write down of the Company's sago investment of USD 3.6 million.

After addressing the situation with a number of initiatives and innovations, including adjustments to the field mechanisation program and scaling up mill capacity, we were able to achieve a harvest of 1,500 logs per day by the end of November 2017. We have set an ambitious but achievable target of harvesting, transporting and processing 3,000 logs per day in 2019, while improving extraction rates, which will yield a significant reduction in production costs per log.

We remain confident that there is ample scope for growth in sago. In 2017 we worked with partners in the local and US markets to begin building awareness of sago starch and sago products through digital and e-commerce channels. The sago business is operated by our subsidiary, ANJAP.

Edamame production and sales volume were in line with the budget in 2017, despite a number of weather- and pest-related challenges, and the planted areas increased

by 66% year-on-year to 203 ha. We appointed a vendor to procure our new edamame processing facility in East Java, and construction commenced in February 2018. This will significantly increase the value of the product by freezing it for the export market. Commissioning is scheduled for Q3 2018 with the first exports in early 2019 after the facility has obtained the required food safety certification.

To accelerate our entry into the business, our subsidiary, GMIT, has entered into a joint venture with Asia Foods, who will assist us in securing access to the primary export market in Japan while providing technical expertise on the development of our frozen line.

Renewable energy in September 2017 we completed the divestment of our 99.99% stake in PT Darajat Geothermal Indonesia (DGI) to Star Energy Geothermal and sold our 5% stake in PT Star Energy Geothermal Suoh Sekincau (SGSS) to PT. Barito Pacific Tbk. This resulted in a one-time gain to the Company of USD 22.5 million.

It was a disappointing year for our remaining renewable energy business, the biogas power plant operated by our subsidiary, AANE. Whereas our budget assumptions included an increase in the tariff as of July 2017, PLN, the offtaker, declined to renegotiate. As the current tariff of IDR 975/kwh is below the level at which it is commercially feasible to run the business, we have been forced to recognise an impairment of assets of USD 1.1 million on our investment in the plant.

MAKING THE LEAP: OPTIMISING INFORMATION TECHNOLOGY

In 2017 we began the deployment of a new Enterprise Resource Planning (ERP) project that is fundamentally improving the way we do business, using SAP as a platform. Beginning in May, we rolled out the system to almost all operating units and offices by the end of the year, leaving only AANE and GMIT to go live in Q1 2018. Known within the Company as 'LEAP', the ERP project was implemented on time and within its total budget of USD 1.8 million. Offering full connectivity across all our operating companies, the system provides access to real time information from any part of the business, allowing for much faster and more responsive decision making than previously.

We will continue to optimise the system's capabilities over the coming months, for instance to enable electronic data input in the field and full integration with our traceability systems.

REVIEW OF GCG IMPLEMENTATION IN 2017

Our commitment to good corporate governance is embedded in our mission statement, 'Striving for world-class excellence', which signals that we are on a continuous quest to comply with and exceed both local and global standards and best practices.

The implementation of GCG principles in the Company is subject to regular and robust review through our routine reporting to OJK, monitoring by our legal department, our internal audit mechanism and regular board meetings. Except for the Independent Director, all the Directors at the holding level function concurrently as directors or commissioners in the Company's subsidiaries, allowing for close scrutiny of the business across the Group. In addition, the Board of Commissioners exercises strong oversight over all management actions, and any transaction involving 5% or more of the Company's assets requires the approval of the Board of Commissioners and the shareholders, as relevant.

While we believe that our governance practices adequately serve the needs of the Company and our shareholders and stakeholders, we constantly seek, through the review mechanisms above, to identify and resolve any areas of potential weakness.

For example, we took measures to enforce procurement rules more rigorously during the year following a number of instances in which the guidance has been misinterpreted. This has indicated a need for further reinforcement of our code of conduct and values, including the implications of the integrity pact that all employees and vendors are required to sign, and we will address this in the coming year.

Further, the appointment of a new head of the internal audit at the end of 2017 will coincide with a revitalisation of the unit and its practices and processes.

SUSTAINABILITY

Our corporate vision puts people and nature at front and centre of our business with our goal of 'achieving widespread economic prosperity without exhausting the finite resources at our disposal'. Over the last two years we have formalised our commitment to this goal in a number of ways.

ANJ's Sustainability Policy, issued in 2016, sets out our environmental, business and social responsibilities. In 2017 we issued our first sustainability report, and will continue to publish this on an annual basis to communicate to our stakeholders our performance against our commitments.

We have also maintained our RSPO certification for our North Sumatra and Belitung estates and will begin the process in West Papua once the mill is operational.

Our West Kalimantan plantation is currently undergoing an RSPO verification exercise because part of the area was planted on peat. This occurred several years before the Minister of Environment and Forestry regulation on peat preservation came into force, and before we embraced our policy of 'no development on peat or wetland', as enshrined in our Sustainability Policy. We already have Ministry certification for this area, and we are confident that we have established water management systems and practices that will manage and minimize peat subsidences.

We believe that our conservation areas themselves offer the best demonstration of our commitment. In West Kalimantan, for example, we have scientifically verified reports that our conservation forest canopy is higher than that in the adjacent national forest, due to our work with communities to combat illegal logging and poaching. The same forest has become a safe haven for more than 150 orangutan, and we are trying to work with NGOs and other stakeholders to establish a contiguous corridor across other plantations for the orangutan. Scientists have found the endangered Tarsius living in our Belitung conservation area, while carnivorous nepenthes plants are growing in the conservation forest in Binanga. In Siais, we are setting up a centre for environmental education and are in the process of engaging an international NGO to manage our conserved forest. We strongly believe that companies like ourselves should be leading the way on such sustainable partnerships for active conservation.

BUSINESS OUTLOOK AND STRATEGY FOR 2018

Palm oil

Recent studies[1] indicate that the rate of palm oil planting in Indonesia and Malaysia, which together account for some 87% of global palm oil supply, is slowing down, due in part to ongoing pressure to restrict new planting. At the same time, there has been little improvement in yields. Taking into account global population growth and rising per capita GDP, as well as the growth in biofuel consumption, analysts are projecting a significant shortage of vegetable-based oils by 2020, which will lift prices. Over the medium term, therefore, the outlook for the palm oil industry is very positive.

Over the coming year, the CPO price will be influenced primarily by government efforts to boost domestic biodiesel production backed by the CPO Fund, which will support demand. Overall we expect to see a slight appreciation in the CPO price in 2018.

In our plantations, we will continue to pursue our strategy of responsible development. Our planting strategy is aimed at achieving the optimal balance between young and mature trees, and to this end we will begin replanting in our North Sumatra I estate in 2018 while continuing to plant in West Papua and replanting in our Belitung Estate.

With infrastructure development playing a critical role in the growth of the business we will continue the construction of a CPO and PKO mill, road and jetty in West Papua, which will be ready to process the first FFB from our estates there in 2019. We also expect to complete the planning phase for a bulking station in West Kalimantan.

On the commercial side, we see opportunities to unlock new growth by diversifying into new geographical market segments.

Sago

We will continue to work hard to resolve the production challenges so that we can reach our target of harvesting and processing 3,000 logs a day in 2019. Ahead of the anticipated volume growth, we will continue our initiatives with various partners to test and develop the market for sago starch and end products, both domestically and for export, although the slow growth in household spending in Indonesia will likely challenge our sales performance over the next year. We will also continue improving our harvesting equipment and mill processing equipment to reduce our production cost.

Edamame

The focus in 2018 will be on recruiting and upskilling workers, increasing the planted area and making agronomic improvements while preparing to commission our new frozen line facility by the end of the year. This is an important step towards the Company's ambition of becoming a frozen commodity producer, which is a key component of our agribusiness strategy.

Renewable energy

In line with our sustainability objectives, we plan to move ahead with the construction of biogas plants to power operations in our estates in North Sumatra and West Kalimantan, reducing our reliance on conventional energy. However, the Company does not envisage commercialising these operations as an Independent Power Producer (IPP), given that the current electricity tariff offered by PLN is not commercially feasible.

[1] *Fry, J. Can Productivity Grow in Step With Demand? Presentation to IPOC 2018, November 2017; Mistry, D.E. Palm and Lauric Oils Price Outlook 2018.*

CHANGES IN THE COMPOSITION OF THE BOARD OF DIRECTORS

The shareholders accepted the resignation of Mr. Sucipto Maridjan as a Director of the Company at the Annual General Meeting of Shareholders on May 24, 2017. However, we are pleased to report that he will continue to serve on the boards of a number of our subsidiaries. The AGMS appointed Mr. Naga Waskita as his successor. Mr. Handi Belamande Syarif tendered his resignation as a Director for personal reasons, effective September 7, 2017. Mr. Sonny Sunjaya Sukada also tendered his resignation as a Director for personal reasons, effective February 28, 2018. We would like to take this opportunity to thank the departing Directors for their contribution to the Company.

At the beginning of this year we launched a new logo for ANJ as part of a corporate rebranding exercise to better represent the Group's new positioning as an agribusiness-based food company. We believe that the new logo, which can be seen on the cover of this report, reflects the Company's rejuvenated spirit and our deep commitment to elevating people and nature.

APPRECIATION

In closing this report, we would like to thank the shareholders and the Board of Commissioners, and all our employees, partners and other stakeholders for their commitment and trust. We have a clear vision of what we need to do to achieve balanced, sustainable value growth together with our communities and environments, and we look forward to your continued support as we pursue it.

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 2017 Annual Report of PT Austindo Nusantara Jaya Tbk.

Jakarta, April 20, 2018: We, the undersigned, declare that the information contained in the 2017 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

Lucas Kurniawan
Director

Geetha Govindan
Director

Sonny Sunjaya Sukada
Director

Naga Waskita
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

COMPANY PROFILE

LANDSCAPE OF OIL PALM NURSERY AT SMM PLANTATION AREA
Photo by: Corporate Communications

"Our ambition to be a company that elevates the lives of people and nature reflects ANJ's strong commitment to balancing our business objectives with our responsibilities to the environment and the communities in and around which we work."

ANJ's Business Identity

Company 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 investor.relations@anj-group.com
Website	www.anj-group.com

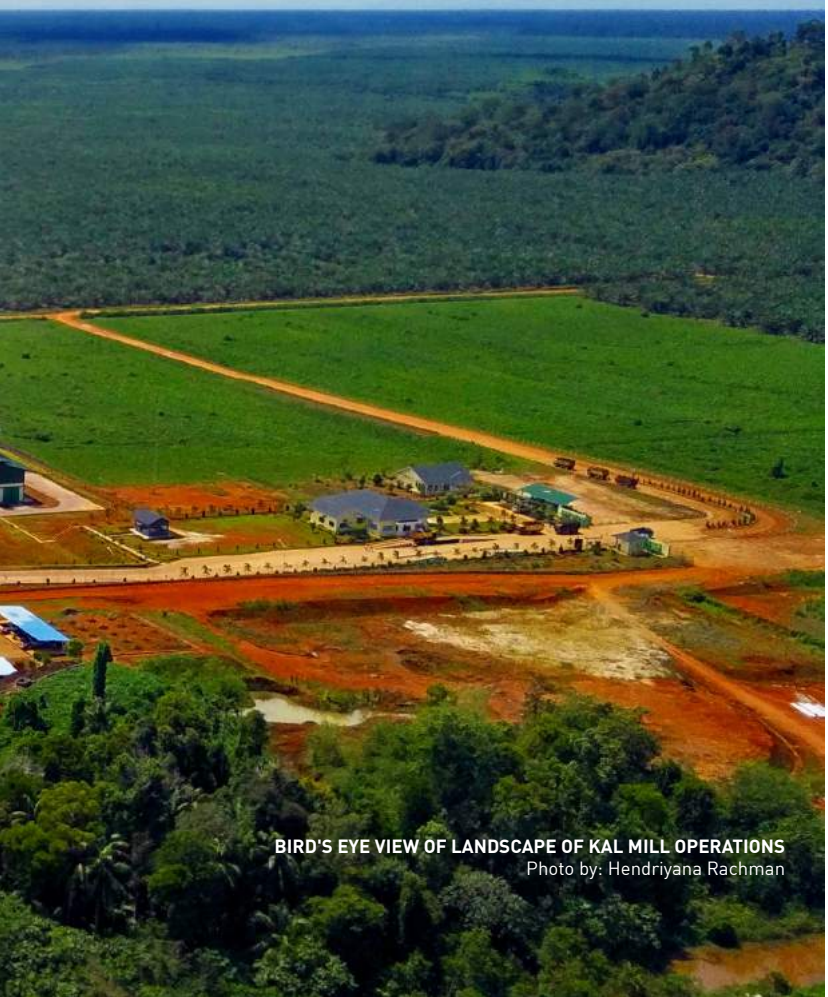
Company Overview

PT Austindo Nusantara Jaya (ANJ) was established on April 16, 1993 under the name PT Austindo Teguh Jaya (ATJ). The Company's name was changed to PT Austindo Nusantara Jaya (ANJ) on July 16, 1998. The Company is a holding company that is principally engaged, directly and through subsidiaries, in producing and selling crude palm oil, palm kernel and other sustainable food crops. The Company has a strong track record on innovation, efficiency, best practice in plantation management and palm oil processing, and is now leveraging these capabilities to develop new businesses in sago and edamame harvesting and processing. We have also developed complementary capabilities in renewable energy, which is now powering some of our mill operations. The Company has been listed on the Indonesia Stock Exchange since 2013, with an initial public offering of 10% of our shares. In 2017, we booked total revenue of USD 161.8 million, EBITDA of USD 101.3 million and a net income of USD 47.4 million.

Established in 1993, ANJ originally had interests in financial services, healthcare and renewable energy as well as agribusiness. In 2012, we began to concentrate on the agribusiness sector, focusing primarily on palm oil while growing new businesses based on other food crops, in line with our ambition of becoming a world-class agribusiness-based food company. The second part of that ambition, to be a company that elevates the lives of people and nature, reflects ANJ's strong commitment to balancing our business objectives with our responsibilities to the environment and the communities in and around which we work.

PALM OIL

We engage 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 currently owns four operational oil palm plantations, as follows:



BIRD'S EYE VIEW OF LANDSCAPE OF KAL MILL OPERATIONS
Photo by: Hendriyana Rachman

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

- **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).

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

These four plantations are all established, producing plantations with matured oil palms and an on-site processing mill at each property.

We have also started planting areas of our landbanks in South Sumatra and 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 landbank of 91,209 hectares spread across three mostly contiguous areas in South Sorong and Maybrat, West Papua, operated by ANJ and our subsidiaries PT Permata Putera Mandiri (PPM) and PT Putera Manunggal Perkasa (PMP). We began planting of this landbank in 2014.

ANJ 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. These North Sumatera I and Belitung Island plantations also have International Sustainability & Carbon Certification (ISCC), which assures compliance with high ecological and social sustainability standards throughout the supply chain. The RSPO certification for our West Kalimantan Plantation is in process. All our developing plantations are managed to RSPO standards, and we will apply for certification when commercial operations start.

The Company had a total landbank of 157,681 hectares as at December 31, 2017. Just under one-third, or 51,115 hectares of this area had been planted at the end of 2017, increasing from 49,539 hectares a year earlier. The planted area includes 3,372 hectares allocated for the Indonesian government's Plasma Program to support community smallholders.

Of this planted area, 39,770 hectares, or 78%, comprised matured oil palms, and 11,343 hectares, or 22%, comprised immatured oil palms. The average age of our nucleus oil palms across all of the Company's plantations as at December 31, 2017, was 12.0 years.

An estimated 52,000 hectares of the total landbank are deemed plantable but not yet planted (including plasma) subject to sustainability criteria. We have secured, or are in the process of securing, the necessary rights and permits to develop this land as oil palm plantation.

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. As specified in our Sustainability Policy, ANJ has made a commitment to maintain areas of forest with high conservation value (HCV) and/or high carbon stock (HCS), and will not develop peat or wetlands.

Our West Kalimantan Plantation was established after February 2003 and is therefore required to participate in the government's Plasma Program. To fulfil our obligations under the program, ANJ has transferred more than 20% of the total landbank for ownership of local smallholders.

SAGO

We are developing a sago harvesting and processing operation in South Sorong, West Papua, that involves the sustainable harvesting of logs from a natural sago forest, milling them to produce dry sago starch, and selling the starch to the food industry. The Company is also exploring various initiatives to add value to the dry starch through further processing into food products.

The business is operated by our subsidiary PT ANJ Agri Papua (ANJAP), which holds a license to manage a 40,000 hectare concession, and operates a sago mill on site. In addition to our interest in increasing the production of sago as a sustainable alternative to rice, the sago project is aligned with the government's policy on accelerating economic and social development in Papua.

EDAMAME

Since 2015, ANJ has been engaged in the cultivation of edamame, a high-protein bean belonging to the soybean family, in Jember, East Java. The business model focuses on purchasing the edamame produced by local farmers, having provided them with mentoring and agronomic inputs to ensure quality and improve yields, and selling the product to the domestic market.

The business is operated by our subsidiary PT Gading Mas Indonesia Teguh (GMIT). The Company has invested in a frozen line factory and entered into a strategic partnership with AJI HK Limited to facilitate GMIT's market expansion into the Asia Pacific region, with a view to exporting its first frozen products in 2019.

RENEWABLE ENERGY

We are engaged in renewable energy generation through our subsidiary, PT Austindo Aufwind New Energy (AANE), which operates a 1.8 MW capacity biogas power plant at our Belitung Island Plantation, using methane from waste material to generate electricity. AANE was licensed as an independent power producer (IPP) in 2013 and has been operating commercially since the beginning of 2014.

The Company plans to build further biogas power plants on our other plantations to generate electricity for internal consumption to lessen our reliance on conventional energy and reduce greenhouse gas emissions.

A Brief History of the ANJ Group

2017

- The Company divests its shares in PT Darajat Geothermal Indonesia and PT Star Energy Geothermal Suoh Sekincau to focus on agribusiness, and food production.
- The Company restructures the share ownership of (a) PT Aceh Timur Indonesia (ATI) and PT Simpang Kiri Plantation Indonesia (SKPI) and (b) PT Surya Makmur (SM) and PT Bilah Plantindo (BP).
- The shareholding structure of PT Gading Mas Indonesia Teguh (an ANJ subsidiary) changes with the entry of a new shareholder, AJI HK Limited, with a stake of 20%.
- The Company officially proposes its new logo.
- The Company sells its 10.87% ownership in PT Agro Muko to SIPEV NV, and retains 5% ownership.

2016

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

2015

- PT Pusaka Agro Makmur is merged into the Company.
- Construction of the sago starch mill at PT ANJ Agri Papua, West Papua, is completed.

2014

The Company acquires PT Pusaka Agro Makmur.

2013

- The Company acquires PT Permata Putera Mandiri and PT Putera Manunggal Perkasa.
- The Company is listed on the Indonesia Stock Exchange (IDX).
- PT Austindo Aufwind New Energy's biogas plant begins commercial operation.

2012

- The Company divests its healthcare and financial services interests to focus on agribusiness, food and renewable energy.
- The Company acquires PT Galempa Sejahtera Bersama.

2010

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

2006

The Company acquires full ownership of PT Austindo Nusantara Jaya Agri.

2005

The Company acquires PT Kayung Agro Lestari.

2004

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

2003

The Company acquires PT Sahabat Mewah dan Makmur.

2001

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

2000

- PT Austindo Agro Nusantara and PT Austindo Nusantara Resources are merged into the Company.
- The Company acquires PT Austindo Nusantara Jaya Agri (previously known as PT Eka Pendawa Sakti) through Verdaine Investments Ltd., acting as manager/operator.

1993

The Company is established.

Our Logo

ANJ's new logo, proposed at the end of 2017, was approved and launched in February 2018. ANJ's new logo is a visual expression of our new priorities. Each symbol represents a different element that is vital for the Company, as follows:

1. **PEOPLE**
   People are the central element of ANJ's identity. The circle represents the harmony in human lives. People cannot survive without the benefits of nature, so they need to take a lead in maintaining a harmonious relationship between people and nature. This is depicted through the four natural elements that circle the core element of human life.

2. **SUN**
   The sun is our primary source of energy, and is one of the key elements in elevating the life of each living organism on earth.

3. **FAUNA**
   All animals on earth have their own unique, essential role in balancing nature. The Komodo's footprint is chosen as a distinctive symbol of Indonesia's fauna, representing the everlasting spirit that is bequeathed from generation to generation.

4. **FLORA**
   Flora, or plants, are the foundation of the food chain and a balanced ecosystem. Flora play essential roles in producing oxygen and food, and in maintaining the soil's fertility. Indonesia's rich geography allows a unique and diverse range of flora to flourish, making it the pride of the archipelago.

5. **WATER**
   Water is a vital source of life, and acts as one of the balancing elements. Whether a small drop of rain or a large sea, water has incredible potential as a source of power.

Business Activity

Pursuant to the current iteration of the the Company's Articles of Association, 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:

- Carrying out business in the trade sector, which includes carrying out import, export, local and inter-island trading; and acting as a 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;
- Carrying out business in the services sector, which includes obtaining business opportunities and carrying out investment (including but not limited to the granting of financial facilities and other facilities to a third party), except for legal and tax services;
- Carrying out palm oil plantation operation and processing to produce CPO and PK;
- Producing and processing derivative products of CPO, including but not limited to biofuel from CPO, waste from palm oil processing and methane;
- Marketing and selling CPO and PK, and marketing and selling 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:

- Providing services to other parties by utilizing the assets owned by the Company;
- Carrying out other business related to and supporting the business activities listed above, in accordance with prevailing laws and regulations.

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.

Products and Services

THE COMPANY'S PRODUCTS/SERVICES:

Crude Palm Oil (CPO) and Palm Kernel (PK), Sago, Edamame, and Renewable Energy from Palm Oil Waste.

Core Business Site Map

Palm Oil
PT AUSTINDO NUSANTARA JAYA AGRI (Binanga)

Landbank	9,954 ha
Planted Area	9,795 ha
Matured Area	9,795 ha
Mill Capacity	60 tons/hour

Palm Oil
PT GALEMPA SEJAHTERA BERSAMA (Empat Lawang)

Landbank	12,800 ha
Planted Area	618 ha
Matured Area	-
Mill Capacity	-

Palm Oil
PT AUSTINDO NUSANTARA JAYA AGRI SIAIS (Padang Sidempuan)

Landbank	9,412 ha
Planted Area	7,912 ha
Matured Area	7,912 ha
Mill Capacity	60 tons/hour

Palm Oil
PT SAHABAT MEWAH DAN MAKMUR (Belitung)

Nucleus	
Landbank	16,307 ha
Planted Area	14,191 ha
Matured Area	12,078 ha
Mill Capacity	60 tons/hour
Partnership with Smallholders	
Landbank	918 ha
Planted Area	860 ha
Matured Area	66 ha

Renewable Energy
PT AUSTINDO AUFWIND NEW ENERGY (Belitung)

Type of Renewable Energy	Biogas
Production Capacity	1.8 MW
PPA with PLN	2013 – 2028

Palm Oil
PT KAYUNG AGRO LESTARI (Ketapang)

Nucleus	
Landbank	**14,652 ha**
Planted Area	**9,512 ha**
Matured Area	**8,125 ha**
Mill Capacity	**45 tons/hr**
Plasma	
Landbank	**3,346 ha**
Planted Area	**2,576 ha**
Matured Area	**1,860 ha**

Sago
PT ANJ AGRI PAPUA (Papua)

Concession Right	**40,000 ha**
Mill Capacity Stage 1	**1,250 tons/hour**

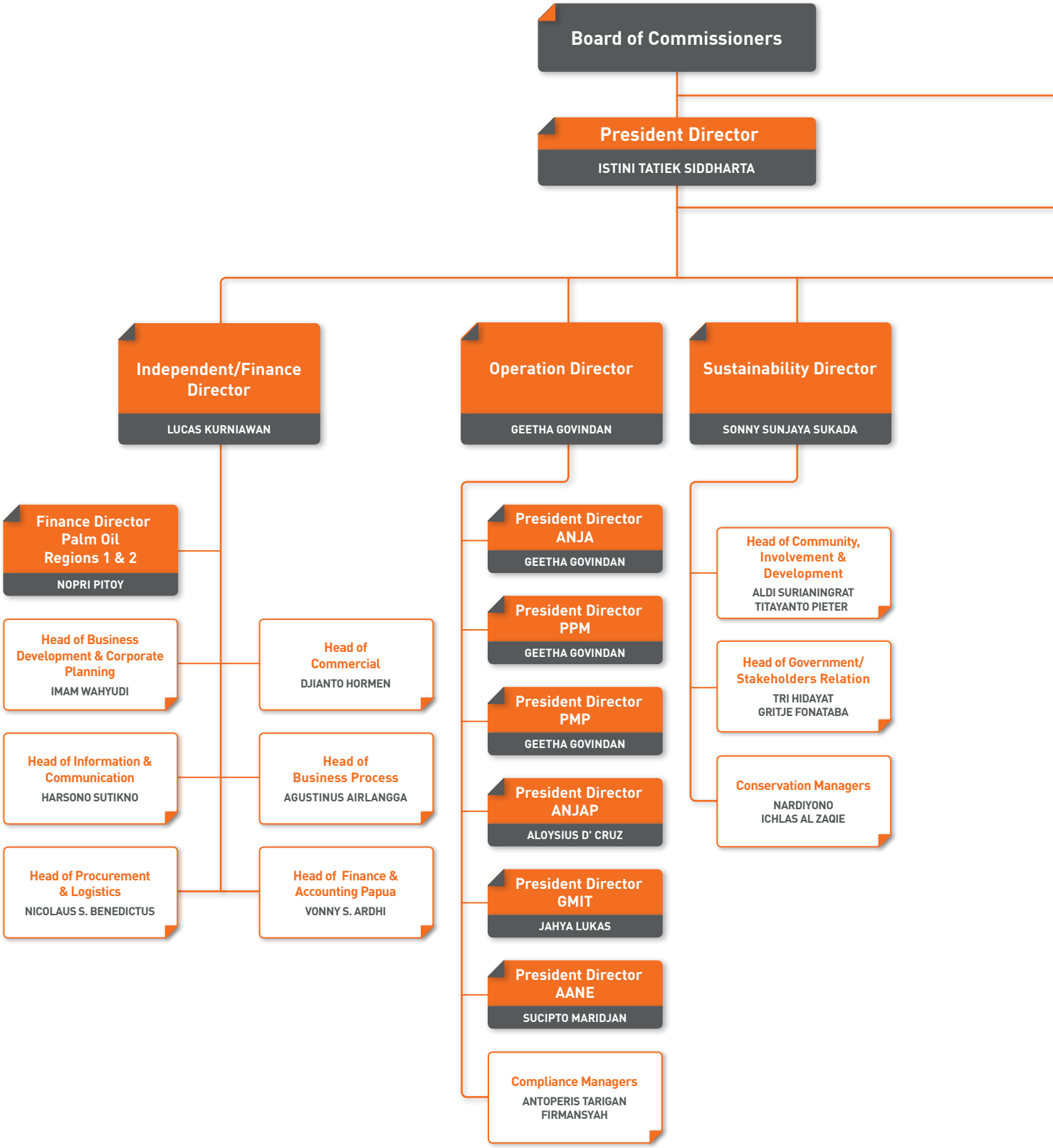
Edamame
PT GADING MAS INDONESIA TEGUH (Jember)

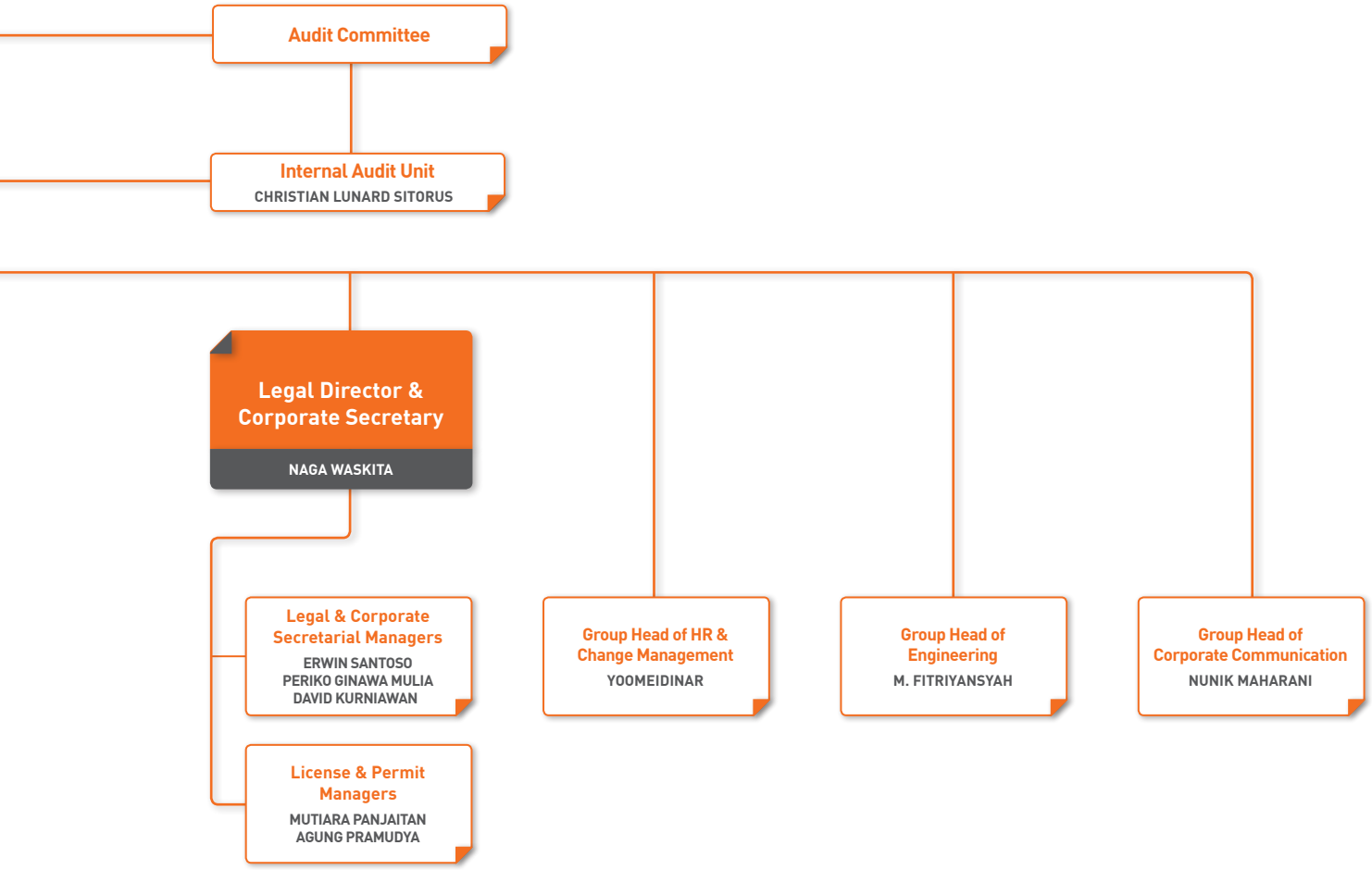
Product	**Edamame (Fresh and Frozen)**

Palm Oil
PT PUTERA MANUNGGAL PERKASA (West Papua)
PT PERMATA PUTERA MANDIRI (West Papua)
PT AUSTINDO NUSANTARA JAYA Tbk. (West Papua)

Nucleus	
Landbank	**75,947 ha**
Planted Area	**5,715 ha**
Matured Area	**-**
Mill Capacity	**-**
Plasma	
Landbank	**15,262 ha**
Planted Area	**796 ha**
Matured Area	**-**

Organizational Structure




Audit Committee
Internal Audit Unit
CHRISTIAN LUNARD SITORUS
Legal Director & Corporate Secretary
NAGA WASKITA
Legal & Corporate Secretarial Managers
ERWIN SANTOSO
PERIKO GINAWA MULIA
DAVID KURNIAWAN
License & Permit Managers
MUTIARA PANJAITAN
AGUNG PRAMUDYA
Group Head of HR & Change Management
YOOMEIDINAR
Group Head of Engineering
M. FITRIYANSYAH
Group Head of Corporate Communication
NUNIK MAHARANI

Vision, Mission and Corporate Culture

VISION

To become a world class agribusiness-based food company that elevates the lives of people and nature.

MISSION

- **People and nature oriented:**
  People and nature as the north star of the company, guiding every aspect of all business activities.
- **Striving for world-class excellence:**
  Continuous quest to comply with and exceed local and global standards, exercising good corporate governance.
- **Sustainable growth for prosperity:**
  Achieving widespread economic prosperity without exhausting the finite resources at our disposal.
- **Integrity:**
  Doing the right thing at all times, in all circumstances, regardless of the consequences or of anyone watching.

The corporate vision and mission were reviewed and approved by the Board of Commissioners and the Board of Directors on February 12, 2018.

VALUES

Integrity

Respect for People and The Environment

Continuous Improvement

CODE OF CONDUCT AND CORPORATE CULTURE

In 2013, the Company developed a Corporate Code of Conduct to reflect its corporate values. The Code emphasizes the importance of maintaining a good reputation with our stakeholders by being transparent, accountable, objective and treating all stakeholders equally.

The articles of ANJ's corporate culture that provide the foundation for 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 provides guidance for employees on how to carry out their duties effectively, safely, legally and with integrity. The Code applies equally to all employees and all levels of management, including the Board of Directors and the Board of Commissioners. Every individual employed by the ANJ Group must make a commitment to adhere to the code, and this commitment also extends, where relevant, to our investors, stakeholders and business partners. The Code was 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 Trainee program in October 2017 and also in the Induction program undertaken by all new employees.

The articles of the code of conduct cover:

- 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 remains aligned with and relevant to the Company's growth and our business objectives.

Board of Commissioners' Profile

Adrianto Machribie
President Commissioner (Independent)

Mr. Machribie is an Indonesian citizen aged 76.
He was born in Bandung in 1941. He is domiciled in Jakarta.

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. Until June 2017 he was 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-Mc-MoRan Copper & Gold Inc.

Education:
Mr. Machribie holds a master's degree in social science from the Institute of Social Studies, The Hague, and a 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 59.
He was born in Jakarta in 1958. He is domiciled in Jakarta.

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. Mr. Tahija is a President Director and Majority Shareholder of PT Memimpin Dengan Nurani. Mr. Tahija also a Commissioner in PT Austindo Kencana Jaya.

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

Sjakon George Tahija
Commissioner

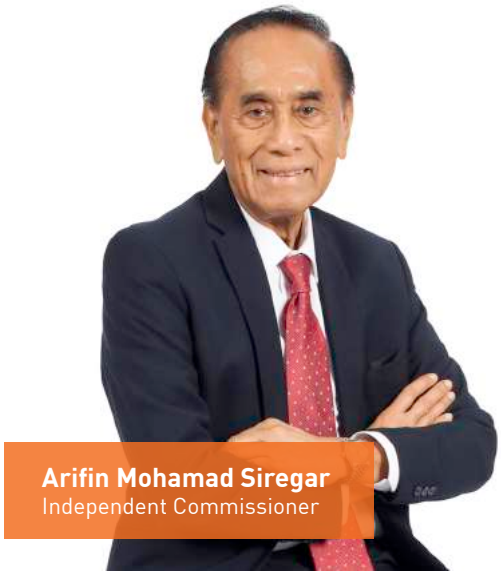
Dr. Tahija is an Indonesian citizen aged 65.
He was born in Jakarta in 1952. He is domiciled in Jakarta.

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. Dr. Tahija is a President Director and Majority Shareholder of PT Austindo Kencana Jaya.

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



Arifin Mohamad Siregar
Independent Commissioner

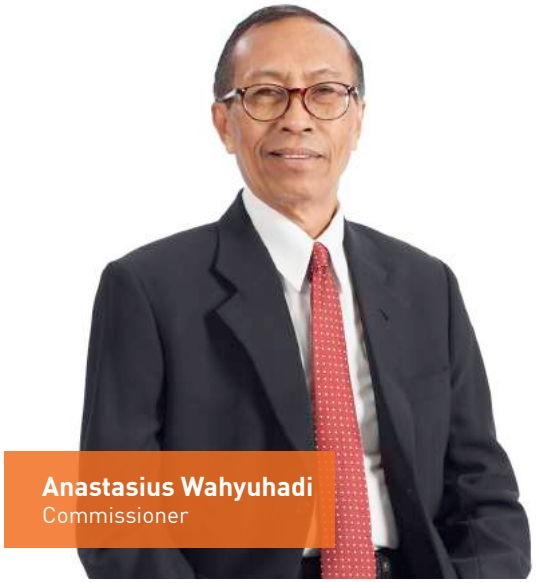
Dr. Siregar is an Indonesian citizen aged 84.
He was born in Medan in 1934. He is domiciled in Jakarta.

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.

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 72.
He was born in Klaten in 1946. He is domiciled in Jakarta.

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 58.
He was born in Jakarta in 1959. He is domiciled in Jakarta.

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 doctorandus in accounting from the University of Indonesia.

Affiliations:
Mr. Siddharta is the brother of Istini Tatiek Siddharta, the President 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 70.
He was born in Yogyakarta in 1948. He is domiciled in Jakarta.

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.

Darwin Cyril Noerhadi
Independent Commissioner

Dr. Noerhadi is an Indonesian citizen aged 57.
He was born in Jakarta in 1961. He is domiciled in Jakarta.

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, Vietnam, 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.

Board of Directors' Profile

Istini Tatiek Siddharta
President Director

Mrs. Siddharta is an Indonesian citizen aged 55.
She was born in Jakarta in 1962. She is domiciled in Jakarta.

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, which became a member firm of KPMG in 1998. She is an active member of the Institute of Indonesian Accountants, as well as a member of the Consultative Board of Financial Accounting Standards of the Institute of Indonesian Accountants. She was chairwoman 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. Mrs. Siddharta is a commisioner in PT Austindo Kencana Jaya and PT Memimpin Dengan Nurani.

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

Geetha Govindan
Palm Oil Operations Director

Mr. Govindan is a Malaysian citizen aged 59.
He was born in Selangor in 1959. He is domiciled in Jakarta.

Experience:
Mr. Govindan has been President Director of ANJA since January 2014. He has worked in the plantation industry for more than 30 years, and joined the Company in January 2014 after working almost for 13 years at PT REA Kaltim Plantations, where his last position was the Vice President Director from 2008 to 2013. Prior to that, he served as a Director of Operations from 2005 to 2008. His other positions included Chief Operating Officer and Estates Controller. He has also worked as a regional controller for PT Sinar Mas Agro Resources and Technology Tbk, and prior to this he spent 16 years with Socfin Co. Bhd in Malaysia as an Estate Manager.

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.

Lucas Kurniawan
Independent/Finance Director

Mr. Kurniawan is an Indonesian citizen aged 46.
He was born in Teluk Betung, Bandar Lampung in 1971. He is domiciled in Jakarta.

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 has a bachelor's degree in accounting from Tarumanagara University, Jakarta. He was awarded Darden School of Business (University of Virginia) certification for The Executive Program in 2017, INSEAD certification for PwC Understanding the Client's Strategic Agenda in 2012 and INSEAD certification for KPMG AsPac Chairman's 25 Program in 2008.

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.

Sonny Sunjaya Sukada
Sustainability Director

Mr. Sukada is an Indonesian citizen aged 58.
He was born in Jakarta in 1960. He is domiciled in Jakarta.

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.

Naga Waskita
Legal Director & Corporate Secretary
(from May 24, 2017)

Mr. Waskita is an Indonesian citizen aged 44.
He was born in Tanjung Pinang in 1974. He is domiciled in Jakarta.

Experience:
Mr. Waskita joined the Company in September, 2012 as Corporate Secretary. Prior to joining ANJ, Mr. Waskita was a corporate lawyer for 15 years. He started his career at Mochtar Karuwin Komar until he left the law firm in August 2012. During his tenure, he was in the banking and finance practice of the firm.

Education:
Mr. Waskita holds a bachelor's degree in Law from Gadjah Mada University in Yogyakarta, Indonesia and a Master degree in Law from the University of Groningen in the Netherlands. Mr. Waskita is a member of Perhimpunan Advokat Indonesia (the Indonesian Advocates Association).

Affiliations:
Mr. Waskita has no affiliate relationships with any other Commissioners, Directors or Shareholders of the Company.

Basis of Appointment:
Deed No. 35 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated May 24, 2017.

Sucipto Maridjan
External Affairs Director
(until May 24, 2017)

Mr. Maridjan is an Indonesian citizen aged 57.
He was born in Tanjung Pinang in 1959. He is domiciled in Jakarta.

Experience:
Mr. Maridjan was appointed as a director of the Company in October 2012. He is also a director of numerous ANJ subsidiaries. Prior to joining the Company, Mr. Maridjan held senior roles with Australian mining companies in Indonesia. He has over 20 years' experience in resource-based administrative management. He joined ANJ's Mining & Energy Division in 1997 as a Director of our mining services company and 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.

Handi Belamande Syarif
Supply Chain Management Director
(until September 7, 2017)

Mr. Syarif is an Indonesian citizen aged 55.
He was born in Surabaya in 1963. He is domiciled in Jakarta.

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 from 2012 to 2013, the Vice President in charge of cargo operations for Garuda Indonesia Airlines from 2008 to 2011, the General Manager of Equipment Services of Coca-Cola Amatil from 2004 to 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 of Science 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

Profile of Key Managers

Aloysius D'Cruz
ANJAP President Director - ANJA Director

Mr. D'Cruz has been the Estate Director of ANJA since early 2011. He also has been the President Director of ANJAP since November 2017. Prior to joining ANJA and ANJAP, 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.

Employee Composition

ANJ AND SUBSIDIARIES TOTAL MANPOWER

		Head Office		Palm Oil		Sago		Others		Total	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Total		113	73	7,216	7,055	203	207	64	57	7,596	7,392
By Education	Master's/Bachelor's degree	100	61	450	427	31	35	30	27	611	550
	Diploma	6	6	116	113	8	7	12	12	142	138
	Senior/Vocational High School	7	6	2,013	1,817	65	74	22	18	2,107	1,915
	Other	-	-	4,637	4,698	99	91	-	-	4,736	4,789
By Age	Over 55	6	7	60	81	5	24	5	5	76	117
	41-55	37	22	1,770	1,828	74	77	12	17	1,893	1,944
	25-40	69	41	4,624	4,347	84	78	34	35	4,811	4,501
	Under 25	1	3	762	799	40	28	13	-	816	830
By Position	Director	4	5	3	3	-	-	2	3	9	11
	General Manager (GM)	20	17	18	18	3	2	1	3	42	40
	Manager	51	25	149	164	8	8	13	4	221	201
	Staff	32	20	280	271	21	24	36	42	369	357
	Laborers or Workers	6	6	6,766	6,599	171	173	12	5	6,955	6,783
By Status	Contract Workers	11	8	322	493	91	55	6	4	430	560
	Permanent Staff	102	65	6,894	6,562	112	152	58	53	7,166	6,832

EMPLOYEE COMPOSITION BY JOB LEVEL

Level	2017	2016
Director	9	11
General Manager (GM)	42	40
Manager	221	201
Staff	369	357
Laborers or workers	6,955	6,783
Total	**7,596**	**7,392**

EMPLOYEE COMPOSITION BY EDUCATION

Education	2017	2016
Master's/bachelor's degree	611	550
Diploma	142	138
Senior/vocational high school	2,107	1,915
Other	4,736	4,789
Total	**7,596**	**7,392**

EMPLOYEE COMPOSITION BY EMPLOYMENT STATUS

Employment Status	2017	2016
Contract workers	430	560
Permanent Staff	7,166	6,832
Total	**7,596**	**7,392**

EMPLOYEE COMPOSITION BY AGE

Age Group	2017	2016
Over 55	76	117
41 – 55	1,893	1,944
25 – 40	4,811	4,501
Under 25	816	830
Total	**7,596**	**7,392**

TRAINING AND COMPETENCY DEVELOPMENT PARTICIPATION 2017

Please see the section on Human Resources on page 84-86 of this Annual Report.

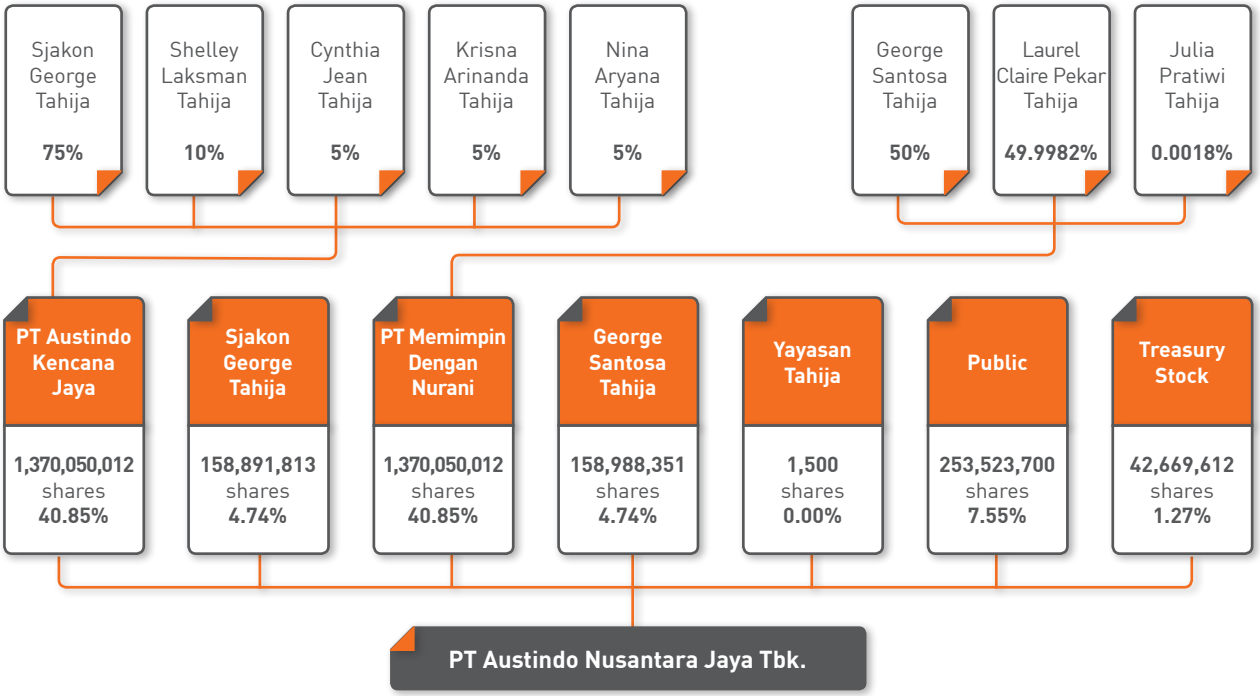
TRAINING AND COMPETENCY DEVELOPMENT COST 2017

ANJ invested a total of USD 438.4 thousand in training and competency development in 2017.

Shareholder Information

ANJ MAJORITY AND CONTROLLING SHAREHOLDER STRUCTURE

	Number of Shares	Shares (%)
PT Austindo Nusantara Jaya Tbk. Shareholder Structure		
PT Austindo Kencana Jaya	1,370,050,012	40.85
PT Memimpin Dengan Nurani	1,370,050,012	40.85
George Santosa Tahija	158,988,351	4.74
Sjakon George Tahija	158,891,813	4.74
Yayasan Tahija	1,500	0.00
Treasury stock	42,669,612	1.27
Public	253,523,700	7.55
Total	**3,354,175,000**	**100.00**
PT Austindo Kencana Jaya Shareholder Structure		
Sjakon George Tahija		75.00
Shelley Laksman Tahija		10.00
Cynthia Jean Tahija		5.00
Krisna Arinanda Tahija		5.00
Nina Aryana Tahija		5.00
Total		**100.00**
PT Memimpin Dengan Nurani Shareholder Structure		
George Santosa Tahija		50.00
Laurel Claire Pekar Tahija		49.9982
Julia Pratiwi Tahija		0.0018
Total		**100.00**



SHARE OWNERSHIP BY COMMISSIONERS AND DIRECTORS

Name	Position	Number of Shares
George Santosa Tahija	Commissioner	158,988,351
Sjakon George Tahija	Commissioner	158,891,813
Istini Tatiek Siddharta	President Director	3,620,000
Geetha Govindan	Director	3,120,000
Lucas Kurniawan	Director	3,020,000
Sonny Sunjaya Sukada	Director	3,020,000
Naga Waskita	Director	3,019,563

SHAREHOLDERS COMPOSITION BY TYPE OF INVESTORS AS OF DECEMBER 31, 2017

No.	Type of Investor	Number of Account	Number of Shares	Shares (%)
1	**Domestic**			
	- Domestic individual	628	81,343,916	2.43
	- Domestic limited liability company	10	258,092,147	7.69
	Total	**638**	**339,436,063**	**10.12**
2	**Overseas**			
	- Overseas individual	6	5,500,337	0.16
	- Overseas limited liability company	6	9,238,600	0.28
	Total	**12**	**14,738,937**	**0.44**
	Grand Total	**650**	**354,175,000**	**10.56**

SHAREHOLDERS COMPOSITION BY SUB ACCOUNT STATUS AS OF DECEMBER 31, 2017

No.	Shareholders Status	Domestic/Overseas	Number of Account	Number of Shares	Shares (%)
1	Insurance	Domestic	5	161,898,200	4.83
2	Limited Liability Company	Domestic	5	96,193,947	2.87
3	Individual	Domestic	628	81,343,916	2.43
4	Limited Liability Company	Overseas	6	9,238,600	0.28
5	Individual	Overseas	6	5,500,337	0.16
	Total		**650**	**354,175,000**	**10.56**

Chronology of Issuance and Listing of Shares

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 Indonesia Stock Exchange (IDX) was intended to provide it with the 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 IDR100 per share. The share price at the Initial Public Offering (IPO) was IDR1,200 per share.

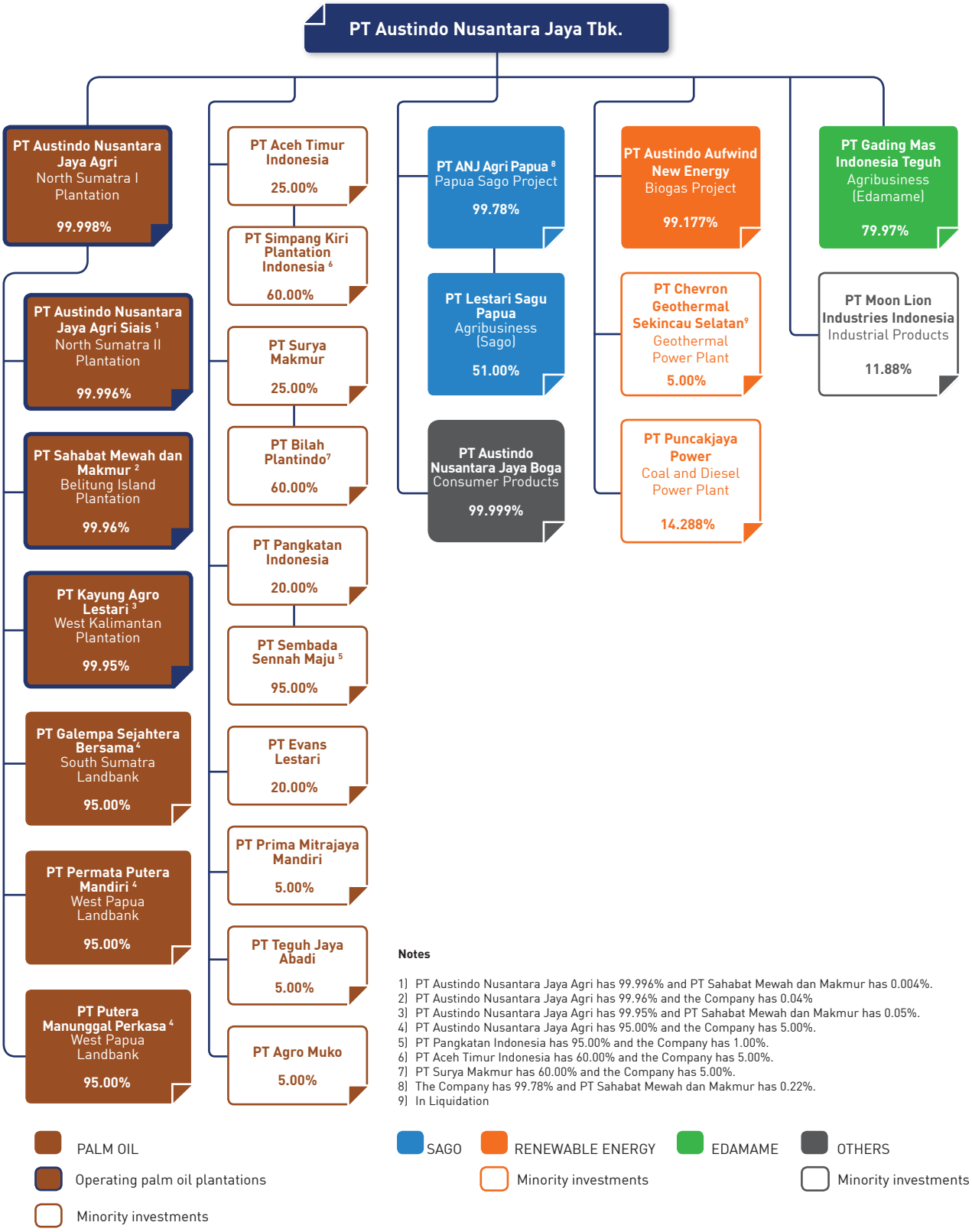
During 2017, the Company's share price underperformed on the Jakarta Composite Index, like most other plantation companies. The Company had a market capitalization of IDR4.02 trillion at the end of trading in 2017, with a closing share price of IDR1,200.

Date	Corporate Action/ Policy	Total Addition/ Reduction of Shares	Accumulated Share Total
May 8, 2013	Initial Public Offering	333,350,000	333,350,000
November 3 - December 5, 2014	Exercise MSOP	1,550,000	334,900,000
November 2 - December 4, 2015	Exercise MSOP	325,000	335,225,000
November 2 - December 4, 2015	Exercise MSOP	300,000	335,525,000
May 9 - June 10, 2016	Exercise MSOP	8,750,000	344,275,000
May 9 - June 10, 2016	Exercise MSOP	9,900,000	354,175,000

Chronology of Issuance and Listing of Bond, Sukuk, or Convertible Bond

In 2017 The Company had no outstanding bonds, sukuk, or convertible bonds.

Corporate Structure



Notes

1) PT Austindo Nusantara Jaya Agri has 99.996% and PT Sahabat Mewah dan Makmur has 0.004%.
2) PT Austindo Nusantara Jaya Agri has 99.96% and the Company has 0.04%
3) PT Austindo Nusantara Jaya Agri has 99.95% and PT Sahabat Mewah dan Makmur has 0.05%.
4) PT Austindo Nusantara Jaya Agri has 95.00% and the Company has 5.00%.
5) PT Pangkatan Indonesia has 95.00% and the Company has 1.00%.
6) PT Aceh Timur Indonesia has 60.00% and the Company has 5.00%.
7) PT Surya Makmur has 60.00% and the Company has 5.00%.
8) The Company has 99.78% and PT Sahabat Mewah dan Makmur has 0.22%.
9) In Liquidation

About Subsidiaries

PD = President Director
PC = Preseident Commissioner

1 PT Austindo Nusantara Jaya Agri (ANJA)

Business activity: Palm Oil Plantation
Location: 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 9,795 hectares are planted and contain matured 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 378,303,770

Commercially operating since
1995

ANJ ownership
99.99%

Directors
- Geetha Govindan (PD)
- Sucipto Maridjan
- Nopri Pitoy
- Aloysius D'Cruz
- Sonny Sunjaya Sukada
- Naga Waskita

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

2 PT Austindo Nusantara Jaya Agri Siais (ANJAS)

Business activity: Palm Oil Plantation
Location: 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 matured 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
Sinarmas Land Plaza, 7th Floor
Jl. P. Diponegoro No. 18
Medan
North Sumatra

Total assets
USD 52,784,586

Commercially operating since
2009

ANJ ownership
99.99%

Directors
- Geetha Govindan (PD)
- Sucipto Maridjan
- Nopri Pitoy
- Sonny Sunjaya Sukada
- Naga Waskita

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

3 PT Sahabat Mewah dan Makmur (SMM)

Business activity: Palm Oil Plantation
Location: 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 12,078 hectares contain matured 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
Atrium Mulia 3A Fl.
Suite 3A-02
Jl. H.R. Rasuna Said
Kav. B10-11
Jakarta 12910

Total assets
USD 36,082,673

Commercially operating since
1994

ANJ ownership
99.99%

Directors
- Geetha Govindan (PD)
- Sucipto Maridjan
- Nopri Pitoy
- Sonny Sunjaya Sukada
- Naga Waskita

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

4 PT Kayung Agro Lestari (KAL)

Business activity: Palm Oil Plantation
Location: 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. The first seedlings were planted in 2010, and 12,087 hectares are now planted; of this, 9,985 hectares contain matured oil palms, 2,102 hectares are not yet matured of this planted area, 2,575 represents plasma. It has a mill with a capacity of 45 tonnes per hour that primarily processes FFB from our 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 100,775,637

Commercially operating since
2014

ANJ ownership
99.99%

Directors
- Geetha Govindan (PD)
- Nopri Pitoy
- Sonny Sunjaya Sukada
- Naga Waskita

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

5 PT Galempa Sejahtera Bersama (GSB)

Business activity: Palm Oil Plantation
Location: 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 618 hectares.

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

Total assets
USD 8,116,553

Commercially operating since
Pre-operating stage

ANJ ownership
99.99%

Directors
- Geetha Govindan (PD)
- Sucipto Maridjan
- Nopri Pitoy
- Sonny Sunjaya Sukada
- Naga Waskita

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

6 PT Permata Putera Mandiri (PPM)

Business activity: Palm Oil Plantation
Location: 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 2,501 hectares are now planted.

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

Total assets
USD 55,084,714

Commercially operating since
Pre-operating stage

ANJ ownership
99.99%

Directors
- Geetha Govindan (PD)
- Sonny Sunjaya Sukada
- Naga Waskita

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

7 PT Putera Manunggal Perkasa (PMP)

Business activity: Palm Oil Plantation
Location: 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 4,009 hectares are now planted.

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

Total assets
USD 66,368,855

Commercially operating since
Pre-operating stage

ANJ ownership
99.99%

Directors
- Geetha Govindan (PD)
- Sonny Sunjaya Sukada
- Naga Waskita

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

8 PT ANJ Agri Papua (ANJAP)

Business activity: Agribusiness (Sago)
Location: 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
Atrium Mulia, 3A Fl.
Suite 3A-02
Jl. H.R. Rasuna Said
Kav. B10-11
Jakarta 12910

Total assets
USD 18,689,040

Commercially operating since
2017

ANJ ownership
99.99%

Directors
- Aloysius D'Cruz (PD)
- Sonny Sunjaya Sukada
- Naga Waskita

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

9 PT Lestari Sagu Papua (LSP)

Business activity: Agribusiness (Sago)
Location: 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
Atrium Mulia, 3A Fl.
Suite 3A-02
Jl. H.R. Rasuna Said
Kav. B10-11
Jakarta 12910

Total assets
USD 269,683

Commercially operating since
Pre-operating stage

ANJ ownership
51%

Directors
- Naga Waskita (PD)
- Chan Hian Siang

Commissioners
- George Santosa Tahija (PC)
- Hendrik Sasmito

10 PT Austindo Aufwind New Energy (AANE)

Business activity: Renewable Energy (Biogas)
Location: 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
Atrium Mulia, 3A Fl.
Suite 3A-02
Jl. H.R. Rasuna Said
Kav. B10-11
Jakarta 12910

Total assets
USD 1,258,838

Commercially operating since
2013

ANJ ownership
99.18%

Directors
- Sucipto Maridjan (PD)
- Sonny Sunjaya Sukada
- Naga Waskita

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

11 PT Gading Mas Indonesia Teguh (GMIT)

Business activity: Agribusiness (Horticulture)
Location: 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. GMIT has a joint venture with AJI HK Limited. AJI HK Limited subscribed 20% of the issued and paid-up capital of GMIT.

Registered address
Jl. Gajah Mada No.
254 Jember
East Java

Total assets
USD 2,623,750

Commercially operating since
2000

ANJ ownership
79.97%

Directors
- Jahya Lukas (PD)
- Erwan Santoso
- Naga Waskita

Commissioners
- George Santosa Tahija (PC)
- Anastasius Wahyuhadi
- Istini Tatiek Siddharta
- Geetha Govindan
- Aloysius D'Cruz
- Seika Lin

12 PT Austindo Nusantara Jaya Boga (ANJB)

Business activity: Consumer Products
Location: 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
Atrium Mulia, 3A Fl.
Suite 3A-02
Jl. H.R. Rasuna Said
Kav. B10-11
Jakarta 12910

Total assets
USD 116,152

Commercially operating since
2014

ANJ ownership
99.99%

Directors
- Naga Waskita (PD)
- Sonny Sunjaya Sukada

Commissioners
- 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 (USD)	Commercially operating since	ANJ effective Ownership	Commissioners PC = President Commissioner	Directors PD = President Director
PT Aceh Timur Indonesia (ATI)* Agribusiness Palm Oil	Aceh	32,931,237	1998	25%	- Tristan Robert Julian Price (PC) - Peter Edwin Hadsley-Chaplin - Matthew Harrison Coulson - Anastasius Wahyuhadi	- K. Chandra Sekaran K.V. Nair (PD) - Markian Gunawan - Osde Simbolon
PT Surya Makmur (SM)* Agribusiness Palm Oil	Kota Pinang, North Sumatra	44,501,471	1998	25%	- Tristan Robert Julian Price (PC) - Peter Edwin Hadsley-Chaplin - Matthew Harrison Coulson - Anastasius Wahyuhadi	- K. Chandra Sekaran K.V. Nair (PD). - Gunasekaran V. Uthiradam - Aleksa Sihombing
PT Pangkatan Indonesia (PI) Palm oil plantation	Pangkatan, Labuhan Batu, North Sumatra	78,672,200	1997	20%	- Tristan Robert Julian Price (PC) - Peter Edwin Hadsley-Chaplin - Matthew Harrison Coulson - Geetha Govindan K. Gopalakrishnan	- K. Chandra Sekaran K.V. Nair (PD) - Gunasekaran V. Uthiradam - Markian Gunawan
PT Evans Lestari (EL) Palm Oil Plantation	Musi Rawas, South Sumatra	40,855,230	Pre-operating stage	20%	- Philip Anthony Fletcher (PC) - Peter Edwin Hadsley-Chaplin - Tristan Robert Julian Price - Anastasius Wahyuhadi	- K. Chandra Sekaran K.V. Nair (PD) - Sivabalan Subbiah - Markian Gunawan - Satheesan AL TA 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.

* Process change of domicile address.

A BOAT PULLS HARVESTED SAGO LOGS PRIOR TO A SUSTAINABLE PROCESSING AT ANJAP MILL
Photo by: Nardiyono

Award and Certification

	Award	Date/Validity	Issuer
ANJ	**IICD in terms of Good Corporate Governance Top 50 of Mid Market Capitalization Public Listed Companies**	November 27, 2017	Indonesian Institute for Corporate Directorship
	Commendation for First Year Sustainability Award Entry 2017	February 9, 2018	National Center for Sustainability Reporting

EXTERNAL CERTIFICATIONS ACHIEVEMENT DURING 2017

	Certificate	Date/Validity	Issuer
ANJA	**OHSAS 18001**	June 16, 2017 Valid until June 15, 2020	British Standards Institution
	ISO 14001	June 16, 2017 Valid until July 6, 2020 (based on the first certificate obtained, July 7, 2014)	ISO Organization
	RSPO	November 14, 2017 Valid until November 13, 2022	RSPO
	ISCC	November 2, 2017 Valid until November 1, 2018	ISCC Org
	PROPER	Blue Rating for year 2016 - 2017	Ministry of Environment and Forestry
	ISPO	July 19, 2016 - July 18, 2021	ISPO Commission
	SMK3	May 16, 2016 - May 15, 2019	Ministry of Labor and Transmigration
KAL	**OHSAS 18001**	January 4, 2018 Valid until January 3, 2021	British Standards Institution
	ISO 14001	January 4, 2018 Valid until January 3, 2021	ISO Organization
	PROPER GAMBUT	Blue Rating for year 2016 - 2017	Ministry of Environment and Forestry
	SMK3	July 14, 2017 Valid until July 13, 2020	Ministry of Labor and Transmigration
SMM	**ISCC**	January 17, 2018 Valid until January 16, 2019	ISCC Org
	RSPO	January 6, 2016 – January 5, 2021	RSPO
	ISPO	December 8, 2014 – December 7, 2019	ISPO Commission
	ISO 14001	April 9, 2015 - April 8, 2018	ISO Organization
	PROPER	Blue Rating for year 2016 - 2017	Ministry of Environment and Forestry
	SMK3	August 31, 2015 - August 30, 2018	Ministry of Labor and Transmigration
ANJAS	**OHSAS 18001**	November 11, 2017 Valid until November 10, 2020	British Standards Institution
	ISO 14001	November 10, 2017 Valid until November 11, 2020 (based on the first certificate obtained, November 12, 2014)	ISO Organization
	RSPO	September 25, 2014 - September 24, 2019	RSPO
	ISPO	April 30, 2015 – April 29, 2020	ISPO Commission
	SMK3	July 14, 2017 – July 13, 2020	Ministry of Labor and Transmigration

Notes:

1. **OHSAS 18001 (Occupational Health and Safety Assesment Series)** is an internationally applied British standards for occupational health and safety management systems. It exists to help all kinds of organizations put in place demonstrably sound occupational health and safety performance.
2. **ISO 14001** is an internationally agreed standard that sets out the requirements for an environmental management system. It helps organizations improve their environmental performance through more efficient use of resources and reduction of waste, gaining a competitive advantage and trust of stakeholders.
3. **RSPO (Rountable on Sustainable Palm Oil)** certification is an assurance to the customer that the standard of palm oil production is sustainable.
4. **ISCC (International Sustainability & Carbon Certification)** is a sustainability certification system covering the entire supply chain and all kinds of bio based feedstocks and renewables.
5. **PROPER (Blue)** is an environmental management monitoring instrument used by the Ministry of Environment and Forestry (KLHK) for the industrial sector in Indonesia.
6. **ISPO (Indonesian Sustainable Palm Oil)**
   All palm oil production activities are carried out in accordance with the Indonesian Sustainable Palm Oil Certification System as stipulated by the Regulations of the Minister of Agriculture of the Republic of Indonesia.
7. **SMK3 (The Indonesian Occupational Health and Safety Management System)**
   The SMK3 is comparable with the OHSAS 18001:2007 performance standard. SMK3 implementation involves hazard identification and prevention, risk management, medical examination and programme evaluation.

Our Capital Market Supporting Professionals

External Auditor

Siddharta Widjaja & Rekan
Registered Public Accountants
Wisma GKBI 33rd Floor
Jl. Jend. Sudirman No. 28
Jakarta 10210 – Indonesia
Service : Audit of the consolidated financial statements of PT Austindo Nusantara Jaya Tbk. and subsidiaries
Appointed dates : 2017

Shares Administration Agency

PT Datindo Entrycom
Jl. Hayam Wuruk No. 28
Jakarta 10120 – Indonesia
Service : Maintains the shareholders register, prepares the register for the General Meeting of Shareholders and assists in dividend and bonus shares payment
Appointed dates : 2013-2017

Information on the Corporate Website

Our corporate website, http://www.anj-group.com, provides at least the following information:

- Information on the majority shareholder up to the last individual owner (please see the section on our website: About Us/Ownership Structure).
- The Code of Conduct in full (please see: Corporate Governance/Governance Policy and System).
- Summaries of the minutes of Annual and Extraordinary General Meetings of Shareholders as well as all related notices and invitations, dating back to 2014.
- The Company's annual reports dating from 2010, and full-year and quarterly (interim) financial statements dating from 2013.
- Profiles of the Board of Commissioners and Board of Directors; and
- The Charters of the Board of Commissioners, Board of Directors, and Internal Audit Unit.
  (please see: Corporate Governance/Corporate Governance Structure/BOC/BOD/Corp Sec/Int Audit/Commissioner & Committees).

Training and Competency Development of the Board of Commissioners, Board of Directors, Committees, Corporate Secretary, and Internal Audit Unit

TRAINING AND COMPETENCY DEVELOPMENT OF THE BOARD OF COMMISSIONERS

In 2017, no training and development was conducted for Board of Commissioners.

TRAINING AND COMPETENCY DEVELOPMENT OF THE BOARD OF DIRECTORS

Trainings	Participants	Period
Brand Internalization	Istini Siddharta	December 8, 2017
	Geetha Govindan	
	Lucas Kurniawan	
	Naga Waskita	
Seminar in Customary Laws of Papua	Istini Siddharta	October 13, 2017
	Geetha Govindan	
	Lucas Kurniawan	
	Naga Waskita	
The Executive Program of Darden School of Business of the University of Virginia	Lucas Kurniawan	June 2017
	Handi Belamande Syarif	
Coaching with CEO Coaching International	Istini Siddharta	Once a month
	Geetha Govindan	
	Lucas Kurniawan	
	Naga Waskita	
	Handi Belamande Syarif	
	Sonny Sunjaya Sukada	

TRAINING AND COMPETENCY DEVELOPMENT OF COMMITTEES

In 2017, no training or development was conducted for Audit Committee, Nomination & Remuneration Committee, Risk Management Committee nor Corporate Social Reponsibility and Sustainability Committee.

TRAINING AND COMPETENCY DEVELOPMENT OF CORPORATE SECRETARY

Trainings	Participants	Period
Seminar in Customary Laws of Papua	Naga Waskita	October 13, 2017
Brand Internalization	Naga Waskita	December 8, 2017
Various Workshop Run by The Indonesian Corporate Secretary Association, OJK and/or IDX.	Naga Waskita	During 2017

TRAINING AND COMPETENCY DEVELOPMENT OF INTERNAL AUDIT

Trainings	Participants	Period
Internal audit practices based on the standards issued by the Institute of Internal Auditors (IIA)	Agustinus Nurhadi Dairo	February – August 2017
Institute of Internal Auditors (IIA) National Seminar	Yean Robert Tambunan	October 2017
	M. Imanullah Ibrahim	
Lembaga Pengembangan Fraud Auditing (LPFA) - 1	Yean Robert Tambunan	October 2017
	M. Imanullah Ibrahim	
Lembaga Pengembangan Fraud Auditing (LPFA) - 2	Virza Rizky Lubis	October 2017
	Abid Yahya	
Interviewing Skill	David Djantua Simanjuntak	October 2017
Annual Workshop Group Internal Audit	Edwin Darmawan	April 2017
	Yean Robert Tambunan	
	M. Imanullah Ibrahim	
	Ronal Samson Rajagukguk	
	David Djantua Simanjuntak	
	Agustinus Nurhadi Dairo	
	Abid Yahya	
	Nurwachid	
	M. Hadhitya Prasetyo	
	FX Arista Narakrisna	
	Roy Franata Sibuea	
	Virza Rizky Lubis	


TIDAK ADA KESUKSESAN
TANPA KESELAMATAN

MANAGEMENT DISCUSSION AND ANALYSIS

"Population growth, rising GDP per capita and the growing reliance on palm oil for a wide range of food and non-food uses continue to drive demand for CPO, with India, Indonesia and China as the largest consumers."

PALM OIL MILL AT KAL
Photo by: Corporate Communications

Review of Operations

RAINBOW NURSERY
Photo by: Alvino Martha

MACROECONOMIC REVIEW

Indonesia's economy continued to generate stable growth in 2017, lifting slightly to 5.07% year on year. Inflation was well under control at 3.61%, and the Rupiah remained relatively stable against the US dollar, closing at around IDR 13,548.

Despite these generally positive indicators, household consumption, which accounts for just over half of the country's GDP, remained slow throughout the year, with the reduction of electricity subsidies and slower wage growth contributing to weaker consumer purchasing power.

Export performance improved on the back of a rebound in prices for commodities such as coal and CPO, which contributed to a reduction in the country's current account deficit. Both domestic and foreign investment increased as Indonesia was given an 'investment grade' rating by S&P, Moody's and Fitch for the first time in nearly two decades. Government spending, particularly on infrastructure development, also accelerated.

INDUSTRY REVIEW

In 2017 global CPO production saw a recovery from the impact of the El Nino-related prolonged dry season in 2016. Indonesia continued to lead production, accounting for 56.2% of global output in 2017 while increasing its CPO volume by 21.2% to 38.2 million tonnes over the year, according to the Indonesian Palm Oil Association (GAPKI). Population growth, rising GDP per capita and the growing reliance on palm oil for a wide range of food and non-food uses continue to drive demand for CPO, with India, Indonesia and China as the largest consumers. The use of CPO in biodiesel production is growing, particularly in Indonesia.

The CPO price appreciated from USD 591 per tonne in 2016 to average USD 613 per tonne in 2017, showing a favourable variance against our budget of USD 600 per tonne. However, we saw a decline in the PK price from USD 512 per tonne in 2016 to USD 507 per tonne at the end of 2017, falling below our budget assumption of USD 510 per tonne.

The rate of expansion of areas under palm oil has slowed as pressure on the industry to reduce or halt planting has increased. Indonesia has imposed a moratorium on new plantation licenses, while European and US market demands are imposing ever more stringent requirements on imported palm oil. Other headwinds in 2017 included the decision by India to raise palm oil import duties twice during the year.

Total CPO sales increased by 17.5%, reaching 209,000 tonnes in 2017, compared to 177,850 tonnes in 2016.

OPERATIONAL REVIEW PER SEGMENT

Palm Oil

The Company produces palm oil from over 39,000 hectares of matured plantation in North Sumatra, Belitung and West Kalimantan, and is currently developing part of a land bank of over 100,000 hectares in South Sumatra and West Papua.

Matured plantations

The Company's productive plantations in North Sumatra, Belitung and West Kalimantan comprise a total land bank of 50,325 hectares of nucleus plantation and 3,347 hectares of plasma plantation in Kalimantan. The total planted area increased to 43,984 hectares in 2017 from 43,977 hectares in 2016, while the total area of matured plantation decreased from 40,420 hectares in 2016 to 39,770 hectares in 2017, due to the ongoing replanting program in Belitung.

The Company produced 730,356 tonnes of fresh fruit bunches (FFB) in 2017, up 10.1% from 663,399 tonnes in 2016, but below the budget of 781,315 tonnes. This was largely attributable to a decline in FFB production in the North Sumatra I plantation, operated by ANJA, which was severely affected by the long dry season in the second half of 2016, although it began to recover in Q4 2017. The overall average FFB yield per hectare improved by 1.7% year-on-year from 18.9 tonnes in 2016 to 19.2 tonnes in 2017.

The lower FFB production at ANJA was partially offset by increases in FFB production in North Sumatra II plantation, operated by ANJAS, Belitung plantation operated by SMM, and West Kalimantan plantation operated by KAL. Moreover, additional FFB were purchased from external suppliers to optimise mill capacity and maintain CPO production levels. This contributed to an 18.6% increase in CPO production volume to 210,248 tonnes in 2017 from 177,273 tonnes in 2016. There was slightly unfavourable negative variance of 1.3% against the budget for the year.

Total CPO sales increased by 17.5%, reaching 209,000 tonnes in 2017, compared to 177,850 tonnes in 2016.

The Company booked revenue from CPO sales of USD 133.1 million in 2017, up 24.9% year-on-year from USD 106.6 million. This was higher than the budget level of USD 127.8 million, largely due to the higher CPO sales volume and higher CPO price compared to the same period last year.

Palm Kernel (PK) production increased by 15% to 44,037 tonnes in 2017, compared to 38,283 tonnes in 2016. This drove a growth in PK sales volume from 39,434 tonnes in 2016 to 42,797 tonnes in 2017. There was a negative variance against the sales volume budget, which was 46,968 tonnes. The Company booked revenue from PK sales of USD 21.7 million in 2017, up 7.4% year-on-year from USD 20.2 million.

There was a significant improvement in our average internal OER from 21.2% in 2016 to 21.8% in 2017, which was 0.3% above the target.

The replanting program in Belitung, which began in 2015, was accelerated in 2017. A total of 2,112.4 hectares had been replanted by the end of the year.

RSPO conducted a verification exercise on our West Kalimantan plantation, operated by KAL. The results of the verification are yet to be finalized. KAL like all our plantations including those under development, follows RSPO procedures and guidelines, and our three older producing plantations in North Sumatra and Belitung are RSPO certified.

Our business is always exposed to the impacts of volatile and unpredictable weather phenomena. To mitigate the impact of anomalous rainfall patterns, we have begun irrigation projects in North Sumatra I and II.

Development plantations

The development plantation areas are not yet producing, hence there are no sales data to report for 2016 or 2017.

The Company's 12,800 hectare landbank in Empat Lawang, South Sumatra, is being developed by GSB. Planting started in the second half of 2013, and the cumulative planted area at the end of 2017 stood at 618 hectares, compared to 400 hectares at the end of 2016. However, due to delays in the land compensation process and the slower than expected progress of planting, capital expenditure realisation is behind target.

The Company has a partially planted landbank of 91,209 hectares in South Sorong and Maybrat, West Papua, which is being developed by the Company and two of our subsidiaries, PPM and PMP.

The total cumulative planted area (nucleus and plasma) in PPM and PMP at the end of 2017 was 6,511 hectares, up from 5,161 hectares in 2016. Substantial rehabilitation work was carried out on the land in addition. However, planting progress was behind schedule in 2017, with 1,350 hectares planted during the year against the full-year target of 1,800 hectares. The slippage was attributable to challenges in securing endorsement for our activities from some of the surrounding villages. After frequent engagement with several stakeholder groups, the issues were resolved. The delay has had an impact on capex realisation.

In September 2017 we started construction work on a palm oil mill; centrally located in PMP's concession, it will eventually serve all three West Papua plantations. The mill will have two lines, each with a capacity of 45 tonnes per hour, although the second line will not be installed until 2020 at the earliest. We expect to complete the construction in 2019 to be ready for the first harvest of FFB. The mill will also be equipped with a palm kernel crushing plant, enabling us to produce PKO for the first time. This is a significant step forward for the Company.

As noted above, all the Company's developing plantations follow RSPO guidelines. Both PPM and PMP have completed the New Planting Procedures (NPP), which is required under the RSPO framework before planting can commence. Planting will begin on the ANJ estate once the NPP has been completed. We intend to apply for full RSPO certification for the West Papua plantations when they begin commercial operations.

Sago

The Company's sago harvesting and processing operation in South Sorong, West Papua, was our first venture in non-palm oil agribusiness. Operated by ANJAP, the business has access to 40,000 hectares of natural sago forest and completed the construction of a mill in October 2016. Natural sago is a highly sustainable plant but requires selective harvesting. We are therefore educating harvesters on sustainable forest management and harvesting practices, and making use of drone technology to identify palms that are ready for harvesting. 2017 was our first year of commercial production.

Significant extraction challenges during the first quarter of the year led us to adjust our year-end harvesting and processing target to 1,500 logs per day. Modification and mechanisation of our harvesting operation during the year drove a considerable upturn in production by the end of Q3, enabling us to achieve the revised target in November 2017. This is remarkable progress, given that no other company has ever attempted to process sago from natural forest on an industrial scale. Nevertheless, this rate of production, which is equivalent to approximately 100 tonnes/month of dry starch, is still substantially lower than the mill capacity of 1,250 tonnes per month.

Sago starch production for the full year was 788 tonnes, well below the budget of 1,254 tonnes. This impacted our sales volume, which reached 518 tonnes, compared to a budget of 1,067 tonnes.

Although the average sales price for the year was higher than targeted at IDR 5,533/Kg, revenue for 2017 was significantly below budget, at USD 220,000, primarily because we were unable to achieve the targeted volume. As a result, ANJAP's variable production costs are higher than the sales price. We therefore reported an overall loss for the sago segment of

> **Continuous fine tuning of the harvesting and mill operations during the year has put us back on track to harvest and process 3,000 logs/day by the end of 2019.**

USD 12 million. This figure includes an asset write-down of USD 3.6 million and first time charge of annual depreciation of USD 1.5 million.

Continuous fine tuning of the harvesting and mill operations during the year have put us back on track to harvest and process 3,000 logs/day by the end of 2019, with further investment in the processing lines and modification of the harvesting equipment to accommodate the challenging conditions.

The Company pays a mandatory forest resource levy (*Provisi Sumber Daya Hutan*, or PSDH) on the sago we harvest. In 2017 the government clarified that the levy is calculated on the weight of the sago starch produced, rather than on the weight of the logs harvested, reducing variable cost. Despite the challenges we have to harvest the sago logs, management is confident that sago has a bright future. Management has prepared a road map to minimize losses from sago business development. Management will closely monitor the progress of the advancement of sago production rate, minimize additional capital expenditure while progressing with marketing of the sago starch locally and internationally.

Renewable Energy

The Company's first biogas power plant, located on our Belitung plantation, is operated by AANE. AANE was licensed as an independent power producer (IPP) in 2013 and the plant began to operate commercially in 2014, making AANE the first IPP in Indonesia to operate and sell electricity from a biogas power plant. The plant generates electricity by burning methane released through the decomposition of palm oil mill effluent (POME) and solid CPO waste. With a total installed capacity of 1.8 MW, the plant can generate sufficient electricity to power 2,000 households at 900 VA per home. State electricity company PLN is the sole offtaker.

AANE generated and sold 7,909,133 kWh in 2017, which was behind the target of 10,698,333 kWh and 12.1% lower than the total generation of 8,994,778 kWh in 2016. This was largely attributable to a number of unplanned shutdowns.

Electricity sales for the year was IDR 7.7 billion, down from IDR 8.8 billion in 2016 and 26.1% below our budget of IDR 10.4 billion. The variance was due in part to the lower electricity sales. A more important factor was that our budget was based on the understanding that PLN would renegotiate the previously agreed tariff of IDR 975/kWh in mid-year. However, PLN declined to negotiate, resulting in our revenue coming in below target.

At the current tariff, it is not commercially feasible to run the business. We therefore recognised an impairment of our receivables from service concessions of USD 1.1 million for our investment in the biogas power plant.

The unplanned shutdowns of the biogas plant were principally the result of poor maintenance planning and procedures. We have addressed this by exercising greater scrutiny over the maintenance, plan and procedures, and ensuring that maintenance assessments are discussed and signed off by the Head of Engineering in head office rather than at the site level.

GMIT is preparing to enter the more profitable export market in 2019 by investing in a frozen processing facility.

The Company's renewable energy strategy initially included interests in geothermal power generation through our subsidiary, PT Darajat Geothermal Indonesia (DGI). Since the end of 2016, however, we have been making a gradual exit from this business. In September 2017, we sold our entire 99.99% ownership stake in PT. Darajat Geothermal Indonesia (DGI) to Star Energy Geothermal (Salak-Darajat) BV and PT. Barito Pacific Tbk. At the same time, we also sold our entire 5% interest in PT. Star Energy Geothermal Suoh Sekincau (SEGSS) to PT. Barito Pacific Tbk. The Company recognized a total gain of USD22.5 million on the sale of these investments.

Others

Our emerging edamame business is operated by GMIT. Previously engaged in tobacco processing and trading, GMIT now deals with edamame, a high anti-oxidant, high protein soy bean. Since 2015, GMIT has been purchasing edamame from individual farmers while mentoring them throughout the planting and harvesting cycle to manage product quality. Although the entire production volume is currently sold on the domestic market, GMIT is preparing to enter the more profitable export market in 2019 by investing in a frozen processing facility.

Edamame production in 2017 was slightly increased to 789 tonnes compared to 752 tonnes in 2016. Production for the full year was below from the target due to prolonged dry season.

Revenue from edamame sales reached USD 357,630 in 2017, up from USD 242,670 in 2016. This was driven by an increase in the area under plantation from 122 hectares in 2016 to 203 hectares in 2017, as well as a favourable edamame price, which averaged IDR 6,682/Kg during the year. USD 1.7 million of GMIT's revenue was accounted for by sale of the remaining tobacco inventory.

In Q4 2017 we appointed a vendor to procure the Company's new frozen processing line. Construction is expected to be completed in the third quarter of 2018, with the first export scheduled for the ISO 22000 certification and British Retail Certification (BRC) required to enter the export market. Technical assistance for this venture, including access to the export market, will be provided by AJI HK Limited (Asia Foods Group) and its affiliates which became a shareholder in GMIT in October 2017.

PROFITABILITY PER SEGMENT

Our operations are grouped into four segments based on products, namely palm oil, sago, renewable energy and others which include edamame. As of December 31, 2017, all our segments operate in Indonesia. The table below summarized our profitability by segment:

(USD million)	Palm Oil	Sago	Renewable Energy	Others
December 31, 2017				
Revenue	154.7	0.2	4.8	2.1
Gross Profit	54.7	(7.5)	2.8	0.0
Profit (loss) before Tax	70.2	(10.2)	23.8	(0.9)
December 31, 2016				
Revenue	126.8	-	6.4	1.3
Gross Profit	42.3	0.0	3.8	(0.8)
Profit (loss) before Tax	25.4	(2.6)	2.8	(1.8)

Palm Oil Segment

Our palm oil segment remains the largest segment in our business which in 2017 contributed USD 154.7 million or 95.6% to our total revenue, recorded gross profit of USD 54.7 million and profit before tax of USD 70.2 million. In 2017, our profit in palm oil segment included the one-off gain from the sale of Agro Muko, our investment in palm oil amounting to USD 39.4 million.

Sago Segment

In 2017, our sago segment started its commercial operation. During its first year, the sago segment contributed USD 0.2 million or 0.1% to our total revenue. Our sago segment suffered a loss of USD 10.2 million because our sago production is still substantially lower than the mill capacity due to significant extraction challenges in the early production stage. Our loss from sago segment included the asset write-down of USD 3.6 million. With the continuous improvements in the harvesting and mill operations, we set a target to be able to harvest and process 3,000 logs/day in 2019.

Renewable Energy Segment

Our renewable energy segment contributed USD 4.8 million or 2.9% to our total revenue. In 2017, our profit in the renewable energy segment included the one-off gain from the sale of DGI and SGSS, our investment in the energy business amounting to USD 22.5 million. We also recognized impairment on our receivable from the service concession arrangement amounting to USD 1.1 million following the refusal by PLN to renegotiate the current tariff which makes our renewable energy operated by AANE is not commercially feasible.

Others Segments

Our revenue in other segments consists of revenue from sales of edamame and the revenue from the sales of our last stocks of tobacco. Sales from edamame contributed USD 0.4 million or 0.2% to our total revenue, while the remaining of 1.2% is from the tobacco sales. The profitability of our edamame business is expected to improve after GMIT has completed its frozen edamame processing line and food safety audits, after which GMIT can start to exports its products.

Review of Financial Performance

Palm oil continues to drive our business, accounting for around 95.6% of total revenue in 2017. The Company recorded a total of 209,000 tonnes in CPO sales volume for 2017, an increase of 17.5% from 177,850 tonnes in 2016. This increase was primarily due to the internal higher FFB production, as well as higher FFB purchases to optimize mill utilization. Our average CPO selling price also increased by 3.7% to an average of USD 613 per tonne in 2017 from USD 591 in 2016.

As a result, the Company was able to record an increase in total revenue to USD 161.8 million, up 20.3% from USD 134.4 million in 2016.

The increase in total revenue and the one-off gains from sales of investment were the main factors in the Company recording profit before tax of USD 73.2 million, an increase of USD 53.8 million from USD 19.4 million in 2016.

After deduction of income tax expense, the Company booked a net income for the year of USD 47.4 million, a significant increase from USD 9.2 million in 2016.

Including the insignificant non-controlling interest, the net income attributable to the owners of the Company for 2017 and 2016 stood at USD 47.4 million and USD 9.2 million, respectively.

However, excluding the one-time gains from sales of investment and the one-time expenses from the write-down of assets, the adjusted net profit was USD 7.2 million, a decline of 21.6% against the previous year, mainly to the loss from sago business unit.

The management discussion and analysis of the Company's financial performance in 2017 that follows is based on the Consolidated Financial Statements and Notes to the Financial Statements as of and for the years ended December 31, 2017, and December 31, 2016.

The Financial Statements as of and for the year ended December 31, 2017 were audited by Siddharta Widjaja & Rekan (Registered Public Accountants), and given an unqualified opinion that they are a fair representation of the Company's financial position, financial performance and cash flow. The Financial Statements as of and for the year ended December 31, 2016 were audited by Satrio Bing Eny & Rekan (Registered Public Accountants).

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

USD thousand except where stated	2017	2016	Difference	Change
Current assets	80,797	64,410	16,387	25.4%
Non-current assets	485,727	460,698	25,029	5.4%
Total assets	**566,524**	**525,108**	**41,416**	**7.9%**
Current liabilities	55,603	45,041	10,562	23.4%
Non-current liabilities	118,539	125,419	(6,880)	(5.5%)
Total liabilities	**174,142**	**170,460**	**3,682**	**2.2%**
Equity attributable to owners of the Company	391,899	354,491	37,408	10.6%
Total equity	**392,382**	**354,648**	**37,734**	**10.6%**

Assets

Current assets totaled USD 80.8 million in 2017, a 25.4% increase from USD 64.4 million in 2016, primarily driven by the increase in cash and cash equivalents from sales of investments in 2017.

Non-current assets amounted to USD 485.7 million in 2017, 5.4% higher than USD 460.7 million in 2016, 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.

As a result, total assets amounted to USD 566.5 million in 2017, 7.9% higher than USD 525.1 million in 2016.

Liabilities

Current liabilities amounted to USD 55.6 million in 2017, 23.4% higher than USD 45.0 million in 2016. This was mainly due to the increase of income tax payable from the sales of invesments in 2017 and an increase in trade accounts payable, mainly from palm oil plantation subsidiaries due to higher FFB purchases.

Meanwhile, our bank loans decreased due to the repayment of short-term bank loans in 2017. As at December 31, 2017, total short-term loans withdrawn amounted to USD 9.3 million, compared to USD 22.7 million as at December 31, 2016 from PT Bank OCBC NISP Tbk. and PT Bank CIMB Niaga Tbk, which were utilized by our subsidiaries KAL and PPM.

Non-current liabilities totaled USD 118.5 million, 5.5% lower than USD 125.4 million in 2016, mainly from the repayment of long-term bank loans. Total long-term bank loans withdrawn as at December 31, 2017 amounted to USD 102.7 million, compared to USD 106.3 million as at December 31, 2016.

Total liabilities amounted to USD 174.1 million in 2017, 2.2% higher than the USD 170.5 million in 2016, mainly as a result of the significant increase in tax payables.

Equity

Total equity was USD 392.4 million in 2017, an increase of 10.6% from USD 354.6 million in 2016, as a result of our net income, other comprehensive income and cash dividends of IDR 59.6 billion (IDR 18 per share), equivalent to USD 4.5 million (USD 0.001 per share).

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

USD thousand except where stated	2017	2016	Change
Total revenue	**161,797**	**134,443**	**20.3%**
- Revenue from sales	157,035	128,032	22.7%
- Revenue from service consesion	4,762	6,411	(25.7%)
Total cost of revenue	**111,650**	**89,157**	**25.2%**
Gross profit	50,147	45,286	10.7%
Total operating income (expenses), net	**21,247**	**(29,424)**	**172.2%**
Operating profit	71,394	15,862	350.1%
Net income for the year	47,400	9,199	415.3%
Total comprehensive income	**41,695**	**11,872**	**251.2%**

Revenue

Total revenue in 2017 was USD 161.8 million, an increase from USD 134.4 million in 2016. Total revenue in 2017 comprised revenue from sales of USD 157.0 million and revenue from service concessions of USD 4.8 million. Revenue from sales of palm oil accounted for 95.6% of our total revenue in 2017, with the remaining 4.4% from service concession revenues and sales of tobacco and other products.

CPO sales revenue was USD 133.1 million, an increase of 24.9% from USD 106.6 million in 2016, following a substantial increase in our average CPO sales volume of 17.5% to 209,000 tonnes from 177,850 tonnes in 2016. This was coupled with a 3.7% increase in the CPO selling price to USD 613 per tonne from USD 591 per tonne in 2016.

Palm kernel (PK) sales revenue was USD 21.7 million in 2017, an increase of 7.4% from USD 20.2 million in 2016 due to an 8.5% increase in our sales volume to 42,797 tonnes from 39,434 tonnes in 2016. This was offset, however, by a 1.0% decrease in our average selling price to USD 507 per tonne from USD 512 per tonne in 2016.

Revenue from sales of tobacco and other products was USD 2.1 million, an increase of 63.3% from USD 1.3 million in 2016, mainly due to the higher tobacco sales volume at our subsidiary GMIT. These sales were intended to sell out our last batch of tobacco stocks in line with our strategy to exit the tobacco business and switch to higher-value agricultural products, including edamame. As of December 31, 2017, there was no remaining tobacco inventory in GMIT.

Service concession revenue comprises revenue from DGI and AANE. DGI is a subsidiary that holds a 5% interest in a consortium with Star Energy Group (prior to March 2017 with the Chevron Group) that acts as a contractor to PT Pertamina Geothermal Energy (PGE) to generate 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. Management decided to sell DGI in September 2017.

Our total service concession revenue was USD 4.8 million in 2017, a decrease of 25.7% from USD 6.4 million in 2016, mainly due to the sale of DGI in September 2017.

Our sago segment contributed USD 0.2 million in 2017, in line with to the commercial operation commencement in 2017.

Cost of Revenue

Cost of sales amounted to USD 109.7 million in 2017, an increase of 26.8% from USD 86.5 million in 2016.

The core component was costs relating to sales of CPO and PK, which totalled USD 100.1 million in 2017, an increase of 18.5% from USD 84.4 million in 2016. This increase was mostly due to third-party FFB purchases. The cost of third-party FFB purchases increased to USD 29.4 million from USD 21.2 million in 2016, as a result of a higher FFB purchase prices, in line with higher CPO prices, combined with the fact that the volume purchased, 234,452 tonnes, was 31.8% higher than 177,883 tonnes purchased in 2016. In addition, there was an idle asset write-down in PT Kayung Agro Lestari (KAL) of USD 1.5 million.

The cost of sales in our tobacco and other businesses slightly decreased to USD 2.0 million from USD 2.1 million in 2017, mainly due to lower tobacco costs, which were offset by the higher costs in edamame. In line with our strategy to exit from the tobacco business, we sold out our entire last batch of tobacco stocks, which resulted in a higher tobacco sales volume. However, the cost of sales was lower because we wrote down the value of the tobacco inventory in 2016.

In addition, the cost of sales in 2017 was higher due to the one-time expense from the write-down of assets in ANJAP amounting to USD 3.6 million, and also the allowance of a decline in inventory value in ANJAP amounting to USD 1.2 million.

Cost of service concessions totalled USD 1.9 million, a decrease from USD 2.6 million in 2016. This was mainly due to the sale of DGI.

Dividend income primarily reflects dividends received from investments in entities in which we hold less than a 20% interest. Dividend income received in 2017 was USD 1.4 million, 14.9% lower than USD 1.6 million in 2016, primarily due to a decrease in the dividend payment by PT Agro Muko (AM).

AM is a palm oil plantation company, our minority investment. The dividend income from AM decreased from USD 1.6 million in 2016 to USD 1.3 million in 2017. On March 10, 2017, the Company completed the sale of 3,316,856 shares, representing 10.87% of our ownership in AM, to SIPEF NV.

Foreign exchange loss increased to USD 0.7 million from USD 0.4 million in 2016, primarily due to the depreciation of the Rupiah against the US dollar on the US dollar-denominated loans in our subsidiaries in the West Papua plantations, which maintain their books in Rupiah.

Selling expenses increased to USD 10.1 million from USD 6.1 million in 2016. This was due to higher CPO exports in 2017, resulting in the higher imposition of the export levy and export tax.

Personnel expenses amounted to USD 17.0 million in 2017, a 32.9% increase from USD 12.8 million in 2016, in line with the increase in employee numbers and the benefit structure in the Company.

General and administrative expenses totalled USD 14.3 million in 2017, up from USD 11.2 million in 2016, mainly due to the higher professional fees, travel and transportation expenses and the impairment losses on our service concession receivables.

Other income (expenses), net totalled USD 62.0 million, primarily consisting of our one-off gains from the divestment of our geothermal energy business (PT DGI) and a minority investment in PT Agro Muko, gains from the premium received from sales of RSPO-certified palm oil, and from management service income from plasma. Other income increased significantly by USD 62.5 million compared to other expenses of USD 0.5 million in 2016, mainly due to the one-off gain on sales of our investments in 2017 and the absence of loss from future commodity contract loss in 2017 as incurred in 2016.

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 favourable CPO price in 2017 also

affected the performance of ANJ's associate companies in this sector, as demonstrated by an increase of 22.3% in the share of income attributable to the Company to USD 4.2 million from USD 3.4 million in 2016.

Finance costs increased to USD 2.4 million, in contrast to the finance income of USD 0.1 million in 2016, due to the higher loan interest expense which was in line with the higher outstanding bank loan as well as the higher interest expense in ANJAP, one of our subsidiaries, which can no longer be capitalized as assets following its commercial commencement in 2017.

Tax expenses increased to USD 25.8 million, 153.4% higher than the USD 10.2 million in 2016 as a result of higher revenues as well as the one-off gains from the sales of investment and thus higher income before tax.

Net Profit and Total Comprehensive Income

As a result of higher revenue than last year and the one-off gains from sales of investments, we recorded a net profit for the year of USD 47.4 million, compared to USD 9.2 million in 2016.

Other comprehensive income consisted of actuarial gain/loss from post-employment benefits, a change in fair value of available-for-sale and foreign exchange differentials from the translation of subsidiaries' financial statements.

One of our divested investments, AM is classified as investments in available-for-sale financial assets and measured at fair value. Therefore, following the sale of AM, the change in fair value decreased due to the reclassification from other comprehensive income to profit or loss.

Some of the Company's subsidiaries maintain their bookkeeping records in Rupiah. The depreciation of the Rupiah against the US dollar in 2017 decreased the net assets of those subsidiaries by USD 0.7 million when their financial statements were translated from Rupiah into US dollars. The foreign exchange effect due to translation of the subsidiaries' financial statements was reported as other comprehensive income.

As a result, the Company reported a total comprehensive income of USD 41.7 million, lower than our net income, but a significant increase from USD 11.9 million in 2016.

CONSOLIDATED STATEMENTS OF CASH FLOWS

USD thousand except where stated	2017	2016	Change
Net cash provided by operating activities	13,801	20,975	(34.2%)
Net cash provided by (used in) investing activities	21,886	(50,352)	143.5%
Net cash (used in) provided by financing activities	(6,148)	27,155	(122.6%)
Net increase (decrease) in cash and cash equivalents	29,539	(2,222)	1,429.4%
Decrease in cash and cash equivalents due to change of ownership in subsidiaries	(17)	-	(100.0%)
Cash and cash equivalents at the beginning of the year	16,882	19,104	(11.6%)
Cash and cash equivalents at the end of the year	46,405	16,882	174.9%

Net cash provided by operating activities: A total of USD 13.8 million was provided by operating activities in 2017, a decrease from the USD 21.0 million provided in 2016. The decrease was due to higher cash payments to the suppliers and for operating activities.

Net cash used in investing activities: A total of USD 21.9 million was used in investing activities in 2017, compared to the USD 50.4 million used in 2016, primarily due to the cash proceeds received from sales of our investments in 2017.

Net cash provided by financing activities: USD 6.1 million was used in financing activities in 2017, compared to the USD 27.2 million provided in 2016. This was primarily due to the increase in repayments of long term bank loans as well as the decrease in the withdrawal of bank loans and the absence of reissuance of treasury stocks in 2017.

OPERATING RATIOS

Gross Margin: Our gross margin in 2017 was 31.0%, compared to 33.7% in 2016. This decrease of 2.7 percentage points was driven by higher cost of revenue in 2017 as discussed in the cost of revenue section above. 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 2017 was 62.6%, compared to 26.3% in 2016. The significant increase of 36.3 percentage points was primarily due to higher gains from sales of investments in 2017. 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.

Net Profit Margin: Our net profit margin in 2017 was 29.3%, compared to 6.8% in 2016. Our net profit in 2017 was USD 47.4 million from total revenue of USD 161.8 million, compared to net profit of USD 9.2 million from total revenue of USD 134.4 million in 2016.

Return on Assets and Equity: Return on assets (ROA) in 2017 was 8.4%, compared to 1.8% in 2016, following our net income in 2017. ROA is calculated by dividing net profit for the year by the total assets at the end of the year.

Return on equity (ROE) in 2017 was 12.1%, compared to 2.6% in 2016, following our net income in 2017. ROE is calculated by dividing net profit for the year by the total equity at the end of the year.

ACCOUNT RECEIVABLES COLLECTABILITY

Receivables Turnover: This is a measure of the average days required by a company to turn receivables into cash collected. In 2017, our average receivables turnover was around 16 days, improving from 40 days in 2016.

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

In 2017, our trade receivables originated from our export sales of palm oil, service concession revenue, edamame sales, and sago sales. In 2016, trade receivables also originated from tobacco sales, but not sago sales as the commercial operation just started in 2017. Local sales of CPO and PK are made on a contract basis, where cash advance payment is required of buyers before delivery, and consequently no trade receivables are incurred. Therefore, we exclude the revenue from local sales of CPO and PK from this receivable turnover calculation.

SOLVABILITY

Current Ratio is measured by dividing total current assets by total current liabilities at the end of the year. Our current ratio in 2017 was 1.45x, slightly higher than 1.43x in 2016. This was due to the increase in current assets, particularly due to increase in cash and cash equivalents.

Cash Ratio is calculated by dividing total cash and cash equivalents by total current liabilities. At the end of 2017, 57.4% of our current assets were in the form of cash and cash equivalents, higher than 26.2% in 2016. Our cash ratio increased to 0.83x in 2017 from 0.37x in 2016, demonstrating better ability to meet our current liabilities.

Debt-to-Equity Ratio reflects our ability to meet our total liabilities. The lower the ratio, the better our ability. Our total liabilities in 2017 were USD 174.1 million, an increase of USD 170.5 million from 2016. However, our debt-to-equity ratio was lower at 0.44x than 0.48x in 2016, which 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 2017 was 0.17x, compared to 0.32x in 2016, which was in line with the increase in cash and cash equivalents.

CAPITAL STRUCTURE AND CAPITAL STRUCTURE POLICY

Capital Structure Policy

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, difference 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.

Capital Structure

In 2017, we focused on our expansion strategy in agribusiness-based food, which included palm oil, sago and edamame. In line with our new vision of being a world-class agribusiness-based food company that elevates the lives of people and nature, we are commited to responsible growth across the Group in our effort to generate stakeholder value. As one of our financing strategies is to maintain a balanced mix between the use of equity and borrowings, we have taken advantage of our strong liquidity from palm oil operations and our cash balance from operations, supplemented by the utilization of substantial bank loan facilties to finance the expansion. We also maintained a modest degree of leverage into the Company's capital structure.

Short-term loans outstanding as at December 31, 2017, totaled USD 9.3 million. Of this amount, USD 8.0 million or 86.3% was withdrawn from loan facilities from PT Bank CIMB Niaga Tbk. The remaining balance represented withdrawals from PT Bank OCBC NISP Tbk.

Long-term loans outstanding as at December 31, 2017 totaled USD 104.0 million from the Company's subsidiaries in West Papua (PPM, PMP), West Kalimantan (KAL), SMM and GMIT. Of this amount, USD 98.1 million or 94.3% was withdrawn from loan facilities from PT Bank OCBC NISP Tbk. The remaining balance represented withdrawals from PT Bank CIMB Niaga Tbk.

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 0.17x as at December 31, 2017 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 0.75 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.

CHANGES TO ACCOUNTING POLICY

In 2017, the Group applied a number of amendments and annual improvements to the PSAK (Statements of Financial Accounting Standards), and a new interpretation of the PSAK issued by the Financial Accounting Standards Board of the Indonesian Institute of Accountants that are relevant and effective for the accounting period beginning on January 1, 2017:

- PSAK 1, "Presentation of Financial Statements"
- PSAK 24, "Employee Benefits"
- PSAK 58, "Non-current Assets Held for Sale and Discontinued Operation"
- PSAK 60, "Financial Instruments: Disclosures"
- ISAK (Interpretation of Financial Accounting Standard) 32, "Definition and Hierarchy of Financial Accounting Standards".

The adoption of the above mentioned amendments, improvements and interpretation of PSAK did not have any significant impact on the Group's consolidated financial statements.

The following standards and interpretation were issued or amended or improved, but were not yet effective in 2017:

- PSAK 2, "Statement of Cash Flows"
- PSAK 15, "Investments in Associates and Joint Ventures"
- PSAK 16, "Fixed Assets"
- PSAK 46, "Income Taxes"
- PSAK 53, "Share-based Payment"
- PSAK 67, "Disclosure of Interests in Other Entities"
- PSAK 69, "Agriculture"
- PSAK 71, "Financial Instruments"
- PSAK 72, "Revenue from Contracts with Customers"
- PSAK 73, "Leases"
- ISAK 33, "Foreign Currency Transaction and Advance Consideration".

Except as disclosed below, management is still evaluating the effect of adoption of these standards and interpretation on the consolidated financial statements.

PSAK 69 sets out the accounting treatment for biological assets, except for bearer plants, during the period of biological transformation and for the initial measurement of agricultural produce at the point of harvest. Agricultural produce that grows on bearer plants will be measured at fair value less costs to sell at the point of harvest. As of the end of the reporting period, management is still in the process of evaluating the impact on the future application of this standard. However, based on management's initial evaluation, upon the application of this standard there will be an adjustment to the amounts of biological asset (agricultural produce) and its related deferred tax implication, with the corresponding adjustment to the amount of retained earnings (if material).

Amendment to PSAK 16, published concurrently with PSAK 69, introduces a definition of a bearer plant and amends the scope of PSAK 16 to include bearer plants related to agricultural activity. After initial recognition, bearer plants will be measured under PSAK 16 either using the cost model or revaluation model. Management has elected to keep the cost model for the subsequent measurement of bearer plants. Therefore, the application of this standard will not have any impact on the amounts and/or disclosures in the Group's consolidated 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.

Dividend Payment

Dividend	2015	2016
Net income (loss) in thousands USD	(8,386)	9,199
Dividend per Share	IDR 35	IDR 18
Dividend payout in thousands USD	8,496	4,479
Dividend payout ratio	N/A	0.49
Payment	July 2016	June & July 2017

During the AGM held on May 24, 2017, shareholders approved the distribution of a cash dividend of IDR 18 per share for the year 2016 to all shareholders registered on the recording date of June 7, 2017. The cash dividend totaled IDR 59.6 billion, equivalent to USD 4.5 million, representing a 1% dividend yield.

This compares to a cash dividend of IDR 35 per share paid for the year 2015 that totaled IDR 113.3 billion, equivalent to USD 8.5 million, representing a 2% dividend yield.

EMPLOYEE SHARE OWNERSHIP PROGRAM/ MANAGEMENT SHARE OWNERSHIP PROGRAM (ESOP/MSOP)

Please see the section on Good Corporate Governance on page 132 of this Annual Report.

USE OF IPO PROCEEDS

All the proceeds from the IPO in 2013 have been used for the expansion of the business and investment in capital goods.

MATERIAL INFORMATION RELATED TO INVESTMENT, EXPANSION, DIVESTMENTS, CONSOLIDATION/MERGER, ACQUISITION, OR DEBT/CAPITAL RESTRUCTURING

Investment

In 2017, the Company did not have any investment in new subsidiaries or other new entities. The Company only increase investments in fixed assets and palm plantations.

Divestments

- On March 10, 2017, the Company sold its 10.87% ownership in PT Agro Muko to SIPEF NV, and retain 5% ownership. The Company recognized gain on sale of this investment amounted to USD 39,442,645.
- On September 27, 2017, the Company agreed to sell its 59,957,507 shares which represents 99.99% ownership in DGI to Star Energy Geothermal (Salak-Darajat) B.V. and PT Barito Pacific Tbk., for USD 30,141,946.
- On September 27, 2017, the Company agreed to sell its 3,000 shares which represents 5% ownership in PT Star Energy Geothermal Suoh Sekincau to PT Barito Pacific Tbk., for USD 325,000.

Debt/Capital Restructuring

- On July, 2017: the Company's ownerships in PT Aceh Timur Indonesia (ATI) and PT Surya Makmur (SM) were diluted due to the increase in ATI and SM share capital, which were fully paid by PT Evans Indonesia. The Company's ownerships in ATI and SM decreased to 25% from 99.99%. The Company also restructure the share ownership in SKPI and BP. Total ownership (direct and indirect through ATI & SM) in SKPI and BP remains the same at 20%.
- On November 2017, the Company's direct ownership in GMIT decreased from 99.96% to 79.97% due to increase of issued and paid up capital which was subscribed and paid by AJI HK Limited.

CHANGES IN LAWS AND REGULATIONS

There was no material changes of the laws and regulations which affected Company business in 2017.

MATERIAL FACTS ABOUT RELATED-PARTY TRANSACTIONS

ANJ has a minimal number of transactions with related parties. During 2017, we had related-party transactions only within ANJ's group of companies. All were disclosed to either the Financial Markets Authority (OJK) or the Indonesia Stock Exchange (IDX), or both, in accordance with prevailing laws and regulations. Related-party transactions during 2017 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 17, 2012. This agreement has been renewed 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.

- Based on a management and technical services agreement dated May 21, 2014 which was amended several times and at the latest on October 31, 2017, SMM charged management fees to AANE of IDR 50 million per month from January to September 2017, reducing to IDR 25 million per month from October 2017 onwards.

- ANJA charged management fees to ANJAS of USD 100,000 per month, based on a management and technical services agreement dated June 27, 2014.

- ANJA charged management fees to SMM of USD 150,000 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, which was amended on October 31, 2017 at the following rates per month for each subsidiary based on certain conditions as stipulated in the agreement:

	January-August 2017	September-December 2017
ANJA, SMM, ANJAS and KAL	IDR 870 million	IDR 939,9 million
PPM, PMP, ANJAP	IDR 453 million	IDR 500.7 million
GSB	IDR 145 million	IDR 135 million
AANE	IDR 29 million	IDR 13.5 million
GMIT	IDR 14.5 million	IDR 14.5 million
ANJB	IDR 4.35 million	IDR 4.05 million

- On June 24, 2015, ANJA entered into a loan agreement with KAL. The loan agreement has been amended several times with the current loan facility of IDR 500 billion at an annual interest rate of 9% and valid until December 31, 2018. Total outstanding loan as of December 31, 2017, was IDR 400 billion.

- On July 15, 2015, ANJ and ANJAP entered into a loan agreement amounting to IDR 40 billion or USD 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 a sago factory in Saga, West Papua. This facility has been renewed and available until July 15, 2017 and automatically extended for another one-year period. The total outstanding loan as of December 31, 2017, was nil.

- On October 7, 2016, ANJAS and KAL entered into a loan agreement for IDR 200 billion with KAL as the borrower, at an annual interest rate of 10%. In October 2017, the interest rate for this agreement was amended to become 9% per annum, valid from October 1, 2017. This loan facility was valid until December 31, 2018. The total outstanding loan as of December 31, 2017 was IDR 31.5 billion.

- On August 19, 2016, ANJ and PPM entered into a loan agreement for IDR 135 billion, 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, 2017, was nil.

- On August 19, 2016, ANJ and PMP entered into a loan agreement for IDR 135 billion, 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, 2017, was nil.

- On January 23, 2017, the Company provided a loan facility to AANE amounting to IDR 5 billion or its equivalent in US dollars to finance its operation and working capital. The interest rate for the loan facility in Rupiah and US dollars are 10.5% and 4.25% p.a., respectively, which were subsequently amended from September 1, 2017 to 7.5% and 3.0% p.a. This facility will be available for one year from the agreement date and is automatically extendable for another one-year period.

- The Company has also charged management fees of IDR 362.5 million per month in DGI, and IDR 58 million per month each for ATI and SM from January to July 2017. The management services agreements with DGI, ATI, and SM were terminated in August 2017 after those entities are no longer controlled by the Company.

- The Company provided a loan facility to AANE amounting to USD 750,000 at an annual interest of 2.75% + LIBOR, which was available for three years from the grant date. It has been renewed until December 15, 2020 and will be automatically extendable for another one-year period. This loan facility was to be used for constructing an extension to AANE's biogas plant. The total outstanding loan as of December 31, 2017, was USD 301,458.

- During 2017, the Company recognized dividend distributions as follows:

2017

	in USD
PT Darajat Geothermal Indonesia	1,699,971
PT Agro Muko	1,300,000
PT Surya Makmur	821,296
PT Aceh Timur Indonesia	634,646
PT Moon Lion Industries Indonesia	89,309
PT Sahabat Mewah dan Makmur	6,398
Total	**4,551,620**

MATERIAL COMMITMENTS TO CAPITAL EXPENDITURE

Capital Expenditure Realisation in 2017

Our capital expenditure amounted to USD 44.2 million in 2017. Of this, USD 41.9 million was spent on developing our palm oil estates, USD 1.2 million on developing our sago starch business and the remainder on developing our edamame and other businesses. The spending was financed primarily by existing cash, mainly from proceeds from sales of investment, and by short- and long-term bank loans.

In 2018, 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 Papua Plantation (PMP);
- Planting of 3,300 hectares of oil palms and construction of associated plantation infrastructure in West Papua (PPM, PMP and ANJ Papua Palm Oil);
- Land compensation for 1,100 hectares and planting of 500 hectares at our South Sumatra landbank (GSB);
- Replanting of 2,140 hectares at our Belitung Island Plantation (SMM) and new planting of 327 hectares to bring the total cumulative immatured plantation since 2015 to 4,216 hectares;
- Replanting of 743 hectares at our North Sumatra I Plantation (ANJA);
- Construction of a bulking station in KAL;
- Mill front end improvement to achieve 3,000 logs/shift, harvesting mechanization and a gasifier power plant to reduce production costs in West Papua (ANJAP);
- Construction of a frozen line facility in GMIT.

We anticipate capital expenditure in 2018 of around USD 92.5 million, 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 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.

Our overall capital expenditures denominates in US Dollar, The Company mitigates this risk exposure by monitoring the foreign currency rate fluctuation and 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.

BUSINESS PROSPECTS AND STRATEGIES

ANJ will continue to align its core activities with its objective of operating as a food-based agribusiness company with a diversified portfolio of high-value agricultural products. We will continue to drive profitable growth by increasing operational efficiency and synergy across our business, while actively strengthening corporate governance. All our operations will be underpinned and guided by our commitment to practicing responsible, sustainable growth.

Palm Oil

Prospects: The short-term outlook for the palm oil industry is positive. Improving weather conditions are expected to aid the recovery of FFB production from the effect of the El Nino-related droughts in 2015 and 2016, assisted by the expected better weather brought by the La Nina phenomenon. Major global CPO importers India, China and Japan as well as the Middle East continue to show robust demand, which is expected to support the CPO price. The Indonesian Palm Oil Association (GAPKI) has forecast the average palm oil price in 2018 in the USD 710 to USD 720 per tonne range.[1]

Indonesian government policy on biodiesel will continue to have a determining effect on demand, and therefore the price, of palm oil on the domestic front. The government currently implements a biodiesel support program which is financed by a levy on CPO exports, whereby the revenue from the levy is used to offset the gap between biodiesel and fossil diesel prices for Indonesian consumers. This has supported a growth in domestic demand for biodiesel and has lifted the domestic CPO price above the export price. The government is expected to extend this policy through 2018.

Additional factors such as the price of crude oil and the spread between palm and soybean oil prices will also come into play, while India's recent increase of the import tariff on palm oil poses another challenge. Moreover, the industry faces potential headwinds from the proposed European Union ban on palm oil-based biofuel, as well as US anti-dumping duties on Indonesian biodiesel.

The prospects for palm oil over the medium term are also very favourable. Analyses[2] show that over recent years, palm oil planting has been slowing down in Indonesia and Malaysia. This is consistent with pressures associated with environmental challenges, government moratoriums on planting, and regulatory issues. Given global population growth trends, per capita GDP growth and increasing biofuel consumption, this is projected to lead to a significant shortage of vegetable-based oils by 2020, which in turn will drive an increase in prices.

Strategies: In our plantations, we will continue to pursue our strategy of responsible development, in full compliance with RSPO guidelines and ANJ's Sustainability Policy. At the same time, we will continue to drive improvements in production and productivity in order to maintain a reasonable profit margin.

We seek to optimise productivity by managing the age profile of our trees, bearing in mind that oil palm trees only start producing fruit at 3-4 years of age and reach peak production after 8 years. To ensure a healthy balance between young and old trees, we will begin replanting in our North Sumatra I plantation in 2018. We will continue to plant in the West Papua estates and expect to begin harvesting FFB in 2019.

Infrastructure development is central to our strategy of improving productivity and operational efficiency. Several infrastructure projects will be ongoing in 2018: we expect to complete the construction of a CPO and PKO mill at the PMP estate in West Papua in mid 2019, to coincide with the first FFB harvest from our West Papua plantations. The construction project includes a jetty and a 30 km connecting road. In West Kalimantan, we will begin developing the land for a bulking station. Energy efficiency improvements will be made in our mill in North Sumatra II plantation with the installation of an additional turbine.

On the commercial side, we see opportunities to unlock new growth by diversifying new geographical market segments.

Sago

Prospects: Given the global market's relative unfamiliarity with sago, there are scant independent data on the outlook for this commodity. However, we perceive significant scope to increase the consumption of sago as a sustainable alternative to rice or wheat to meet the carbohydrate needs of Indonesia's growing population, and in processed foods for both the domestic and export markets. We foresee some downward pressure on the domestic processed food market if household spending in Indonesia remains subdued in 2018, and this could affect sago starch sales to our existing customers in the meatball industries.

Independent research has shown that sago starch has high resistance starch, which is good for digestion. Kitchen lab tests also shown that end product taste better with some mixed sago starch. As sago is gluten free product, the market potential in sago is significant.

1 *UPDATE 1-Indonesia palm oil output to rise in 2018 on improving yields - GAPKI's Hasan" CNBC report, November 3, 2017. https://www.cnbc.com/2017/11/03/reuters-america-update-1-indonesia-palm-oil-output-to-rise-in-2018-on-improving-yields--gapkis-hasan.html.*

2 *Fry, J. Can Productivity Grow in Step With Demand? presentation, November 2017 to IPOC 2018, Mistry, D.E. Palm and Lauric Oils Price Outlook 2018.*

FRESH EDAMAME
Photo by: Corporate Communications

Strategies: We will continue to address operational issues in order to increase sago starch production and processing capacity from natural sago forests in West Papua, targeting 3000 logs/day by the end of 2018.

As production increases, we will seek to grow sales to the domestic food processing segment by expanding distribution and adding value through processing. At the same time we will continue to work with partners to develop the domestic and export markets for sago starch and sago starch products. In addition, our investment in sago plays an important role in our sustainability strategy for the region, by creating jobs and improving physical and social infrastructure that will generate a multiplier effect on the local economy.

Although we are confident that our sago business is compliant with sustainability guidelines, we will seek independent verification in the coming year. As there is no specific framework for sago forest sustainability certification, we will explore the possibility of referencing existing timber forest certification criteria and procedures.

Edamame

Prospects: Japan is the largest consumer of edamame, but healthy demand is also being seen in Southeast Asia, particularly Singapore, Malaysia and Thailand. There are indications that although edamame is now largely a niche product in the United States and other Western markets, it is growing in popularity. Domestic demand for fresh edamame is healthy but the margins are less favourable.

The major producers of edamame are currently China and Taiwan, and to a lesser extent Thailand, Vietnam and Indonesia. Indonesia has an advantage over China and Taiwan as, without a winter season, it can produce up to three crops annually.

Strategies: The priority in 2018 will be preparing to enter the export market. This will entail, firstly, the construction and testing of our frozen line and cold storage facility. Obtaining ISO 22000, BRC food safety certification, and recruiting and training workers.

At the same time we aim to increase the planted area to 356 hectares in 2018 to ensure sufficient volume for the processing plant. To support this expansion, we will recruit more field workers to work closely with the farmers improving and sustaining quality to meet the standards demanded by the market.

As domestic market will remain our sales focus in 2018, we will seek to educate Indonesian consumers on the benefits of edamame as a highly nutritious and inexpensive source of protein.

Renewable Energy

Prospects: From a commercial perspective, biogas production is not currently compatible with our business model. The tariff offered by PLN is not economically feasible, and fulfilling the regulation requiring IPPs to transfer ownership at the end of the contract would be a challenge, given that the power plant is on our plantation. However, we believe that biogas can play an increasingly important role in meeting our internal energy needs and achieving our sustainability objectives.

Strategies: We will move forward with plans to build biogas power plants on our plantations, initially in West Kalimantan plantation. These will generate electricity only for internal consumption while reducing our reliance on conventional energy, lowering greenhouse gas emissions, maximizing the use of by-products and creating additional value.

COMPARISON OF TARGET/REALIZATION 2017

Palm Oil Production (metric tons)	2017	
	Target	Realization
FFB production	781,315	730,356
CPO production	213,082	210,248
PK production	46,968	44,037

The Company ended 2017 with Fresh Fruit Bunches (FFB) production amounting to 730,356 metric tonnes (mt), an increase of 10.1% compared to 2016 production, slightly below our target at 781,315 mt. Our newly matured West Kalimantan estate contributed the most significant improvement, but there was also a strong recovery in production at the Belitung estate following the impact of El Nino in 2015, which caused a decline in the production cycle in 2016. However, our North Sumatra I estate showed a marked decrease in its FFB production because of the continuing negative effects of the long drought in mid-2016.

In line with the increase in FFB production, Crude Palm Oil (CPO) and Palm Kernel (PK) production also increased by 18.6% and 15% to 210,248 mt and 44,037 mt respectively in 2017, but still below our target amounting to 213,082 mt and 46,968 mt respectively.

2018 COMPANY TARGETS

Palm Oil Production (metric tons)	2017	2018	Change
	Actual	Target	
FFB production	730,356	774,567	6.1%
CPO production	210,248	219,284	4.3%
PK production	44,037	45,421	3.1%

In 2018, the company targeted FFB production amounted to 774,567 metric tonnes (MT), 6.1% higher than the 2017 productions. In addition, the company targets 4.3% and 3.1% higher production for CPO and PK respectively.

SUBSEQUENT EVENTS

On February 28, 2018, Mr. Sonny Sunjaya Sukada resigned from his position as a Director of the Company and its subsidiaries. The Company and its subsidiaries will hold a General Meeting of Shareholders to approve his resignation.

MARKETING REVIEW

Our CPO products are sold through long-term sales contracts that are agreed on an FOB Dumai or FOB Belitung basis, or ex-jetty from our West Kalimantan estates. While we sell our products to both domestic and international buyers, most of our revenue is in US Dollars. Currently the majority of our export volume goes, either directly or via traders, to Asian countries, including India. Over the long term, as the additional CPO volume from Papua becomes available, we will seek to diversify into new geographical markets.

The CPO produced from our matured estates is eligible for an RSPO premium. Currently we are seeking to increase the volume sold at the premium price by increasing direct sales to end buyers who require RSPO certification for traceability purposes, rather than traders. In addition, we can charge a quality premium for our CPO when the Free Fatty Acid (FFA) content is below 3.5%. The market for sago starch, both domestically and globally, is still at a nascent stage. However, we believe that there is considerable potential to expand demand for the product over the long term as a healthy and sustainable source of native starch that has many potential applications.

All of our current sago production volume is sold to buyers who resell it to manufacturers of meatballs, sago flour, cookies and desserts. To develop new markets for the anticipated increase in production volume, we have taken a number of initiatives to drive consumer awareness about sago. In Indonesia we are partnering with chefs and food research companies to create new recipes and occasions for sago and supporting small-scale producers to develop and market sago products. To explore opportunities in the US market, where sago's gluten-free properties have value, we are working with a marketing consultant to develop a marketing strategy, brand, product portfolio and an online sales platform for sago starch, flour and ready-to-bake mixes. The goods are already available online and, with the consultant, we are using data analytics to test the market receptivity for wider distribution.

Our entire fresh edamame production is currently absorbed by the domestic market, for which we sell to local distributors at the market price.

Going forward, however, our focus is on the more profitable export market. We plan to begin exporting frozen edamame to Japan, which is by far the largest market, as well as the United States and Europe when our new frozen line and cold storage facility in Jember, East Java, is commissioned and fully certified at the beginning of 2019. To facilitate our entry into the export market, we signed an export purchase agreement with AJI HK Limited (the Asia Food Group). Under this contract, AJI HK Limited will be the sole offtaker of processed edamame for the Japanese market.

GOING CONCERN INFORMATION

Global and domestic crude palm oil (CPO) production began to recover from the impact of El Nino in 2016. This was accompanied by an upward trend in demand, driven by population expansion and GDP growth. Our palm oil plantation sector showed an increase in revenue in 2017, which was largely driven by the increase in CPO production as well as the CPO price.

The Group still has huge potential to develop its core business of palm oil, powered by a number of key strategic initiatives that are not limited to business orientation (efficiency, costs and productivity) but also include community development, and supported by a landbank of over 139,000 hectares in North Sumatra, Belitung, West Kalimantan, South Sumatra and West Papua. Moreover, the Group is also equipped with well-developed infrastructure to improve productivity and operational efficiency.

We believe that our edamame and sago businesses have the potential to strengthen our position as a world-class agribusiness-based food company that contributes to local economic development. This was encouraged by the growing popularity of edamame as a healthy protein and sago as an alternative carbohydrate to rice and wheat based products. The Group will continue to develop domestic and export markets for value-added products.

In addition to our business prospects, the Group also has the advantage of a strong and healthy capital structure as well as a strong commitment to achieve the Group's long-term objectives of growing responsibly and enhancing our stature in the industry.

Human Resources

ANJ's people, and their skills, experience and vision, are what makes the Company thrive and will drive its success in future. Our human resource policies and organisation are aimed at giving people opportunities to maximise their potential, and harnessing that potential effectively for the achievement of our business objectives.

ORGANIZATIONAL STRUCTURE

We made a number of changes to the organization structure in 2017 to enable ANJ to meet the demands of our growing business more effectively. We created a new position, Head of Security and Environment, Health & Safety (EHS) at the corporate level, so that the department can now be more proactive in developing group-wide policy on these critical issues. The Government and Stakeholder Relations function was moved to the Sustainability Department, and a number of supporting functions were added to the Engineering department. In addition, the Supply Chain Management function was reorganized to operate by region, rather than by type of goods/services, which has created greater efficiency, particularly with regard to logistics.

EQUALITY OF OPPORTUNITY

ANJ's commitment to equal opportunity is explicitly expressed in our Sustainability Policy, which upholds gender equality in terms of equal treatment, pay and opportunities for advancement, and affirms the Company's zero tolerance for discrimination based on race, religion, nationality, political views or physical condition.

Although large-scale agribusiness has traditionally been a male-dominated industry, we are seeking to overturn this by actively encouraging more women to enter management. As an example, the percentage of women on our Management Training program is steadily increasing, from about 20% in 2016 to 35% in 2017, and we aim to maintain this trend in the coming intakes. We are also working to change attitudes at the estate level to create a more conducive environment for women to advance in leadership roles.

In the interests of providing equal opportunities to all, we try to identify people with potential at the non-staff level in the field and ensure that they have opportunities to be promoted through our regular testing and selection processes.

We are also seeking to increase the absorption of local people into our workforce, particularly in West Papua, where our developing sago and palm oil plantations will be fully operational in 2019. We are therefore planning a structured vocational program for agronomy and engineering in West Papua, which will start in Q3 2018.

RECRUITMENT/SUCCESSION

Succession planning is an important factor in the sustainability of our Company, and we continue to strengthen the systems to ensure that we have a robust pipeline of potential leaders for the future. There are essentially two tracks to leadership: internal, performance-based promotion, and our Management Training program.

The Management Training program was revamped in 2016 to focus on preparing future leaders. The 9-month program incorporates class-based learning, coaching and on-the-job training in various divisions of the Company, and each trainee has access to trained mentors. For those who successfully complete the program, the mentoring continues, alongside regular leadership sessions, for a period of 5 years, after which the trainee is expected to be able to take up a managerial position.

One of our recruitment policies is "Grow from within," which means we fill vacant positions by prioritizing internal promotion, where possible. We believe this increases employee motivation and has a positive impact on staff engagement. We have a systematic process whereby the competence level of every potential candidate is first assessed. If none of the candidates match the competencies needed for the vacant position, then we will recruit externally.

TRAINING AND COMPETENCY DEVELOPMENT

As the business grows and diversifies, it is vital that our people have opportunities to develop themselves in ways that will contribute to the Company's business objectives and keep them motivated and engaged. We therefore offer a wide range of education and training programs at all levels, and each employee is entitled to have a minimum of one training each year.

Training is divided into two main categories: hard skills or technical training, and soft skills. Technical training is the responsibility of the respective departments, and is based on their mapping of organisational and individual competency gaps. Competencies covered in 2017 included agronomy, waste management and forest stewardship, industrial relations, communications and conflict handling, sustainability, and safety, among others. Soft skills training,

which includes leadership and communication skills, business ethics and ANJ's values, is delivered through the Human Resources department. We also provide specific training to prepare employees for certain types and levels of certification to ensure that professional standards are met in certain job functions.

Across the ANJ Group, a total of 1,843 person days were spent on training in 2017. At staff level and up, 628 employees received technical training, 702 employees received soft skills training and 25 employees received certification training, while at non-staff level, 5,274 people received technical training, 4,795 received soft skills training, and 64 received certification training.

In 2017 we introduced a more systematic approach to the professional development of our existing managers. After defining the key dimensions of leadership competence needed in the Group, we designed a number of modules, including decision making, coaching, delegating responsibility and communication, which are delivered over a 3-day course. 50 managers participated in this Management Development program in 2017, and the number will be increased in the coming year.

We also offered an executive coaching program to build competence specifically in strategic planning and execution. Eight people at General Manager/Head of Department level participated in 2017, attending monthly sessions over a 6-month period. For members of our Board of Directors, we offered a monthly coaching program facilitated by an international coach from the United States.

The majority of the training is delivered by our growing pool of in-house trainers. As part of the upgrading of our training systems, we mapped our existing and potential trainers, identified subject matter experts, and divided them into facilitators, mentors, and facilitator/mentors. We provide regular development sessions to help them improve their skills and effectiveness as trainers.

We are also seeking out appropriate external professional development opportunities to enhance leadership quality. Two employees are currently enrolled in an MBA program at a local university, while two of the Directors attended a short course on executive leadership at Darden University, USA, during the year.

ANJ invested a total of USD 438.4 thousand in training and competency development in 2017.

TRAINING PARTICIPATION 2017

	TECHNICAL												
	Staff (personnel)	Mandays	Assistant Manager	Mandays	Manager/ Senior Manager	Mandays	GM/RH/ GH*	Mandays	BOD	Mandays	Total Mandays	Non Staff	Mandays
ANJ	12	24	4	8	9	18	18	36	13	26	112	-	-
HO MEDAN	7	19	3	7	7	27	5	15	2	4	72	-	-
ANJA	148	113	36	33	38	46	7	12	-	-	203	497	321
ANJAS	35	80	14	31	8	18	1	2	-	-	131	1,858	588
SMM	102	130	38	38	16	25	4	14	-	-	207	2,607	748
GSB	5	13	5	11	-	-	-	-	-	-	24	-	-
KAL	27	64	6	13	5	10	1	2	-	-	89	268	82
PMP	5	10	-	-	4	8	-	-	-	-	18	31	148
PPM	8	16	-	-	7	14	4	8	-	-	38	13	79
ANJAP	-	-	-	-	1	2	1	2	-	-	4	-	-
GMIT	14	28	-	-	1	2	2	4	2	4	38	-	-
AANE	1	2	-	-	2	4	-	-	-	-	6	-	-
Grand Total	**364**	**499**	**106**	**140**	**98**	**174**	**43**	**95**	**17**	**34**	**941**	**5,274**	**1,966**

* GM - General Manager, RH - Regional Head, GH - Group Head

	SOFT SKILL												
	Staff (personnel)	Mandays	Assistant Manager	Mandays	Manager/ Senior Manager	Mandays	GM/RH/ GH*	Mandays	BOD	Mandays	Total Mandays	Non Staff	Mandays
ANJ	19	38	-	-	23	46	6	12	6	12	108	-	-
HO MEDAN	2	2	1	1	4	8	-	-	-	-	11	-	-
ANJA	93	93	22	22	18	28	-	-	-	-	143	958	470
ANJAS	68	47	13	8	8	10	1	1	-	-	65	484	117
SMM	122	83	43	33	40	43	2	1	-	-	161	1,944	666
GSB	23	17	5	5	1	1	-	-	-	-	23	55	44
KAL	79	94	27	30	25	39	-	-	-	-	163	1,336	658
PMP	-	-	-	-	3	6	-	-	-	-	6	-	-
PPM	-	-	-	-	4	8	-	-	-	-	8	9	9
ANJAP	-	-	-	-	2	4	-	-	-	-	4	-	-
GMIT	21	42	11	22	6	12	3	6	-	-	82	-	-
AANE	1	2	-	-	-	-	-	-	-	-	2	9	9
											776	4,795	1,974

	CERTIFICATION												
	Staff (personnel)	Mandays	Assistant Manager	Mandays	Manager/ Senior Manager	Mandays	GM/RH/ GH*	Man days	BOD	Mandays	Total Mandays	Non Staff	Mandays
ANJ	1	2	-	-	-	-	-	-	2	32	34	-	-
HO MEDAN	-	-	1	3	-	-	-	-	-	-	3	-	-
ANJA	4	14	1	3	-	-	-	-	-	-	17	37	136
ANJAS	3	20	-	-	1	3	-	-	-	-	23	14	63
SMM	4	23	-	-	1	3	-	-	-	-	26	3	25
GSB	1	3	1	3	-	-	-	-	-	-	6	-	-
KAL	1	5	1	5	1	3	-	-	-	-	13	7	45
PMP	-	-	-	-	-	-	-	-	-	-	-	-	-
PPM	-	-	-	-	-	-	-	-	-	-	-	-	-
ANJAP	-	-	-	-	-	-	-	-	-	-	-	-	-
GMIT	-	-	-	-	-	-	-	-	-	-	-	-	-
AANE	-	-	-	-	2	4	-	-	-	-	4	3	4
		1,843									126	64	273

Grand Total training 1,842 mandays or 14,744 man hours for staff and above position employees.
Grand Total training 4,212 mandays or 33,696 man hours for non-staff employees.

PERFORMANCE APPRAISAL AND CAREER DEVELOPMENT

Our performance appraisal system forms the basis for the planning of systematic professional and career development pathways for our employees. Employees are appraised annually, with an interim progress review every 6 months, on the basis of key performance indicators agreed by the employee and their line manager. Individual reviews are augmented by a committee review, facilitated by the Human Resources department, which adds another layer of objectivity and transparency to the process.

Based on the performance appraisal, employees can, with their line managers, identify training needs and potential development and promotion opportunities to keep them on track towards being the Company's future leaders. Maintaining an above-average performance appraisal score for at least three years is a prerequisite for promotion.

COMPENSATION

We recognize that providing a competitive compensation package is an important factor in attracting and retaining the best talent. We therefore continuously benchmark our salaries and benefits against market standards to ensure that they remain above the industry average. Performance-based bonuses provide additional motivation for employees.

We operate across a vast geography that spans the breadth of the archipelago, in which real costs of living vary widely from one area to another. To ensure that all employees are compensated fairly, we have instituted a system of allowances

to offset the higher cost of living in more remote areas. In addition, employees working on development projects, where conditions may be harsher due to incomplete infrastructure, receive a pioneer project allowance. All employees also receive the statutory holiday allowances and health insurance, provided through the government's BPJS scheme.

All estate staff, including harvesters, receive free housing and utilities, and (with the exception of our South Sumatra estate, which is still under development) we provide a fully staffed medical clinic at each site. In West Papua, these facilities also serve the local community. We have built and staffed schools at our ANJA North Sumatra I estates to provide education up to junior high level in the former, and early years education in the latter, for employees' children. We also offer achievement-based scholarships for employees' children, giving them access to a university education.

WELFARE AND SAFETY

The safety, health and well-being of our employees is one of our highest priorities. ANJ strives to maintain world class standards on occupational health and safety (OHS) and OHS management systems. While responsibility for developing and monitoring safety policies, standards, rules and guidelines lies with the Environment, Health and Safety (EHS) Department, safety implementation is considered to be the responsibility of every employee. All new employees undergo comprehensive safety training as part of their induction program, and mandatory safety trainings, demonstrations, simulations and drills are conducted several times a year at every level and at each estate.

LIST OF SAFETY TRAINING IN 2017

Certificates	ANJA		SMM		ANJAS		KAL		GSB		ANJ	
	Plan	Realization	Plan	Realization	Plan	Realization	Plan	Realization	Plan	Realization	Plan	Realization
K3 Electricity Technician	-	-	-	-	-	-	2	-	-	-	-	-
P3K	-	-	-	-	-	-	-	-	-	-	-	-
Hiperkes	1	1	3	3	2	2	-	-	-	-	-	-
Boiler Class I	-	-	-	-	-	-	-	-	-	-	-	-
Boiler Class II	-	-	-	-	1	-	4	-	-	-	-	-
Firefighter Class D	-	-	-	-	-	5	-	2	-	-	-	-
Firefighter Class C	5	-	5	5	5	-	5	3	-	-	-	-
Firefighter Class B	-	-	-	-	-	-	-	-	-	-	-	-
Firefighter Class A	1	-	1	-	1	-	1	-	-	-	-	-
Lift Cargo Certification	31	31	-	-	5	5	1	-	-	-	-	-
Welder	3	3	3	-	3	-	3	-	-	-	-	-
AK3 Electricity	1	-	1	-	1	-	1	1	-	-	-	-
AK3 Construction	1	-	1	-	1	-	-	-	-	-	-	-
ISPO Auditor	-	-	-	-	-	-	-	-	-	-	-	-
14001 Auditor	-	-	-	-	-	-	-	-	-	-	-	-
SMK3 Auditor	-	-	1	-	-	-	-	-	-	-	-	-
OHSAS/ISO 19001 Auditor	1	-	1	-	1	-	1	-	-	-	1	-
General AK3	-	-	-	1	-	1	-	-	-	-	-	-
K3 Officer Confined Space	1	2	1	1	1	1	1	2	-	-	-	-
HIMU	1	-	1	-	1	-	1	-	-	-	-	-
SIO Operator Extention	6	-	22	22	-	-	20	-	-	-	-	-
SIO Expert Extension	-	-	-	-	-	-	2	2	-	-	-	-
Basic AMDALTraining	-	-	-	-	-	-	-	-	-	-	1	1
Total	**52**	**37**	**40**	**32**	**22**	**14**	**42**	**10**	**N/A**	**N/A**	**2**	**1**

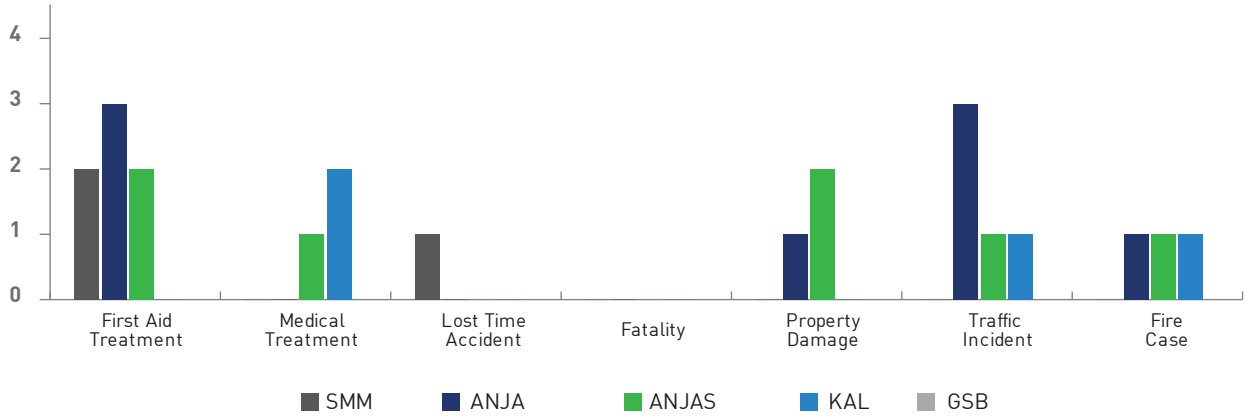
The EHS Department regularly assesses hazards and risks in all aspects of our operations, and takes action to mitigate them. For example, employees who are exposed to chemical substances, even within safe limits, receive supplemental nutrition, and we ensure that pregnant women do not work in any capacity that exposes them to such substances. Each estate currently has a team of at least two EHS officers, who monitor environmental and safety compliance and provide daily safety briefings for all estate workers. The minimum number of EHS officers at each site will be increased to three in 2018.

Employees have access to comprehensive, quality primary health care through our estate clinics, each of which is staffed by a doctor and paramedics and is kept fully stocked with essential medicines. The clinics also provide services for the local communities. Mothers and young children have access to a range of infant and child health facilities, including developmental check-ups, complete immunization and education on nutrition. Crèche facilities are provided for employees with babies.

SAFETY INDEX AND PERFORMANCE

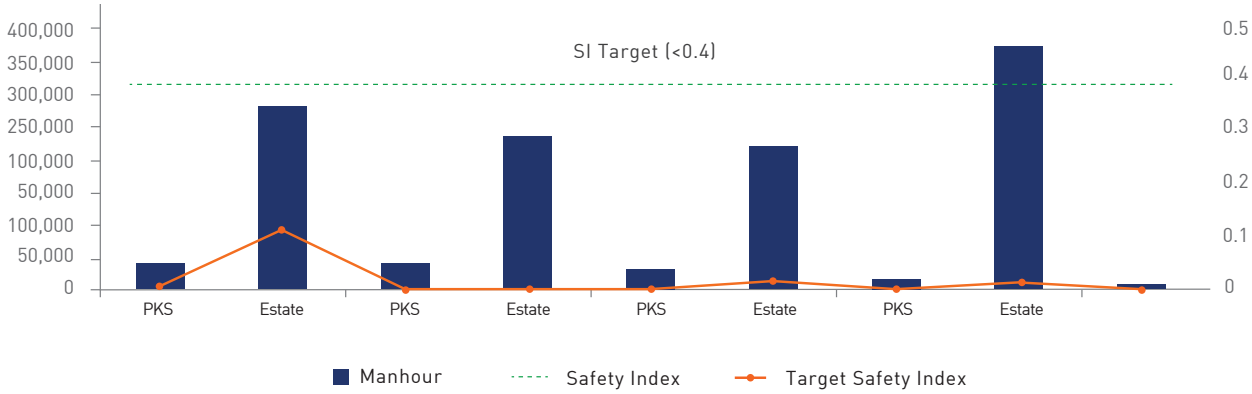
Our ultimate safety goal is zero accidents. In 2017, we recorded 23 incidents across the Company, the majority of which were first aid cases. There were no fatalities.

Accident & Incident Performance of ANJ Group Graph



Each of our operational estates publishes an annual safety index, which is calculated on the basis of all reported incidents, categorized into Medical Treatment Cases, Lost Time Accident Cases, and Fatalities. In 2017, the accumulated safety index for all four operational plantations was 0.03, which was below our target of <0.4. The highest performing plantation in terms of safety in 2017 was the Binanga estate in North Sumatra, which reported zero accidents that could affect the safety index.

Achievement of Safety Index (2017)



We are committed to achieving national and international compliance on occupational health and safety management systems in all our estates. Both our North Sumatra estates and the West Kalimantan plantation have achieved the globally recognized UK-based OHSAS 18001 certification, and we are preparing the Belitung plantation for OHSAS certification in 2018. In addition, all our operational estates have achieved the Indonesian OHSAS equivalent, known as SMK3, which is awarded by the Ministry of Labour and Transmigration.

Recertification for both OHSAS and SMK3 is based on 3-yearly external audits. In 2017, three plantations underwent an OHSAS audit and two underwent an SMK3 audit. There were no major findings from any of the audits, and just five minor findings were recorded from the OHSAS audits. While the SMK3 audits of the West Kalimantan and North Sumatra II plantations resulted in 30 minor findings, both estates were awarded gold flags for high achievement. All the findings are currently being followed up.

Total Finding External Audit (YTD 2017)

Certification	Finding Classification	Companies			
		ANJA	SMM	ANJAS	KAL
OHSAS 18001	MAJOR	-	N/A	-	-
	MINOR	4	N/A	-	1
	PI*)	7	N/A	10	9
SMK3	MAJOR	N/A	N/A	-	-
	MINOR	N/A	N/A	16	14
SMK 3 Achievement (%)		N/A	N/A	**90.36%**	**91.57%**

*) PI = PROCESS IMPROVEMENT
- SMM : SMK3 and OHSAS 18001 will conducted in 2018
- ANJA : There was no SMK3 Audit in 2017 (audit activity conducted once every 3 years)

Our target for the total findings for our operational plantations in 2018 is a combined total of no more than 3 findings (minor) from both the OHSAS 18001 and ISO 14001 (environmental management system) audits. On the SMK3 external audit, we are targeting a 95% achievement across all 166 elements. In addition to these, we will continue to carry out regular internal safety audits of all our plantation and mill operations.

OHSAS and SMK3 standards are already being implemented in our development estates in South Sumatra and West Papua, and we will apply for certification in the near future.

EMPLOYEE ENGAGEMENT & INDUSTRIAL RELATIONS

We believe that the best way to engage employees is by creating a supportive and motivating work environment that is conducive to excellent performance. One of the ways in which we do this is by demonstrating that such performance will be fairly rewarded by a competitive level of remuneration and a defined career pathway with equitable and transparent opportunities for development and promotion. Staff and management are regularly kept informed about training opportunities, HR policies, and the Company's compensation structure, including the results of salary surveys, so that they are fully aware of their entitlements.

Open and transparent internal communications are another important factor in employee satisfaction and engagement. At ANJ, the bipartite cooperation forum (LKS) plays an important role in this by creating a space for ongoing dialogue between management and employees, primarily on employment matters, but also on actions related to the community and the environment. Moreover, it provides an effective channel for resolving employee grievances, in addition to the Company's whistleblowing system (see page 133). Bipartite forums have been established at each subsidiary/estate, with all employees and management signing up to the forum's ground rules. The Company provides support for monthly meetings, and facilitates action planning and goal-setting for the forum on an annual basis.

We believe that a good work-life balance is important, and we provide sports facilities and clubhouses for employees at our sites, as well as annual outings for everyone at staff level and above.

All of the elements above help to create and nurture the culture of ANJ, which is founded on our values of Integrity, Respect for People and The Environment, and Continuous Improvement. All new employees receive an introduction to these values during their induction program, and we are beginning to roll out regular refresher workshops and retreats. They are also promoted through our Values Champions, who help their peers to understand and adopt these values in their day-to-day activities. More details about ANJ's corporate culture and values can be found on page 36-37 of this annual report.

HUMAN RESOURCES PROFILE

The Company employed a total of 7,596 people in 2017, increasing slightly from 7,392 people in 2016. Given the nature of the Company's operations, the vast majority, 7,216 people, work in the palm oil sector. Of the total workforce, 6,955 are labourers or workers, while 641 are at staff level and above. Just under 10% of employees held a post-high school qualification (diploma, bachelor's or master's degree) in 2017, compared to 9.3% in 2016. More than two-thirds (63.3%) of employees were in the 25-40 age range in 2017. Most of the employees (7,166 or 94.3%) are permanent, while the remaining 5.7% are contract employees.

A full breakdown of the employee composition by job level and division, education level, age and employment status can be seen in the Company Profile section of this report on page 47.

CORPORATE GOVERNANCE

"We exercise good governance through a robust framework of policies, reporting and control systems, processes and standards that govern our business relationships, decision making, compliance, risk management and accountability."

RAPID RESPONSE TEAM AT KAL PAY FULL ATTENTION DURING A ROLL CALL BRIEFING
Photo by: Corporate Communications

Corporate Governance

We emphasize transparency in governance, both within our Group and in our relations with all stakeholders.

ANJ'S COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Company is committed to operating the business in accordance with the principles of good corporate governance. We recognize that these principles — transparency, accountability, responsibility, independence and fairness — are fundamental to establishing the trust among our shareholders and stakeholders that is needed to sustain the Company's growth over the long term.

We exercise good governance through a robust framework of policies, reporting and control systems, processes and standards that govern our business relationships, decision making, compliance, risk management and accountability. This framework is underpinned by the Company's high standards of conduct, as articulated in our Code of Ethics, and ANJ's core values of 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.

The ultimate purpose of good corporate governance in ANJ is to support the achievement of our vision and mission through responsible development and enhanced stakeholder value.

LEGAL BASIS FOR CORPORATE GOVERNANCE AT ANJ

The legal and policy foundation for the implementation of corporate governance at ANJ is as follows:

1. Law No. 40/2007 on Limited Liability Companies;
2. Law No. 8/1995 on the Capital Market;
3. OJK Regulation No. 32/POJK.04/ 2014 on the Plans and Organisation of the General Meeting of Shareholders in a Public Company;
4. OJK Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers and Public Companies;
5. OJK Regulation/FSA Regulation No. 21/POJK.04/2015 on the Implementation of the Governance Guidelines for Listed Companies;
6. OJK Circular Letter No. 30/SEOJK.04/2016 on the Form and Contents of Annual Reports Filed by Issuers or Public Companies;
7. The Good Corporate Governance Guidelines issued by the National Governance Policy Committee (KNKG).
8. Asean Corporate Government Scorecard.

GCG POLICY

ANJ's corporate governance is also supported and guided by the following:

1. The Articles of Association of the Company;
2. By-Laws;
3. The Code of Ethics on Business Conduct
4. The Charters of the Board of Commissioners, Board of Directors and Board Committees;
5. The Company's Sustainability Policy.

These policies, together with all the operational procedures, business processes and quality management systems, represent the rules of the Company with which all members of the organization are expected to comply. They are reviewed regularly and updated to ensure that they remain fit for purpose in view of the growth of the business, market conditions and the regulatory environment.

Assessment of GCG Implementation

The implementation of corporate governance is subject to ongoing review by the Board of Commissioners, Board of Directors, Committees, and Internal Audit Unit. The Directors of the Company, with the exception of the Independent Director, hold Director and/or Commissioner positions in the subsidiaries, which gives the Board a robust level of oversight across the Group.

The Board of Directors and Board of Commissioners have also made an internal assessment of our compliance with the Corporate Governance Guidelines for Public Companies issued by the OJK in the annex to OJK Regulation No. 21/POJK.04/2015. A summary of the results can be seen on page 134-135 of this Annual Report. The Company is following up on the recommendations that have not yet been fulfilled, as explained in the summary matrix.

As of December 31, 2017, ANJ had not been subject to an external assessment of its corporate governance implementation.

HARVESTING OF FRESH FRUIT BUNCHES AT SMM
Photo by: Mark Dohar

GCG Structure

In compliance with Law No. 40/2007 on Limited Liability Companies, the Company's corporate governance structure consists of three mutually independent organs, the General Meeting of Shareholders (GMS), which is the highest decision-making authority; the Board of Commissioners, which supervises the Company's management; and the Board of Directors, which is responsible for managing the Company for the benefit of the Company and its shareholders. Both Boards are accountable to the GMS.

In carrying out its supervisory functions, the Board of Commissioners is assisted by the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility and Sustainability Committee. To perform its management functions effectively, the Board of Directors is supported by the Corporate Secretary and Internal Audit Unit.

General Meeting of Shareholders

The general meeting of shareholders (GMS) is an organ of the Company in which the shareholders have the right to make certain decisions relating to the Company. It is also the occasion when the Board of Commissioners and the Board of Directors are obliged to report to the shareholders on their performance and accountability and respond to the shareholders' questions about their actions. The organization and conduct of the meetings is subject to the provisions of the Company's Articles of Association and relevant laws and regulations. The GMS has authority that is not given to the Board of Directors or the Board of Commissioners, such as the authority to appoint and dismiss commissioners and directors, and the right to determine the distribution and appropriation of the Company's net profit.

A general meeting of shareholders may be either an Annual General Meeting of Shareholders (AGMS) or an Extraordinary General Meeting of Shareholders (EGMS). According to OJK Regulation No. 32/POJK.04/2014 on the Planning and Organization of the General Meeting of Shareholders of a Public Company, the AGM must be convened once a year and no later than six months after the end of the Company's financial year. An EGM may be convened whenever deemed necessary for the interests of the Company.

GMS PROCEDURES

To protect the shareholders' interests, the Company is committed to ensuring that general meetings of shareholders are convened in line with the Company's Articles of Association and regulations of the OJK.

Notice of and the invitation to the GMS is posted in at least one national newspaper, on the Company's website and on the Indonesia Stock Exchange website well in advance of the meeting. The meeting agenda is announced on the invitation to the shareholders and in the notice to the Stock Exchange.

Materials for the GMS are made available, from the date of the GMS notice, at the Company's Head Office or by written request to the Company.

GENERAL MEETINGS OF SHAREHOLDERS IN 2017 AND 2016

The Company held one AGMS and two EGMS in 2017. The most recent AGMS was held on May 24, 2017 at the Mercantile Athletic Club, World Trade Center, 18th Floor, Jl. Jenderal Sudirman Kav. 31, South Jakarta. The meeting was attended by shareholders or their proxies representing 97.97% of the Company's total 3,311,505,388 shares, thereby fulfilling the quorum for the meeting as stipulated in the Articles of Association. All the Company's Commissioners, with the exception of Dr Darwin Cyril Noerhadi, and all the Directors were also in attendance.

Extraordinary General Meetings of Shareholders (EGMS) were held on February 20, 2017 and November 14, 2017. The Board of Directors and The Board of Commisioners completed all resolutions stipulated by the shareholders at the EGMS within the 2017 financial year. For details, see table on page 97-99.

In 2016, the Company held one AGMS, on June 1, 2016 at the Mercantile Athletic Club in Jakarta. The shareholders and proxies representing 98.68% of the shares attended the meeting. All the Company's Commissioners and Directors, with the exception of Mr Sonny Sunjaya Sukada, were also present.

No EGMS was held in 2016.

The following tables show the resolutions made at these meetings and their implementation status.

AGMS May 24, 2017		
Agenda Item	**AGMS Resolution**	**Implementation status**
1	To approve and ratify the Annual Report of the Company for the year ending on December 31, 2016, including the Operational Report of the Company, the Supervisory Report of the Board of Commissioners and the Consolidated Financial Statements of the Company for the year ending on December 31, 2016, including the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income for the year ending on December 31, 2016 as well as to give full release and discharge of responsibilities (acquit et de charge) to the members of the Board of Directors and the Board of Commissioners of the Company for their management duties and supervisory duties carried out during the year ending on December 31, 2016 to the extent that their actions are reflected in the Annual Report of the Company.	Completed. Financial statements for the year ending December 31, 2016, were delivered on March 8, 2017, and the annual report for the year ending December 31, 2016, was delivered on April 25, 2017, both to the OJK and IDX.
2	1. To approve the distribution of the net profit of the Company for the year ended December 31, 2016, as follows: a. In the amount of IDR 373,000,000 or equivalent with USD 28,054 by using the middle exchange rate of Bank Indonesia on May 23, 2017, of IDR 13,296 per USD 1 will be allocated and recorded as a reverse fund. b. In the amount of IDR 59,607,096,984 will be distributed as a cash dividend to the shareholders of the Company so that each share will receive cash dividend of IDR 18. 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 7, 2017. c. The remaining balance will be recorded as retained earnings which will be used for the working capital of the Company. 2. To give powers and authorities to the Board of Directors of the Company to carry out any and all actions required in relation to the abovementioned resolutions in accordance with the prevailing laws and regulations.	Completed. The dividend was distributed to shareholders on June 22, 2017.
3	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.	Completed.
4	To give authorities and powers to Board of Commissioners to appoint a Public Accountant to carry out audit on the Company for the financial year of 2017 including to determine the remuneration, subject to the recommendation of the Audit Committee of the Company.	Completed. The Board of Commissioners appointed "Siddharta Wijaya dan Rekan" as Company's auditor for the financial year of 2017 on September 28, 2017.
5	1. To approve the resignation of Mr. Sucipto Maridjan from his position as a Director of the Company effectively as of the closing of the AGMS and to release and discharge Mr. Sucipto Maridjan from his responsibility during his term of office provided that his management duty has been carried out in accordance with the articles of association of the Company, the prevailing laws and regulations, including but not limited to Law Number 40 of 2007 concerning Limited Liability Company. 2. To approve and to appoint of Mr. Naga Waskita as a new Director of the Company which shall be effective as of the closing of the AGMS until the closing of the Annual General Meeting of Shareholders of the Company in 2022.	Completed.

AGMS May 24, 2017		
Agenda Item	**AGMS Resolution**	**Implementation status**
	3. To approve and to re-appoint Mr. Lucas Kurniawan as an Independent Director of the Company which shall be effective as of the closing of the AGMS until the closing of the Annual General Meeting of Shareholders of the Company in 2022. 4. To restate and stipulate the composition of the Board of Commissioners and the Board of Directors of the Company effectively as of the closing of the AGMS as follows: **Board of Commissioners:** President Commissioner (Independent) : Mr. Adrianto Machribie Independent Commissioner : Mr. Arifin Mohamad Siregar Commissioner : Mr. George Santosa Tahija Commissioner : Mr. Sjakon George Tahija Commissioner : Mr. Istama Tatang Siddharta Commissioner : Mr. Anastasius Wahyuhadi Independent Commissioner : Mr. Josep Kristiadi Independent Commissioner : Mr. Darwin Cyril Noerhadi **Board of Directors:** President Director : Mrs. Istini Tatiek Siddharta Independent Director : Mr. Lucas Kurniawan Director : Mr. Handi Belamande Syarif Director : Mr. Sonny Sunjaya Sukada Director : Mr. Geetha Govindan K Gopalakrishnan Director : Mr. Naga Waskita The term of office of the Board of Commissioners and the Board of Directors is until the closing of the Annual General Meeting of Shareholders in 2020, except that the term of office of Mr. Darwin Cyril Noerhadi as an Independent Commissioner is until the closing of the Annual General Meeting of Shareholders of the Company in 2021 and the term of office of Mr. Lucas Kurniawan as an Independent Director and Mr. Naga Waskita as a Director is until the closing of the Annual General Meeting of Shareholders of the Company in 2022. 5. To give authorities and powers to the Board of Directors 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, and to notify the relevant authorities as well as to carry out all and any actions required in relation to such resolutions in accordance with the prevailing laws and regulations.	
6	1. To give powers to the Board of Commissioners of the Company 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 to the resolutions of the Extraordinary General Meeting of Shareholders of the Company as stated in a deed drawn up before Doktor Irawan Soerodjo, Sarjana Hukum, Magister Sains, Notary in Jakarta, dated January 17, 2013, number 161, in relation to the Initial Public Offering of the Company. 2. To reconfirm and approve the issuance of new shares from the portfolio of the Company of maximum 1.5% of the total issued and paid up capital of the Company or maximum 50,000,000 shares with a total nominal value of IDR 5,000,000,000 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).	Completed. In 2017, the Company opened two windows for the exercise of MSOP options, on May 3, 2017, and November 1, 2017.

AGMS May 24, 2017		
Agenda Item	**AGMS Resolution**	**Implementation status**
	3. Furthermore, for the implementation of each of the issuance of new shares in relation to the Management Stock Option Plan (MSOP), to give powers to the Board of Commissioners of the Company and/or the Board of Directors of the Company and/or the Corporate Secretary of the Company, to carry out all and any actions required, including but not limited to the following: a. To determine the definitive number of the newly issued shares and to determine the increase of the issued and paid up capital and to restate the Articles of Association of the Company in relation to the increase of the issued and paid up capital and to state the above in a notarial deed, including to state the composition of the shareholders in such deed (if required) and to submit for approval of and/or to notify the Minister of Laws and Human Rights and other relevant authorities. b. To register the shares issued in the Management Stock Option Plan (MSOP) on the Indonesia Stock Exchange with due observance to the prevailing capital market laws and regulations as well as to register such shares in the Collective Depository pursuant to the regulations of PT Kustodian Sentral Efek Indonesia as well as other prevailing laws and regulations for the abovementioned matters. c. To carry out all and any actions required pursuant to the prevailing laws and regulations.	

The AGMS on May 24, 2017 was attended by the following:

Board of Commissioners:

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

Board of Directors:

President Director	: Mrs. Istini Tatiek Siddharta
Independent Director	: Mr. Lucas Kurniawan
Director	: Mr. Handi Belamande Syarif
Director	: Mr. Sonny Sunjaya Sukada
Director	: Mr. Geetha Govindan K Gopalakrishnan
Director	: Mr. Sucipto Maridjan

EGMS February 20, 2017		
Agenda Item	**EGMS Resolution**	**Implementation status**
1	1. To approve the resignation of Mr. Ridha DM Wirakusumah as an Independent Commissioner of the Company, effective as of December 7, 2016 and to release and discharge Mr. Ridha DM Wirakusumah from his responsibility during his term of office, provided that his supervision 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 Company. 2. To approve the appointment of Mr. Darwin Cyril Noerhadi as an Independent Commissioner of the Company, effective as of the closing this Meeting until the closing of the Annual General Meeting of Shareholders in 2021. 3. To state and to stipulate the composition of the Board of Commissioners and the Board of Directors of the Company as of the closing of the Meeting: **Board of Commissioners:** President Commissioner (Independent) : Mr. Adrianto Machribie Independent Commissioner : Mr. Arifin Mohamad Siregar Commissioner : Mr. George Santosa Tahija Commissioner : Mr. Sjakon George Tahija Commissioner : Mr. Istama Tatang Siddharta Commissioner : Mr. Anastasius Wahyuhadi Independent Commissioner : Mr. Josep Kristiadi Independent Commissioner : Mr. Darwin Cyril Noerhadi	Completed.

EGMS February 20, 2017		
Agenda Item	**EGMS Resolution**	**Implementation status**
	Board of Directors: President Director : Mrs. Istini Tatiek Siddharta Director : Mr. Sucipto Maridjan Independent Director : Mr. Lucas Kurniawan Director : Mr. Handi Belamande Syarif Director : Mr. Sonny Sunjaya Sukada Director : Mr. Geetha Govindan K Gopalakrishnan The term of office of the Board of Commissioners and the Board of Directors is until the closing of the Annual General Meeting of Shareholders in 2020, except that the term of office of Mr. Lucas Kurniawan as an Independent Director is until the closing of the Annual General Meeting of Shareholders of the Company in 2017 and the term of office of Mr. Darwin Cyril Noerhadi as an Independent Commissioner is until the closing of the Annual General Meeting of Shareholders of the Company in 2021. 4. 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, and to notify the relevant authorities as well as to carry out all and any actions required in relation to such resolutions in accordance with the prevailing laws and regulations.	

The EGMS on February 20, 2017 was attended by the following:

Board of Commissioners:

President Commissioner (Independent) : Mr. Adrianto Machribie
Independent Commissioner : Mr. Arifin Mohamad Siregar
Commissioner : Mr. George Santosa Tahija
Commissioner : Mr. Sjakon George Tahija
Commissioner : Mr. Istama Tatang Siddharta
Commissioner : Mr. Anastasius Wahyuhadi
Independent Commissioner : Mr. Josep Kristiadi
Independent Commissioner : Mr. Ridha DM Wirakusumah

Board of Directors:

President Director : Mrs. Istini Tatiek Siddharta
Independent Director : Mr. Lucas Kurniawan
Director : Mr. Handi Belamande Syarif
Director : Mr. Sonny Sunjaya Sukada
Director : Mr. Geetha Govindan K Gopalakrishnan
Director : Mr. Sucipto Maridjan

EGMS November 14, 2017		
Agenda Item	**EGMS Resolution**	**Implementation status**
1	1. To approve the resignation of Mr. Handi Belamande Syarif as a Director of the Company, effective as of September 7, 2017 and to release and discharge Mr. Handi Belamande Syarif 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 Company.	Completed
	2. To state and to stipulate the composition of the Board of Commissioners and the Board of Directors of the Company as of the closing of the Meeting: **Board of Commissioners:** President Commissioner (Independent) : Mr. Adrianto Machribie Independent Commissioner : Mr. Arifin Mohamad Siregar Commissioner : Mr. George Santosa Tahija Commissioner : Mr. Sjakon George Tahija Commissioner : Mr. Istama Tatang Siddharta Commissioner : Mr. Anastasius Wahyuhadi Independent Commissioner : Mr. Josep Kristiadi Independent Commissioner : Mr. Darwin Cyril Noerhadi	

EGMS November 14, 2017		
Agenda Item	**EGMS Resolution**	**Implementation status**
	Board of Directors: President Director : Mrs. Istini Tatiek Siddharta Director : Mr. Geetha Govindan K Gopalakrishnan Independent Director : Mr. Lucas Kurniawan Director : Mr. Sonny Sunjaya Sukada Director : Mr. Naga Waskita The term of office of the Board of Commissioners and the Board of Directors is until the closing of the Annual General Meeting of Shareholders in 2020, except that the term of office of Mr. Darwin Cyril Noerhadi as an Independent Commissioner is until the closing of the Annual General Meeting of Shareholders of the Company in 2021 and the term of office of Mr. Lucas Kurniawan as an Independent Director and Mr. Naga Waskita as a Director is until the closing of the Annual General Meeting of Shareholders of the Company in 2022. 3. To give authorities and powers to the Board of Directors of the Company and/or Mr. Naga Waskita, 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, and to notify the relevant authorities as well as to carry out all and any actions required in relation to such resolutions in accordance with the prevailing laws and regulations.	

The EGMS on November 14, 2017 was attended by the following:

Board of Commissioners:

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

Board of Directors:

President Director : Mrs. Istini Tatiek Siddharta
Director : Mr. Geetha Govindan K Gopalakrishnan
Independent Director : Mr. Lucas Kurniawan
Director : Mr. Handi Belamande Syarif
Director : Mr. Sonny Sunjaya Sukada
Director : Mr. Naga Waskita

AGMS June 1, 2016		
Agenda Item	**AGMS Resolution**	**Implementation status**
1	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.	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.
2	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.	Completed. The dividend was distributed to shareholders on July 1, 2016.
3	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.	Completed.

AGMS June 1, 2016		
Agenda Item	**AGMS Resolution**	**Implementation status**
4	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. 2. To give authorities to the Board of Directors to approve and determine its honorarium and the terms of appointment.	Completed.
5	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).	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.
6	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.	Completed. The transfer of 15,000,000 shares in treasury stock was made on June 23, 2016.

The AGMS on June 1, 2016 was attended by the following:

Board of Commissioners:

President Commissioner (Independent)	: Mr. Adrianto Machribie
Independent Commissioner	: Mr. Arifin Mohamad Siregar
Commissioner	: Mr. George Santosa Tahija
Commissioner	: Mr. Sjakon George Tahija
Commissioner	: Mr. Istama Tatang Siddharta
Independent Commissioner	: Mr. Josep Kristiadi
Independent Commissioner	: Mr. Ridha DM Wirakusumah

Board of Directors:

President Director	: Mrs. Istini Tatiek Siddharta
Director	: Mr. Sucipto Maridjan
Independent Director	: Mr. Lucas Kurniawan
Director	: Mr. Geetha Govindan K Gopalakrishnan
Director	: Mr. Handi Belamande Syarif

The Board of Commissioners

The Board of Commissioners is responsible for exercising oversight over the management of the Company, and to give guidance and recommendations to the Board of Directors. Within the scope of this responsibility, they are also charged with ensuring that the policies and actions taken by the Board of Directors in executing its management duties are in accordance with the provisions of the Company's Articles of Association, its Code of Ethics and the prevailing laws and regulations. The Board of Commissioners is also responsible for monitoring the implementation of good corporate governance at all levels of the Company.

COMPOSITION OF THE BOARD OF COMMISSIONERS

The composition of the Board of Commissioners as at December 31, 2017, was as shown in the table below:

Name	Position	GMS Approval	Term	Domicile
Adrianto Machribie	President Commissioner (Independent)	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Arifin Mohamad Siregar	Independent Commissioner	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
George Santosa Tahija	Commissioner	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Sjakon George Tahija	Commissioner	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Istama Tatang Siddharta	Commissioner	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Anastasius Wahyuhadi	Commissioner	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Josep Kristiadi	Independent Commissioner	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Darwin Cyril Noerhadi	Independent Commissioner	2017	Until the closing of the Annual General Meeting of Shareholders of the Company in 2021.	Jakarta

APPOINTMENT, DISMISSAL AND TERM OF OFFICE OF THE BOARD OF COMMISSIONERS

According to ANJ's Articles of Association, the Board of Commissioners must comprise at least two members, and one member is to be appointed as the President Commissioner. Commissioners are appointed by the shareholders at a general meeting of shareholders based on the recommendations of the Company's Nomination and Remuneration Committee.

A commissioner is appointed for a term that runs until the fifth AGM following his or her appointment. However, the general meeting of shareholders reserves the right to dismiss a commissioner during his or her term of office or to re-appoint a commissioner whose term of office has expired.

ORIENTATION FOR NEW MEMBERS OF THE BOARD OF COMMISSIONERS

Each newly appointed Commissioner is given a comprehensive orientation to the Company, its business, the operating environment, and their duties and responsibilities. This is facilitated by the Corporate Secretary.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS

As specified in their Charter, the duties of the Board of Commissioners are as follows:

a. To carry out the supervision and to be responsible for the supervision of the management of the Company or the business of the Company, and to provide advice to the Board of Directors.
b. To approve the annual working plan of the Company at the latest before the commencement of a new financial year.

c. To carry out duties specifically designated to it pursuant to the Articles of Association, the prevailing laws and regulations and/or the resolutions of the GMS.
d. To carry out duties, powers and responsibilities in accordance with the Articles of Association of the Company and the resolutions of the GMS.
e. To examine and review the annual report prepared by the Board of Directors and to sign such annual report.
f. To obey the Articles of Association and the laws and regulations as well as to implement principles of professionalism, efficiency, transparency, independency, accountability and appropriateness.

With regard to those duties, the Board of Commissioners has the following obligations:
a. To supervise the implementation of the annual working plan of the Company.
b. To keep updated with the activities of the Company, and in the event the Company shows indications of major impediments, to immediately report to the GSM together with advice on rectification.
c. To provide opinions and advice to the GMS regarding any matter deemed pivotal for the management of the Company.
d. To carry out other supervision duties as determined by the GMS.
e. To provide inputs on the regular reports of the Board of Directors and to provide inputs at any time relating to the development of the Company.

EVALUATION OF COMMITTEES BELOW THE BOARD OF COMMISSIONERS' PERFORMANCES

In carrying out its duties and functions and responsibilities, the Board of Commissioners is assisted by committees under its supervision, namely the Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate Social Responsibility and Sustainability Committee. During 2017, the Board of Commissioners evaluated that these committees performed their duties and responsibilities well and gave opinions to the Board of Commissioners. The performance assessment of the Board of Commissioners is evaluated internally through an assessment process every year. No independent parties were appointed to conduct a performance assessment of the Board of Commissioners in 2017.

PERFORMANCE ASSESSMENT PROCEDURE AND CRITERIA

Each member of the Board of Commissioner evaluates the performance of the Board through a self-assessment. The Results are given to the President Commissioners for further discussion with the Nomination and Remuneration Committee.

BOARD OF COMMISSIONERS' CHARTER

The duties and responsibilities of the Board of Commissioners are defined in the Board of Commissioners' Charter. The charter is aligned with the relevant laws and regulations and is reviewed and updated periodically. The charter can be seen on ANJ's website at www.anj-group.com/en/boc/index.

INDEPENDENCE OF THE BOARD OF COMMISSIONERS

The members of the Board of Commissioners have all fulfilled the requirements stipulated by law and by the relevant regulations, particularly those pertaining to the capital market. They are professionals, with a comprehensive understanding of the Company's business, and are thus competent to make decisions independently in exercising oversight over the Company's management. The Board's independence is essential to its efficacy as a check and balance mechanism.

Currently, four of the Company's eight commissioners, including the President Commissioner, are independent. The Company is therefore compliant with OJK Regulation No.33/POJK.04/2014, which require more than 30% of the members of the Board of Commissioners to be independent. Each of the Company's independent commissioners fulfils the criteria set out in the above regulation, as follows:
1. Has not worked for, or had any authority or responsibility for planning, leading, controlling, or supervising the activities of the Company within the 6 months prior to his/her appointment, except in the case of independent commissioners who are being reappointed;
2. Does not hold any shares in the Company;
3. Does not have any affiliation with the Company or its majority shareholders or any of the members of the Boards of Commissioners or Directors;
4. Does not have any business relationship, either directly or indirectly, that is related to the Company's business activities.

INDEPENDENCE STATEMENT

Each Independent Commissioner has made a statement declaring their independence in accordance with the requirements in OJK Regulation No.33/POJK.04/2014.

REMUNERATION OF THE BOARD OF COMMISSIONERS

The policy on the structure, procedure and basis for determining the remuneration of the Board of Commissioners can be seen on page 108 of this Annual Report.

MEETINGS OF THE BOARD OF COMMISSIONERS

As specified in the Charter, the Board of Commissioners must meet at least once every two months, and may convene further meetings at any time if deemed necessary by one or more members of the Board, or at the written request of the Board of Directors, or at the 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 he or she is absent, by a member of the Board appointed by the President Commissioner. The invitation must be sent no later than 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 he is unable to be present, by one of the Board members present. A meeting of the Board is valid and binding if more than one half of its members are present or represented in the meeting.

Resolutions of Board meetings must be adopted through deliberations aimed at reaching a consensus. If a consensus cannot be reached, a resolution 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.

During the year ended December 31, 2017, six Board of Commissioners' meetings were convened, of which four were held jointly with the Board of Directors.

Attendance at Board of Commissioners' Meetings in 2017

Name	Position	No. of Meetings/ No. Attended	Attendance
Adrianto Machribie	President Commissioner (Independent)	5/6	83%
Arifin Mohamad Siregar	Independent Commissioner	6/6	100%
George Santosa Tahija	Commissioner	6/6	100%
Sjakon George Tahija	Commissioner	6/6	100%
Istama Tatang Siddharta	Commissioner	6/6	100%
Anastasius Wahyuhadi	Commissioner	6/6	100%
Josep Kristiadi	Independent Commissioner	6/6	100%
Darwin Cyril Noerhadi*	Independent Commissioner	5/6	83%

* from February 20, 2017

The agendas covered a range of topics including operational and financial performance, risk and compliance updates, and other matters.

COMPETENCY DEVELOPMENT FOR THE BOARD OF COMMISSIONERS

For details of the competency development activities undertaken by members of the Board of Commissioners in 2017, please see page 60 in the Company Profile section of this Annual Report.

The Board of Directors

The Board of Directors is responsible for managing the Company's interests and objectives in pursuit of its vision and mission and in accordance with the Articles of Association and the prevailing laws and regulations. It is responsible for managing the day-today business operations of the Company and appointing principal senior management.

Each member of the Board of Directors is assigned specific roles and responsibilities in accordance with his or her competence and experience. Board members, both individually and collectively, are required to always place the best interests of the Company first and to safeguard the Company's assets. The Board of Directors is accountable to the shareholders for its actions.

COMPOSITION OF THE BOARD OF DIRECTORS

The composition of the Board of Directors as at December 31, 2017 was as shown in the table below:

Name	Position	GMS Approval	Term	Domicile
Istini Tatiek Siddharta	President Director	2016	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Geetha Govindan	Director	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Lucas Kurniawan	Director (Independent)	2017	Until the closing of the Annual General Meeting of Shareholders of the Company in 2022.	Jakarta
Sonny Sunjaya Sukada	Director	2015	Until the closing of the Annual General Meeting of Shareholders of the Company in 2020.	Jakarta
Naga Waskita	Director	2017	Until the closing of the Annual General Meeting of Shareholders of the Company in 2022.	Jakarta

APPOINTMENT, DISMISSAL AND TERM OF OFFICE OF THE BOARD OF DIRECTORS

As specified in the Articles of Association, the Board of Directors must comprise a president director and at least one director. Directors are appointed by the shareholders at a general meeting of shareholders based on the recommendations of the Nomination and Remuneration Committee.

All directors are appointed for a term that runs until the fifth AGM following his or her appointment. The general meeting of shareholders reserves the right, however, to dismiss a director at any time during his or her term of office, or to re-appoint a director whose term of office has expired.

OVERSIGHT OF ANJ'S SUBSIDIARIES

One of the strengths of ANJ's governance is that one or more directors of the Company serve on the Boards 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 52-55 of this Report). This ensures that oversight of the subsidiaries is exercised directly from the ANJ's Board of Directors, as the Board is fully informed at all times about the material actions of each of the Company's subsidiaries.

ORIENTATION FOR NEW MEMBERS OF THE BOARD OF DIRECTORS

Company policy is to give each newly appointed Director a comprehensive orientation to the Company, its business, the operating environment, and their duties and responsibilities. This is facilitated by the Corporate Secretary.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Members of the Board of Directors are jointly and severally liable for the Board's actions, except where it is proven that a member does not agree with a decision or course of action of the Board of Directors and has communicated this disagreement, with supporting arguments, in writing to the members, with a copy to the Board of Commissioners, before the decision was made.

The Board of Directors is entitled to consult and seek advice from the Board of Commissioners at any time. If the Board of Directors does not share the view of the Board of Commissioners on its advice or recommendations, the two boards will discuss the matter together.

The duties and responsibilities of each Director, as specified in the Board of Directors' Charter and in their respective job descriptions, are outlined below.

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, internal control system, corporate governance for the interests of the minority shareholders and other stakeholders, and compliance with regulations; and leads Human Resources, Engineering and Corporate Communication 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 prepares an annual budget, other budgets and financial plans of the Company; and leads the Business Development, Business Process, Investor Relations, Information Communications Technology and Supply Chain Management.

Sustainability Director: Plans, coordinates, directs, controls, implements and evaluates operational tasks with respect to Community Involvement and Development, Conservation and Sustainability Compliance and Stakeholder Relations in Region 3.

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

Legal Director: Plans, coordinates, directs, controls, implements and evaluates matters related to legal affairs, as well as licensing and permits and Corporate Secretary.

BOARD OF DIRECTORS' CHARTER

The duties and responsibilities of the Board of Directors are set out in the Board of Directors' Charter, which is aligned with the prevailing laws and regulations and is reviewed and updated periodically. The complete charter can be seen on ANJ's website at www.anjgroup.com/en/bod/index.

ACTIONS REQUIRING BOARD OF COMMISSIONERS' APPROVAL

While the Board of Directors has general authority 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 property 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.

MEETINGS OF THE BOARD OF DIRECTORS

In compliance with OJK Regulation No.33/POJK.04/2014 and as specified in the Board Charter, the Board of Directors must hold meetings at least once every month. Additional meetings may be convened whenever deemed necessary by one or more members of the Board, or at the written request of 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 issued by any member authorized to represent the Board, and must be sent no later than three days prior to the date of the meeting, not counting the date of the invitation and the date of the meeting. Directors of the Company's subsidiaries and other interested parties may be invited to the Board meetings.

Meetings are held at the Company's place of domicile or place of business. They are chaired by the President Director, or if he or she is unable to be present, by one of the Board members present. A meeting of the Board is valid and binding if more than one half of its members are present or represented in the meeting.

Resolutions of Board meetings must be adopted through deliberations aimed at reaching a consensus. If a consensus cannot be reached, a resolution 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.

In 2017, The Board of Directors held the following meetings:

- Meeting A: Combined meetings with the Board of Commissioners, at least once every three months. In 2017 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 possible.

In 2017 there were a total of 20 meetings.

The Board members' attendance at meeting A in 2017 as below:

Name	Position	No. of Meetings/ No. Attended	% Attendance
Istini Tatiek Siddharta	President Director	4/4	100%
Sucipto Maridjan*	Director	2/2	100%
Lucas Kurniawan	Director	4/4	100%
Sonny Sunjaya Sukada	Director	4/4	100%
Handi Belamande Syarif**	Director	3/3	100%
Geetha Govindan	Director	4/4	100%
Naga Waskita***	Director	2/2	100%

The Board members' attendance at meeting B in 2017 as below:

Name	Position	No. of Meetings/ No. Attended	% Attendance
Istini Tatiek Siddharta	President Director	16/16	100%
Sucipto Maridjan*	Director	7/7	100%
Lucas Kurniawan	Director	16/16	100%
Sonny Sunjaya Sukada	Director	16/16	100%
Handi Belamande Syarif**	Director	8/10	80%
Geetha Govindan	Director	12/16	75%
Naga Waskita***	Director	11/11	100%

* until May 24, 2017
** until September 7, 2017
*** from May 24, 2017

The agendas covered a range of topics including strategic planning and execution, operational and financial performance, risk and compliance updates, and other matters.

Each member of the Board of Commissioners and Board of Directors is evaluated against his or her Key Performance Indicators (KPI).

DISCLOSURE OF AFFILIATION OF THE MEMBERS OF THE BOARD OF DIRECTORS

All members of the Board of Directors are required to declare any affiliation with any other member of the Board of Directors and/or Board of Commissioners and/or with the Majority Shareholder and/or Controlling Shareholders of the Company.

In 2017, one of the Board of Directors had a relationship with a Commissioner of the Company.

REMUNERATION OF THE BOARD OF DIRECTORS

The policy on the structure, procedure and basis for determining the remuneration of the Board of Directors can be seen on page 108 of this Annual Report.

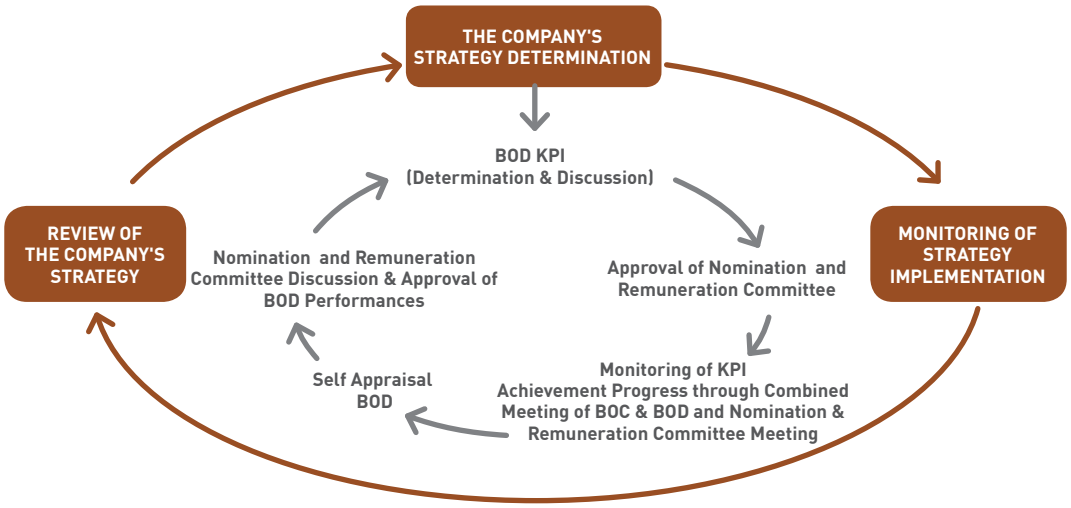
COMPETENCY DEVELOPMENT OF THE BOARD OF DIRECTORS

For details of the competency development activities undertaken by members of the Board of Directors in 2017, please see page 60 in the Company Profile section of this Annual Report.

PERFORMANCE ASSESSMENT OF THE DIRECTORS

The performance of the Directors is evaluated internally through an assessment process every year. No independent parties was appointed to conduct a performance assessment of the Directors in 2017.

PERFORMANCE ASSESSMENT PROCEDURE AND CRITERIA



The BOC and BOD renew and determine the Company's Strategy and the details of implementation on an annual basis. Based on this strategy's implementation plan, each of BOC/BOD members will get allocation of duties/tasks as expressed in his/her KPI.

During the year, the Executive Coach and BOC monitor program of the KPI achievement through Nomination and Remuneration Committee meeting and combined meeting of BOC-BOD. At the end of performance appraisal period, the related Director does self appraisal and report his/her performance result as proven by statistics compiled during the year.

Each member of the Directors is evaluated against his or her respective KPI. The results are given to the Nomination and Remuneration Committee, which takes them into consideration when making recommendations on the remuneration for the Directors. In addition, the Committee provides guidance on improvement and competency development on the basis of the self-assessment results.

Remuneration of the Board of Commissioners and the Board of Directors

REMUNERATION STRUCTURE

The Board of Commissioners receives a monthly honorarium, while the remuneration for the Board of Directors comprises a basic salary, retainer bonus, performance bonus, allowances and benefits. Directors also receive management stock options. All Commissioners and Directors are also covered by liability insurance.

The amount of the remuneration for both the Commissioners and the Directors is based on a recommendation from the Nomination and Remuneration Committee, and is subject to approval by the shareholders at a general meeting of shareholders.

BASIS FOR REMUNERATION

In determining the amount of the remuneration for the Commissioners, the Nomination and Remuneration Committee takes into account the market rates for such positions, and the participation of individual commissioners in the various committees under the Board of Commissioners.

The remuneration received by the Board of Directors is based on the achievement of the Company's performance targets. When reviewing the remuneration for the Board of Directors, the Nomination and Remuneration Committee takes into consideration:

- Financial performance, in particular the level of Economic Value Added (EVA), and achievement against corporate key performance indicators (KPIs). These include the area planted as well as other non-financial indicators, including the Board's leadership in developing and improving the internal structures and organization of the Company and its subsidiaries, as well as their achievement in steering the Company towards its strategic objectives.
- Individual performance, as assessed by the Nomination and Remuneration Committee on the basis of the Board's self-assessment;
- Benchmarking against the compensation offered by peer companies;
- Consideration of the Company's long-term goals and objectives, including strategic development.

REMUNERATION AMOUNT IN 2017

In 2017, the members of the Board of Commissioners and the Board of Directors were paid a collective remuneration of USD 4,405,651 million.

Majority and Controlling Shareholders

The majority and controlling shareholders of ANJ are PT Austindo Kencana Jaya, which holds 40.85% of the shares, and whose President Director is Mr. Sjakon George Tahija, and PT Memimpin Dengan Nurani, which also holds 40.85% of the shares, and whose President Director is Mr. George Santosa Tahija.

PT Austindo Kencana Jaya is 100% owned by Mr. Sjakon George Tahija and members of his family, while PT Memimpin Dengan Nurani is 100% owned by Mr. George Santosa Tahija and members of his family.

A diagram showing the majority and controlling shareholders and individual shareholders of the Company can be found in the Company Profile section on page 48 of this Report.

Company Profile of PT Memimpin Dengan Nurani (MDN)

MDN is a holding company that was established in 2012 and has interests in the service provider and trade sectors.

In order to achieve the above mentioned purpose and objective, MDN will carry out business activities in the sectors of:

- Engages in business:
  - Services in general
  - Consultancy services
- Engages in business:
  - Trade in general
  - Export and import
  - Local (domestic) wholesaler
  - Vendor, Supplier, Purveyor and Commission house
  - Distributor, Agent and as a representative of corporate entities.

Board of Directors and Commissioners
As of December 2017, the composition of Boards of Directors and Commissioners was as follows:

Board of Commissioners:
President Commissioner : Laurel Claire Pekar Tahija
Commissioner : Istini Tatiek Siddharta
Board of Directors:
President Director : George Santosa Tahija
Director : Sonny Susanto

The composition above is based on deed No. 851 dated January 12, 2017.

Shareholders Structure
Based on Deed No. 76 dated August 30, 2012, the shareholders composition is as follows:

Share	Par Value IDR 1,000,000,- per share		
	Total of Shares	Total of Par Value	%
Authorized Capital	680,000	680,000,000,000.00	
Issued and Paid-up Capital:			
George Santosa Tahija	85,505	85,505,000,000.00	50.00
Laurel Claire Pekar Tahija	85,502	85,502,000,000.00	49.9982
Julia Pratiwi Tahija	3	3,000,000.00	0.0018
Total of Issued and Paid-up Capital	**171,010**	**171,010,000,000.00**	**100.00**
Unissued Capital	**508,990**	**508,990,000,000.00**	

Company Profile of PT Austindo Kencana Jaya

AKJ is a holding company that was established in 2012 and has interests in the service provider and trade sectors.

In order to achieve the above mentioned purpose and objective, AKJ will carry out business activities in the sectors of:
- Engages in business:
  - Services in general
  - Consultancy services
- Engages in business:
  - Trade in general
  - Export and import
  - Local (domestic) wholesaler
  - Vendor, Supplier, Purveyor and Commission house
  - Distributor, Agent and as a representative corporate entities.

Board of Directors and Commisioners
As of December 2017, the composition of Boards of Directors and Commissioners was as follows:

Board of Commissioners:
President Commissioner : Shelley Laksman Tahija
Commissioner : George Santosa Tahija
Commissioner : Istini Tatiek Siddharta
Board of Directors:
President Director : Sjakon George Tahija
Director : Sonny Susanto

The composition above is based on deed No. 46 dated February 18, 2016.

Shareholders Structure
Based on Deed No. 130 dated September 27, 2012, the shareholders composition, is as follows:

Share	Par Value IDR 1,000,000,- per share		
	Total of Shares	Total of Par Value	%
Authorized Capital	800,000	800,000,000,000.00	
Issued and Paid-up Capital:			
Sjakon George Tahija	172,883	172,883,000,000.00	75.00
Shelley Laksman Tahija	23,052	23,052,000,000.00	10.00
Cynthia Jean Tahija	11,525	11,525,000,000.00	5.00
Krisna Arinanda Tahija	11,525	11,525,000,000.00	5.00
Nina Aryana Tahija	11,525	11,525,000,000.00	5.00
Total of Issued and Paid-up Capital	**230,510**	**230,510,000,000.00**	**100.00**
Unissued Capital	**569,490**	**569,490,000,000.00**	

Affiliations

Affiliate relationships between the Board of Directors, Board of Commissioners, and the Controlling Shareholders are defined in accordance with OJK regulations. The company must disclose affiliate relationships between the Board of Directors, Board of Commissioners and the Controlling Shareholders as set out in the details below:

1. There are no affiliations among members of the Board of Directors.
2. Affiliations between members of the Board of Directors and members of the Board of Commissioners:
   President Director of the Company, Mrs. Istini Tatiek Siddharta, is a sister of Mr. Istama Tatang Siddharta who serves as a Commissioner of the Company.
3. Affiliations between the members of the Board of Directors and majority shareholders: President Director of the Company, Mrs. Istini Tatiek Siddharta is a Commissioner of PT Austindo Kencana Jaya and PT Memimpin Dengan Nurani.
4. Affiliations between members of the Board of Commissioners and majority shareholders:
   a. Commissioner Mr. George Santosa Tahija is the President Director and majority shareholder of PT Memimpin dengan Nurani. He is also a Commissioner of PT Austindo Kencana Jaya.
   b. Commissioner Mr. Sjakon George Tahija is the President Director and majority shareholder of PT Austindo Kencana Jaya.
5. Affiliations among members of the Board of Commissioners:
   Commissioner Mr. George Santosa Tahija, is the brother of Mr. Sjakon George Tahija.

	Name	Board of Commissioners								Board of Directors					Controlling Shareholders	
		Adrianto Machribie	Arifin Mohamad Siregar	George Santosa Tahija	Sjakon George Tahija	Istama Tatang Siddharta	Anastasius Wahyuhadi	Josep Kristiadi	Darwin Cyril Noerhadi	Istini Tatiek Siddharta	Lucas Kurniawan	Sonny Sunjaya Sukada	Geetha Govindan	Naga Waskita	PT Austindo Kencana Jaya	PT Memimpin Dengan Nurani
Board of Commissioners	Adrianto Machribie															
	Arifin Mohamad Siregar															
	George Santosa Tahija				✓										✓	✓
	Sjakon George Tahija			✓											✓	
	Istama Tatang Siddharta									✓						
	Anastasius Wahyuhadi															
	Josep Kristiadi															
	Darwin Cyril Noerhadi															
Board of Directors	Istini Tatiek Siddharta					✓									✓	✓
	Lucas Kurniawan															
	Sonny Sunjaya Sukada															
	Geetha Govindan															
	Naga Waskita															
Controlling Shareholders	PT Austindo Kencana Jaya			✓	✓					✓						
	PT Memimpin Dengan Nurani			✓						✓						

Committees

To support the effective discharge of its responsibilities, the Board of Commissioners has established four committees: Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, and Corporate Social Responsibility and Sustainability Committee. In line with Company policy, all these committees operate independently.

Performance Assessment of the Committees Supporting the Board of Commissioners

The Board of Commissioners assesses the performance of its supporting committees against their respective objectives on an annual basis. The assessment results provide the basis for the formulation of the following year's objectives as well as input for consideration of competency development for committee members.

Performance Assessment Results

In 2017 all the committees completed their respective work programs and reported their findings and recommendations to the Board. The Board of Commissioners was satisfied that all the committees had achieved their objectives and provided valuable support, particularly with regard to the implementation and strengthening of good governance throughout the business.

AUDIT COMMITTEE

Legal Basis and Position of the Audit Committee

The Audit Committee was established in 2013 and it is subject to the following legal basis:

- OJK Regulation No. 55 /POJK.04/2015 on the Establishment and Working Guidelines of Audit Committees.
- Resolution of the Board of Commissioners No. 04/ BOC/ANJ/GEN/2017 dated February 20, 2017.

The Audit Committee is accountable directly to the Board of Commissioners and is independent of the Company's management.

Appointment of Audit Committee Members

The Audit Committee comprises a chairman who is chosen from among the Company's independent commissioners and two other members, who are appointed by the Board of Commissioners. Members are appointed for a term that runs until the fifth AGM following his or her appointment

All the current members satisfy the membership criteria stated in OJK Regulation No.55/ POJK.04/2015 on the Establishment and Working Guidelines of Audit Committees.

Audit Committee Composition as at December 31, 2017

Member	Position	Basis of Appointment	Period
Darwin Cyril Noerhadi	Chairman (From Feb 20, 2017)	BoC Resolution No. 04/BOC/ANJ/GEN/2017 dated February 20, 2017	2017-2021
Muljawati Chitro	Member	BoC Resolution No. 001/ ANJ/2013 dated February 6, 2013	2013-2020
Danrivanto Budhijanto	Member	BoC Resolution No. 001/ANJ/2013 dated February 6, 2013	2013-2020

Audit Committee member from left to right:
Danrivanto Budhijanto, Muljawati Chitro, Darwin Cyril Noerhadi

Darwin Cyril Noerhadi:
Dr. Noerhadi was appointed as chairman of the Audit Committee on February 20, 2017, replacing Mr. Ridha Wirakusumah, by Resolution of the Board of Commissioners No. 04/BOC/ANJ/ GEN/2017 dated February 20, 2017. His profile can be found in the Commissioners' profiles on page 41 of this Annual Report.

Muljawati Chitro:
Indonesian citizen, born in Jakarta in 1967 (aged 51).

Experience: Ms. Chitro was first appointed to ANJ's Audit Committee in 2013. She is also currently a partner in public accounting firm Muljawati, Rini & Partner (since 2000), and a member of the audit committee at PT Asuransi Wana Artha (since 2011) and at PT Samudera Indonesia Tbk (since 2009). In addition, she has served on the Education Committee at the Indonesian Institute of Public Accountants since 2005. She was previously a member of the audit committees at PT Asuransi Bintang Tbk. (2005-2010), PT Century Textile Industry Tbk. (2002-2008), and PT Metrodata Tbk. (2002-2003). She was an Associate Partner at public accountants Siddharta, Siddharta & Wijaya from 1988 to 2000.

Education: Ms. Chitro graduated from Atma Jaya University in 1990 with a degree in economics and earned 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, born in Cimahi in 1971 (aged 46).

Experience: Mr. Budhijanto has been a member of ANJ's Audit Committee since 2013. He holds a number of concurrent positions, including as an arbitrator (FCBArb.) at the Indonesian National Board of Arbitration since 2010, a lecturer in the graduate program at Padjadjaran University in Bandung since 2003 and a lecturer in the same university's law faculty since 1998. He previously served as a member of the telecommunications regulatory committee in the Indonesian Telecommunication Regulatory Authority (BRTI) at the Ministry of Communication and Informatics (2009-2012), a member of the audit committee at PT Kimia Farma Tbk (2005-2012), a lecturer in the master's program in the Management, Business and Management School, Bandung Institute of Technology (2007-2008), and an associate lawyer at law firm Makes & Partners (1995-1997).

Education: Mr. Budhijanto graduated with a degree in international law from Padjadjaran University, Bandung, in 1995. He earned a master's degree in information technology law from John Marshall Law School, Chicago, in 2003, and a doctorate in the 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.

Audit Committee Charter

The Audit Committee Charter was first issued on February 6, 2013 and was most recently updated in 2018 to bring it into compliance with OJK Regulation No. 55 /POJK.04/2015.

The duties and responsibilities of the Audit Committee are defined in the Audit Committee Charter. The charter is aligned with the relevant laws and regulations and is reviewed and updated periodically. The charter can be seen on ANJ's website: www.anj-group.com.

Independence of the Audit Committee

The Audit Committee is chaired by one of the Company's Independent Commissioners, while the other two members are 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.

The current members do not hold any shares of the Company and have no affiliate relationships with any other

commissioners, directors or shareholders of the Company.

Duties and Responsibilities of the Audit Committee

The Audit Committee's responsibilities are to assist the Board of Commissioners in improving the quality of financial disclosures, ensuring the effectiveness of the Company's internal control system to minimize operational risks and fraud risk, overseeing the work of the internal audit, assessing the qualifications and independence of the external auditors and monitoring the Company's compliance with prevailing laws and regulations and adherence to ANJ's group values, and identifying matters that require the attention of the Board of Commissioners. The Audit Committee's roles and responsibilities are set out in the Audit Committee Charter.

Audit Committee Meetings

In compliance with OJK Regulation No.55/ POJK.04/2015 on the Establishment and Working Guidelines for Audit Committees and as specified in the Audit Committee charter, the Audit Committee meets at least once every three months (4 times a year). In 2017, the Audit Committee held four meetings in collaboration with the Company's group Internal Audit Unit as well as the external auditor. Three meetings were held with the management and one with the external auditors.

Audit Committee Meetings in 2017

Name	Position	No. of Meetings/ No. Attended	% Attendance
Darwin Cyril Noerhadi	Chairman	4/4	100
Muljawati Chitro	Member	4/4	100
Danrivanto Budhijanto	Member	4/4	100

Audit Committee Activities in 2017

In 2017 the Audit Committee fulfilled its oversight responsibilities by reviewing:

- The implementation of risk management by the Company's Board of Directors;
- The quarterly financial reports released to the public and the authorities;
- The performance and independence of the external auditor;
- The Company's compliance with applicable laws and regulations;
- The implementation of the internal audit function and management's follow-up to internal audit findings.

The Audit Committee confirmed that the external auditor, Siddharta, Widjaja & Rekan, only performed auditing services and did not provide any other consulting services for the Company during 2017.

NOMINATION AND REMUNERATION COMMITTEE

Legal Basis of the Nomination and Remuneration Committee

The committee was established in 2013 as the Compensation and Benefit Committee. Its current formation is based on Resolution of the Board of Commissioners No. 04/BOC/ANJ/ GEN/2017 dated February 20, 2017.

Appointment of Nomination and Remuneration Committee Members

The Committee comprises a chairman and three members. Members are appointed for a term that runs until the fifth AGM following his or her appointment.

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

Nomination and Remuneration Committee composition as at December 31, 2017

Member	Position	Basis of Appointment	Period
Adrianto Machribie	Chairman	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020
George Santosa Tahija	Member	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020
Sjakon George Tahija	Member	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020
Istama Tatang Siddharta	Member	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020

All the Committee members are members of the Company's Board of Commissioners. Their profiles can be found in the Commissioners' profiles on page 38-41 of this Annual Report.

Nomination and Remuneration Committee Charter

The Nomination and Remuneration Committee Charter was first issued on February 10, 2015 in compliance with OJK Regulation No. 34/POJK.04/2014 dated December 8, 2014.

The duties and responsibilities of the Nomination and Remuneration Committee are defined in the Nomination and Remuneration Committee Charter. The charter is aligned with the relevant laws and regulations and is reviewed and updated periodically.

Independence of the Nomination and Remuneration Committee

Collectively, the Nomination and Remuneration Committee works independently of the Company's management. All the members are commissioners of the Company, while the chairman is an independent commissioner and does not own any shares in the Company, and has no affiliate relationships with any other commissioners, directors or major shareholders of the Company or its subsidiaries

Duties and Responsibilities of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee's principal responsibilities are to support the smooth succession and renewal of the Board of Directors and Board of Commissioners, and to review and make recommendations on the remuneration for senior management at ANJ and its subsidiary companies. Its duties and responsibilities include:

Nomination function:
- 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 capacity development of the Board of Directors and the Board of Commissioners.
- Propose qualified candidates for the Board of Directors and Board of Commissioners.
- Review and update the succession plan of the Board of Directors and Board of Commissioners.

Remuneration function:
- Provide recommendations to the Board of Commissioners relating to the policy, structure 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.

The Nomination and Remuneration Committee's roles and responsibilities are defined in the Nomination and Remuneration Committee Charter.

Nomination and Remuneration Committee Activities in 2017

The Nomination and Remuneration Committee provides a summary report of its activities to the Board of Commissioners at the quarterly Board of Commissioners' meetings.

Nomination and Remuneration Committee Meetings

As specified in their Charter, the Nomination and Remuneration Committee meets at least once every four months, either in person or by teleconference, with a pre-approved agenda for each meeting. The committee held 4 meetings in 2017.

Nomination and Remuneration Committee Meetings in 2017

Name	Position	No. of Meetings/ No. Attended	% Attendance
Adrianto Machribie	Chairman	4/4	100
George Santosa Tahija	Member	4/4	100
Sjakon George Tahija	Member	4/4	100
Istama Tatang Siddharta	Member	4/4	100

Succession Policy for the Board of Commissioners and the Board of Directors

Succession Policy for the Board of Commissioners

The Company maintains a list of potential candidates for members of the Board of Commissioners, including independent commissioners. These candidates must meet the requirements set out in the BOC charter. The Nomination and Remuneration Committee is responsible for reviewing the list on a periodic basis to identify and recommend suitable candidates to the Board of Commissioners for further approval of the General Meeting of Shareholders.

Succession Policy for the Board of Directors

The Company has put in place a succession plan to ensure that there is a pipeline of qualified candidates with the requisite experience and expertise to fill positions at senior manager level and above when they become vacant. The Nomination and Remuneration Committee is responsible for developing a structured and comprehensive succession process for the Board of Directors, which includes including identifying and recommending suitable candidates and determining the criteria for their selection. However, the appointment of Directors is subject to the approval of the General Meeting of Shareholders. The Company's policy is to promote internally where possible. The human resources division plays a key role in this process through talent mapping, identifying talent with leadership potential across the organisation, and organising integrated development programmes that give candidates broad exposure to all aspects of the Company through assignment and rotation as well as training, coaching and mentoring.

RISK MANAGEMENT COMMITTEE

Legal Basis of the Risk Management Committee

The Risk Management Committee was established by a Resolution of the Board of Commissioners in 2013, and its current composition is based on Resolution of the Board of Commissioners No. 04/BOC/ANJ/GEN/2017 dated February 20, 2017.

Appointment of Risk Management Committee Members

The Committee consists of a chairman and two members. Members are appointed for a term that runs until the fifth AGM following his or her appointment.

Risk Management Committee composition as at December 31, 2017

Member	Position	Basis of Appointment	Period
George Santosa Tahija	Chairman	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020
Anastasius Wahyuhadi	Member	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020
Josep Kristiadi	Member	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020

All the Risk Management Committee members are members of the Company's Board of Commissioners. Their profiles can be found in the Commissioners' profiles on page 38-41 of this Annual Report.

Risk Management Committee Charter

The Risk Management Committee Charter was first issued on February 10, 2015.

The duties and responsibilities of the Risk Management Committee are defined in the Risk Management Committee Charter. The charter is aligned with the relevant laws and regulations. The charter can be seen on ANJ's website.

Independence of the Risk Management Committee

Collectively, the Risk Management Committee works independently of the Company's management. All members are commissioners of the Company; 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.

Duties and Responsibilities of the Risk Management Committee

The Risk Management Committee is responsible for assisting the Board of Commissioners in reviewing the risk management system in the Company and its subsidiaries, including the internal control system established by the Board of Directors, and evaluating the Company's risk tolerance. It also advises the Board of Directors on current and potential risk management and compliance issues. The Committee's roles and responsibilities are defined in the Risk Management Committee Charter.

Risk Management Committee Activities in 2017

In 2017, the Risk Management Committee met or otherwise 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, taking into consideration existing and new regulations, the Company's 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 Risk Management Committee chairman reported to the Board of Commissioners on its activities at quarterly Board of Commissioners' meetings.

Risk Management Committee Meetings

As stipulated in the Risk Management Committee Charter, the Committee meets at least six times a year, either in person or by teleconference, with a pre-approved agenda for each meeting. The Risk Management Committee held six meetings in 2017.

Risk Management Committee Meetings in 2017

Name	Position	No. of Meetings/ No. Attended	% Attendance
George Santosa Tahija	Chairman	6/6	100
Anastasius Wahyuhadi	Member	6/6	100
Josep Kristiadi	Member	6/6	100

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

Legal Basis of the Corporate Social Responsibility and Sustainability Committee

The committee was established in 2013 as the Corporate Social Responsibility Committee. Its current formation is based on Resolution of the Board of Commissioners No. 15/ BOC/ANJ/GEN/2017 dated August 8, 2017.

Appointment of Corporate Social Responsibility and Sustainability Committee Members

The Committee comprises a chairman and four members. Members are appointed for a term that runs until the fifth AGM following his or her appointment.

HARVESTING OF EDAMAME PLANT AT GMIT
Photo by: Corporate Communications

Corporate Social Responsibility and Sustainability Committee Composition as of December 31, 2017

Member	Position	Basis of Appointment	Period
Sjakon George Tahija	Chairman	BoC Resolution No. 22B /BOC/ANJ/GEN/2015 dated June 23, 2015	2015-2020
Adrianto Machribie	Member	BoC Resolution No. 22B /BOC/ANJ/GEN/2015 dated June 23, 2015	2015-2020
Anastasius Wahyuhadi	Member	BoC Resolution No. 22B /BOC/ANJ/GEN/2015 dated June 23, 2015	2015-2020
Josep Kristiadi	Member	BoC Resolution No. 22B /BOC/ANJ/GEN/2015 dated June 23, 2015	2015-2020
Arifin Mohamad Siregar	Member	BoC Resolution No.15/BOC/ANJ/ GEN/2016 dated August 8, 2016	2016-2020

All the Committee members are members of the Company's Board of Commissioners. Their profiles can be found in the Commissioners' profiles on page 38-41 of this Annual Report.

Corporate Social Responsibility and Sustainability Committee Charter

The Corporate Social Responsibility and Sustainability Committee Charter was first issued on February 10, 2015.

The duties and responsibilities of the Corporate Social Responsibility and Sustainability Committee are defined in the Corporate Social Responsibility and Sustainability Committee Charter. The charter is aligned with the relevant laws and regulations.

Independence of the Corporate Social Responsibility and Sustainability Committee

Collectively, the committee works 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.

Duties and Responsibilities of the Corporate Social Responsibility and Sustainability Committee

The Corporate Social Responsibility and Sustainability Committee assists the Board of Commissioners in fulfilling its oversight responsibilities, specifically by monitoring the development and execution of the corporate social responsibility and sustainability plans of the companies in the ANJ Group. Moreover, the Committee also advises the Board of Directors on the above. The Committee's roles and responsibilities are defined in the Corporate Social Responsibility and Sustainability Committee Charter.

Corporate Social Responsibility and Sustainability Committee Activities in 2017

The Corporate Social Responsibility and Sustainability Committee's actions in 2017 included reviewing and updating:

a. The strategic direction of the Company's corporate social responsibility and sustainability program.
b. Company policies and practices relating to corporate social responsibility and sustainability, the environment, government relation.
c. The Company's response to issues of major concern or material non-compliance related to corporate social responsibility and sustainability.

Corporate Social Responsibility and Sustainability Committee Meetings

As specified in their Charter, the Corporate Social Responsibility and Sustainability Committee meets at least four times a year, either in person or by teleconference, with a pre-approved agenda for each meeting. The committee held four meetings in 2017.

Corporate Social Responsibility and Sustainability Committee Meetings in 2017

Name	Position	No. of Meetings/ No. Attended	% Attendance
Sjakon George Tahija	Chairman	4/4	100
Adrianto Machribie	Member	3/4	75
Anastasius Wahyuhadi	Member	4/4	100
Josep Kristiadi	Member	3/4	75
Arifin Mohamad Siregar	Member	4/4	100

Corporate Secretary

The Company's Corporate Secretary as of December 31, 2017 was Naga Waskita, who was appointed as Corporate Secretary pursuant to a Letter of Appointment No.001/FAD/ANJ/2013 dated January 3, 2013. Mr Waskita serves concurrently as the Company's Legal Director, having been appointed on May 24, 2017. His profile can be seen in the Board of Directors' profiles on page 44 of this Annual Report.

The Corporate Secretary serves from the date of appointment until such time as a new Corporate Secretary is appointed by the Board of Directors.

DUTIES AND RESPONSIBILITIES OF THE CORPORATE SECRETARY

The Corporate Secretary provides a channel for communication between the Company and its external stakeholders, and plays an important role in managing both the Company's compliance with its legal obligations and public perceptions of the Company's image. The Corporate Secretary's responsibilities include:

- Supporting the Company's implementation of corporate governance;
- Ensuring the Company's compliance with the prevailing laws and regulations, particularly capital market regulations pertaining to information disclosure and communications between the Company and the capital market authorities and the public;
- Facilitating internal coordination within the organs of the Company.

CORPORATE SECRETARY ACTIVITIES IN 2017

In 2017, the Corporate Secretary carried out the following activities:

- Ensured full compliance with the prevailing laws and regulations, particularly with Indonesia Stock Exchange (IDX) and capital market regulations.
- Provided input and recommendations to the Board of Directors in respect of the Company's compliance with applicable laws and regulations, particularly pertaining to the capital market.
- Liaised with and submitted the required reports and notices to the OJK, IDX and other relevant parties.
- Kept abreast of developments and changes in capital market and other regulations, and communicated these to the Board of Directors.
- Gave input and recommendations to the Board of Directors regarding the Company's legal affairs and corporate action plans.
- Led the organization of meetings of the Board of Directors and Board of Commissioners and general meetings of shareholders, as well as the Company's annual public exposé.
- Convened the Annual Public Exposé on April 5, 2017, Annual General Meeting on May 24, 2017 and two Extraordinary General Meeting in February and November 2017.

Training or development programs attended by the Corporate Secretary in 2017 can be seen on page 60.

Internal Audit

LEGAL BASIS OF THE INTERNAL AUDIT UNIT

- OJK Regulation No. 56 /POJK.04/2015 on the Establishment and Working Guidelines of the Internal Audit.
- Resolution of the Board of Directors No. 02/BOD/ANJ/GEN/2017 dated December 13, 2017.

As at December 31, 2017, the Head of the Internal Audit Unit was Mr. Christian Lunard Sitorus, whose profile is below.

Christian Lunard Sitorus Indonesian citizen, born in Pematang Siantar in 1970 (aged 47).

Experience: Mr. Sitorus was appointed as Head of Internal Audit in December 2017. Prior to his appointment, he was Head of the Corporate Audit Department at PT Triputra Agro Persada, from 2016 to 2017, Head of the Internal Audit Division at PT Eagle High Plantation Tbk (2006-2015), and Internal Audit Supervisor at PT RGM Indonesia (Asian Agri) (2002-2006).

Education: He graduated from the University of North Sumatra in 1994 with a Diploma in Finance and earned an Extension in Financial Management from the same university in 1999.

STRUCTURE AND POSITION OF THE INTERNAL AUDIT UNIT

The Internal Audit Unit is led by the Head of the Internal Audit Unit, who is assisted by nine auditors, all of whom have a background in accounting and/or agriculture. None of them are yet certified as internal auditors.

The Internal Audit Unit is part of the management structure, and as such reports directly to the President Director and the Audit Committee, in accordance with OJK Regulation No. 56 /POJK.04/2015 on the Establishment and Working Guidelines of the Internal Audit. In executing its duties, it coordinates with the Audit Committee.

Operationally, the functions of the Internal Audit Unit are divided between the producing estates and the developing estates.

APPOINTMENT OF THE HEAD OF THE INTERNAL AUDIT UNIT

The Head of the Internal Audit Unit is appointed by the President Director, subject to the approval of the Board of Commissioners. The Company reports any change in the status of the Head of the Internal Audit promptly to the OJK.

DUTIES AND RESPONSIBILITIES OF THE INTERNAL AUDIT UNIT

The Internal Audit Unit functions as a strategic partner for management in managing the Company's resources productively, effectively and safely to improve results for stakeholders while upholding ANJ's values. Its responsibilities are primarily to review and strengthen the effectiveness of the Company's financial and operational processes, internal control system, risk management and corporate governance.

In more detail, the Internal Audit Unit's responsibilities are as follows:

1. Formulate and implement an annual internal audit plan;
2. Report on the implementation and achievement of the annual internal audit plan;
3. Evaluate the relevance, reliability and integrity of internal controls and risk management in line with Company policy and strategic objectives;
4. Perform audits to assess the efficiency and effectiveness of finance, accounting, operations, human resources, marketing, information technology and other functions;
5. Verify the existence of assets and assess the effectiveness of asset safeguarding;
6. Assess compliance with internal policies, procedures and instructions as well as relevant laws and regulations;
7. With the approval of the Company's President Director, Board of Commissioners or Audit Committee, perform special audits in relation to suspected conflicts of interest, unlawful conduct, corruption or fraud, determining the urgency and scope of the audit by taking into account the potential losses and impact of the alleged case, and the duration of the intended assignment.
8. Prepare internal audit reports for submission to the President Director and the Audit Committee, with a copy to the Board of Commissioners;
9. Make suggestions and recommendations for improving systems and procedures to prevent inefficiency and fraud at all management levels;
10. Give advice and consultation on strong and effective administrative, operational and financial systems;

11. Monitor, analyze and report on the implementation of suggested improvements;
12. Coordinate with appropriate management levels to execute investigative and corrective actions in the event of any indication of fraud or systems failure;
13. Establish and maintain effective communication and cooperation with the Audit Committee;
14. Prepare programs to evaluate the quality of internal audit tasks.

INTERNAL AUDIT UNIT CHARTER

The Company has had an Internal Audit Charter since February 6, 2014. This was updated in 2017 to align with OJK Regulations No. 55 /POJK.04/2015; No. 56 /POJK.04/2015, and No. 13/POJK.03/2017.

The duties and responsibilities of the Internal Audit Unit are defined in the Internal Audit Charter. The charter is aligned with the relevant laws and regulations and is reviewed and updated periodically. The charter can be seen on ANJ's website: www. anj-group.com/en/internal-audit.

INTERNAL AUDIT REPORTING FLOW

The Internal Audit Unit prepares an annual accountability report, reports on individual audits, and reports on management's follow-up of remedial actions. All these reports are submitted to the President Director and the Audit Committee, and copied to the Board of Commissioners.

INTERNAL AUDIT ACTIVITIES IN 2017

In 2017 the Internal Audit completed a total of 47 audit projects, exceeding the planned total of project audit of 30 projects. The activities are broken down in the table below.

Activity	Planned	Realization
Follow Up	1	1
Project Initiatives	13	15
Regular Audit	9	18
Audit Committee and Training	7	6
Whistleblowing System	-	7
Sub Total	**30**	**47**

The regular audits included reviews of the status of palm oil licensing in seven subsidiaries, a review of sago harvesting system, and reviews of inventory and fixed assets balance. Project initiatives included risk mapping of all areas and reviews of community development program implementation, the replanting program, mill construction, and land clearing, nursery and new planting, among others.

COMPETENCY DEVELOPMENT OF THE INTERNAL AUDIT UNIT

Although the Company's internal auditors are not yet certified, we are committed to improving their skills, experience and capabilities as internal auditors so that they can adapt to the challenges and demands of the Company's increasingly stringent standards as the business grows.

In 2017 the internal auditors participated in training and seminars on controlling fraud and internal audit practices based on the standards issued by the Institute of Internal Auditors (IIA), a professional organization that is dedicated to improving the professionalism, ability, and expertise of internal auditors.

INTERNAL AUDIT FOCUS FOR 2018

The focus of internal audit activities in 2018 will be based on the Company's strategic objectives and capital expenditure, with additional risk-based audits performed as needed.

In Region 1 and Region 2, the key audit areas will include:
1. Continuing the audit of KAL's factory of 2X45TPH;
2. Replanting at ANJA;
3. Harvest and maintenance effectiveness and efficiency at KAL and ANJAS;
4. Development of GMIT's frozen line.

In the Region 3, the key audit areas will include:
1. Land clearing and infrastructure at PPM, PMP and the Company;
2. Logistics and warehousing at PPM, PMP and the Company;
3. Community involvement and development at PPM, PMP and the Company.

External Auditor

The consolidated financial statements of the Company and subsidiaries for the year ended December 31, 2017 were audited by public accounting firm Siddharta Widjaja & Rekan (a member firm of the KPMG network). This was the first year that this firm has provided audit services to the Company in the last 5 years.

Year	Public Accountants	Signing Partner
2017	Siddharta Widjaja & Rekan	Budi Susanto
2016	Satrio Bing Eny & Rekan	Satrio Kartikahadi
2015	Osman Bing Satrio & Eny	Satrio Kartikahadi
2014	Osman Bing Satrio & Eny	Drs. Osman Sitorus
2013	Osman Bing Satrio & Eny	Drs. Osman Sitorus

The external auditors were selected through a tender process under the supervision of the Company's Audit Committee, which included four leading public accounting firms in Indonesia. Following the latest tender, our Board of Commissioners have appointed Mr. Budi Susanto of Siddharta Widjaja & Rekan as the audit partner for the audit of the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2017, through their Decision Letter No. 19/BOC/ANJ/GEN/2017.

The fee paid for the audit of the consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2017, was IDR 800,000,000.

In addition, PT KPMG Advisory Indonesia (also a member firm of the KPMG network), provided several non-assurance services to the Group in 2017 that were limited to the tax reporting and compliance review (excluding tax calculation services), tax advice and discussion. These non-assurance services are within the definition and criteria of permissible non-assurance services in accordance with the independence requirements stipulated by the Financial Services Authority ("OJK") in point VII.4 of the OJK Circular Letter No. 36/SEOJK.03/2017 on the Rules on the Use of Public Accountants' and Public Accounting Firms' Services in Financial Service Activities.

Risk Management

Like any business, ANJ is exposed to risks and uncertainties in the course of its day-to-day operations. The effective management of those risks is of critical importance in ensuring that the Company achieves its business goals and objectives. We therefore place a priority on identifying, evaluating and proactively managing potential business risks.

Our key objective is to safeguard the long-term continuity of the business by ensuring a consistent, reliable supply of agribusiness products to our customers at a margin adequate to safeguard future growth and ensure shareholder returns. Given the capital-intensive and long-term nature of growing and harvesting, we take a proactive, conservative approach to anticipating and neutralizing risks.

In accordance with the OJK's corporate governance framework, primary responsibility for risk management at ANJ rests with the Board of Directors. The Company has a Risk Management Committee, which supports the Board of Commissioners' supervisory function by reviewing the Company's risk management, and guides and advises the Directors on identifying, assessing and mitigating risks.

EVALUATION OF RISK MANAGEMENT EFFECTIVENESS

The Board of Directors, in cooperation with the Risk Management Committee and the Internal Audit Unit, defines the Company's risk management needs and activities annually, through the following steps:

1. Determine the corporate-wide risk appetite.
2. Direct each significant business unit to make an internal assessment of its risks and control initiatives.
3. Formulate an internal audit plan that includes high-risk areas and enables timely identification of areas for follow-up by management, especially to improve productivity and control development costs.

This framework ensures that existing risks are regularly re-evaluated, emerging risks are identified and that the adequacy and effectiveness of controls are regularly tested. In addition, the identification and review of key operational and financial risk areas is embedded in management's responsibilities and as such is discussed at monthly Board meetings.

KEY RISKS TO OUR BUSINESS, AND THEIR MITIGATION

The principal operational and strategic risks to which our business was exposed in 2017 are summarized below, alongside the actions we have taken to mitigate or control them. This summary should not be seen as an exhaustive list of all risks to our business.

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.

Risk	Mitigation
International fluctuations in the CPO price CPO prices have in the past been characterized by 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 and demographic developments, including population growth, per capita consumption and food demand; weather conditions and other natural influences; and the world economy in general.	Management has anticipated low selling prices since 2013, and as a result we have continuously focused on efficiency and reducing production costs to mitigate the effect. Moreover, the 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) the total volume of outstanding forward contracts may not exceed 30% of monthly CPO production; 2) the forward contract period may not exceed six months. Overriding these limitations requires the approval of the Board of Commissioners.

Risk	Mitigation
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 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.	We aim to offer attractive compensation for land as well as integrated development plans that will benefit the community. In areas where we plan to develop a plantation, we establish a land compensation committee that includes community leaders and representatives of local authorities and neighbouring 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. As of the end of 2017, we have completed the land compensation process for our West Papua land banks. Land compensation at our South Sumatra land bank is still ongoing, and we are following the principles stated above to develop a mutually agreeable land compensation plan.
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. This is a lengthy, complex process that can meet with significant delays.	All but one of our subsidiaries already holds HGU rights, including our developing 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 responsible and sustainable plantation development 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.	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 in the communities around our business operations. We also foster cooperation 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 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 labour. 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.	We continually monitor our remuneration and benefit programs, benchmarking them against 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 conditions, 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 an 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.

Risk	Mitigation
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.	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 understood when planning our developments that our large and remote plan area would create logistical challenges. Given the considerable economic investment that we are making there, 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.	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; and conducting chemical soil analyses to determine the best fertilizer regimes.
Disruption by Environmental Groups, NGOs or Interested Individuals Environmental groups, charities, nongovernmental 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.	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 land banks; 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 smallholders. Accordingly, our West Kalimantan Plantation currently has a Plasma program. In developing our West Papua and South Sumatra land banks 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 cooperative 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.	We run our existing Plasma program, and plan to run future ones, based on cooperative ownership, which we believe is in the best interests of both smallholders and the Company. The cooperatives have management service agreements with us to ensure that our standards of maintenance and harvesting are preserved in our plasma area. We are continuing to develop a capacity-building program for cooperative members, as well as a 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 cooperative members' plantation, agronomic and business operating knowledge.

Risk	Mitigation
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 labour 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.	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 favourable. 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 bookkeeping 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 for US dollar borrowing, we believe the policy helps us to better to measure currency risks and take action in a timely fashion.
Increases in Labour Costs We operate in a labour-intensive industry in which government regulations concerning wages can significantly affect 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 labour 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. Labour costs are a significant component of our total production costs, typically accounting for about 30%.	Since 2015, we have taken a series of steps to control or mitigate labour costs, including improving productivity and optimizing resources. We introduced an incentives program to increase workers' productivity and implemented strict standards to ensure that 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 labour constraints in these areas.

Internal Control

TRANSPORTING OF FRESH FRUIT BUNCHES AT THE LOADING RAMP OF SMM
Photo by: Ronal Samson Rajagukguk

ANJ's 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. This is accomplished by 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; and
- Compliance with laws and regulations.

ALIGNMENT OF THE COMPANY'S INTERNAL CONTROL SYSTEM WITH THE COSO INTERNAL CONTROL FRAMEWORK

In 2015, the Company embarked upon a restructuring and improvement 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. The approach is designed to work across all categories of control objectives (operations, reporting and compliance) and across all the units and activities of an organization. There are five key components in the approach, which we have adopted as follows:

Control Environment: We see the behaviour 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 ethics are embedded throughout the organization, and we run internal promotion programs, facilitated by our Value Champion team members, on an ongoing basis across our estates.

Risk Assessment: We have identified and assessed potential risks, both operational and strategic, that could impede the achievement of the Company's objectives. These are under continuous review to ensure that any change in the risk environment is identified and analyzed.

Control Activities: We have put in place a number of internal control and operational activities to mitigate the impact of potentially significant risks. We continuously strengthen existing procedures and policies in accordance with the following principles: segregation of duties; limited access, authority and responsibility; adequate documentation; and a 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 communicate information regarding the structures and status of our internal control system, including any challenges and improvements, through quarterly Audit Committee meetings, monthly reports by the Value Champion team, internal audit reports and other management meetings, as well as to relevant external stakeholders as required.

Monitoring Activities: We frequently evaluate the internal control components to ensure that they are present and functioning. If we find deficiencies we communicate them quickly to appropriate parties for corrective action.

EVALUATION OF INTERNAL CONTROL EFFECTIVENESS IN 2017

The internal control system is regularly monitored by a number of business units. The system and the Company's daily operations are monitored on an ongoing basis by the Internal Audit Unit, the Corporate Secretary and the Risk Management Committee. An additional layer of oversight is provided by the Audit Committee through its quarterly review. The system is also subject to an external evaluation by the independent auditor appointed by the shareholders to audit the Company's financial statements.

Specific actions taken to strengthen internal control effectiveness and responsiveness in 2017 include the following:

- Built the capacity of the internal audit team through training based on IIA standards;
- Minimized the risk of misstatement in our financial disclosures by using dedicated computer software to generate statements; ensuring that financial transactions were reviewed by the Internal Audit Unit on a sampling basis; and ensuring that quarterly financial reports were subject to a stringent review by the Audit Committee before being released;
- Ensured that all financial results were reported to the Board of Commissioners and the Board of Directors as well as the Audit Committee for control purposes; and
- Ensured that the financial control system and financial statements were audited by a professional public accountant.

We believe that the Company's internal control system as described above provides reasonable assurance that any potential issues will be identified promptly and that appropriate action can be taken to ensure that Company will not be adversely affected by any event that could hinder the achievement of its business objectives. However, no internal control system can provide absolute assurance against human error, poor judgment, intentional misconduct or other irregularities.

Material Litigation

Neither the Company nor its subsidiaries, nor any members of the Boards of Commissioners or the Boards of Directors of the Company and its subsidiaries, were involved in any material case in civil, criminal, bankruptcy, taxation or arbitration proceedings with any court or arbitration board during 2017.

Land Title Claims

There were no major outstanding land title claims against the Company at year end 2017.

Administrative Sanctions

Neither the Company nor its subsidiaries nor any members of the Board of Commissioners or the Board of Directors received any administrative sanctions from the capital market authorities or any other authorities during 2017.

Access to Corporate Data and Information

Recent information on our corporate actions and share price movements, as well as our quarterly and annual results, press releases, investor newsletters and other corporate information, is available on our website, www.anj-group.com .

Inquiries may be made at any time via the website, or to:

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ANJ's Code of Ethics and Corporate Culture

AN AUDIT INTERVIEW OF MAINTENANCE STAFF OF SMM
Photo by: Indah Puspitasari

The Company's Code of Ethics on Business Conduct was adopted in 2014 in response to the increasingly complex dynamics of our business environment. The Code emphasizes the importance of maintaining the trust and respect of our stakeholders through transparency, accountability, objectivity and equality. The foundation of the Code of Ethics is the Company's three core values: Integrity, Respect for People and the Environment, and Continuous Improvement. These values embody the corporate culture that we aim to foster throughout the ANJ Group.

The Code of Ethics serves as a reference for the employees and management of the Company in carrying out their duties effectively, lawfully and safely. It describes behaviours that all leaders and employees are expected to internalize and practice in their day-to-day work, and that will contribute to the achievement of ANJ's vision and mission. The articles of the Code of Ethics cover:

- The corporate values;
- Compliance with relevant laws and regulations;
- Workplace safety, health and the environment;
- Work relations, including professionalism, fairness and the separation of personal and corporate interests;
- Relationships with suppliers and customers, including responsibility for product quality;
- Relationships with shareholders;
- 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; and
- Reporting suspected breaches of the Code of Ethics.

The Code is reviewed from time to time to ensure that it remains aligned with and relevant to the development of our business, the interests of our stakeholders and the social, economic and regulatory climates.

COMPANY-WIDE APPLICATION OF THE CODE OF ETHICS

The Code of Ethics on Business Conduct applies equally to all employees and management of the Company, including the Board of Commissioners and the Board of Directors, as stated in their respective Charters. The Code emphasizes that everyone in the organization bears joint responsibility for upholding the values and principles in the Code of Ethics in their relations and transactions with our customers, suppliers and shareholders. Moreover, the guidebook to the ANJ Values explains that the corporate culture is to be embraced and practiced on a day-to-day basis by every leader and employee at ANJ.

Where relevant, the Code of Ethics also applies to our investors, stakeholders and business partners.

DISCIPLINARY POLICY

In order of severity, the sanctions that can be imposed for misconduct/violations of the Code of Ethics are:
1. First warning letter;
2. Second warning letter;
3. Final warning letter;
4. Suspension;
5. Dismissal.

BREACHES OF THE CODE OF ETHICS AND SANCTIONS IMPOSED IN 2017

The following breaches of the Code of Ethics were found in 2017:
1. Gratuities in relation to the sale of land;
2. Gratuities in relation to compensation for a conservation area;
3. Gratuities in relation to compensation for the watershed;
4. Gratuities in relation to a civil project;
5. Mark-up on renting employee housing.

In relation to the above violations, the Company imposed the following sanctions:
- Two people were dismissed from the Company;
- Two people received second warning letters;
- Three people received final warning letters.

DISSEMINATION OF THE CODE OF ETHICS AND CORPORATE VALUES

All new ANJ employees are introduced to the Code of Ethics through the induction program that is conducted every quarter by the Internal Audit Unit, and it is an integral part of our Management Trainee program. Sessions on the corporate culture and the Code of Ethics are also facilitated by Commissioners and senior management and are included in many of ANJ's learning and development activities.

ANTI-CORRUPTION AND GRATUITY CONTROL POLICIES

The Code of Ethics describes the Company's policies on dealing with bribery, gratuities and offers of gratuities in any form from any external party.

VALUE CHAMPIONS

Our Value Champions program helps to ensure that the Company's core values are widely understood, consistently upheld and continuously strengthened. There are 35 Value Champions who are working across our estates and offices. They are employees who, in addition to their regular duties, also help to communicate, implement and disseminate ANJ's values among their respective co-workers.

Every month, the Value Champions report on their observation of actions and behaviours that display or promote the Company's core values, as well as actions and behaviours that run counter to the values. These reports go to an organizing committee, comprising a chairman and two secretaries, which consolidates and analyzes the feedback from the Value Champions. Their analysis is presented to the Company's 'Value Guardians', who are currently Commissioners George Santosa Tahija, Anastasius Wahyuhadi and the President Director of the Company. If they observe a matter that warrants urgent attention, Value Champions are encouraged to report it immediately to the appropriate personnel.

Value Champions model the Company's core values in their daily activities and guide others to do the same. They are also expected to serve as an intermediary between management and employees, for example, by facilitating employees in making complaints, voicing grievances or finding appropriate assistance.

Goods & Services Procurement

ANJ's procurement policy states that all procurement of goods and services by the Company must be Effective, Efficient, Professional, Independent, performed with integrity, contain no conflict of interest and uphold the GCG principles of transparency, accountability, responsibility, independence and fairness/equality. Within these general principles, we aim to ensure that our procurement is inclusive, by empowering and increasing the role of small businesses, including cooperatives and suppliers in the vicinity of our business locations, in our supply chain, in order to support the local economy. Vendors must meet specified qualification requirements related to their administrative, financial and technical capability and capacity, and fulfill all licensing and tax matters required by law. They must also meet the Company's requirements with regard to environmental, health and safety management systems, quality management, technical specification and scheduling as well as ANJ Sustainability Policy. Moreover, every vendor is required to sign an integrity pact stating explicitly that they will not offer, give or accept any item, including but not limited to money, gifts or facilities, to or from any employee or person associated with the Company and the Group for the purpose of influencing any decision. The Company is entitled to unilaterally cancel a contract if the vendor is found to have acted in any way that conflicts with the principles of integrity and honesty outlined in the pact.

Insurance

The Company has extensive insurances cover in order to mitigate the various risks to our operational assets. The insurance policies held by the Company in 2017 include the following:

- Property all risk insurance: this covers the risk of potential loss of the buildings, machinery and equipment and vehicles as well as assets under construction, in our head office and in the operating companies across Indonesia.
- Machinery breakdown insurance: some of our estates are covered against the risk of machinery breakdown.
- Heavy equipment insurance: all estates are covered by policies against the loss of, or damage to, our heavy equipment.
- Marine hull and machinery insurance: this comprehensively covers loss of or damage to the Company's vessels operating in the oceans or to their hulls and materials, engines and machinery, including all equipment installed therein, which is caused by the ocean, force majeure and navigational perils.
- EEI (Electronic Equipment Insurance): the majority of our operating companies are protected against potential loss or damage to their electronic equipment.
- Motor vehicle insurance: this covers the risk of loss or injury resulting from the operation of the Company's vehicles, for most of our operating companies.
- Money insurance: this covers the risk of loss of money in transit or on our premises.
- Fidelity guarantee: this cover is able to mitigate our employees' infidelity risk by providing indemnity to the employer against the loss of money or properties belonging to the Company as a result of acts of fraud or dishonesty by any employee, such as forgery, embezzlement, larceny or fraudulent conversion.
- Public liability: all our operating companies are covered against claims of loss or damage to other parties.
- Marine cargo open cover: this protects against the risk of potential loss of inventory in the majority of our operational companies, including inventory in warehouses and in transit.
- DNO (Directors and Officers Liability Insurance): Our executives, members of the Board of Directors and officers are protected by this liability coverage for losses or advancement of defence costs in the event of a claim against them brought for alleged wrongful acts in their capacity as directors and officers.
- Health Insurance and Life Insurance: all ANJ employees are covered by these policies.

Tax Compliance

The Company continuously adheres to the provisions of the applicable tax laws and regulations as well as being a real contributor to the country. Moreover, the Company has aligned and conducted an assesment of tax compliance within the group and each of its subsidiaries to ensure the completion of tax returns. This is in line with the government's spirit to promote development through the optimization of tax revenue.

Share Ownership Program

EMPLOYEE STOCK ALLOCATION PROGRAM

In relation to the initial public offering in 2013, the Company's shareholders approved a share ownership program for certain employees, including managers and assistant managers, who fulfilled certain administrative requirements specified by the Company.

Under this Employee Stock Allocation Program (ESAP), 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. The Company sold shares to ESAP participants during the IPO at a 20% discount from the offer price. To finance the purchase of the shares allocated to them, participants were able to access loans from the Company, on condition that the loans are repaid in four annual instalments 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 as of year end 2017, there is no ESAP loan outstanding.

MANAGEMENT STOCK OPTION PLAN

The shareholders also approved a Management Stock Option Plan (MSOP) in relation to the IPO in 2013 for senior management and directors, including the management and directors of ANJ's subsidiaries. The MSOP 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 is conducted in accordance with Indonesia Stock Exchange (IDX) rules, which state that the exercise price of the options must be at least 90% of the average closing price of the shares over the 25 trading days before the stock option implementation plan is reported to the exchange. The Board of Directors determined the terms and conditions for the exercise of the options issued under the MSOP with due observance of the prevailing laws and regulations.

The stock options are granted as follows: 40% on the first anniversary of the Company's IPO (Cycle I); 30% on the second anniversary (Cycle II); and 30% on the third anniversary (Cycle III). Options are valid for three years after they are issued. This includes a one-year vesting period from the date of issue, during which option holders do not have the right to exercise them.

When the vesting period expires, the options may be exercised at specified periods of up to 25 trading days, which fall up to two times per year for each cycle. The first window in Cycle I for MSOP options to be exercised was opened on November 3, 2014, when 40% of the stock options (equivalent to 20,000,000 shares) were made available to be exercised. At that time, participants exercised a total of 1,550,000 shares at an exercise price of IDR 1,095 per share. The Company notified the IDX of the exercise of the options on December 8, 2014.

Two windows were opened for options to be exercised in 2015, from May 8 to June 15 and from November 2 to December 4. There is no options were exercise in Cycle I or Cycle II during the first period. During the second period, however, a total of 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 IDX was notified of the exercise of the options on December 8, 2015.

In 2016, the Company opened two more windows for options to be exercised, from May 9 to June 10 and 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. No Cycle II or Cycle III options were exercised during the second period. The Company notified the IDX of the exercise of the options on June 15, 2016 and December 7, 2016, respectively.

In 2017, the Company opened two more windows for options to be exercised, from May 3 to June 9 and from November 1 to December 6. No Cycle II or Cycle III options were exercised during both period. The Company notified the IDX of the exercise of the options on June 13, 2017 and December 7, 2017, respectively.

The Company did not open any more windows for options to be exercised in 2018 since MSOP exercise has been conducted in 2017.

EMPLOYEE STOCK OPTION PLAN OR EMPLOYEE STOCK PURCHASE PLAN

The Company's AGM on June 1, 2016 approved the transfer of a maximum of 63,000,000 treasury stocks 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 said Directors and employees 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.

Whistleblowing System

The Company places great importance on preventing abuses such as fraud, corrupt practices, breaches of the Code of Ethics or the corporate values, or any violation of laws and regulations, and is committed to creating a corporate culture in which employees and business partners are feel able to report any such activities without fear of reprisal, provided that such reports are made in good faith and in the best interests of the Company.

To this end, the Company has put in place a whistleblowing system (WBS), which offers a number of confidential channels for reporting suspected misconduct. Since its launch in May 2016, the system has been communicated to employees at all of the Company's estates and offices. In addition to reflecting ANJ's commitment towards good corporate governance, the WBS also contributes to the prevention and early detection of misconduct that could be detrimental to the Company or its reputation.

PROCEDURE FOR REPORTING MISCONDUCT

1. Informants contact the WBS Reporter Protection Unit via one of the dedicated email or phone/SMS hotlines below, stating the initial indication of misconduct and supporting evidence.
   - Email : wbs@anj-group.com
   - Phone/SMS : 0811 999 3553
2. The WBS Informant Protection Team (an independent representative of the Internal Audit Unit) analyses and verifies the information and then assesses whether the report should be further investigated.
3. If further investigation is required, the case is escalated to the WBS Follow Up Team (part of the Internal Audit Unit). This Team assigns a team to investigate, which could be led by the IAU, by legal department, or through joint efforts with external investigators. The investigative team makes a report on the findings. If the case does not involve the President Director, this report is submitted to the President Director, the Board of Commissioners and the Audit Committee. However, if the President Director is involved, the report is sent to the Board of Commissioners and the Audit Committee, bypassing the President Director.
4. The Board of Commissioners, the President Director and the Audit Committee review the report and give their considerations on the final decision.

PROTECTION FOR WHISTLEBLOWERS

The whistleblower system guarantees the following protection for informants:

1. The identity of the informant is kept confidential.
2. The reported information is kept secure and confidential.
3. Informants are protected against reprisals from any party implicated in the report.

WHISTLEBLOWING SYSTEM MANAGER

The Group's Internal Audit Unit serves as the Manager and Investigator of the WBS, while the President Director selected members of the Board of Commissioners and the Audit Committee function as the Supervisory Team.

WHISTLEBLOWING REPORTS IN 2017

In 2017, a total of nine reports were received through the whistleblowing system, of which two were found to be non-whistleblower-related. The remaining seven cases were followed up, investigated by the Internal Audit Unit and passed to the Commissioners, the President Director and Audit Committee for review. Misconduct was proven in five of the seven cases.

Description	2016*		2017	
	Total	%	Total	%
Reports Received	8	100%	9	100%
Whistleblower-related	5	63%	7	78%
Non-Whistleblower-related	3	38%	2	22%
Proven	1	20%	5	71%
Not proven	4	80%	2	29%

*Note: Implemented since May 2016

Diversity

In respect of the diversity of the Board of Commissioners and the Board of Directors, the Company seeks to ensure that the composition of each board reflects a broad assortment of work experience, ages, qualifications and educational backgrounds, in line with the skills, knowledge and experience needed to achieve the Company's objectives.

Compliance with Corporate Governance Guidelines for Public Companies

The following table outlines ANJ's compliance with the Corporate Governance Aspects and Principles specified in the provisions of OJK Regulation No.21/POJK.04/2015.

Principle	Recommendation	Status
Aspect 1: Relations between Public Companies and Shareholders in Assuring Shareholders' Rights		
Principle 1 Increase the value of the general meetings of shareholders (GMS)	Companies should have technical procedures on voting in a GMS (both for an open and closed voting system), that protect the 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 general meeting of shareholders.	Status: Fulfilled. All members of the Board of Directors and Board of Commissioners attend the GMS unless exceptional circumstances apply.
	A summary of the minutes of AGMs should be available on the company's website for at least one year.	Status: Fulfilled. Minutes are made available at www.anj-group.com indefinitely.
Principle 2 Strengthen the quality of communications between public companies and their shareholders or investors.	Companies should have a policy for communications with their shareholders or investors.	Status: Fulfilled. The outline of the policy is stated in the Company's Code of Ethics but not in detail.
	The communications policy should be disclosed in the Company's website.	Status: Fulfilled.
Aspect 2: Function and Role of the Board of Commissioners		
Principle 3 Strengthen the membership and composition of the Board of Commissioners	The condition of the company determination should be considered in determining the number of members of the Board of Commissioners.	Status: Fulfilled.
	The composition of the Board of Commissioners should take into account the range of expertise, knowledge, and experience required by the Company.	Status: Fulfilled.
Principle 4 Strengthen the quality of implementation of the Board of Commissioners' duties and responsibilities.	The Board of Commissioners should have a policy on self-assessment to evaluate its performance.	Status: Fulfilled. The board has a working self-assessment policy.
	The self-assessment policy should be disclosed in the company's annual report.	Status: Fulfilled.
	The Board of Commissioners should have a policy on the resignation of board members who are involved in financial crimes.	Status: Fulfilled. 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: Fulfilled. We formed a succession committee in 2015 to identify and train potential leadership candidates.

Principle	Recommendation	Status
Aspect 3: Function and Role of the Board of Directors		
Principle 5 **Strengthen the membership and composition of the Board of Directors.**	The condition of the company and effectiveness in decision making should be considered in determining the number of members of the Board of Directors.	Status: Fulfilled.
	The composition of the Board of Directors should take into account the range of expertise, knowledge and experience required by the Company.	Status: Fulfilled.
	Members of the Board of Directors who are in charge of accounting or finance functions should have expertise in and/or knowledge of accounting.	Status: Fulfilled.
Principle 6 **Strengthen the quality of implementation of the Board of Directors' duties and responsibilities.**	The Board of Directors should have a policy on self-assessment to evaluate its performance.	Status: Fulfilled. The Board of Directors conducts a self-assessment based on their KPIs, the results of which are subject to review by the Nomination and Remuneration Committee.
	The self-assessment policy should be disclosed in the company's annual report.	Status: Fulfilled.
	The Board of Directors should have a policy on the resignation of board members who are involved in financial crimes.	Status: Fulfilled.
Aspect 4: Stakeholder Participation		
Principle 7 **Strengthen corporate governance through stakeholder participation.**	Companies should have a policy on preventing insider trading.	Status: Fulfilled. The policy is stated in the Company's Code of Ethics.
	Companies should have anti-corruption and anti-fraud policies.	Status: Fulfilled. The 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 vendor/ supplier selection and improvement.	Status: Partly fulfilled. We have a policy on supplier selection, but not for supplier/vendor capacity improvement.
	Companies should have a policy on fulfilling creditors' rights.	Status: Fulfilled.
	Companies should have a whistleblowing policy.	Status: Fulfilled.
	Company have policy for giving long-term incentives to members of the Board of Directors and employees.	Status: Fulfilled. Our three scheme - ESAP, MSOP, and Employee Stock Option/Purchase Plan - are described on page 132 of this report.
Aspect 5: Information Disclosure		
Principle 8 **Strengthen information disclosure.**	Companies should make use of a range of information technology (in addition to their websites) as a means of disclosing information.	Status: Partly fulfilled. We currently use our website, the Indonesia Stock Exchange website, and e-mail communications for disclosures.
	The Company's annual report should disclose the ultimate beneficial owners of shareholdings of 5% (five percent) or more of their shares, in addition to disclosing the ultimate beneficial owners of shareholdings in the company through the ultimate and controlling shareholders.	Status: Fulfilled. The details can be found on page 48 of this Report.


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CORPORATE SOCIAL RESPONSIBILITY

"We have adopted a more long-term, structured approach to promote sustainable improvements in livelihoods and the quality and integrity of the surrounding environment, while upholding our responsibility to secure financial returns for the Company's shareholders."

ELEMENTARY-AGE CHILDREN OF ANJA'S EMPLOYEES GETTING READY FOR SCHOOL
Photo by: Alvino Martha

CSR Commitment

DAILY MAINTENANCE OF OIL PALM TREES AT ANJA PLANTATION
Photo by: Alvino Martha

ANJ is committed to conducting operations by adhering to the highest standards and best practices that apply to each of the fields of business we engage in. This is intended to ensure that the Company grows only through a process of responsible development that balances the Company's obligations to the triple bottom line of people, planet and profit, as defined below:

- People: moving forward together with the community as equal partners;
- Planet: maintaining environmental balance and community welfare in every ANJ operation;
- Profit: obtaining a fair return on viable businesses.

We aim to achieve responsible development by using best management practices based on a balanced implementation of our main policy pillars: Environmental Stewardship, Business Policy and Social Responsibilities.

Our commitments under each of these pillars are elaborated in the Company's Sustainability Policy, which was formally issued in November 2016. The Sustainability Policy applies to ANJ and all its subsidiaries.

LEGAL AND POLICY BASIS FOR CSR

The legal basis for the Company's corporate social responsibility program includes the following:

- Law No 40/2007 on Limited Liability Companies;
- Law No 39/2014 on Plantations;
- Government Regulation No 40/2012 on the Social and Environmental Responsibility of Limited Liability Companies;
- Minister of Environment Decree No. 3/2014 on the Corporate Performance Rating Program for Environmental Management;
- Minister of Agriculture Decree No. 11/2015 on the Indonesian Sustainable Palm Oil Certification System.

We are also guided by ANJ's Sustainability Policy as well as numerous other local and international regulations and standards for sustainable agribusiness, including the guidelines of the Roundtable on Sustainable Palm Oil (RSPO) and the Indonesia Sustainable Palm Oil Standards (ISPO). Their application is outlined below.

CSR Strategy

Our CSR strategy is strongly aligned with Indonesia's development policy, particularly in West Papua, where the government has called on the private sector to contribute to social and economic development. Over the last three years, we have adopted a more long-term, structured approach that is beginning to integrate activities at the community level to promote sustainable improvements in livelihoods and quality and integrity of the surrounding environment, while upholding our responsibility to secure financial returns for the Company's shareholders.

To support this approach, we have continued to transform our internal organization as well as policies, systems and standard operating procedures with the aim of embedding governance and sustainability more firmly across the Group's operations.

The implementation of ANJ's CSR strategy in 2017 is summarised in the program descriptions below.

Responsibility for the Environment

CONSERVATION

ANJ's policy of responsible development includes a strong commitment to maintaining the integrity and biodiversity of forest ecosystems. This includes identifying high conservation value (HCV) areas before clearing land for planting, refraining from new development on peat and wetlands, not burning land for clearing, reducing greenhouse gas emissions and managing areas of high conservation value (HCV) and reducing the impact of felling in permitted areas.

We have demonstrated this commitment not only by setting aside significant areas for conservation of more than 25% of our total concession area, but also by allocating substantial resources to manage it in line with best practices. This is done with the active engagement of key local stakeholders, including local government, local communities, conservation experts and non-profit organizations.

We have learned that this is one of the keys to successful conservation, and it is accomplished through a program of conservation education and outreach in schools and among farmer groups; training and involving local communities in patrolling the HCV areas, monitoring the flora and fauna within them and preventing fires; and holding regular stakeholder meetings. The unsustainable and illegal use of forest resources by the communities surrounding the forests can be a critical obstacle to conservation, so the community education and income-generation projects implemented through our community development program are important factors in changing attitudes and encouraging them to shift to alternative livelihoods.

The 2,330 hectare conservation area located outside our HGU area in West Kalimantan, which is home to a thriving orangutan population, is well established as a model for participatory conservation management, but we recognize that to keep ecosystems intact, solutions are needed at the landscape level, with corridors linking our conservation forest to adjacent HCV areas and the Gunung Palung National Park. Together with other local stakeholders, including the local community, the local government, The Nature Conservancy, International Animal Rescue and the Tanjung Pura University in Pontianak, and with the support of the West Kalimantan Governor, we have launched an initiative to develop a legally protected Essential Ecosystem Zone, which would provide for balanced planning of both

> **Our 2,330 hectare conservation area in West Kalimantan is home to a thriving orangutan population.**

developed and conserved areas. In 2017 we signed a formal communication protocol and are now working on getting a decree signed by the head of Ketapang district. We hope to see this established in 2018 as a model for future joint landscape-level conservation initiatives—for example, in West Papua, where we have identified a significant contiguos area of HCV that covers dryland forest, riparian areas and wetlands.

Conservation Highlights

West Kalimantan: In 2017 we worked with the NGO International Animal Rescue and an independent environmental researcher to monitor the biodiversity in our 3,844.5 hectare conservation area (which 2,330 hectares are outside the actual concession area). They have verified that the forest canopy there is higher than that in the adjacent forest to the south, indicating the health of the flora, and confirmed the presence of around 150 orangutan (Pongo pygmaeus ssp. wurmbii). The Company has established 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. The forest is also a habitat for a wide range of other flora and fauna, including Malayan sun bears, pig-tailed macaques, maroon leaf monkeys and monitor lizards, and at least 23 different species of birds, including grey woodpeckers, rhinoceros hornbills and black hornbills. We have observed at least eight species of mammals that are on the protected list defined by the International Union for Conservation of Nature and the government.

During the year we also worked to maintain the rubber 'flying bridges' we installed in 2016 in collaboration with the Nature Conservation Agency (Balai Konservasi Sumber Daya Alam, or BKSDA) and Yayasan IAR Indonesia. These bridges facilitate movement between habitats by various species, including orangutans, by reconnecting riparian areas separated by roads.

North Sumatra I: Our 324.6 hectares of HCV area includes riparian buffer zones that contain a variety of flora, including the rare nepenthes. With the local government, we are exploring initiatives to enable local communities to benefit economically from this discovery by developing nurseries for the commercial cultivation of nepenthes.

North Sumatra II: Our conservation area of 2,271.8 hectares has been recognized as a model for biodiversity management. ANJ is working with an international NGO, Conservation

AN ORANGUTAN BABY CHEWS A BARK OF KEMPAS TREE AT KAL HIGH CONSERVATION VALUE FOREST
Photo by: Hendriyana Rachman

TROPICAL PITCHER PLANTS (NEPHENTES) FOUND IN SEVERAL HIGH CONSERVATION AREAS OF ANJ GROUP
Photo by: Viktor Mario Jubiharsono

A *TARSIUS TARSIER*, A NATIVE NOCTURNAL PRIMATE, SPOTTED AT A HIGH CONSERVATION VALUE AREA OF SMM
Photo by: Herry Yan Hutasuhu

International (CI), to manage this conservation area through the Community Conservation Agreement (CCA) program, which emphasizes community economic development through a sustainable oil palm farmer program. To support the CCA program, the Company and CI will conduct a number of field activities, such as mapping community land use, training and mentoring oil palm farmers, and involving communities in managing and safeguarding the Company's conservation area.

Belitung: We have 1,736.9 hectares of protected HCV in riparian buffer areas and the Makam Balok forest. We have observed Tarsius living in the area, which is of scientific interest as they are not typically found in this area. We are currently monitoring the tarsius population and studying their habitat, and plan to conduct a density survey in 2018.

South Sumatra: Following an HCV assessment at our Empat Lawang landbank, we have set aside 1,138.6 hectares for conservation.

West Papua: We are currently managing a total of 43,786.03 hectares (ACOP 2016) as conservation area, based on a comprehensive assessment of HCV and HCS areas as well as a social impact assessment. In 2017 we continued to inventory the biodiversity, discovering some rare orchid species and numerous bird species. Those identified so far include Blyth's hornbill, Northern cassowary, Western crowned pigeon, Sulphur-crested cockatoo, Palm cockatoo, Rufous-bellied kookaburra, Eclectus parrot, Great white egret, Redcheeked parrot, Black-capped lory, Haircrested drongo, Brahminy kite, Collared sparrowhawk, Black lory and the Long-tailed honey-buzzard. We also conducted a number of awareness raising sessions with communities, labourers and contractors on our conservation concept and policy, the boundaries of the HCV area, protected species, and the importance of forest fire prevention.

MANAGING PEATLAND

Peatlands preserve significant amounts of carbon and as such they are a key determinant in climate change. The Indonesian government has therefore turned its attention to managing peatlands as part of its strategy to reduce carbon emissions. In line with the government's concern, and in compliance with RSPO policy banning development of peatland, we have made peatland management a priority.

As of December 31, 2016, we had recorded 11,075.82 ha of peatland in our North Sumatra II and West Kalimantan estates, or 55.12% of the total plantation area in these places. Of this total, 657 ha is currently conserved. We have not detected any peatland in our North Sumatra I, Belitung and South Sumatra plantations. Meanwhile, a Ministry of Agriculture analysis in 2014 found that there were no indications of peatland within our plantation area in West Papua.

[1] *This figure represents the total conservation area of the PPM and PMP estates. The conservation area of the third Papua plantation, ANJT, is still under review by the HCV Resource Network (HCVRN).*

MAINTENANCE TEAM AT THE FIELD OPERATED BY KAL
Photo by: Corporate Communications

Our peatland management complies with the following regulations:

1. Minister of Agriculture Regulation No. 14/2009 on the Guidelines on Peatland Development for Oil Palm Cultivation; and
2. Government Regulations No. 71/2014 and No. 57/2016 on the Conservation and Cultivation of Peatland Ecosystems.

In line with the Company's zero burning policy, we also manage and utilize water within peatlands to prevent fire and carbon release. We continue to apply this policy and approach in our North Sumatra II and West Kalimantan plantations in a consistent, measurable and transparent manner.

Responsible agricultural practices

An important means of minimizing the impact of our operations on the environment and on people is by ensuring that we uphold best agricultural practice. A small selection of these is shown below:

- **We have a zero burning policy** with regard to land clearing, and we do not use incinerators. This not only avoids harmful emissions but also promotes soil fertility, as trees are left to decompose naturally.
- **We use high-quality fertilizers** from reputable manufacturers, as well as composted waste from our operations where possible.
- **Wherever feasible, we control pests through environment-friendly methods.** This includes using natural biological pesticides, encouraging beneficial plants to attract natural predators, encouraging parasitoids to control leaf-eating pests, ensuring proper planting methods, and rearing barn owls to control larger pests such as rats and mice.
- **Allowing sago trees to reach maturity** before being harvested.
- **Replacing earth and biomass** that has been removed from paths in sago forest to allow for regrowth.
- **Fire, whether accidental or intentionally set, is an ever-present risk in palm oil plantations.** To mitigate this risk, we have established response systems and procedures at our estates, in coordination with local government authorities. These include fully equipped emergency response teams, firefighting teams and patrol teams. We have constructed fire towers and placed signage in strategic locations to warn about fire hazards. We also conduct awareness-raising activities and training for the communities around our estates on preventing and responding to fires.

Use of environment-friendly, renewable materials, and energy

We have applied the '4Rs' principle of reduce, reuse, recycle and recover to our plantation and mill operations to reduce waste, minimize environmental impact and reduce reliance on non-renewable fuels.

- **Palm Kernel Shells (PKS) and mesocarp fiber** are the materials left after the removal and crushing of palm kernel nuts. Both are used as solid fuel for the boilers that power the turbines in our palm oil processing mills. This has enabled us to avoid using fossil fuel (diesel) in this part of the operation.

- **Empty Fruit Bunches (EFB)**, the solid waste left from the processing of FFB, are applied directly to the soil for their excellent soil-enriching and soil-binding properties and high potassium content. EFB can also be composted and applied as organic fertilizer, as is being done in the North Sumatra II and Belitung estates.
- **Palm Oil Mill Effluent (POME)** is treated and applied directly to the soil as an organic fertilizer. At Siais, POME is composted to improve soil fertility. In Belitung, POME is a raw material for biogas to generate electricity and composted as organic fertilizer.
- **Waste from sago logs** comes in three forms:
  1. Sago thick bark: this is the product of debarking through a cutting ring using hydraulic force. It can be used as solid fuel for the biomass boiler buts needs to undergo a shredding process first.
  2. Sago fibrous bark: this is a result of the debarking process using a Rotary Debarker Unit. This long, fibrous material is also used as solid fuel after being dried in the heating room.
  3. Sago fiber: This is a product of the sago extraction process. The sago fiber initially has a high moisture content as result of the washing processes. However, the dried sago fiber can be used as solid fuel for the biomass boiler.

WASTE MANAGEMENT

Our goal is 'zero waste', and to this end we make concerted efforts to reuse, reengineer and control all the waste from our operations using the latest environmentally friendly technologies. We apply best management practices throughout the waste operation, with regular monitoring of compliance with environmental quality standards and Standard Operating Procedures (SOP), and ensuring that qualified personnel are in place to implement these. The waste produced by every process or activity has been carefully identified and classified to ensure that it is handled appropriately. The same type of waste may be managed differently in different estates depending on local soil, climate and infrastructure conditions.

- As noted above, empty fruit bunches (EFB) are used for mulch in all our estates and are composted in the North Sumatra II and Belitung estates. This will be applied in our other estates as appropriate.
- Organic household waste is also used in the composting program in every estate.
- Liquid waste or effluent from the mills (POME) is channeled to large anaerobic treatment ponds where it is broken down by bacteria and then used as a high-nutrient fertilizer substitute. We ensure that all effluents are within the safe limits for biochemical oxygen demand (BOD), a measure of organic pollution in water, defined by local and national regulations.

> **We have applied the '4Rs' principle of reduce, reuse, recycle and recover, to our operations to reduce waste, minimize environmental impact and reduce reliance on non-renewable fuels.**

- 100% of the POME produced in the North Sumatra I, North Sumatra II, Belitung Island and West Kalimantan estates is returned to the land as fertilizer after being tested to ensure that it is within safe standards.
- In Belitung, the methane released during POME processing is captured and used to generate biogas. This has helped to limit methane emissions, while since 2013, Belitung's biogas has been used to power the country's first independent biogas power plant, operated by our subsidiary AANE. The electricity produced is sold to the state electricity company, PLN. We are planning to build small-scale biogas power plants at our other producing estates to generate electricity for the mill operations, which will significantly reduce both fossil fuel consumption and greenhouse gas emissions.
- The emissions produced by the kernel shell and mesocarp fibre burning process in the boiler are tested periodically to ensure they fulfil the required standards.
- The edamame harvesting method causes 50% of the green material to be left as waste in leave-stem form. Local cattle owners take the waste for cow feed, and exchange it for cow manure, at an average exchange ratio of 1:1 by weight. We process the manure by fermenting and decomposting it for 4 weeks until it is completely composted. To accelerate the composting time we use fabricant decomposter. The manure compost is packed into 20 kg plastic bags and distributed in the planting area to improve the physical quality and organic content of the soil. We do regular monitoring of the areas with and without compost application. The R&D department takes soil samples both before and after application to get a comparative analysis. The records show that the application delivers a significant improvement of 15% to 19% in edamame yield and quality.

We have put in place specific standard operating procedures to address the handling of hazardous and toxic material waste in the form of used oil, used batteries and packaging waste, to ensure that they pose no danger to anyone who comes into contact with them and that they do not pollute

the environment. Hazardous waste is handled only by people wearing personal protective equipment. Any spills are reported and cleaned according to procedure. The SOPs are compliant with current government regulations and best plantation management practices.

- **Used oil and batteries** are safely stored in 'Temporary Hazardous Waste Storage' units, documented and sent to a licensed third party.
- **Pesticide packaging waste** is cleaned carefully, ensuring that water is not discharged into rivers or the soil, before being disposed of. Empty fertilizer sacks can be cleaned and re-used to store waste or packed with soil to use as retaining walls.

ENVIRONMENTAL CERTIFICATION

The Company's environmental management systems are certified to various local and international standards. Details of specific certification and its validity for each estate can be seen in the Company Profile section on page 58 of this Annual Report, but a brief explanation of each type is provided below.

Government Regulation No.27 of 2012 and Ministry of Environmental Affairs Decree No.16 of 2012:
All ANJ's operations are compliant, having completed the specific required processes such as conducting environmental impact assessments (AMDAL) at each site in order to obtain an environmental permit, and preparing both environmental management and monitoring plans, which are required under the terms of the environmental permit.

RSPO (Roundtable on Sustainable Palm Oil):
RSPO provides assurance that the production of the certified palm oil meets a series of environmental and social sustainability criteria. Growers can charge a premium for products from RSPO-certified estates. Certification is awarded on the basis of an audit by the RSPO Certification Body and is valid for 5 years.

ANJ's North Sumatra I, North Sumatra II and Belitung estates are certified; certification for the West Kalimantan estate is in progress. We manage compliance through annual internal audits of all subsidiaries to prevent any major findings in the external audit.

Our developing estates in West Papua and South Sumatra are not yet eligible as they do not have operational mills. Nevertheless, like the other plantations, they undergo annual internal audits based on RSPO criteria and are currently fulfilling the RSPO's New Planting Procedures (NPP), which is a prerequisite for RSPO certification.

ISPO (Indonesian Sustainable Palm Oil):
This certification system was developed by the Ministry of Agriculture to provide assurance to consumers that the certified product has been produced legally (with all the required permits), using environment-friendly processes and in compliance with certain labour and social standards. Certification is valid for 5 years.

ANJ's North Sumatra I, North Sumatra II and Belitung estates are certified; certification for our West Kalimantan estate is still pending the approval of the ISPO Commission.

ISCC (International Sustainability and Carbon Certification):
This EU-based certification assesses standards for greenhouse gas emissions, biodiversity preservation, agricultural practices and respect for labour and land rights, covering the entire supply chain and all kinds of bio-based feedstocks and renewables. Re-certification is done on a yearly basis by an accredited external agency.

ANJ's North Sumatra I and Belitung estates are ISCC certified.

ISO 14001 Certification:
This is the international standard for environmental management systems. Certification is valid for 5 years, and each year the certified company is subject to an audit by a certification body accredited by the National Accreditation Committee.

ANJ's North Sumatra I, North Sumatra II, Belitung and West Kalimantan estates are all certified to this standard. The West Kalimantan estate received ISO 14001 certification on January 4, 2018, with a validity period of three years.

PROPER Program:
The Ministry of Environment and Forestry's PROPER program assesses the application of sustainable development principles in operations, environmental management systems, waste management, energy efficiency, natural resource conservation and responsibility to communities. Companies are assessed annually and given a rating of gold, green or blue if they are meeting criteria and red or black if they are failing.

Since 2014, the North Sumatra I and Belitung estates have held blue ratings, indicating compliance with all legal and regulatory requirements. The 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 compliance with the provisions on managing and maintaining 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.

Responsibility for Social and Community Development

IMPLEMENTATION OF GOOD HYGIENE TECHNIQUE AT A VILLAGE NEAR ANJAP
Photo by: Ditrecht Mentansan

Our social and community development program is focused on engaging with the communities in and around our operational areas to ensure that our activities have a net positive impact on their quality of life. Although our strategies are tailored to the specific needs of the communities in each of our locations, they all incorporate initiatives aimed at strengthening community resilience by improving access to quality education and health care and contributing to the improvement of local infrastructure and economic development; and fostering community cohesion through support for social, cultural and religious activities.

In our well-established estates (in Sumatra, Belitung and Kalimantan), our focus in 2017 was on improving the quality of engagement with local communities. We aim to ensure a high degree of transparency around issues of land compensation, plasma program management and customary land rights. We purchase FFB from local smallholders to supplement the production from our estates. This practice also benefit us, for example, when large areas are being replanted, or, as in 2017, when estates are recovering from adverse weather events. For this reason we work closely on improving agricultural practices among smallholder communities to increase their quality and productivity, as well as implementing initiatives to empower their communities. This helps to improve the sustainability of our operations, improve the economic status of the communities and prevent conflict.

In West Papua, where the communities in the vicinity of our operations have traditionally been highly dependent on the forests, the focus is more on transforming livelihoods through education, health and economic development. ANJ's approach in West Papua is closely aligned with the Government's policy of prioritizing development for the people of Papua. There, we are taking particular care to ensure that development and conservation goals are pursued in a balanced and responsible manner, with a priority on sustainability rather than simply maximizing output.

Our responsible approach to the development of our palm oil and sago operations in West Papua began with a comprehensive mapping and assessment of HCV and HCS areas as well as the potential social and environmental impacts of our activities. From the outset, we have placed

IMPLEMENTATION OF A READING ACTIVITY PROGRAM FOR SCHOOL-AGE CHILDREN OF ANJA EMPLOYEES
Photo by: Boy Tarigan

a priority on regular and meaningful engagement of all the stakeholders and upholding international standards on human rights. Our dedicated Community Involvement and Development Department (CID) took a lead in implementing a Free Prior and Informed Consent process, which is governed by the principle that a community has the right to give or withhold its consent to proposed projects that may affect the land they customarily own, occupy or otherwise use. This process, alongside other public consultations and stakeholder meetings, have played a critical role in helping community members to understand the future social and environmental impacts of plantation development, and enabling them to have their voices heard in the decision-making process. They are also a valuable mechanism for systematically resolving grievances. Typical areas of concern for the communities are entitlements under the Company's plasma program, land compensation, disputes between villages and/or tribes over traditional tribal boundaries, and the provision of infrastructure such as roads, bridges, clean water and electricity. As in our producing estates, transparency around such issues is of vital importance in securing the trust and cooperation of the affected communities.

EDUCATION

ANJ's policy is to improve access to quality education through a variety of initiatives that cover early years education up to high school level. As well as providing operational support in the form of equipment and facilities, we work closely with selected schools through the Adiwiyata program. This is a Ministry of Environment and Forestry initiative to develop high-performing 'green' schools that are not only centres of learning excellence but also set an example for sustainable living in their communities. Participating schools are encouraged to adopt green principles in their school policy, curriculums, activities and facilities, which are translated into integrated, participatory programs on waste management, energy conservation, nutrition and more. With our partner organisations, ProVisi and Innovera, ANJ is providing support to several schools to complete the preparation for accreditation as an Adiwiyata school in Belitung and West Kalimantan estates. Many of the awareness-raising and education activities noted in the Conservation section above are part of this process. In 2017, two ANJ-supported schools won district-level accreditation Adiwiyata schools: a primary school in the vicinity of our West Kalimantan estate and a middle school close to our Belitung estate.

In West Papua, we are working with the Early Child Care and Development Resource Centre (ECCD-RC) to improve access to early childhood education (ECE). ECE is aimed at providing quality social, emotional, cognitive and physical input during the critical 'golden' years of learning from birth to 8 years old, to build a solid foundation for lifelong learning and wellbeing. Working in five villages, we mapped potential participants and identified and trained local community change agents, known as ECE Mothers, who are helping to motivate participation and lead activities.

As of the end of 2017, daily ECE activities were being run routinely in four villages, with an average regular attendance of around 50% of the ECE-age children mapped in each village. We have distributed more than 400 picture books for ECE, and we are also supporting home-based parenting,

with guidance for parents on creating learning opportunities at home through daily activities and objects found in the home. To make this activity more sustainable and allow for wider application in other areas, we are working with the local authorities to link ECE in these villages to the local Education Office and make it a part of their regular program.

Also in West Papua, we have initiated a comprehensive village empowerment program in partnership with the Better Indonesia Foundation (Yayasan Indonesia Lebih Baik, or YILB). Focusing on the program's four key pillars of education, village management, household economy, and arts and culture, we have developed a multi-year road map to activate local socio-economic institutions with the aim of building more resilient, self-sufficient and confident communities. At the core of the program are our live-in community facilitators. Part of their task is to identify and teach potential change agents in the community who can help to motivate other community members to engage in activities such as informal education for adults and children, and learning how to manage household finances. At the same time, they assist village leaders on organising and managing their activities and budgets more effectively. Another aspect of the program is fostering greater pride in the local cultural heritage. Over the last year, the community facilitator have been mapping local products and crafts with economic potential, and helping to develop these into enterprises. One village is already selling local cloth made of the skin of sago leaves through a small gallery in Puragi village, South Sorong. In another village, the community facilitators are supporting young change leaders who are interested in preserving their local language.

Through these activities, the program is helping to build awareness in the communities of the changes that are taking place in their environment, and helping them not only understand the impacts but also to adapt and to manage conflict more effectively. The Company, meanwhile, has gained a greater understanding of, and respect for, local values and beliefs, which has enabled us to be better prepared to prevent and mitigate conflicts that arise in our operations.

HEALTH

Access to health care, particularly for mothers and young children, is a major challenge in some of our operational areas. At sites where we have our own health clinics or on-site medical staff, such as North Sumatra I, North Sumatra II and West Papua, we regularly provide free treatment and check-ups for the local communities, and facilitate access to the national health insurance scheme (BPJS). In other areas, we help to improve the quality of care at local clinics and health posts through support for management and staff.

ANJ GROUP PRESIDENT DIRECTOR ISTINI SIDDHARTA HOLDS A VACCINE FOR AN INFANT CHILD OF AN EMPLOYEE OF ANJAS
Photo by: Corporate Communications

> **We are working at both the health service and community levels to improve access to quality healthcare, delivered by trained health workers.**

Another priority is promoting WASH (Water Access, Sanitation and Hygiene) to support clean and healthy living. This integrated program, which is being implemented in several areas, includes building wells and small reservoirs, public toilets, and education to embed good hygiene habits.

In West Papua, we are working with our NGO partner YPCII (Yayasan Pembangunan Citra Insan Indonesia) to deliver the 'Matahariku' integrated health program, with the overall objective of raising the health and nutritional status of children and women in the intervention area to ensure that children's fundamental right to healthy growth is fulfilled. We are working at both the health service and community levels to improve access to quality healthcare, delivered by trained health workers. In coordination with the local health authority, we are empowering

the staff of local primary health centres (*puskesmas*) by providing micro-training, coaching and supportive supervision, on key areas of community health management, including the management of childhood illness, child and infant feeding and community-based sanitation, as well as program planning for the *puskesmas* themselves. The focus of the program is the all-important first 1000 days, when the nutrition and care that babies and toddlers receive can have a lifelong positive influence on how they develop, grow and learn.

As each *puskesmas* has a large coverage area, we are supporting them to make regular visits to villages to provide basic treatment, immunisation, and health promotion and education activities, such as nutrition counseling and promoting handwashing with soap, in the community and in schools. At the same time, and with the help of trained facilitators, the *puskesmas* staff are also training volunteers to deliver community-based health care and health education through *posyandu*, or village health posts. These are significant steps in bringing quality health services closer to the community on a sustainable basis.

On the community side, we started out by holding community consultations in each village to ensure a common understanding of the state of maternal and child health and plan the interventions. One of the core activities was the establishment of Mother's Support Groups in each village, as well as parents' learning groups, as channels for teaching mothers about good nutrition, child care and early educational development. At the same time, the communities are benefitting from the empowered *posyandu* volunteers, who, with regular coaching and support from the *puskesmas* staff and community facilitators, are able to manage their activities more effectively, ensure that babies and young children have access to immunization and regular developmental checks, and provide better quality support and advice. Through the Matahariku program, we are also providing basic medicines and nutritional supplements, such as Vitamin A capsules, worm medicines and vitamins for pregnant women, to contribute to improved health outcomes.

ECONOMIC DEVELOPMENT

Our vision is to build resilient, prosperous communities by ensuring that they have access to alternative livelihood opportunities, and particularly in West Papua, that they can continue to benefit economically and lawfully from the forests without endangering the biodiversity within them.

In West Papua, we are working with our NGO partner, the Paramitra Foundation, on a sustainable organic farming program in 10 villages in the South Sorong district. Working through trained community mobilizers in each village, we have supported the development of farmers' groups. Comprising mostly women, these groups are learning organic farming principles, including proper planting and harvesting practices, and how to make and apply compost, organic fertiliser and biopesticides. Through the group activities, they are also learning valuable organisation and management skills, including financial management. Some of the groups have already started to generate income from the vegetables they are producing by selling to our estate catering services as well as the local communities, and over the next year we will focus more on developing markets, processing and transport enterprises so that they can generate a sustainable income. If successful, this will benefit the entire community, and serve as a model for other sites.

INFRASTRUCTURE DEVELOPMENT

At all our sites, we contribute to the maintenance and repair of roads, bridges and other infrastructure, both initiated by the Company and proposed by the local community.

SOCIO-CULTURAL AND RELIGIOUS ACTIVITIES

Religious festivals, sports events and cultural activities play an important role in building and maintaining cohesive, resilient communities. We support and participate in such activities throughout the year by contributing financially and in kind to community events around major religious holidays, community sports and cultural events, and by giving donations of funds and basic commodities to disadvantaged people and communities and social organizations such as orphanages and homes for the elderly.

Expenditure on social, community, and environmental responsibility in 2017: USD 2.2 million.

Responsibility to Customers

CONSUMER HEALTH AND SAFETY

As an agribusiness-based food company, we have a clear responsibility to ensure that our products, which are either foods or used in foodstuffs, meet certain standards related to quality and hygiene. All our employees at different stages of the supply chain understand the importance of product safety.

Field operations: Our focus on quality begins with the inputs. We use only high quality seeds. For the edamame operation, we have successfully crossbred our own seed, assuring its quality. To improve productivity we use either organic, composted by-products from our mills that have been rigorously tested for safety, composted animal waste (for edamame) or quality-assured manufactured fertilizers. We actively monitor the application of fertilizers and pesticides to ensure that they do not contaminate waterways or food sources in the environment. In addition, our research department is constantly working to develop innovative agronomic practices to minimise the use of chemical inputs where possible.

Mill and factory operations: Plantation products—whether fresh fruit bunches, sago logs or edamame—are inspected by dedicated quality control inspection teams as soon as they arrive at the mill or factory.

In our palm oil operations, fruit bunches are processed as quickly as possible to preserve freshness. Waste materials are carefully segregated for further processing, treatment and/or disposal. Food safety standards are applied throughout the mill processing cycle, with any suspected cases of contamination, spoilage or physical degradation immediately reported. CPO in storage is closely monitored for contamination or spoilage, and transport tankers are routinely tested for cleanliness and contaminants. ANJ did not receive any reports of contamination or complaints regarding the quality or safety of our products either internally or from customers in 2017.

Our edamame operation will not go into full commercial production until the start of 2019, but we are already working to standard operating procedures on seeds and processing. The new edamame frozen line will undergo rigorous food safety audits for the ISO 22000 and British Retail Certification (BRC) certification as part of the commissioning process at the end of 2018. These are both prerequisites for the Company to enter the export market. We plan to obtain the ISO 22000 first, at the end of 2018, followed by the more demanding BRC.

ANJ's sago mill and factory in West Papua is operated to similarly stringent standards, and is fully equipped with sterilizing and cleaning systems. All the sago starch we produce is currently sold to food manufacturers for further processing.

PRODUCT INFORMATION

All the Company's palm oil products that are grown in RSPO-certified areas are sold with the guarantee that they have been produced to strict sustainability standards. Three of ANJ's four producing estates are currently RSPO-certified, and the fourth is in process. The developing estates are already being operated in accordance with the RSPO guidelines and we are currently taking the necessary steps to ensure that they can apply for certification as soon as they are eligible. From time to time, the Company supplements its own production with FFB from external sources. Any CPO from ANJ's RSPO-certified plantations that is blended with CPO from the externally sourced FFB is not sold as certified CPO.

We are also working to develop traceability systems for our sago and edamame products.

Responsibility for Employment, Occupational Health and Safety

Please see the section on Human Resources on pages 83-89 of this Annual Report.

PT AUSTINDO NUSANTARA JAYA Tbk
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2017

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONTENTS

ANJ

THE DIRECTORS' STATEMENT OF RESPONSIBILITY
FOR THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
PT AUSTINDO NUSANTARA JAYA Tbk AND 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
	Office telephone	: (021) 29651777
	Function	: 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
	Office telephone	: (021) 29651777
	Function	: Director

declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of the Company and subsidiaries, 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. The disclosures we have made in the consolidated financial statements and supplementary information are complete and accurate;

   b. The consolidated financial statements and supplementary information do not contain misleading information, and we have not omitted any information or facts that would be material to the consolidated financial statements and supplementary information;

4. We are responsible for the internal control.

This statement is made truthfully.

Jakarta, 9 March 2018

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ENAM RIBU RUPIAH

Istini Tatiek Siddharta	Lucas Kurniawan
President Director	Director

PT Austindo Nusantara Jaya Tbk.
Atrium Mulia, 3A Floor, Suite 3A-02.
Jl. H.R. Rasuna Said Kav. B10-11, Jakarta 12910, Indonesia
T (62 21) 2965 1777 **F** (62 21) 2965 1788
www.anj-group.com

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2017 AND 2016

	Notes	31 December 2017	31 December 2016
		US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	46,404,941	16,882,293
Investment in available-for-sale financial assets	12	-	9,148,259
Investments in trading securities	6	290,209	290,207
Receivable from service concession arrangement	45	45,143	205,055
Trade accounts receivable	7	3,132,403	2,829,103
Other receivable	8	438,832	983,989
Inventories	9	7,567,815	7,701,313
Prepayments and advances	10	22,368,061	26,369,298
Other current assets		549,524	-
TOTAL CURRENT ASSETS		**80,796,928**	**64,409,517**
NON-CURRENT ASSETS			
Receivable from service concession arrangement	45	983,966	8,115,802
Investments in associates	11	24,317,576	25,097,944
Investments in available-for-sale financial assets	12	18,960,621	16,594,435
Deferred tax assets	38	13,039,146	12,885,940
Palm plantation	13	202,893,845	181,015,668
Property, plant and equipment	14	175,682,881	177,347,866
Intangible assets	15	2,010,720	801,594
Advances	16	10,937,894	11,999,172
Goodwill	17	4,967,256	4,967,256
Claims for tax refund	18	4,375,230	115,284
Other non-current assets	19	27,557,879	21,757,198
TOTAL NON-CURRENT ASSETS		**485,727,014**	**460,698,159**
TOTAL ASSETS		**566,523,942**	**525,107,676**

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
31 DECEMBER 2017 AND 2016

	Notes	31 December 2017	31 December 2016
		US$	US$
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	20	9,270,000	22,733,039
Trade accounts payable	21	12,661,523	6,247,916
Taxes payable	22	17,119,957	1,649,247
Other payable	23	8,131,761	6,332,225
Accrued expenses	24	5,025,843	7,108,626
Long-term bank loan – current maturities	20	3,228,879	905,478
Provision for service concession arrangement – current maturities	45	165,017	64,358
TOTAL CURRENT LIABILITIES		**55,602,980**	**45,040,889**
NON-CURRENT LIABILITIES			
Long-term bank loans – net of current maturities	20	99,482,000	105,382,449
Provision for service concession arrangement – net of current maturities	45	232,275	2,376,955
Deferred tax liabilities	38	-	3,721,577
Post-employment benefits obligation	25	16,964,071	13,937,925
Other non-current liabilities		1,860,427	-
TOTAL NON-CURRENT LIABILITIES		**118,538,773**	**125,418,906**
TOTAL LIABILITIES		**174,141,753**	**170,459,795**
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 31 December 2017 and 2016	26	46,735,308	46,735,308
Additional paid in capital	27	50,307,877	50,251,938
Treasury stock	1c,26	(3,926,668)	(3,926,668)
Management stock options	28	-	55,939
Difference in value due to changes in equity of subsidiaries	29	30,439,382	30,607,591
Other reserves	12,29	(31,046,623)	(26,614,314)
Retained earnings			
Appropriated		6,824,453	6,796,399
Unappropriated		292,564,866	250,584,848
Equity attributable to the owners of the Company		391,898,595	354,491,041
Non-controlling interests	30	483,594	156,840
TOTAL EQUITY		392,382,189	354,647,881
TOTAL LIABILITIES AND EQUITY		**566,523,942**	**525,107,676**

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEARS ENDED 31 DECEMBER 2017 AND 2016

	Notes	Year ended 31 December 2017 US$	2016 US$
Revenue	31	161,797,280	134,443,317
Cost of revenue	32	(111,650,408)	(89,157,096)
GROSS PROFIT		**50,146,872**	**45,286,221**
Dividend income	35	1,392,332	1,637,074
Foreign exchange loss, net	47	(724,575)	(442,875)
Selling expenses		(10,123,939)	(6,118,643)
Personnel expenses	33	(16,995,554)	(12,788,930)
General and administrative expenses	34	(14,264,691)	(11,161,393)
Other income (expenses), net	37	61,963,627	(549,068)
OPERATING PROFIT		**71,394,072**	**15,862,386**
Share of profit of equity-accounted investees	11	4,197,744	3,431,206
Finance (costs) income, net	36	(2,431,466)	73,033
PROFIT BEFORE TAX		**73,160,350**	**19,366,625**
Income tax expense	38	(25,760,825)	(10,167,380)
PROFIT FOR THE YEAR		**47,399,525**	**9,199,245**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Changes resulting from actuarial remeasurements of post-employment benefits obligation	25	(1,534,397)	(639,255)
Income tax on items that will not be reclassified to profit or loss	38	383,600	152,029
		(1,150,797)	(487,226)

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)
YEARS ENDED 31 DECEMBER 2017 AND 2016

	Notes	Year ended 31 December 2017 US$	Year ended 31 December 2016 US$
Items that will be reclassified subsequently to profit or loss:			
Changes in fair value of investments in available-for-sale financial assets	12, 29	3,837,099	1,490,362
Reclassification to profit or loss related to investments in available-for-sale financial assets	29	(7,702,351)	-
Difference in translation of subsidiaries' financial statements in foreign currencies		(688,645)	1,669,592
		(4,553,897)	3,159,954
OTHER COMPREHENSIVE INCOME NET OF TAX		**(5,704,694)**	**2,672,728**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**41,694,831**	**11,871,973**
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		47,421,309	9,201,831
Non-controlling interests		(21,784)	(2,586)
		47,399,525	**9,199,245**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		41,723,442	11,870,326
Non-controlling interests	30	(28,611)	1,647
		41,694,831	**11,871,973**
EARNINGS PER SHARE	39		
Basic earnings per share		0.014138	0.002814
Diluted earnings per share		0.014138	0.002814

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED 31 DECEMBER 2017 AND 2016

		2017											
							Other reserves						
	Notes	Capital stock	Additional paid in capital	Treasury stock	Management stock options	Difference in value due to changes in equity of subsidiaries	Unrealized gain (loss) on investments in available-for-sale financial assets	Difference in translation of subsidiaries' financial statements in foreign currencies	Retained earnings		Equity attributable to the owners of the Company	Non-controlling interests	Total equity
									Appropriated	Unappropriated			
		US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of 31 December 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**
Changes in equity due to the dilution of ownership in subsidiary	1d, 29	-	-	-	-	(168,209)	-	331,700	-	-	163,491	355,365	518,856
Expired management stock options	28	-	55,939	-	(55,939)	-	-	-	-	-	-	-	-
Reclassification of realized loss to retained earnings	29	-	-	-	-	-	(216,939)	-	-	216,939	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	47,421,309	47,421,309	(21,784)	47,399,525
Other comprehensive income:													
Changes resulting from actuarial remeasurements of post-employment benefits obligation, net of tax		-	-	-	-	-	-	-	-	(1,150,797)	(1,150,797)	-	(1,150,797)
Changes in fair value of investments in available-for-sale financial assets	12, 29	-	-	-	-	-	3,837,099	-	-	-	3,837,099	-	3,837,099
Reclassification to profit or loss related to investments in available-for-sale financial assets	29	-	-	-	-	-	(7,702,351)	-	-	-	(7,702,351)	-	(7,702,351)
Difference in translation of subsidiaries' financial statements in foreign currencies	29	-	-	-	-	-	-	(681,818)	-	-	(681,818)	(6,827)	(688,645)
Appropriation for retained earnings	40	-	-	-	-	-	-	-	28,054	(28,054)	-	-	-
Cash dividends	41	-	-	-	-	-	-	-	-	(4,479,379)	(4,479,379)	-	(4,479,379)
Balance as of 31 December 2017		**46,735,308**	**50,307,877**	**(3,926,668)**	**-**	**30,439,382**	**2,280,776**	**(33,327,399)**	**6,824,453**	**292,564,866**	**391,898,595**	**483,594**	**392,382,189**

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)
YEARS ENDED 31 DECEMBER 2017 AND 2016

		2016											
							Other reserves						
	Notes	Capital stock	Additional paid in capital	Treasury stock	Management stock options	Difference in value due to changes in equity of subsidiaries	Unrealized gain (loss) on investments in available-for-sale financial assets	Difference in translation of subsidiaries' financial statements in foreign currencies	Retained earnings		Equity attributable to the owners of the Company	Non-controlling interests	Total equity
									Appropriated	Unappropriated			
		US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of 31 December 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 the exercised management stock options	26	137,072	1,935,658	-	(571,793)	-	-	-	-	-	1,500,937	-	1,500,937
Expired management stock options		-	315,025	-	(315,025)	-	-	-	-	-	-	-	-
Issuance of treasury stock	26	-	2,605,608	6,716,135	-	-	-	-	-	-	9,321,743	-	9,321,743
Management stock options	28	-	-	-	19,572	-	-	-	-	-	19,572	-	19,572
Profit for the year		-	-	-	-	-	-	-	-	9,201,831	9,201,831	(2,586)	9,199,245
Other comprehensive income:													
Changes resulting from actuarial remeasurements of post-employment benefits obligation, net of tax		-	-	-	-	-	-	-	-	(487,226)	(487,226)	-	(487,226)
Changes in fair value of investments in available-for-sale financial assets	12	-	-	-	-	-	1,490,362	-	-	-	1,490,362	-	1,490,362
Difference in translation of subsidiaries' financial statements in foreign currencies	29	-	-	-	-	-	-	1,665,359	-	-	1,665,359	4,233	1,669,592
Cash dividends	41	-	-	-	-	-	-	-	-	(8,496,239)	(8,496,239)	-	(8,496,239)
Balance as of 31 December 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 Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED 31 DECEMBER 2017 AND 2016

	Year ended 31 December	
	2017	2016
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	145,816,270	133,093,192
Cash received from interest income	432,456	138,723
Cash received from income tax restitution	5,301,659	-
Payments of post-employment benefits	(1,953,122)	(1,205,311)
Income taxes paid	(11,652,100)	(14,230,349)
Payments to employees	(34,368,724)	(29,034,974)
Payments to suppliers	(64,729,285)	(54,283,403)
Payments for other operating activities	(25,046,010)	(13,503,169)
Net cash provided by operating activities	**13,801,144**	**20,974,709**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	1,183,936	3,384,104
Proceeds from sale of property, plant and equipment	63,224	22,955
Proceeds from advance on sale of investment in available-for-sale financial assets	-	1,250,000
Proceeds from sale of investments in subsidiaries, associates and available-for-sale financial assets	71,202,199	-
Withdrawal of restricted time deposits	-	745,091
Acquisitions of property, plant and equipment	(11,930,189)	(22,224,444)
Additions of palm plantations	(27,213,395)	(26,272,578)
Additions of advances	(1,681,705)	(2,940,974)
Additional investments in available-for-sale financial assets	(1,469,251)	-
Acquisitions of intangible assets	(659,842)	-
Acquisitions of other non-current assets	(7,608,747)	(4,315,698)
Net cash provided by (used in) investing activities	**21,886,230**	**(50,351,544)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of shares through management stock options	-	46,188
Proceeds from additional capital by non-controlling interests of a subsidiary	527,421	-
Payments for interest expenses	(3,699,882)	(598,815)
Payments of cash dividends	(4,391,808)	(8,496,239)
Issuance of treasury stock	-	7,887,592
Proceeds from short-term bank loans	61,936,100	64,447,359
Payments of short-term bank loans	(51,326,631)	(83,555,480)
Proceeds from long-term bank loans	27,357,272	49,140,932
Payments of long-term bank loans	(37,923,357)	(651,138)
Proceeds from related-party loan	1,459,144	-
Payments for deferred financing costs	(86,247)	(1,065,597)
Net cash (used in) provided by financing activities	**(6,147,988)**	**27,154,802**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**29,539,386**	**(2,222,033)**
Decrease in cash and cash equivalents due to change of ownership in subsidiaries	(16,738)	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**16,882,293**	**19,104,326**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**46,404,941**	**16,882,293**

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED 31 DECEMBER 2017 AND 2016

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 16 April 1993 which was approved by the Minister of Justice of the Republic of Indonesia in its Decision Letter No. C2-3479.HT.01.01.TH.93 dated 21 May 1993, and was published in Supplement No. 4010 to the State Gazette No. 70, dated 31 August 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 17 January 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 its Decision Letter No. AHU-03796.AH.01.02. Tahun 2013 dated 31 January 2013.

The amendment to the entire Articles of Association by the Deed No. 270 of notary Dr. Irawan Soerodjo, S.H., M.Si., dated 22 June 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 was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter of the Changes to the Articles of Association No. AHU-0937905.AH.01.02. Tahun 2015 dated 23 June 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 23 June 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 31 May 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 its Decision Letter of the Changes to the Articles of Association No. AHU-AH.01.03-0053226 dated 31 May 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 31 December 2017 and 2016, the Company and its subsidiaries (the Group) had 7,166 and 6,836 permanent employees (unaudited), 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. 144 of Notary Dr. Irawan Soerodjo, S.H., M.Si., dated 20 February 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 effectively on 7 December 2016 and the appointment of Mr. Darwin Cyril Noerhadi as the Company's new Independent Commissioner effectively on 20 February 2017. The deed was reported to the Minister of Law and Human Rights of the Republic of Indonesia and accepted in its Decision Letter No. AHU-AH.01.03-0083956 dated 23 February 2017.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

1. GENERAL (Continued)

a. Establishment and general information (Continued)

Based on Deed No. 35 of Notary Christina Dwi Utami, S.H., M.Hum., M.Kn., dated 24 May 2017, the Company's shareholders approved the resignation of Mr. Sucipto Maridjan from his position as the Company's Director effective from 24 May 2017 and the appointment of Mr. Naga Waskita as the Company's Director effective from 24 May 2017. The deed was reported to the Minister of Law and Human Rights of the Republic of Indonesia and accepted in its Decision Letter No. AHU-AH.01.03-0141221 dated 31 May 2017.

As of 31 December 2017 and 2016, the composition of the Company's Board of Commissioners and Board of Directors are as follows:

	2017	2016
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. Darwin Cyril Noerhadi	Mr. Ridha D.M. Wirakusumah
President Director	Mrs. Istini Tatiek Siddharta	Mrs. Istini Tatiek Siddharta
Directors	Mr. Lucas Kurniawan	Mr. Lucas Kurniawan
	Mr. Sonny Sunjaya Sukada	Mr. Sonny Sunjaya Sukada
	Mr. Geetha Govindan Kunnath Gopalakrishnan	Mr. Geetha Govindan Kunnath Gopalakrishnan
	Mr. Naga Waskita	Mr. Sucipto Maridjan
		Mr. Handi Belamande Syarif(1)

(1) Mr. Handi Belamande Syarif resigned as the Director of the Company on 20 September 2017 and has been approved by the shareholders in the Extraordinary General Meeting of Shareholders (EGMS) on 14 November 2017.

The Company paid benefits to its Commissioners and Directors as follows:

	2017	2016
	US$	US$
Short-term benefits	4,405,651	3,045,438

Based on the Decree of Board of Commissioners No. 04/BOC/ANJ/GEN/2017 dated 20 February 2017, the Company approved the resignation of Mr. Ridha D.M. Wirakusumah as the Chairman of the Company's Audit Committee and approved the appointment of Mr. Darwin Cyril Noerhadi as the Chairman of the Company's Audit Committee.

The members of the Audit Committee as of 31 December 2017 and 2016 were as follows:

	2017	2016
Chairman	Mr. Darwin Cyril Noerhadi	Mr. Ridha D.M. Wirakusumah
Members	Mr. Danrivanto Budhijanto	Mr. Danrivanto Budhijanto
	Mrs. Muljawati Chitro	Mrs. Muljawati Chitro

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

1. GENERAL (Continued)

b. Initial Public Offering

On 1 May 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 8 May 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 14 June 2013, in accordance with the shareholders register dated 31 May 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 its Decision Letter No. AHU-AH.01.10-25577 dated 24 June 2013.

As of 31 December 2017, 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 22 June 2015 approved the merger of the Company and PAM (subsidiary), as stated in Deed No. 270 dated 22 June 2015 of notary Dr. Irawan Soerodjo, S.H., M.Si. The effective date of the merger is 23 June 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 23 June 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 was obtained on 29 January 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 30 June 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 19 February 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

1. GENERAL (Continued)

d. Subsidiaries

i. Details of the Group's subsidiaries at the end of the reporting periods are as follows:

Subsidiaries' name and principal activities	Location	Year of commercial operation	Percentage of Group's ownership		Total assets before elimination	
			2017	2016	2017	2016
			%	%	US$	US$
Direct Subsidiaries						
Renewable Energy						
PT Darajat Geothermal Indonesia (DGI) (5)	West Java	1998	-	99.99	-	11,789,167
PT Austindo Aufwind New Energy (AANE)	Belitung, Bangka Belitung	2013	99.18	99.18	1,258,838	2,589,647
Agribusiness						
PT Aceh Timur Indonesia (ATI) (4)	Jakarta	1998	25.00	99.99	-	5,526,309
PT Surya Makmur (SM) (4)	Medan	1998	25.00	99.99	-	7,309,991
PT Austindo Nusantara Jaya Agri (ANJA)	Binanga, North Sumatera	1995	99.99	99.99	378,303,770	337,931,803
PT ANJ Agri Papua (ANJAP)	South Sorong, Papua	2017	99.99	99.99	18,689,040	24,890,473
PT Austindo Nusantara Jaya Boga (ANJB)	Jakarta	2014	99.99	99.99	116,152	166,278
PT Gading Mas Indonesia Teguh (GMIT)	Jember	2000	79.97	99.96	2,623,750	3,209,281
Indirect Subsidiaries						
Agribusiness						
PT Sahabat Mewah dan Makmur (SMM) (1)	Belitung, Bangka Belitung	1994	99.99	99.99	36,082,673	33,541,190
PT Austindo Nusantara Jaya Agri Siais (ANJAS) (1)	South Angkola, North Sumatera	2009	99.99	99.99	52,784,586	59,491,780
PT Kayung Agro Lestari (KAL) (1)	Ketapang, West Kalimantan	2014	99.99	99.99	100,775,637	95,695,729
PT Galempa Sejahtera Bersama (GSB) (3)	South Sumatera	Pre-operating	99.99	99.99	8,116,553	6,170,481
PT Putera Manunggal Perkasa (PMP) (3)	South Sorong and Maybrat, Papua	Pre-operating	99.99	99.99	66,368,855	49,155,251
PT Permata Putera Mandiri (PPM) (3)	South Sorong, Papua	Pre-operating	99.99	99.99	55,084,714	41,241,199
PT Lestari Sagu Papua (LSP) (2)	South Sorong, Papua	Pre-operating	51.00	51.00	269,683	277,730

(1) *Owned by ANJA*
(2) *Owned by ANJAP*
(3) *95.00% is owned by ANJA and 5.00% is owned by the Company*
(4) *The Company's ownerships in ATI and SM were dilluted in 2017, accordingly as of 31 December 2017 ATI and SM were not subsidiaries of the Group (see Note 11)*
(5) *The Company's ownership in DGI was sold on 27 September 2017, accordingly as of 31 December 2017 DGI was not subsidiary of the Group*

PT Darajat Geothermal Indonesia (DGI)

Based on Deed No. 79 of Notary Jose Dima Satria, S.H., M.Kn., dated 27 September 2017, the Company agreed to sell its 59,957,507 shares which represents 99.99% ownership in DGI to Star Energy Geothermal (Salak-Darajat) B.V. and PT Barito Pacific Tbk., for US$ 30,141,946. The completion of the sale and purchase of the shares has been approved by the Investment Coordinating Board of the Republic of Indonesia.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

1. GENERAL (Continued)

d. Subsidiaries (Continued)

i. Details of the Group's subsidiaries at the end of the reporting periods are as follows (Continued):

DGI's financial position as of 27 September 2017 was as follows:

	27 September 2017
	US$
Cash and cash equivalents	2,325,608
Receivable from service concession arrangement	6,062,643
Trade accounts receivable	845,981
Other receivable	215,033
Inventories, net	323,072
Prepayments and advances	1,423,492
Other assets	51,795
Total assets	11,247,624
Trade accounts payable	(19,054)
Taxes payable	(172,240)
Accrued expenses	(141,427)
Provision for service concession arrangement	(2,664,818)
Deferred tax liabilities	(552,575)
Total liabilities	(3,550,114)
Net assets and liabilities	7,697,510

The calculation of gain on sale of investment in DGI was as follows:

	2017
	US$
Selling price	30,141,946
Less:	
Net assets and liabilities	(7,697,510)
Gain on sale of investment in DGI (Note 37)	22,444,436

Net cash received from sale of investment in DGI:

	2017
	US$
Cash received from sale of investment in DGI	30,141,946
Cash and cash equivalents of DGI disposed of	(2,325,608)
Net cash received	27,816,338

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

1. GENERAL (Continued)

d. Subsidiaries (Continued)

i. Details of the Group's subsidiaries at the end of the reporting periods are as follows (Continued):

PT Aceh Timur Indonesia (ATI) and PT Surya Makmur (SM)

In July 2017, the Company's ownerships in PT Aceh Timur Indonesia (ATI) and PT Surya Makmur (SM) were diluted due to the increase in ATI and SM share capital, which were fully paid by PT Evans Indonesia. The Company's ownerships in ATI and SM decreased to 25% from 99,99%. ATI and SM have been classified as investments in associates since then. See Note 11 for further details.

PT ANJ Agri Papua (ANJAP)

Based on Deed No. 104 of Notary Desman, S.H., M.Hum. dated 25 November 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 reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03-0111001 dated 22 December 2016. The Company's direct ownership in ANJAP increased from 99.689% to 99.717%.

Based on Deed No. 567 of Notary Kartika, S.H., M.Kn. dated 6 December 2017, the shareholders of ANJAP approved the increase of issued and paid up capital from Rp 579,592,000,000 to Rp 742,292,000,000 by issuing 162,700 new shares, all of which was subscribed and paid by the Company. The increase in paid up capital was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03-0206160 dated 28 December 2017. The Company's direct ownership in ANJAP increased from 99.717% to 99.779%.

PT Kayung Agro Lestari (KAL)

Based on Deed No. 124 of Notary Desman, S.H., M.Hum. dated 29 November 2016, the shareholders of KAL approved the increase of 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 reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03-0109887 dated 21 December 2016.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

1. GENERAL (Continued)

d. Subsidiaries (Continued)

i. Details of the Group's subsidiaries at the end of the reporting periods are as follows (Continued):

PT Galempa Sejahtera Bersama (GSB)

Based on Deed No. 14 of Notary Desman, S.H., M.Hum. dated 2 November 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 was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0022656.AH.01.02. TAHUN 2016 and No. AHU-AH.01.03.0989359 dated 29 November 2016.

Based on Deed No. 860 of Notary Kartika, S.H., M.Kn. dated 13 December 2017, which has subsequently been restated by Deed No. 2458 of Notary Kartika, S.H., M.Kn. dated 25 January 2018, the shareholders of GSB approved the increase of issued and paid up capital from Rp 118,000,000,000 to Rp 160,500,000,000 by issuing 425,000 new shares, of which 403,750 shares were subscribed and paid by ANJA and 21,250 shares were subscribed and paid by the Company. The increase in paid up capital was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03.0036970 dated 25 January 2018.

PT Putera Manunggal Perkasa (PMP)

Based on Deed No. 95 of Notary Desman, S.H., M.Hum. dated 24 November 2016, the shareholders of PMP approved the increase of 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 reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03.0111873 dated 23 December 2016.

Based on Deed No. 568 of Notary Kartika, S.H., M.Kn. dated 6 December 2017, the shareholders of PMP approved the increase of issued and paid up capital from Rp 256,454,000,000 to Rp 275,824,000,000 by issuing 19,370,000 new shares, of which 18,401,500 shares were subscribed and paid by ANJA and 968,500 shares were subscribed and paid by the Company. The increase in paid up capital was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03.0206969 dated 29 December 2017.

PT Permata Putera Mandiri (PPM)

Based on Deed No. 94 of Notary Desman, S.H., M.Hum. dated 24 November 2016, the shareholders of PPM approved the increase of 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 reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03.0111555 dated 23 December 2016.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

1. GENERAL (Continued)

d. Subsidiaries (Continued)

i. Details of the Group's subsidiaries at the end of the reporting periods are as follows (Continued):

Based on Deed No. 569 of Notary Kartika, S.H., M.Kn. dated 6 December 2017, the shareholders of PPM approved the increase of issued and paid up capital from Rp 249,055,000,000 to Rp 262,670,000,000 by issuing 13,615,000 new shares, of which 12,934,250 shares were subscribed and paid by ANJA and 680,750 shares were subscribed and paid by the Company. The increase in paid up capital was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03.0202890 dated 20 December 2017.

PT Gading Mas Indonesia Teguh (GMIT)

Based on Deed No. 40 of Notary Desman, S.H., M.Hum. dated 10 November 2017, the shareholders of GMIT approved the increase of issued and paid up capital from Rp 28,058,820,000 to Rp 35,073,525,000 by issuing 43,035 new shares, all of which was subscribed and paid by AJI HK Limited. The increase in paid up capital was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03-0189804 dated 10 November 2017. The Company's direct ownership in GMIT decreased from 99.96% to 79.97%.

ii. Details of non-wholly owned subsidiaries that have non-controlling interests to the Group are further disclosed in Note 30.

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 year

In the current year, the Group has applied a number of amendments and annual improvements to PSAK, and a new interpretation to PSAK issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant and effective for accounting period beginning on 1 January 2017.

The following accounting standards and interpretation have been issued or amended or improved, but did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial periods:

- PSAK 1, "Presentation of Financial Statements"
- PSAK 24, "Employee Benefits"
- PSAK 58, "Non-current Assets Held for Sale and Discontinued Operation"
- PSAK 60, "Financial Instruments: Disclosures"
- ISAK 32, "Definition and Hierarchy of SAK".

The adoption of the above mentioned amendments, improvements and interpretation of PSAK does not have any significant impact to the Group's consolidated financial statements.

In addition to the above amendments, improvements and interpretation of PSAK, the Financial Service Authority (Otoritas Jasa Keuangan, or "OJK") issued OJK Regulation ("POJK") No. 6 POJK.04/2017, Accounting Treatment on Transaction Relating to Power Sale and Purchase Agreement, which specifies the accounting treatment for sales and purchases of electricity under the so-called Power Purchase Agreements ("PPA") for listed or public companies engaged in the provision of electricity for public services and is being tasked by the Presidential Regulation to accelerate the infrastructure development for electricity power, as well as listed Independent Power Producers ("IPP") supplying electricity to that listed or public companies. This POJK overrides the accounting analysis on rights and obligations specified in PPAs, which generally falls under either ISAK 8 or ISAK 16, and concludes that PPAs are to be accounted for as sales and purchases of electricity in the financial statements of entities under OJK oversight.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (”PSAK”) AND INTERPRETATIONS OF PSAK (”ISAK”) (Continued)

a. Standards and amendments effective in the current year (Continued)

The Group’s PPAs as described In Notes 44f and 45 is not within the scope of POJK No 6 POJK.04/2017 because this PPA is not part of the program to accelerate the infrastructure development for electricity power. Accordingly, the adoption of the above POJK does not have any impact to the Group’s consolidated financial statements.

b. Standards and interpretation issued, but not yet adopted

The following standards and interpretation were issued or amended or improved, but are not yet effective in 2017:

- PSAK 2, “Statement of Cash Flows”
- PSAK 15, “Investments in Associates and Joint Ventures”
- PSAK 16, “Fixed Assets”
- PSAK 46, “Income Taxes”
- PSAK 53, “Share-based Payment”
- PSAK 67, “Disclosure of Interests in Other Entities”
- PSAK 69, “Agriculture”
- PSAK 71, “Financial Instruments”
- PSAK 72, “Revenue from Contracts with Customers”
- PSAK 73, “Leases”
- ISAK 33, “Foreign Currency Transaction and Advance Consideration”.

Except as disclosed below, as of the issuance date of the consolidated financial statements, management is still evaluating the effect of adoption of these standards and interpretation on the consolidated financial statements.

PSAK 69 sets out the accounting treatment for biological assets, except for bearer plants, during the period of biological transformation and for the initial measurement of agricultural produce at the point of harvest. Agricultural produce that grows on bearer plants will be measured at fair value less costs to sell at the point of harvest. As of the end of the reporting period, management is still in the process of evaluating the impact on the future application of this standard. However, based on management’s initial evaluation, upon the application of this standard there will be an adjustment to the amounts of biological asset (agricultural produce) and its related deferred tax implication, with the corresponding adjustment to the amount of retained earnings (if material).

Amendment to PSAK 16, published concurrently with PSAK 69, introduces a definition of a bearer plant and amends the scope of PSAK 16 to include bearer plants related to agricultural activity. After initial recognition, bearer plants will be measured under PSAK 16 either using the cost model or revaluation model. Management has elected to keep the cost model for the subsequent measurement of bearer plants. Therefore, the application of this standard will not have any impact to the amounts and/or disclosures in the Group’s consolidated financial statements.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods in these consolidated financial statements.

a. Statement of Compliance

The consolidated financial statements of the Group have been prepared in accordance with Indonesian Financial Accounting Standards.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Preparation

The Company's directors approved the consolidated financial statements for issuance on 9 March 2018.

The consolidated financial statements, have been prepared on the accrual basis using the historical cost concept, except where the accounting standards require fair value measurement at the end of each reporting period, as explained in the accounting policies below. These consolidated financial statements are presented in United States Dollar (US$), which is the Company's functional currency.

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 when 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.

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 expenses of a subsidiary acquired or disposed 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 interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The accounting policies adopted in these consolidated financial statements are consistently applied by the Company and subsidiaries.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company'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 the owners of the Company.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Basis of Consolidation (Continued)

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 interests. 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 the 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

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except for certain assets and liabilities that are measured in accordance with the relevant standards.

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Business Combinations (Continued)

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 is accounted for using 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's 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, subsidiaries and fellow subsidiaries 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

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

Financial Assets at Fair Value Through Profit or Loss (FVTPL)

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as held for trading, if:
- it has been acquired principally for the purpose of selling in the near 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.

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 in bank and cash equivalents, trade accounts receivable and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivable" and measured at amortized cost using the effective interest method less impairment.

Interest income is recognized by applying the effective interest rate method, except for short-term receivable when the recognition of interest would be immaterial.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

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 asset'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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

Impairment of financial assets (Continued)

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

Equity instruments (Continued)

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 42.

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 cultivation, upkeeping 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Investment in Associates and Joint Ventures (Continued)

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 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 investmet 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Property, Plant and Equipment - Direct Acquisitions (Continued)

The estimated useful lives 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 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's policy regarding goodwill arising from acquisition of associates is explained in Note 3m.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 mature, 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 Assets

Intangible assets comprise of deferred charges for landrights and computer software, which have finite useful lives, and are measured at cost less accumulated amortization. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date they are available for use. The Group's estimated useful life of the computer software is 4 years while for deferred charges of landrights is over the legal term of the renewal extension or over the economic life of the asset, whichever is shorter, ranging from 20 – 55 years.

s. Impairment of Non-Financial Assets

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.

Further policy for impairment of financial assets is discussed in Note 3h, while for impairment of goodwill is discussed in Note 3p.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Before the sale of investment in DGI, 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Group recognizes a financial asset arising from a service concession arrangement when it has unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor. Such financial assets are measured at fair value on initial recognition and classified as loan and receivables. Subsequent to initial recognition, the financial assets are measured at amortized cost.

Construction services related to service concession arrangement are recognized as revenue in accordance with PSAK 34, Construction Contracts using the percentage of completion method based on the assumption of zero profit margin, considering that the construction cost is approximate to the fair value of construction revenue.

Under the service concession arrangement, DGI and AANE received only one consideration for their services. Management is of the opinion that the margin of the overall consideration should then be split into two different activities i.e. (1) financing activities and (2) operation and maintenance activities. DGI and AANE employed the residual value method in allocating the margin of the overall consideration into financing, and operation and maintenance activities. The finance income from the financing activities is determined based on prevailing rate of lending for a similar concession arrangement.

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

w. Revenue and Expense Recognition (Continued)

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 of the awards, 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 equity.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 regulation) 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

z. Income Tax (Continued)

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.

ab. 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's accounting policies, which are described in Note 3, the Board of Directors are required to make judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are made based on historical experience and other relevant factors. Actual results may differ from these estimated amounts.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Critical Judgments in Applying Accounting Policies

In the process of applying the Group's 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

Information about the assumptions and estimation uncertainties that may result in causing a material adjustment to the carrying amounts of assets and liabilities within the following year, are discussed below:

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

i. Impairment Loss on Loans and Receivables

The Group assesses its loans and receivables 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 the estimated loss and actual loss. The carrying amount of loans and receivables are disclosed in Notes 5, 6, 7, 8 and 19.

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 13 and 14.

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 17.

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 9.

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 38.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

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 25.

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 49, 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 49 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 December 2017 US$	31 December 2016 US$
Cash on hand	65,776	120,466
Bank - third parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	2,643,100	2,371,220
PT Bank CIMB Niaga Tbk	900,634	442,656
PT Bank Syariah Mandiri	344,009	289,616
PT Bank OCBC NISP Tbk	970,815	245,939
PT Bank Rakyat Indonesia Tbk	254,139	228,254
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung	86,745	-
Citibank N.A.	15,612	40,152
PT Bank Central Asia Tbk	48,196	35,849
PT ANZ Panin Bank	3,219	3,163
PT Bank Permata Tbk	-	1,971
PT Bank Maybank Indonesia Tbk	2,825	1,162
PT Bank DBS Indonesia	1,577	-
PT Bank Negara Indonesia (Persero) Tbk	972	1,001

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

5. CASH AND CASH EQUIVALENTS (Continued)

	31 December 2017	31 December 2016
	US$	US$
U.S. Dollar		
J.P. Morgan International Bank Ltd.	3,693,976	6,499,315
PT Bank Mandiri (Persero) Tbk	2,141,010	2,077,621
PT Bank OCBC NISP Tbk	2,177,427	1,616,368
PT Bank CIMB Niaga Tbk	458,634	572,075
PT Bank Rabobank International Indonesia	-	145,692
Citibank N.A.	26,574	86,102
Bank OCBC Singapore	200,743	85,811
PT Bank DBS Indonesia	96,492	-
Credit Suisse Singapore	42,060	61,023
PT ANZ Panin Bank	360,238	41,219
PT Bank Central Asia Tbk	4,517	4,570
PT Bank Permata Tbk	-	3,986
PT Bank Maybank Indonesia Tbk	-	522
PT Bank Negara Indonesia (Persero) Tbk	470	471
Euro		
PT Bank Mandiri (Persero) Tbk	4,528	4,384
PT Bank Central Asia Tbk	2,509	2,266
PT ANZ Panin Bank	17,010	1,981
PT Bank Permata Tbk	-	1,654
PT Bank Maybank Indonesia Tbk	-	1,269
Time deposits - third parties		
Rupiah		
PT Bank Permata Tbk	-	240,780
U.S. Dollar		
Credit Suisse Singapore	21,788,376	1,250,133
PT Bank OCBC NISP Tbk	10,000,000	-
PT Bank UOB Buana Tbk	52,758	403,602
Total	46,404,941	16,882,293
Interest rate per annum of time deposits		
Rupiah	-	6.25%
U.S. Dollar	0.55%-1.39%	0.40% - 0.75%

As of 31 December 2017 and 2016, all of of the Company's, ANJA's, ANJAP's, PPM's and PMP's bank accounts at PT Bank OCBC NISP Tbk were used as collateral for the bank loan obtained from PT Bank OCBC NISP Tbk (Note 20).

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

6. INVESTMENT IN TRADING SECURITIES

Investment in trading securities is classified as fair value through profit or loss (FVTPL). The fair value of the money market fund and bonds is based on market value at the end of reporting period.

	31 December 2017		
	Acquisition cost	Unrealized loss	Fair value
	US$	US$	US$
Money market fund	290,209	-	290,209
Bonds	65,000	(65,000)	-
Total	355,209	(65,000)	290,209

	31 December 2016		
	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

All investments in trading securities are placed with third parties.

7. TRADE ACCOUNTS RECEIVABLE

	31 December 2017	31 December 2016
	US$	US$
Third parties		
Palm oil	3,025,421	1,436,435
Electricity power	52,189	1,434,453
Others	54,793	151,551
Total	3,132,403	3,022,439
Allowance for impairment losses	-	(193,336)
Net	3,132,403	2,829,103
Changes in the allowance for impairment losses of trade accounts receivable:		
Beginning balance	193,336	-
Addition	-	193,336
Write-off	(193,336)	-
Ending balance	-	193,336

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

7. TRADE ACCOUNTS RECEIVABLE (Continued)

Details of trade accounts receivable based on their currencies are as follows:

	31 December 2017	31 December 2016
	US$	US$
U.S. Dollar	3,025,421	2,597,545
Rupiah	106,982	424,894
Total	3,132,403	3,022,439

The summary of the aging profile of trade accounts receivable not impaired is as follows:

	31 December 2017	31 December 2016
	US$	US$
Not yet due	3,077,610	2,675,438
Overdue < 30 days	51,685	71,602
Overdue 31 – 60 days	3,108	82,063
Total	3,132,403	2,829,103

As of 31 December 2016, there is an allowance for impairment losses on trade accounts receivables arising from electricity power in relation with the increase in AANE's electricity tariff which is still in discussion with PLN at the time. As of 31 December 2017, AANE has written down its trade accounts receivable because PLN has declined to pay AANE's invoices using the new tariff (Notes 44f and 45).

Management believes that the allowance for impairment losses on trade accounts receivable is adequate.

8. OTHER RECEIVABLE

As of 31 December 2017 and 2016, this account mainly consisted of receivables from employees.

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 31 December 2016, this account also included the ESA receivable amounting to US$ 57 thousand. As of 31 December 2017, ESA receivable has fully repaid.

The management believes that the allowance for impairment losses as of 31 December 2017 and 2016 of US$ 21,068 and US$ 46,131, respectively are adequate to cover any possible losses from uncollectible receivables.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

9. INVENTORIES

	31 December 2017	31 December 2016
	US$	US$
Palm oil	2,621,725	2,837,049
Sago starch	1,266,011	-
Supplementary materials, spareparts and others	5,030,243	5,676,090
Total	8,917,979	8,513,139
Allowance for decline in value of inventories	(1,350,164)	(811,826)
Net	7,567,815	7,701,313
Changes in the allowance for decline in value of inventories:		
Beginning balance	811,826	100,369
Addition	1,204,917	711,457
Write-off	(666,579)	-
Ending balance	1,350,164	811,826

Management believes that the allowance for decline in value of inventories is adequate.

As of 31 December 2017, 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 20).

Palm oil inventories were insured against losses from fire and other risks under a blanket policy amounting to US$ 15 million and Rp 6 billion as of 31 December 2017 and US$ 12.3 million and Rp 6 billion as of 31 December 2016. Management believes that the insurance coverage is adequate to cover possible losses to the Group.

10. PREPAYMENTS AND ADVANCES

	31 December 2017	31 December 2016
	US$	US$
Prepayments:		
Insurance	252,396	288,687
Rent	306,726	360,246
Other	48,722	77,821
Value added taxes	20,798,323	16,685,151
Overpayment of corporate income tax	-	8,120,155
Advances	961,894	837,238
Total	22,368,061	26,369,298

As of 31 December 2016, the overpayment of corporate income tax balance represent the 2016 corporate income tax overpayment in SMM and 2015 corporate income tax overpayment in the Company, ANJA, SMM and ANJAS. In 2016, the Company, ANJA, SMM, and ANJAS have filed for this 2015 tax refund.

In 2017, ANJA, SMM and ANJAS have received the refunds on overpayment of corporate income tax amounted to US$ 5.3 million, which is less than the amounts recorded and reported in the annual corporate income tax return by US$ 0.6 million. ANJA, SMM and ANJAS have recognized this portion that cannot be refunded as part of tax expense.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

10. PREPAYMENTS AND ADVANCES (Continued)

In March 2017, the Company followed the tax amnesty program from the government, therefore the 2015 corporate income tax overpayment of the Company has been expensed in 2017.

In April 2017, SMM has filed for the 2016 corporate income tax overpayment refund.

11. INVESTMENTS IN ASSOCIATES

	31 December 2017		
	Acquisition cost	Accumulated share of profit less dividends received	Carrying amount
	US$	US$	US$
PT Pangkatan Indonesia	2,959,700	11,034,404	13,994,104
PT Aceh Timur Indonesia	3,769,075	549,944	4,319,019
PT Surya Makmur	4,915,445	807,129	5,722,574
PT Evans Lestari	488,998	(207,119)	281,879
Total	12,133,218	12,184,358	24,317,576

	31 December 2016		
	Acquisition cost	Accumulated share of profit less dividends received	Carrying amount
	US$	US$	US$
PT Pangkatan Indonesia	2,959,700	8,966,147	11,925,847
PT Bilah Plantindo (BP)	533,775	6,775,841	7,309,616
PT Simpang Kiri Plantation Indonesia (SKPI)	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

As of 31 December 2017, details of the Group's associates and their principal activities are as follows:

Associates name	Principal activities	Domicile
PT Pangkatan Indonesia	Agribusiness	Pangkatan, Labuhanbatu, North Sumatera
PT Aceh Timur Indonesia	Agribusiness	Jakarta
PT Surya Makmur	Agribusiness	Medan
PT Evans Lestari	Agribusiness	Musi Rawas, South Sumatera

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

11. INVESTMENTS IN ASSOCIATES (Continued)

As explained before in Note 1d, the Company's ownerships in ATI and SM were diluted in July 2017 from 99.99% to 25%, due to increase of ATI's and SM's share capital which was fully paid by PT Evans Indonesia. Accordingly, as of 31 December 2017, ATI and SM were not subsidiaries of the Group but instead associates of the Company. As a result of the decrease of the Company's ownerships in ATI and SM, SKPI and BP were not associates of the Company anymore as of 31 December 2017 although ATI's and SM's ownerships in SKPI and BP increased respectively from 20% to 60% in July 2017 because the Company no longer has significant influence in SKPI and BP. In addition, in March 2017, the Company has acquired 5% ownership in SKPI and BP with acquisition cost of US$ 636,729 and US$ 832,522, respectively (see Note 12).

Changes in investments in associates:

	2017 US$	2016 US$
PT Pangkatan Indonesia		
Balance at beginning of year	11,925,847	12,317,417
Share of profit	2,068,257	1,952,428
Cash dividend for the year	-	(2,343,998)
Balance at end of year	13,994,104	11,925,847
PT Bilah Plantindo		
Balance at beginning of year	7,309,616	6,450,327
Share of profit	521,015	859,289
Deduction	(7,830,631)	-
Balance at end of year	-	7,309,616
PT Simpang Kiri Plantation Indonesia		
Balance at beginning of year	5,505,830	4,920,125
Share of profit	326,171	585,705
Deduction	(5,832,001)	-
Balance at end of year	-	5,505,830
PT Evans Lestari		
Balance at beginning of year	356,651	322,867
Share of (loss) profit	(74,772)	33,784
Balance at end of year	281,879	356,651
PT Aceh Timur Indonesia		
Balance at beginning of year	-	-
Addition	3,769,075	-
Share of profit	549,944	-
Balance at end of year	4,319,019	-
PT Surya Makmur		
Balance at beginning of year	-	-
Addition	4,915,445	-
Share of profit	807,129	-
Balance at end of year	5,722,574	-

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

11. INVESTMENTS IN ASSOCIATES (Continued)

The summary of the above associates' financial information is set out below:

	31 December 2017			
	PT Pangkatan Indonesia	PT Aceh Timur Indonesia	PT Surya Makmur	PT Evans Lestari
	US$	US$	US$	US$
Percentage of ownership interest	20%	25%	25%	20%
Current assets	63,933,511	26,307,625	35,773,258	12,810,466
Non-current assets	14,738,689	6,623,612	8,728,213	28,044,764
Current liabilities	(5,524,439)	(1,767,582)	(3,146,938)	(35,211,024)
Non-current liabilities	(1,726,316)	(1,536,262)	(1,070,622)	(4,107,670)
Net assets (100%)	71,421,445	29,627,393	40,283,911	1,536,536
Non-controlling interests	(1,368,240)	(12,121,932)	(16,475,312)	-
Adjustment	(82,685)	(229,386)	(918,302)	(127,137)
	69,970,520	17,276,075	22,890,297	1,409,399
Group's share of net assets	13,994,104	4,319,019	5,722,574	281,879
Carrying amount of interest in associates	**13,994,104**	**4,319,019**	**5,722,574**	**281,879**

	2017			
	PT Pangkatan Indonesia	PT Aceh Timur Indonesia	PT Surya Makmur	PT Evans Lestari
	US$	US$	US$	US$
Revenue	30,267,358	6,055,187	9,172,453	46,999
Profit (loss) (100%)	10,517,716	3,559,667	5,461,836	(373,859)
Other comprehensive income (100%)	-	-	-	-
Total comprehensive income (100%)	10,517,716	3,559,667	5,461,836	(373,859)
Less: total comprehensive income during the year, before classified as associates	-	(185,648)	(323,435)	-
Less: total comprehensive income attributable to non-controlling interests	(176,430)	(1,174,245)	(1,909,886)	-
Total comprehensive income (loss) attributable to owners of the Company (100%)	10,341,286	2,199,774	3,228,515	(373,859)
Group's share of total comprehensive income (loss)	**2,068,257**	**549,944**	**807,129**	**(74,772)**

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

11. INVESTMENTS IN ASSOCIATES (Continued)

	31 December 2016			
	PT Pangkatan Indonesia	PT Bilah Plantindo	PT Simpang Kiri Plantation Indonesia	PT Evans Lestari
	US$	US$	US$	US$
Percentage of ownership interest	20%	20%	20%	20%
Current assets	51,313,123	30,548,179	24,034,860	8,878,314
Non-current assets	14,645,974	8,040,043	5,273,541	17,969,790
Current liabilities	(3,620,042)	(1,253,561)	(630,388)	(20,859,049)
Non-current liabilities	(1,419,346)	(863,232)	(1,193,370)	(4,065,827)
Net assets (100%)	60,919,709	36,471,429	27,484,643	1,923,228
Non-controlling interests	(1,170,693)	-	-	-
Adjustment	(119,781)	76,651	44,507	(139,973)
	59,629,235	36,548,080	27,529,150	1,783,255
Group's share of net assets	11,925,847	7,309,616	5,505,830	356,651
Carrying amount of interest in associate	**11,925,847**	**7,309,616**	**5,505,830**	**356,651**

	2016			
	PT Pangkatan Indonesia	PT Bilah Plantindo	PT Simpang Kiri Plantation Indonesia	PT Evans Lestari
	US$	US$	US$	US$
Revenue	29,188,277	9,452,222	6,779,273	238,984
Profit (100%)	9,935,582	4,296,446	2,928,523	168,923
Other comprehensive income (100%)	-	-	-	-
Total comprehensive income (100%)	9,935,582	4,296,446	2,928,523	168,923
Less: total comprehensive income attributable to non-controlling interests	(173,442)	-	-	-
Total comprehensive income attributable to owners of the Company (100%)	9,762,140	4,296,446	2,928,523	168,923
Group's share of total comprehensive income	**1,952,428**	**859,289**	**585,705**	**33,784**

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

12. INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS

This account represents the Group's investments in shares of other investees with ownership interest of less than 20%.

	31 December 2017			
	Acquisition cost	Acquisition cost after impairment	Changes in fair value	Fair value or acquisition cost after impairment
	US$	US$	US$	US$
PT Agro Muko	2,240,108	2,240,108	3,178,578	5,418,686
PT Puncakjaya Power	10,271,880	10,271,880	-	10,271,880
PT Prima Mitrajaya Mandiri	692,437	692,437	-	692,437
PT Moon Lion Industries Indonesia	1,026,225	643,164	-	643,164
PT Teguh Jaya Prima Abadi	234,038	234,038	-	234,038
PT Sembada Sennah Maju	222,411	222,411	-	222,411
ARC Exploration Ltd. (ARC)	2,911,153	111,913	(103,159)	8,754
PT Chevron Geothermal Sekincau Selatan	12,500	-	-	-
PT Simpang Kiri Plantation Indonesia	636,729	636,729	-	636,729
PT Bilah Plantindo	832,522	832,522	-	832,522
Others	41,964	-	-	-
Total	19,121,967	15,885,202	3,075,419	18,960,621

	31 December 2016			
	Acquisition cost	Acquisition cost after impairment	Changes in fair value	Fair value or acquisition cost after impairment
	US$	US$	US$	US$
PT Agro Muko	7,108,324	7,108,324	6,249,503	13,357,827
PT Puncakjaya Power	10,271,880	10,271,880	-	10,271,880
PT Prima Mitrajaya Mandiri	692,437	692,437	-	692,437
PT Moon Lion Industries Indonesia	1,026,225	643,164	-	643,164
PT Star Energy Geothermal Suoh Sekincau (sebelumnya PT Chevron Geothermal Suoh Sekincau)	300,000	300,000	-	300,000
PT Teguh Jaya Prima Abadi	234,038	234,038	-	234,038
PT Sembada Sennah Maju	222,411	222,411	-	222,411
ARC Exploration Ltd. (ARC)	2,911,153	111,913	(103,476)	8,437
PT Chevron Geothermal Sekincau Selatan	12,500	12,500	-	12,500
Others	41,964	-	-	-
Total	22,820,932	19,596,667	6,146,027	25,742,694
Classified as current assets				(9,148,259)
Claassified as non-current assets				16,594,435

Except for PT Agro Muko and ARC Exploration Ltd., the Group adopts the acquisition cost approach in measuring its investments in available-for-sale financial assets, since they are non-listed shares and there is no readily available measure of fair value of the shares.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

12. INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued))

PT Agro Muko

For the years ended 31 December 2017 and 2016, the increase in the fair value of PT Agro Muko of US$ 3,836,782 and US$ 1,493,520, respectively, was recognized in other comprehensive income. The investment represents 5 % (2016: 15.87%) ownership of outstanding shares in PT Agro Muko owned by the Company.

On 6 December 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 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. As of 31 December 2016, the conditions precedent required in the CSPA have not been completely fulfilled and therefore, the Company has not recognized the sale. Accordingly, as of 31 December 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 deposit as part of advance in the current liabilities (Note 23).

On 10 March 2017, the Company obtained the confirmation letter for the completion of Agro Muko sales transaction from SIPEF NV as well as the waiver of the conditions precedent required in the CSPA which have not been completely fulfilled until the issuance date of the confirmation letter.

The Company recognized gain on sale of this investment amounted to US$ 39,442,645 in “Other income, net” (Note 37).

ARC Exploration Ltd. (ARC)

For the years ended 31 December 2017 and 2016, based on the quoted market price of ARC shares, the increase (decrease) in the fair value of ARC amounted to US$ 317 and (US$ 3,158), respectively, was recognized in other comprehensive income.

PT Star Energy Geothermal Suoh Sekincau (previously PT Chevron Geothermal Suoh Sekincau)

Based on deed No. 80 of Notary Jose Dima Satria, S.H., M.Kn., dated 27 September 2017, the Company agreed to sell its 3,000 shares which represents 5% ownership in PT Star Energy Geothermal Suoh Sekincau to PT Barito Pacific Tbk., for US$ 325,000. The completion of the sale and purchase of the shares has been approved by the Investment Coordinating Board of the Republic of Indonesia.

The Company recognized gain on sale of this investment amounted to US$ 25,000 in “Other income, net” (Note 37).

PT Chevron Geothermal Sekincau Selatan

As of 31 December 2017, the investment in PT Chevron Geothermal Sekincau Selatan has been fully impaired for US$ 12,500 in relation with the liquidation plan of PT Chevron Geothermal Sekincau Selatan.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

13. PALM PLANTATION

	1 January 2017	Additions	Deductions	Reclassification	Translation adjustments	31 December 2017
	US$	US$	US$	US$	US$	US$
Mature plantation						
Cost	212,950,045	-	(3,805,490)	3,357,826	(280,640)	212,221,741
Accumulated depreciation	(105,574,928)	(7,529,733)	3,719,578	-	40,994	(109,344,089)
	107,375,117	(7,529,733)	(85,912)	3,357,826	(239,646)	102,877,652
Immature plantation – at cost	73,640,551	30,600,242	-	(3,357,826)	(866,774)	100,016,193
	181,015,668					**202,893,845**

	1 January 2016	Additions	Deductions	Reclassification	Translation adjustments	31 December 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)
	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
	160,026,636					**181,015,668**

Depreciation expense allocated to cost of revenue for the years ended 31 December 2017 and 2016 amounted to US$ 7,529,733 and US$ 7,571,475, respectively.

Borrowing cost capitalized to the acquisition cost of immature plantations for the years ended 31 December 2017 and 2016 amounted to US$ 8,036,129 and US$ 10,855,939, respectively.

The area of mature and immature plantations (unaudited) based on location are as follows:

	31 December 2017		
	Mature plantation (hectare)	Immature plantation (hectare)	Total planted area (hectare)
	US$	US$	US$
Binanga, North Sumatera	9,795	-	9,795
Belitung, Bangka Belitung	12,078	2,113	14,191
Batang Angkola, North Sumatera	7,912	-	7,912
Ketapang, West Kalimantan	8,125	1,387	9,512
Empat Lawang, South Sumatera	-	618	618
South Sorong, West Papua	-	5,715	5,715
Total	37,910	9,833	47,743

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

13. PALM PLANTATION (Continued)

	31 December 2016		
	Mature plantation (hectare)	Immature plantation (hectare)	Total planted area (hectare)
	US$	US$	US$
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

As of 31 December 2017 and 2016, KAL's palm plantation located in Ketapang, West Kalimantan amounting to US$ 40,523,634 (2016: US$ 38,756,772) were used as collateral for the bank loans obtained by KAL from PT Bank CIMB Niaga Tbk (Note 20).

Management believes that there are no events or changes in circumstances that indicate any impairment on immature plantations and mature plantations as of 31 December 2017 and 2016.

The Group has insurance policies to cover certain business interruption risks with regards to its plantation operational activities (see Note 14).

14. PROPERTY PLANT AND EQUIPMENT

	1 January 2017	Additions	Deductions	Reclassifications	Translation adjustments	31 December 2017
	US$	US$	US$	US$	US$	US$
Cost						
Direct acquisitions						
Land	76,358,629	2,933,018	-	-	(169,876)	79,121,771
Buildings, roads and bridges	63,624,408	821,067	(331,974)	15,072,647	(291,406)	78,894,742
Machinery and equipment	54,931,421	1,642,830	(1,169,111)	28,371,184	(399,455)	83,376,869
Computer and communication equipment	512,918	49,790	-	-	(29)	562,679
Office equipment, furniture and fixtures	5,251,428	380,902	(328,647)	80,569	(12,233)	5,372,019
Motor vehicles	9,379,283	811,998	(168,481)	(756,135)	(35,110)	9,231,555
Construction in progress	44,272,626	9,531,863	-	(42,768,265)	228,456	11,264,680
Total cost	254,330,713	16,171,468	(1,998,213)	-	(679,653)	267,824,315
Accumulated depreciation						
Direct acquisitions						
Buildings, roads and bridges	(22,114,073)	(3,753,522)	224,128	-	36,400	(25,607,067)
Machinery and equipment	(36,035,669)	(6,672,620)	1,017,108	-	57,243	(41,633,938)
Computer and communication equipment	(332,407)	(72,845)	-	-	818	(404,434)
Office equipment, furniture and fixtures	(4,071,664)	(558,442)	315,958	-	7,572	(4,306,576)
Motor vehicles	(4,899,914)	(929,218)	131,316	-	16,270	(5,681,546)
Total accumulated depreciation	(67,453,727)	(11,986,647)	1,688,510	-	118,303	(77,633,561)
Impairment provision	(9,529,120)	(5,119,885)	-	-	141,132	(14,507,873)
Net carrying amount	**177,347,866**					**175,682,881**

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2016	Additions	Deductions	Reclassifications	Translation adjustments	31 December 2016
	US$	US$	US$	US$	US$	US$
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						
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)
Total accumulated depreciation	(60,488,071)	(9,043,548)	2,174,875	-	(96,983)	(67,453,727)
Impairment provision	(9,281,135)	-	-	-	(247,985)	(9,529,120)
Net carrying amount	**162,381,590**					**177,347,866**

As of 31 December 2017, management has reviewed the estimated useful lives of property, plant and equipment and has found them to be appropriate. The useful lives are based on the estimated period over which future economic benefits will be received by the Company, taking into account any unexpected adverse changes in cicumstances or events.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

As of 31 December 2017, management believe that the fair value of the property, plant and equipment is not significantly different with its net carrying amount, except for land. The total estimated fair value of certain land is US$ 311,041,594 (as of 31 December 2017, the carrying amount of these certain land is US$ 20,706,371). The fair value of these assets is measured based on the calculation by qualified appraiser using the market comparison (fair value level 2). The valuation model considers quoted market prices for similar assets when they are available.

During 2017, management of KAL and ANJAP became aware of circumstances that indicated the carrying amounts of certain property, plant and equipment belongs to KAL and ANJAP could not be fully recovered. Accordingly, a total US$ 5.1 million impairment allowance was provided. The impairment loss was included in cost of revenue (Note 32). KAL provided full impairment of its certain mill equipment, while ANJAP estimated the recoverable amount of its certain property, plant and equipment based on the market comparison and cost techniques (fair value level 2). The techniques consider quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate.

Depreciation expense for the years ended 31 December 2017 and 2016 were allocated as follows:

	2017	2016
	US$	US$
Cost of revenue (Note 32)	10,379,220	7,060,341
General and administrative expenses (Note 34)	546,115	926,528
Capitalized to immature plantation	1,061,312	860,615
Capitalized to construction in progress	-	196,064
Total	11,986,647	9,043,548

Borrowing cost capitalized to the acquisition cost of property, plant and equipment for the years ended 31 December 2017 and 2016 amounted to US$ 12,249 and US$ 114,144, respectively.

ANJA and its subsidiaries own several parcels of land with cultivation rights title (HGU) totaling to 91,212 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 30 hectares in Dendang. Those HGU and HGB will expire between 2035 and 2091.

GMIT, ANJAP and LSP owns several parcels of land with HGB in Jember and Lumajang (East Java) and Sorong (West Papua). This HGB will expire between 2024 and 2042.

The Company owns land with HGU totaling to 30,515.75 hectares in Womba, Sorong, West Papua. This HGU will expire in 2050.

As of 31 December 2017, construction in progress represents buildings, roads and bridges under construction as well as machinery and equipment under installation which belong to subsidiaries. These construction in progress are estimated to be completed between 2018 - 2019.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

Property, plant and equipment, except land, were insured against fire, theft, earthquake, flood and other possible risks for a total coverage of US$ 181,357 thousand and Rp 1,106,233,466 thousand as of 31 December 2017 and US$ 79,928 thousand and Rp 155,828,943 thousand as of 31 December 2016. 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 operation as of 31 December 2017 and 2016 amounted to US$ 23,044,571 and US$ 24,550,187, respectively.

Certain property, plant and equipment were sold and disposed in 2017. The reconciliation between loss on sale and disposal of property, plant and equipment and proceeds from sale of property, plant and equipment are as follows:

	2017	2016
	US$	US$
Proceeds from sale of property, plant and equipment	63,224	22,955
Net carrying amount of property, plant and equipment sold and disposed	(309,703)	(183,534)
Loss on sale and disposal of property, plant and equipment (Note 37)	(246,479)	(160,579)

15. INTANGIBLE ASSETS

	1 January 2017	Additions	Deductions	Reclassification	Translation adjustments	31 December 2017
	US$	US$	US$	US$	US$	US$
Landrights						
Cost	808,042	-	-	(2,686)	(913)	804,443
Accumulated amortization	(6,448)	(148,427)	-	1,195	1,362	(152,318)
	801,594	(148,427)	-	(1,491)	449	652,125
Software and implementation						
Cost	-	659,842	-	1,513,112	-	2,172,954
Accumulated amortization	-	(120,093)	-	(695,214)	948	(814,359)
	-	539,749	-	817,898	948	1,358,595
	801,594					**2,010,720**

	1 January 2016	Additions	Deductions	Reclassification	Translation adjustments	31 December 2016
	US$	US$	US$	US$	US$	US$
Landrights						
Cost	803,541	-	-	-	4,501	808,042
Accumulated amortization	(5,156)	(1,165)	-	-	(127)	(6,448)
	798,385	(1,165)	-	-	4,374	**801,594**

Amortization expense charged to general and administrative expenses amounted to US$ 268,520 and US$ 1,165 (Note 34) for the years ended 31 December 2017 and 2016, respectively.

In 2017, the reclassification of software and implementation amounted to US$ 817,898 comes from other non-current assets (Note 19).

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

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YEARS ENDED 31 DECEMBER 2017 AND 2016

16. ADVANCES

	31 December 2017	31 December 2016
	US$	US$
Third parties:		
Advances for legal processing of landrights	7,296,572	7,647,042
Advances for purchase of property, plant and equipment	1,645,449	1,153,967
Advances for palm plantation	1,829,451	352,175
Other advances	166,422	2,845,988
Total	10,937,894	11,999,172

Advances for legal processing of landrights represent payments to obtain HGU for several estates.

Advances for palm plantation represent down payments paid to third party contractors for land clearing and other activities related to the immature plantation.

Other advances mainly represent down payments paid for timber logging costs.

17. 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 31 December 2017 and 2016.

Impairment test of goodwill

The recoverable amount of the cash generating unit/CGU was based on its value in use and was determined by discounting the future cash flows to be generated from the continuing use of CGU.

The key assumptions used in the calculation of the recoverable amount are set out below:

	31 December 2017	31 December 2016
Discount rate	9.60%	9.60%
Terminal value multiple	10	10
Budgeted revenue growth rate (average of next ten years)	4.78%	8.27%

The discount rate was a post-tax measure estimated based on past experience, and the relevant CGU's weighted average cost of capital.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

17. GOODWILL (Continued)

The terminal value multiple is assumed based on management's experience and understanding of the relevant industry sector and capital market.

Ten years of future cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined as the lower of the nominal industry growth rate for the country in which the CGU operates and the budgeted revenue growth rate (average of next ten years) estimated by management. The budgeted revenue growth rate (average of next ten years) was based on the past experience of the CGU and management's best knowledge of future industry outlook.

18. CLAIMS FOR TAX REFUND

	31 December 2017	31 December 2016
	US$	US$
Claims for tax refund	2,762,675	115,284
Overpayment of corporate income tax	1,612,555	-
Total	4,375,230	115,284

As of 31 December 2017, the claims for tax refund balance represent ANJA's claim on prepaid VAT for fiscal year 2013 and SMM's claim on the corporate income tax overpayment for fiscal year 2016. As of 31 December 2017, these claims are in judicial reviews stage at the Supreme Court. Up to the date of the issuance of these consolidated financial statements, ANJA and SMM have not received the decision of these judicial reviews.

As of 31 December 2017, the overpayment of corporate income tax balance represents ANJA's corporate income tax overpayment for fiscal year 2017.

As of 31 December 2016, claim for tax refund represent GMIT's claim on the corporate income tax underpayment assessment for fiscal year 2009 amounting to Rp 1,548,956 thousand (equivalent to US$ 115,284). In 2017, GMIT has received the tax court decision to grant all appeals filed by GMIT and GMIT has received the refund from DGT.

19. OTHER NON-CURRENT ASSETS

	31 December 2017	31 December 2016
	US$	US$
Security deposits	4,839,718	6,063,970
Advances for plasma and partnership plantation projects - net	8,769,820	5,287,720
Plasma receivables - net	10,488,900	6,023,468
MSOP and ESPP receivables	3,311,837	3,269,699
Software and implementation	-	817,898
Others	147,604	294,443
Total	27,557,879	21,757,198

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

19. OTHER NON-CURRENT ASSETS (Continued)

Security deposits mainly represent transactional deposits relating to security deposit for the aircraft charter agreement with PT Airfast Indonesia (Airfast) (Note 44b), and the office lease agreement with PT Bumi Mulia Perkasa Development (Note 44d).

As of 31 December 2017, security deposits to Airfast was presented at amortized cost of Rp 70 billion, of which Rp 7.4 billion (equivalent to US$ 0.5 million) will be refunded within a year and has been classified as part of current assets. Meanwhile, as of 31 December 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) will be refunded within a year and has been classified as part of current assets.

Advances for plasma and partnership plantation projects represent payments made to develop palm oil plantation partnership by SMM and plasma palm oil plantation by PPM, PMP and the Company. 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 44h).

In 2017 and 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 15 May 2021.

20. BANK LOANS

	31 December 2017	31 December 2016
	US$	US$
Short-term bank loans		
Rupiah		
PT Bank CIMB Niaga Tbk		
The Company	-	2,344,448
Subsidiaries	-	10,419,768
PT Bank OCBC NISP Tbk		
Subsidiaries	-	6,968,823
U.S. Dollar		
PT Bank CIMB Niaga Tbk		
Subsidiaries	8.000.000	-
PT Bank OCBC NISP Tbk		
Subsidiaries	1,270,000	3,000,000
Total	9,270,000	22,733,039

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

20. BANK LOANS (Continued)

	31 December 2017	31 December 2016
	US$	US$
Long-term bank loans		
Rupiah		
PT Bank OCBC NISP Tbk		
Subsidiaries	60,232,433	87,699,534
PT Bank CIMB Niaga Tbk		
Subsidiaries	1,308,975	12,347,425
U.S. Dollar		
PT Bank CIMB Niaga Tbk		
Subsidiaries	4,666,667	-
PT Bank OCBC NISP Tbk		
The Company	-	8,000,000
Subsidiaries	37,825,000	-
Total	104,033,075	108,046,959
Less: deferred financing cost	(1,322,196)	(1,759,032)
Total	102,710,879	106,287,927
Long-term bank loan current maturities	(3,228,879)	(905,478)
Long-term bank loans-net of current maturities	99,482,000	105,382,449
Effective interest rates per annum		
Short-term bank loans		
Rupiah	-	10.25% - 10.50%
U.S. Dollar	4.55% - 8.33%	3.76%
Long-term bank loans		
Rupiah	9.75%	10.67% - 11.25%
U.S. Dollar	4.74% - 5.07%	5.22%

The following table summarizes the repayment schedule for principal balance of long-term bank loans as of 31 December 2017 and 2016:

	31 December 2017	31 December 2016
	US$	US$
Due in the year:		
Within one year	3,228,879	905,478
1 - 5 years	96,617,692	58,759,225
> 5 years	4,186,504	48,382,256
Total	104,033,075	108,046,959

PT Bank CIMB Niaga Tbk with the Company, KAL, GSB and ANJA

On 28 July 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 U.S. Dollar 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

20. BANK LOANS (Continued)

PT Bank CIMB Niaga Tbk with the Company, KAL, GSB and ANJA (Continued)

On 18 September 2017, the Company, KAL, GSB and ANJA obtained reduction in interest rate on the Rupiah short-term borrowing to become 2.25% to 3% above JIBOR.

On 19 December 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 U.S. Dollar and 3.5% above JIBOR for borrowings in Rupiah. The loan facility will expire on 19 December 2020. The loan facility is guaranteed with the palm plantation assets and machinery assets of KAL and corporate guarantee from ANJA (cross-default mechanism with KAL), SMM, and ANJAS.

The Company, KAL, GSB and ANJA 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 31 December 2017 and 2016, the Company, KAL, GSB and ANJA is in compliance with the terms and conditions of the loan agreement.

PT Bank OCBC NISP Tbk (OCBC NISP)

OCBC NISP with the Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM

On 24 August 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

20. BANK LOANS (Continued)

OCBC NISP with the Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM (Continued)

On 24 June 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 24 August 2022.
- Extend the availability of overdraft credit facility, Demand Loan 1, Demand Loan 2 and foreign exchange transaction facility until 24 August 2017.
- Interest rate of overdraft credit facility for PPM and PMP was amended to OCBC NISP's Prime Lending Rate.
- Interest rate of Term Loan 1 and 3 credit facilities withdrawn in Rupiah currency was amended to 0.5% above OCBC NISP's Prime Lending Rate.
- Demand Loan 1 withdrawn in U.S. Dollar was amended to total facility of US$ 3 million or in Rupiah equivalent to US$ 3 million. The interest rate for facility withdrawn in Rupiah is OCBC NISP's Prime Lending Rate.

On 23 August 2017, the loan agreement was further amended as follows:

- Term of availability of Term Loan 1, 2, 3, 4 and 5 credit facilities were amended until the due date of 4 years after the first loan agreement date.
- Interest rate of overdraft credit facility withdrawn in U.S. Dollar currency was amended to 3% above LIBOR and in Rupiah currency was amended to floating 9.75%.
- Interest rate of Demand Loan 1 credit facility withdrawn in U.S. Dollar currency was amended to 3% above LIBOR.
- Interest rate of Demand Loan 2 credit facility withdrawn in Rupiah currency was amended to floating 9.75%.
- Interest rate of Term Loan 1 and 3 credit facilities withdrawn in Rupiah currency was amended to floating 9.75%.
- Interest rate of Term Loan 2 and 4 credit facilities withdrawn in U.S. Dollar currency was amended to 3.5% above LIBOR.
- Interest rate of Term Loan 5 credit facility withdrawn in U.S. Dollar currency was amended to 3.5% above LIBOR and in Rupiah currency was amended to floating 9.75%.
- The Company, PPM, PMP and SMM became the joint parties for credit facility Term Loan 5. The Company, PMP and PPM may withdraw Term Loan 5 credit facility up to Rp 200 billion and SMM in U.S. Dollar up to US$ 7.2 million.

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

20. BANK LOANS (Continued)

OCBC NISP with the Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM (Continued)

The Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM 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 Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM 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 31 December 2017 and 2016, the Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM is in compliance with the terms and conditions of the loan agreement.

OCBC NISP with KAL

On 29 January 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.

KAL should fulfill certain financial covenants which among others maintain debt to equity ratio at a maximum of 2x and debt service coverage ratio of not less than 1.25x.

As of 31 December 2017, KAL is in compliance with the terms and conditions of the loan agreement.

OCBC NISP with GMIT

On 30 May 2016, GMIT entered into loan agreement with OCBC NISP for the following credit facilities:

- Overdraft credit facility of Rp 3 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 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

20. BANK LOANS (Continued)

OCBC NISP with GMIT (Continued)

On 13 June 2017, the loan agreement was amended for the following terms:

- Term of Overdraft and Demand Loan credit facilities were amended to be available until 30 May 2018.
- Availability of Term Loan credit facility was amended to be until 30 May 2018.
- Fixed Loan credit facility was amended to be amounting Rp 3.1 billion.
- Interest rate of Term Loan credit facility was amended to be at OCBC NISP's Prime Lending Rate.

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.

GMIT should fulfill certain financial covenants which among others maintain debt to equity ratio at a maximum of 1x, current ratio of not less than 1x, and debt service coverage ratio of not less than 1.1x and 1.25x as of June 2017 and December 2018 and afterwards, respectively.

As of 31 December 2017, GMIT is in compliance with the terms and conditions of the loan agreement.

21. TRADE ACCOUNTS PAYABLE

	31 December 2017	31 December 2016
	US$	US$
Third parties		
Palm oil	12,405,441	6,060,659
Electricity power	-	186,624
Sago	251,084	-
Other	4,998	633
Total	12,661,523	6,247,916

Based on currencies :

	31 December 2017	31 December 2016
	US$	US$
U.S. Dollar	-	192,124
Rupiah	12,661,523	6,055,792
Total	12,661,523	6,247,916

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

21. TRADE ACCOUNTS PAYABLE (Continued)

Based on creditors:

	31 December 2017	31 December 2016
	US$	US$
Koperasi Laman Mayang Sentosa	6,505,242	3,025,204
PT Bar Formula	538,845	-
PT Agro Tradisi	292,436	-
Koperasi Bumi Makmur	281,223	-
PT Bumi Tani Subur	258,044	166,156
PT Mitra Karya Jaya Perdana	252,447	-
CV Sumber Buana Perkasa	236,592	125,099
PT Asindo Tech	204,974	-
Koperasi Bina Satong Lestari	201,700	62,074
CV Mujur Trans	185,780	-
PT Meroke Tetap Jaya	162,614	158,459
PT Sinar Karya Mandiri	151,635	-
PT Jaya Abadi Siaga	117,391	80,253
Koperasi Eka Lestari	110,296	-
CV Lupindo Jaya	106,606	-
PT Hatika Patra Persada	101,455	60,063
CV Abadi Loc Jaya	99,143	-
PT Agro Inti Abadi	93,940	-
Koperasi Mitra Lestari	84,726	-
Koperasi Karyawan Karya Luhur	84,464	-
PT Airfast Indonesia	83,105	-
CV Usaha Mandiri	72,529	-
CV Mitra Utama	72,267	-
CV Rika Rahayu Ritonga	65,305	-
Koperasi Sumber Jaya Makmur	62,769	-
UD Maju Bersama	58,691	-
PT Mest Indonesiy	58,602	534,104
Toko Setia Usaha	58,566	93,104
CV Duta Sarana Perkasa	54,351	-
PT Jadi Mas	53,580	-
PT Sentana Adidaya Pratama	50,549	-
CV Mitra Agro Sejati	44,077	84,405
GEA Westfalia Separator Indonesia	9,505	54,275
PT Goautama Sinar Batuah	-	193,187
PT Sasco Indonesia	-	142,777
Haji Sati Rambe	-	80,503
PT Permata Agro Persada	-	57,952
PT Delta Pawan Abadi	-	50,684
Others (each below US$ 50,000)	1,848,074	1,279,617
Total	12,661,523	6,247,916

22. TAXES PAYABLE

	31 December 2017	31 December 2016
	US$	US$
Corporate income tax		
The Company	13,683,098	430
Subsidiaries	2,605,031	405,056
Income taxes		
Article 4 (2)	1,557	44,809
Article 15	145,375	22,544
Article 21	578,184	568,336
Article 22	7,199	7,081
Article 23/26	94,699	72,197
Article 25	-	458,016
Value Added Tax	4,814	70,778
Total	17,119,957	1,649,247

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

23. OTHER PAYABLE

	31 December 2017	31 December 2016
	US$	US$
Payable to third parties	7,729,068	3,941,282
Advance from sale of investment in available-for-sale financial assets (Note 12)	-	1,250,000
Advances received from customers	402,693	1,140,943
Total	8,131,761	6,332,225

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.

24. ACCRUED EXPENSES

	31 December 2017	31 December 2016
	US$	US$
Salaries, bonuses and allowances	3,217,928	3,829,188
Professional fees	188,102	270,234
Interest	21,362	171,988
Others	1,598,451	2,837,216
Total	5,025,843	7,108,626

25. POST-EMPLOYMENT BENEFITS OBLIGATION

Defined Benefit Pension Plan

The Group provides post-employment benefits for their eligible employees in accordance with Labor Law No. 13/2003.

The pension fund 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 5 August 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 state owned banks and in money market.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

25. POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

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 obligation is calculated by reference to the future salaries of the plan's 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 costs are as follows:

	2017	2016
	US$	US$
Recognized in profit or loss:		
Current service cost	2,793,596	2,196,741
Past service cost	187,168	-
Termination cost, curtailment and settlement	472,701	193,195
Interest cost	1,085,968	957,956
Interest income on plan assets	(128,769)	(25,282)
Components of defined benefit costs recognized in profit or loss	4,410,664	3,322,610
Recognized in other comprehensive income:		
Remeasurement on the net defined benefit asset/liability:		
Return on plan assets	73,034	115,910
Actuarial losses	1,461,363	532,758
Components of defined benefit costs recognized in other comprehensive income	1,534,397	648,668
Total	5,945,061	3,971,278

All the expense for the years ended 31 December 2017 and 2016 amounted to US$ 4,410,664 and US$ 3,322,610, respectively, are recorded as part of personnel expenses.

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 December 2017	31 December 2016
	US$	US$
Present value of funded obligations	18,671,471	14,821,094
Fair value of plan assets	(1,707,400)	(883,169)
Net liability	16,964,071	13,937,925

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

25. POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

Movements in the present value of the defined benefit obligation were as follows:

	31 December 2017	31 December 2016
	US$	US$
Opening defined benefit obligation	14,821,094	11,159,702
Current service cost	2,793,596	2,196,741
Past service cost	187,168	-
Interest cost	1,085,968	957,956
Benefits paid	(1,103,887)	(286,536)
Deduction due to dilution of ownership in subsidiary	(400,450)	-
Remeasurement on the net defined benefit liability:		
Actuarial losses arising from changes in financial assumptions	1,830,116	720,128
Actuarial gains from experience adjustments	(368,753)	(187,370)
Foreign exchange differential	(173,381)	260,473
Closing defined benefit obligation	18,671,471	14,821,094

Movements in the fair value of the plan assets were as follows:

	31 December 2017	31 December 2016
	US$	US$
Opening fair value of plan assets	883,169	188,063
Interest income	128,769	25,282
Deduction to dilution of ownership in subsidiary	(62,939)	-
Remeasurement gain (loss):		
Return on plan assets	(73,034)	(115,910)
Contributions from the employer	1,494,433	918,775
Exchange differences on foreign plans	(17,800)	(1,663)
Benefits paid	(645,198)	(131,378)
Closing fair value of plan assets	1,707,400	883,169

Cumulative actuarial gain (losses) recognized in other comprehensive income are as follows:

	31 December 2017	31 December 2016
	US$	US$
Cumulative amounts at beginning of year	1,814,089	2,453,344
Actuarial loss for the year	(1,534,397)	(648,668)
Actuarial gain from investment in associates	-	9,413
Cumulative amounts at end of year	279,692	1,814,089

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 rate of return		Fair value of plan assets	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	%	%	US$	US$
Time deposits placed in state owned banks	-	8.25%	-	62,939
Investment in money market	7.04%	8.00%	1,707,400	820,230
Fair value of plan assets			1,707,400	883,169

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

25. POST-EMPLOYMENT BENEFITS OBLIGATION (Continued)

The fair value of the investments in 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 a qualified actuary, PT Dayamandiri Dharmakonsilindo. The actuarial valuation was carried out using the following key assumptions:

	31 December 2017	31 December 2016
Mortality rate	TMI 3 2011	TMI 3 2011
Normal pension age	55-60 years	55-60 years
Salary increment rate per annum	8.00% - 9.00%	6.00% - 10.00%
Discount rate per annum	6.50% - 7.60%	8.05% - 8.75%

Historical information:	31 December 2017	31 December 2016	31 December 2015	31 December 2014	31 December 2013
	US$	US$	US$	US$	US$
Present value of defined benefit obligation	18,671,471	14,821,094	11,159,702	10,313,176	7,708,896
Experience adjustments	368,753	187,370	699,473	863,377	1,378,518

Significant actuarial assumptions for the determination of the defined obligation are discount rate, expected salary increase rate and mortality rate. The sensitivity analysis 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$ 17,297,067 (increase to US$ 20,254,804) in 2017 and would decrease to US$ 13,775,284 (increase to US$ 16,020,564) in 2016.

- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase to US$ 20,508,486 (decrease to US$ 17,063,733) in 2017 and increase to US$ 16,240,210 (decrease to US$ 13,574,636) in 2016.

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 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. As of 31 December 2017, the subsidiaries' (excluding ANJA and ANJAS) defined benefit pension plan is unfunded.

The average duration of the benefit obligation as of 31 December 2017 is 8.16-18.52 years (2016: 2.38-9.91 years). This number can be analysed from average expected future service of active members: 7.36-12.91 years for 2017 and 6.64-13.25 years for 2016.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

26. CAPITAL STOCK AND TREASURY STOCK

The composition of the Company's shareholders is as follows:

	31 December 2017 and 2016			
			Total paid-in capital stock	
Name of shareholders	Number of shares	Percentage of 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	0.0001%	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	100.0000%	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	100.0000%	335,417,500,000	46,735,308

Based on Deed No. 98 of notary Dr. Ir. Yohanes Wilion, S.H., S.E., M.M. dated 31 May 2016, in accordance with the announcement to the Indonesian Stock Exchange dated 26 May 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 shareholders' equity amounting to US$ 1.5 million as a result of this transaction.

In accordance with the announcement to the Indonesian Stock Exchange dated 27 June 2016, the Company issued 15,000,000 shares from its treasury stock to the Employee Stock Purchase Plan (ESPP) participants on 23 June 2016. The Company has recorded an addition to shareholders' equity amounting to US$ 1.4 million as a result of this transaction.

On 27 July 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 difference of the proceeds with the carrying amount of the treasury stock were recorded as additional paid in capital.

As of 31 December 2017, the total Company's public shares owned by the Company's Directors is amounted to 15,799,563 shares (2016: 17,000,000 shares).

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 22 June 2015 regarding the merger between the Company and PAM. Total acquisition cost of these treasury stock which was paid by the Company on 30 June 2015 amounted to Rp 141,840 million (including other direct acquisition cost of Rp 283 million) or equivalent to US$ 10.6 million. These shares are recorded as part of "treasury stock" in Equity. As of 31 December 2017 and 2016, total treasury stock which were held by the Company was 42,669,612 shares with the value of US$ 3,926,668 at its acquisition cost.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

27. ADDITIONAL PAID IN CAPITAL

	31 December 2017	31 December 2016
	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	2,179,887
Lapsed Management Stock Option Plan	370,964	315,025
Sale of treasury stock	2,605,608	2,605,608
Sub total	37,303,544	37,247,605
Differences 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	50,307,877	50,251,938

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 7 May 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 23 July 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 14 August 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 5 September 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

27. ADDITIONAL PAID IN CAPITAL (Continued)

Sale of property, plant and equipment

On 6 December 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 16 May 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 those 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 29 June 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.

28. 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 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 3 November 2014 until 12 December 2014. The exercise period for Tranche 1 and Tranche 2 in 2015 was from 8 May 2015 until 15 June 2015 and 2 November 2015 until 4 December 2015. The exercise period for Tranche 2 and Tranche 3 in 2016 is from 9 May 2016 until 10 June 2016. The exercise period for Tranche 3 in 2017 was from 3 May 2017 until 9 June 2017. The exercise price is Rp 1,095.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

28. MANAGEMENT STOCK OPTIONS (Continued)

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 31 December 2017 and 2016, the fair value of options recognized as general and administrative expenses in profit or loss was nil and US$ 19,572, respectively. As of 31 December 2017 and 2016, the fair value of the stock option recorded in equity was nil and US$ 55,939, respectively. As of 31 December 2017, the options lapsed amounted to US$ 55,939 was reclassified to additional paid in capital (Note 27).

Key assumptions used in calculating the fair value of the options are as follows:

	2017 and 2016
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 December 2017	31 December 2016
Outstanding options at beginning of year	1,875,000	29,225,000
Options lapsed	(1,875,000)	(8,700,000)
Options exercised	-	(18,650,000)
Outstanding options at end of year	-	1,875,000

29. DIFFERENCE IN VALUE DUE TO CHANGES IN EQUITY OF SUBSIDIARIES AND OTHER RESERVES

Difference in Value Due to Changes in Equity of Subsidiaries

	31 December 2017	31 December 2016
	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 interests	(469,794)	(469,794)
Effect of changes in equity resulting from the dilution of share ownership in GMIT	(168,209)	-
Total	30,439,382	30,607,591

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

29. DIFFERENCE IN VALUE DUE TO CHANGES IN EQUITY OF SUBSIDIARIES AND OTHER RESERVES (Continued)

Other Reserves

	31 December 2017	31 December 2016
	US$	US$
Unrealized gain (loss) on investments in available-for-sale financial assets		
Beginning balance	6,362,967	4,872,605
Reclassification of realized loss to retained earnings	(216,939)	-
Reclassification to profit or loss related to investments in available-for sale financial assets	(7,702,351)	-
Changes in fair value of investments in available-for-sale financial assets	3,837,099	1,490,362
Subtotal	2,280,776	6,362,967
Difference in translation of subsidiaries' financial statements in foreign currencies		
Beginning balance	(32,977,281)	(34,642,640)
Difference in translation of subsidiaries' financial statements in foreign currencies	(681,818)	1,665,359
Foreign exchange differentials from dilution of share ownership in GMIT	331,700	-
Subtotal	(33,327,399)	(32,977,281)
Total	(31,046,623)	(26,614,314)

30. NON-CONTROLLING INTERESTS

	31 December 2017	31 December 2016
	US$	US$
PT Gading Mas Indonesia Teguh	340,348	680
PT Lestari Sagu Papua	131,866	134,412
PT Austindo Aufwind New Energy	3,093	13,730
PT Austindo Nusantara Jaya Agri	8,287	7,585
Others	-	433
Total	483,594	156,840

Summarized financial information in respect to PT Gading Mas Indonesia Teguh and PT Lestari Sagu Papua, subsidiaries that has material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	31 December 2017	31 December 2016
	US$	US$
PT Gading Mas Indonesia Teguh		
Balance at beginning of year	680	1,233
Share of loss for the year	(9,718)	(570)
Share of other comprehensive income	(5,900)	(23)
Changes due to shares dilution	355,365	-
Translation adjustments	(79)	40
Total	340,348	680
PT Lestari Sagu Papua		
Balance at beginning of year	134,412	132,769
Share of loss for the year	(1,452)	(1,923)
Translation adjustments	(1,094)	3,566
Total	131,866	134,412

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

30. NON-CONTROLLING INTERESTS (Continued)

31 December 2017	PT Lestari Sagu Papua	PT Gading Mas Indonesia Teguh	Other subsidiaries with immaterial non-controlling interests	Total
Non-controlling interests' percentage of ownership	49%	20.03%		
Current assets	177,756	899,588		
Non-current assets	91,927	2,146,279		
Current liabilities	(568)	(161,546)		
Non-current liabilities	-	(1,185,133)		
Net assets attributable to owners of the Company	269,115	1,699,188		
Net assets attributable to non-controlling interests	131,866	340,348	11,380	483,594
Revenue	3,391	2,080,671		
Expenses	(6,354)	(2,761,240)		
Loss for the year	(2,963)	(680,569)		
Total comprehensive loss attributable to owners of the Company	(2,963)	(710,023)		
Total comprehensive loss attributable to non-controlling interests (GMIT: before and after dilution of share)	(1,452)	(15,618)	(11,541)	(28,611)
Cash flows from operating activities	5,821	787,213		
Cash flows used in investing activities	-	(857,357)		
Cash flows from financing activities	-	526,254		
Net increase in cash and cash equivalents	5,821	456,110		

31 December 2016	PT Lestari Sagu Papua	PT Gading Mas Indonesia Teguh	Other subsidiaries with immaterial non-controlling interests	Total
Non-controlling interests' percentage of ownership	49%	0.036%		
Current assets	185,036	2,096,960		
Non-current assets	92,694	1,112,321		
Current liabilities	(3,420)	(729,268)		
Non-current liabilities	-	(590,512)		
Net assets attributable to owners of the Company	274,310	1,889,501		
Net assets attributable to non-controlling interests	134,412	680	21,748	156,840
Revenue	5,813	1,237,648		
Expenses	(9,738)	(2,821,340)		
Loss for the year	(3,925)	(1,583,692)		
Total comprehensive loss attributable to owners of the Company	(3,925)	(1,648,542)		
Total comprehensive loss attributable to non-controlling interests	(1,923)	(593)	4,163	1,647
Cash flows (used in) from operating activities	(3,926)	177,665		
Cash flows used in investing activities	-	(30,999)		
Cash flows used in financing activities	-	(114,638)		
Net (decrease) increase in cash and cash equivalents	(3,926)	32,028		

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

31. REVENUE

Revenue consists of revenue from sales and service concession revenue.

	2017	2016
	US$	US$
Revenue from sales	157,035,493	128,031,909
Service concession revenue	4,761,787	6,411,408
Total	161,797,280	134,443,317

a. Revenue from Sales

	2017	2016
	US$	US$
Palm oil and palm kernel	154,741,342	126,761,921
Others	2,294,151	1,269,988
Total	157,035,493	128,031,909

b. Service Concession Revenue

	2017	2016
	US$	US$
Service concession revenue	3,788,849	5,332,629
Financing revenue from service concession	972,938	1,078,779
Total	4,761,787	6,411,408

32. COST OF REVENUE

Cost of revenue consists of cost of sales and cost of service concession.

	2017	2016
	US$	US$
Cost of sales	109,712,641	86,545,205
Cost of service concession	1,937,767	2,611,891
Total	111,650,408	89,157,096

a. Cost of sales

	2017	2016
	US$	US$
Palm oil and palm kernel	100,107,703	84,447,289
Sago starch	4,047,466	-
Others	5,557,472	2,097,916
Total	109,712,641	86,545,205
Palm oil production costs		
Harvesting expenses	11,549,468	10,219,476
Maintenance costs of mature plantation	19,074,945	19,186,087
Factory overhead and indirect costs	20,380,477	19,670,257
Depreciation of mature plantation (Note 13)	7,529,733	7,571,475
Depreciation of property, plant and equipment (Note 14)	8,902,366	7,060,341
Purchases of FFB	29,356,787	21,185,120

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

32. COST OF REVENUE (Continued)

a. Cost of sales (Continued)

	2017	2016
	US$	US$
Palm oil production costs (Continued)		
Impairment loss of property, plant and equipment (Note 14)	1,470,567	-
Total palm oil production costs	98,264,343	84,892,756
Sago starch production costs		
Tual harvesting costs	182,531	-
Sago processing costs	3,955,704	-
Impairment loss for decline in value of sago inventories	1,190,850	-
Impairment loss of property, plant and equipment (Note 14)	3,649,318	-
Depreciation of property, plant and equipment (Note 14)	1,476,854	-
Total sago starch production costs	10,455,257	-
Others	(230,816)	938,922
Finished goods:		
Beginning of year		
Palm oil	2,837,049	2,391,583
Others	2,246,386	3,305,920
End of year		
Palm oil	(2,621,725)	(2,837,049)
Sago starch	(1,266,011)	-
Others	-	(2,246,386)
Translation adjustments of inventories	28,158	99,459
Cost of sales	109,712,641	86,545,205

The details of suppliers with purchases exceeding 10% of the total consolidated net fresh fruit bunches (FFB) purchases are as follows:

	2017		2016	
Name	Amount	Percentage of net purchases	Amount	Percentage of net purchases
	US$	%	US$	%
Haji Sati Rambe	6,075,519	21	5,025,846	24
Koperasi Laman Mayang Sentosa	3,418,741	12	2,138,538	10
Koperasi Janji Matogu	3,271,011	11	1,410,447	7
Koperasi Bumi Makmur	3,033,682	10	1,672,816	8
UD Riri	2,167,003	7	2,618,362	12
Total	17,965,956	61	12,866,009	61

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$ 1,937,767 and US$ 2,611,891 for the years ended 31 December 2017 and 2016, respectively.

33. PERSONNEL EXPENSES

This account represents salaries, allowances, bonuses and post-employment benefit expenses (Note 25).

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

34. GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
	US$	US$
Professional fees	5,360,442	2,687,221
Travel and transportation	3,536,252	2,901,728
Impairment losses on service concession, trade and other receivables	1,161,002	195,211
Rent	986,309	985,969
Office expenses	499,225	510,614
Training, seminars and meeting	481,864	497,432
Depreciation (Note 14)	546,115	926,528
Communication and electricity	272,721	237,153
Amortization of intangible assets (Note 15)	268,520	1,165
Repairs and maintenance	207,920	406,217
Membership and subscription fees	176,548	145,103
Donation	139,180	796,896
Insurance	121,331	92,303
Custodian fees and bank charges	84,563	88,773
Share-based compensation (Note 28)	-	19,572
Others	422,699	669,508
Total	14,264,691	11,161,393

35. DIVIDEND INCOME

	2017	2016
	US$	US$
Investments in stocks	1,389,309	1,635,788
Money market funds	3,023	1,286
Total	1,392,332	1,637,074

36. FINANCE (COSTS) INCOME, NET

	2017	2016
	US$	US$
Finance income:		
Amortized cost adjustment of the security deposit	344,545	452,968
Interest income from time deposits and current accounts	386,352	177,433
Others	435,470	-
Total	1,166,367	630,401
Finance costs:		
Loan interest expense	(3,450,239)	(514,581)
Others	(147,594)	(42,787)
Total	(3,597,833)	(557,368)
Total, net	(2,431,466)	73,033

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

37. OTHER INCOME (EXPENSES), NET

	2017	2016
	US$	US$
Other income:		
Gain on sale of investments in available-for-sale financial assets (Note 12)	39,467,645	-
Gain on sale of investment in subsidiary (Note 1d)	22,444,436	-
Gain from sale of RSPO certificate	304,595	417,655
Management service income from plasma and other third parties	234,345	125,811
Others	253,482	748,715
Total	62,704,503	1,292,181
Other expenses:		
Loss from future commodity contracts (Note 42b)	-	(1,233,111)
Loss on sale and disposal of property, plant and equipment (Note 14)	(246,479)	(160,579)
Others	(494,397)	(447,559)
Total	(740,876)	(1,841,249)
Total, net	61,963,627	(549,068)

38. INCOME TAXES

Income tax expense of the Group consists of the following:

	2017	2016
	US$	US$
Current tax	26,201,573	11,480,875
Deferred tax	(440,748)	(1,313,495)
Total income tax expense of the Group	25,760,825	10,167,380

Current Tax

The reconciliation between consolidated profit before tax per consolidated statements of profit or loss and other comprehensive income and taxable income of the Company is as follows:

	2017	2016
	US$	US$
Consolidated profit before tax	73,160,350	19,366,625
Profit before tax of subsidiaries	(14,626,780)	(19,909,205)
Profit adjustment based on cost method	(194,643)	2,007,878
Profit before tax of the Company	58,338,927	1,465,298
Temporary differences:		
Bonus	919,340	251,829
Post-employment benefits (including foreign exchange effects)	(801,904)	519,784
Advance from sale of investment in available-for-sale financial asset	(1,250,000)	1,250,000
Depreciation	9,428	-
Subtotal	(1,123,136)	2,021,613

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

38. INCOME TAXES (Continued)

The reconciliation between consolidated profit before tax per consolidated statements of profit or loss and other comprehensive income and taxable income of the Company is as follows (Continued):

	2017	2016
	US$	US$
Non-tax-deductible expenses (non-taxable income/subject to final tax):		
Dividend income from subsidiaries	(3,155,913)	(1,649,972)
Share based compensation	-	(412,033)
Interest expense	524,231	-
Interest income	(34,261)	(22,065)
Donation	22,324	34,736
Personnel expenses	1,445,149	1,150,289
Others	(44,846)	273,329
Subtotal	(1,243,316)	(625,716)
Total taxable income of the Company	55,972,475	2,861,195

	2017	2016
	US$	US$
Current income tax expense - the Company		
Current year	13,993,120	715,299
Adjustment to prior year's current income tax expense and tax expense from tax amnesty payment	117,868	(912)
Current income tax expense - subsidiaries		
PT Austindo Nusantara Jaya Agri and its subsidiaries	11,366,851	9,605,015
PT Darajat Geothermal Indonesia (2017: for the period ended 21 September 2017)	718,071	1,161,473
PT Gading Mas Indonesia Teguh	5,663	-
Total income tax expense - current	26,201,573	11,480,875

The Company has submitted its corporate income tax return for fiscal year 2016 in April 2017. As of the issuance date of these consolidated financial statements, the Company has not submitted its corporate income tax return for fiscal year 2017.

Deferred Tax

As of 31 December 2017 and 2016, the Company had temporary differences from bonus accrual, post-employment benefits obligation, fixed assets, security deposit and investments in available-for-sale financial assets.

The following deferred tax assets of the Group have not been recognized:

	31 December 2017	31 December 2016
	US$	US$
Tax loss carry forwards	12,530,388	8,921,910
Impairment provision of property, plant and equipment	3,304,044	2,391,715
Allowance for decline in value of inventories	297,712	-
Allowance for impairment of trade accounts receivable and receivable from service concession arrangement	284,918	48,526
Bonus accrual	5,193	-
Total	16,422,255	11,362,151

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

38. INCOME TAXES (Continued)

The Group's tax loss carry forwards, which as of 31 December 2017 and 2016 amounted to US$ 81,832,635 and US$ 67,357,684, respectively, will expire within 2018 and 2022 (2016: will expire within 2017 and 2021) if not utilized against future taxable profits. Deferred tax assets have not been recognized with respect to certain portion of the tax loss carry forwards as of 31 December 2017 amounted to US$ 50,121,550 (2016: US$ 35,687,639), impairment provision of property, plant and equipment, allowance for decline in value of inventories, allowance for impairment of trade accounts receivable and receivable from service concession arrangement and bonus accrual, because it is not probable that future taxable profits will be available against which the Group can utilize the benefits therefrom. Realization of the Company's and subsidiary's deferred tax assets is dependent upon their profitable operations. Management believes that these deferred tax assets below are probable of being realized through offset against taxes due on future taxable income.

The details of deferred tax assets and liabilities of the Group are as follows:

	1 January 2017	Credited (charged) to profit or loss	Credited (charged) to other comprehensive income	Deductions from change of ownerships in subsidiaries	Other adjustment	Translation adjustments	31 December 2017
	US$	US$	US$	US$	US$	US$	US$
Deferred tax assets							
The Company	938,610	559,407	90,632	-	(794,645)	-	794,004
GMIT	397,429	239,766	9,818	-	-	(6,326)	640,687
ANJA	9,393,117	1,789,765	296,016	-	-	(71,151)	11,407,747
ANJAP	2,057,678	(1,901,160)	(12,878)	-	-	6,300	149,940
AANE	99,106	(35,235)	12	-	-	(17,115)	46,768
Total	12,885,940	652,543	383,600	-	(794,645)	(88,292)	13,039,146
Deferred tax liabilities							
DGI	(552,575)	-	-	552,575	-	-	-
SM	(1,809,622)	(130,253)	-	1,939,875	-	-	-
ATI	(1,359,380)	(81,542)	-	1,440,922	-	-	-
Total	(3,721,577)	(211,795)	-	3,933,372	-	-	-
Net		440,748	383,600				

	1 January 2016	Credited (charged) to profit or loss	Credited (charged) to other comprehensive income	Translation adjustments	31 December 2016
	US$	US$	US$	US$	US$
Deferred tax assets					
The Company	370,948	505,403	62,259	-	938,610
GMIT	132,586	242,216	21,617	1,010	397,429
ANJA	8,241,816	905,360	110,043	135,898	9,393,117
ANJAP	2,037,948	(32,991)	(2,069)	54,790	2,057,678
AANE	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					
DGI	(665,797)	142,630	(29,408)	-	(552,575)
SM	(1,593,312)	(214,822)	(1,488)	-	(1,809,622)
ATI	(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		

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38. INCOME TAXES (Continued)

A reconciliation between total income tax expense of the Group and the amount computed by applying the prevailing tax rates to profit before tax of the Company is as follows:

	2017	2016
	US$	US$
Profit before tax of the Company	58,338,927	1,465,298
Tax expense at prevailing tax rates	(14,584,732)	(366,325)
Effect of non-tax deductible expenses (non-taxable income/subject to final tax):		
Dividend income from subsidiaries	788,978	412,493
Share based compensation	-	103,008
Interest income	8,565	5,516
Interest expense	(131,058)	-
Donation	(5,581)	(8,684)
Personnel expenses	(361,287)	(287,572)
Others	11,211	(68,332)
Total	310,828	156,429
Adjustment for prior year's deferred tax benefit	840,191	-
Adjustment to prior year's current income tax expense and tax expense from tax amnesty payment	(117,868)	912
Income tax expense of the Company	(13,551,581)	(208,984)
Total income tax expense of subsidiaries	(12,209,244)	(9,958,396)
Total income tax expense of the Group	(25,760,825)	(10,167,380)

39. EARNINGS PER SHARE

The computation of basic earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	US$	US$
Earnings		
Profit for the year attributable to owners of the Company	47,421,309	9,201,831
Number of shares		
Weighted average number of ordinary shares outstanding for basic earnings per share computation	3,354,175,000	3,270,047,877
Weighted average number of ordinary shares outstanding for diluted eanings per share computation	3,354,175,000	3,270,235,377
Earnings per share		
Basic	0.014138	0.002814
Diluted	0.014138	0.002814

As of 31 December 2017 and 2016, the Company has dilutive potential common shares resulting from stock options (Note 28) totaling to nil and 1,875,000 shares, respectively.

40. APPROPRIATED RETAINED EARNINGS

In the Annual General Shareholders' Meeting held on 24 May 2017, the shareholders of the Company approved the allocation of additional appropriated retained earnings amounting to Rp 373,000,000 (equivalent to US$ 28,054) for 2017.

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41. CASH DIVIDENDS

In the Annual General Shareholders' Meeting held on 24 May 2017, the shareholders of the Company approved the distribution of cash dividends of Rp 59,607.10 million or Rp 18 (full amount) per share (equivalent to US$ 4,479,379 or US$ 0.001 per share) from the unappropriated retained earnings as of 31 December 2016 to the shareholders recorded on the shareholders register on 7 June 2017 (recording date). The dividend was paid to the shareholders in June and July 2017.

In the Annual General Shareholders' Meeting held on 1 June 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 31 December 2015 to the shareholders recorded on the shareholders register on 13 June 2016 (recording date). This dividend was paid to the shareholders on 1 July 2016.

42. DERIVATIVE INSTRUMENTS

a. ANJA entered into forward currency contract facilities with PT Bank OCBC NISP Tbk 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 31 December 2017 and 2016, 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 since 4 January 2016 until 30 June 2016.

   The loss from these future commodity contracts of US$ 1,233,111 for the year ended 31 December 2016 was recorded as part of other expenses (Note 37).

c. On 13 November 2017, the Company, KAL, GSB and ANJA entered into foreign exchange facility agreements with PT Bank CIMB Niaga Tbk, whereas the bank agreed to provide a derivative transaction facility with maximum amount of US$ 5,000,000, and maximum transaction terms of 1 year with the latest validity until 28 July 2018 and non-extendable. There was no outstanding balance of the facility as of 31 December 2017.

43. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

Nature of Relationship

- Mr. George Santosa Tahija, Mr. Sjakon George Tahija, Yayasan Tahija, PT Memimpin Dengan Nurani (MDN) and PT Austindo Kencana Jaya (AKJ) are the Company's shareholders.

Transaction with Related Parties

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 17 May 2012. This agreement has been renewed and valid until 17 May 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.

44. 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 1 January 2013 to 31 December 2015 is the third cycle and the period from 1 January 2016 to 31 December 2018 is the fourth cycle. The bonus is calculated annually based on a certain formula as specified in the EVA manual.

b. On 7 December 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 27 January 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, and effective from 1 January 2014 to 1 January 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 3 and 4 February 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 15 January 2015, ANJA, ANJAP, PPM, and PMP received the first installment of refundable deposit from Airfast amounting to US$ 550,000.

   On 28 November 2014, the agreement was amended, whereas ANJA, ANJAP, PPM, PMP and PAM become the users of the aircraft effective from 1 January 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 1 August 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 15 January 2016.

   On 2 November 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. Further, in January 2017, ANJA, ANJAP, PPM and PMP received the third installment of refundable deposit amounted to Rp 7,425,000,000.

   In January 2018, ANJA, ANJAP, PPM and PMP have received the fourth installment of refundable deposit amounted to Rp 7,425,000,000.

c. On 28 December 2016, the Company, PPM, PMP and ANJAP entered into a Helicopter AS 350 B3 PK-ODB serial number 46043 Charter Services Agreement with PT Airfast Indonesia (Airfast) for providing aviation service to carry passangers and/or cargo. The agreement is valid for one (1) year, from 6 February 2017 to 6 February 2018 and extendable by providing a 30 days prior written notice before the expiration date. The Company, PPM, PMP and ANJAP is committed to pay a monthly fixed charter fee of Rp 1,053 milion plus the minimum usage of the aircraft of 10 hours per month of Rp 114 million. On 23 January 2018, the Company, PPM, PMP and ANJAP has extended the agreement for another one year without any changes on the term and conditions.

   On 13 October 2017, ANJAS, KAL and SMM entered into a Helicopter AS 350 B3 PK-ODC serial number 7346 Charter Services Agreement with PT Airfast Indonesia (Airfast) for providing aviation service to carry passangers and/or cargo. The agreement is valid for three (3) months, from 13 October 2017 to 13 January 2018 and extendable by providing a 30 days prior written notice before the expiration date. ANJAS, KAL and SMM are committed to pay a monthly fixed charter fee of Rp 1 billion plus the minimum usage of the helicopter of 10 hours per month of Rp 114 million.

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44. COMMITMENTS AND CONTINGENCIES (Continued)

d. On 18 December 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 10 December 2013, whereas effective on 1 January 2014, the lessees become the Company, SMM, ANJAP, AANE, PPM, PMP and ANJB with certain office space charged to each entity. Total rental fee and service charges for the Group of US$ 115,863 should be paid quarterly. The Group has paid US$ 115,863 security deposits, which is recorded as other non-current assets (Note 19). The lease period is effective until 3 April 2016, with an option to extend the contract for the next three years. On 27 February 2016, the Company has extended this lease agreement for another 3 years period starting from 3 April 2016 to 2 April 2019.

e. Before the sale of investment in DGI (note 1d), 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 and Perusahaan Listrik Negara (PLN):

   i. Joint Operation Contract - On 16 November 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 15 January 1996 and 7 February 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 7 February 2003, in the event that either PLN and the Contractor exercises the option to extend the ESC contract (Note 44e.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 PT Pertamina Geothermal Energy under the JOC. This contract was amended and restated on 15 January 1996 and subsequently amended on 1 May 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 of 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.

44. COMMITMENTS AND CONTINGENCIES (Continued)

f. On 29 November 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 31 December 2013.

On 18 December 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 29 January 2016, PLN and AANE have signed the Commercial Operation Date Agreement for the increase of 600 kW electricity capacity.

On 4 August 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. However, PLN continues to decline to pay AANE's invoices from October 2016 to December 2016 at the revised tariff therefore AANE has reduced the tariff using the old tariff.

On 30 January 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. AANE has discussed with PLN regarding the implementation of this regulation and PLN has declined AANE's request to adjust the electricity tariff.

g. ANJAS, ANJA, PPM and PMP entered into security service agreements with PT Nawakara Perkasa Nusantara to provide security services. The agreements are valid from 9 January 2017 until 21 January 2019. The total fees related to these security services is Rp 24.9 billion per year.

h. 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 19 August 2014, whereas 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.

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44. COMMITMENTS AND CONTINGENCIES (Continued)

Meanwhile, the loan agreements between both Cooperatives and PT Bank Mandiri (Persero) Tbk were signed on 22 August 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 bearing interest rate of 13% p.a. floating.

i. ANJA, ANJAS, KAL and SMM has CPO and PK sales commitments with several customers for delivery of CPO in 2018 maximum of 11,000 metric tonnes and thereafter 3,000 metric tonnes, and for delivery of PK in 2018 maximum of 1,600 metric tonnes. The average sales price under this sales commitment is subject to variance adjustment calculated based on formula defined in these agreements. These commitments are cancellable with 1 to 3 months notice in advance.

j. ANJAS, SMM, KAL and GSB entered into scientific and technical cooperation agreement with Centre De Cooperation Internationale En Recherche Agronomique Pour Le Developpement (CIRAD) related to scientific and technical research and development activities in palm oil agronomy and cultural practices. This agreement is valid from 1 June 2014 until 31 May 2019 with contract amounting to EUR 96,392 per year and will be subject to annual increase adjustment of maximum 2%.

k. 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 totaling Rp 19.0 billion, payable based on five (5) completion progress. As of 31 December 2017, the Group has paid Rp 17.2 billion which was recorded as part of intangible assets.

l. SMM entered into cooperation agreements related to development and management of palm oil plantation with Mitra Anugerah Cooperative and Mitra Lestari Cooperative on 30 October 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 27 July 2016. The loan facility was Rp 3.7 billion and Rp 3.6 billion, respectively, and guaranteed by SMM. The bank loans' periods are until 2026 for Mitra Anugerah Cooperative and 2024 for Mitra Lestari Cooperative, bearing interest rate of 12% p.a.

m. On 8 August 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.

n. 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 2018 or 2019, but may be extended with agreements from both parties. The total significant contracts commitment as of 31 December 2017 is as follows:

	Contract value	Total amount have been paid
US$	US$ 4.1 million	US$ 3.7 million
IDR	Rp 466,573 million	Rp 87,246 million
SGD	SGD 120,000	-

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44. COMMITMENTS AND CONTINGENCIES (Continued)

o. On 13 August 2014 and 5 May 2015, ANJAS and SMM entered into composting agreements with PT Bar Formula, respectively, where ANJAS and SMM must pay for at least a total of 2,000 metric ton of compost fertilizer per month, subject to the minimum nutritional specifications, with the agreed prices for ANJAS and SMM of Rp 448,400 per metric ton and Rp 492,238 per metric ton, respectively. These agreed prices are subject to annual incremental of 2% starting from 1 January 2016. These agreements are valid for ANJAS and SMM until 12 August 2020 and 4 May 2021, respectively.

CONTINGENCIES

As of 31 December 2017 and 2016, KAL, SMM and ANJAS are in the judicial review process relating to the request filed by the tax authorities with the Supreme Court. KAL, SMM and ANJAS have not recorded additional tax liabilities in relation to those ongoing judicial review because KAL, SMM and ANJAS assessed that KAL, SMM and ANJAS have technical ground to support its tax position.

45. SERVICE CONCESSION ARRANGEMENT

The Joint Operation Contract (JOC) and Energy Sales Contract (ESC) of DGI (Note 44e) and AANE (Note 44f) 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 December 2017	31 December 2016
	US$	US$
Balance at beginning of year	8,320,857	7,773,739
Addition	-	670,341
Repayment	(85,477)	-
Deduction from disposal of subsidiary	(6,062,643)	(187,241)
Impairment loss of receivable from service concession arrangement	(1,139,674)	-
Translation adjustments	(3,954)	64,018
Balance at end of year	1,029,109	8,320,857
Less:		
Current maturity	45,143	205,055
Non-current portion	983,966	8,115,802

DGI and AANE have used an implicit interest rate of 15% and 13%, respectively.

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45. SERVICE CONCESSION ARRANGEMENT (Continued)

Management became aware of circumstances that indicated the carrying amounts of receivable from service concession arrangement could not be fully recovered; a Rp 15,252,252 thousand (equivalent to US$ 1,139,674) impairment allowance was provided as of 31 December 2017. Management estimated the recoverable amount of receivable from service concession arrangement based on its cash inflow projection using a pre-tax discount rate of 13%.

Provision For Service 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 consolidated statements of financial position is as follows:

	31 December 2017	31 December 2016
	US$	US$
Balance at beginning of year	2,441,313	1,970,781
Provision during the year	624,153	519,760
Realization during the year	(40,299)	(76,690)
Increase in provision due to the passage of time	40,942	21,696
Deduction from disposal of subsidiary	(2,664,818)	-
Translation adjustment	(3,999)	5,766
Balance at end of year	397,292	2,441,313
Less:		
Current maturity	165,017	64,358
Non-current portion	232,275	2,376,955

The discount rate used in calculating the present value of the above provision as follows

	31 December 2017	31 December 2016
	US$	US$
DGI (US$)	-	1.99%
AANE (Euro)	2.00%	2.00%

46. 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.

Entity wide information

For the years ended 31 December 2017 and 2016, total revenue to external customers by geographical areas are as follows:

	2017	2016
	US$	US$
Domestic	96,616,646	110,802,567
Offshore countries	65,180,634	17,640,750
	161,797,280	134,443,317

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

46. SEGMENT INFORMATION (Continued)

As of 31 December 2017 and 2016, the total of non-current assets other than financial instruments and deferred tax assets (there are no rights arising from insurance contracts) are amounted to US$ 425,185,402 and US$ 423,101,982, respectively, and all is located in Indonesia.

Below is the operating segment information:

a. Segment Results

	2017						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
COMPREHENSIVE INCOME							
Revenue	154,741,342	4,761,787	220,363	2,073,788	161,797,280	-	161,797,280
Cost of revenue	(99,991,392)	(1,937,767)	(7,696,784)	(2,024,465)	(111,650,408)	-	(111,650,408)
Gross profit	54,749,950	2,824,020	(7,476,421)	49,323	50,146,872	-	50,146,872
Dividend income	1,300,000	-	-	92,332	1,392,332	-	1,392,332
Foreign exchange (loss) gain, net	(713,997)	(86,803)	(1,586)	1,834	(800,552)	-	(800,552)
Selling expenses	(10,043,294)	-	-	(80,645)	(10,123,939)	-	(10,123,939)
Personnel expenses	(6,255,838)	(64,584)	(349,618)	(636,861)	(7,306,901)	-	(7,306,901)
General & administrative expenses	(11,129,181)	(1,251,025)	(1,832,055)	(262,348)	(14,474,609)	4,283,191	(10,191,418)
Other income (expenses), net	39,558,875	22,439,630	(27,584)	(7,294)	61,963,627	-	61,963,627
Operating profit	67,466,515	23,861,238	(9,687,264)	(843,659)	80,796,830	4,283,191	85,080,021
Share of profit of equity-accounted investees	4,197,744	-	-	-	4,197,744	-	4,197,744
Finance (costs) income, net	(1,492,308)	(64,096)	(535,104)	(31,915)	(2,123,423)	22,949	(2,100,474)
Segment profit before tax	70,171,951	23,797,142	(10,222,368)	(875,574)	82,871,151	4,306,140	87,177,291
Unallocated loss before tax					(18,792,255)	4,775,314	(14,016,941)
Profit before tax					64,078,896	9,081,454	73,160,350
Income tax expense:							
Segment	(9,788,879)	(753,306)	(1,901,160)	234,101	(12,209,244)	-	(12,209,244)
Unallocated					(13,551,581)	-	(13,551,581)
Total income tax expense					(25,760,825)	-	(25,760,825)
Profit for the year					38,318,071	9,081,454	47,399,525
Profit for the year attributable to:							
Owners of the Company					38,339,855	9,081,454	47,421,309
Non-controlling interests					(21,784)	-	(21,784)
Profit for the year					38,318,071	9,081,454	47,399,525
Total comprehensive income attributable to:							
Owners of the Company					32,641,988	9,081,454	41,723,442
Non-controlling interests					(28,611)	-	(28,611)
Total comprehensive income					32,613,377	9,081,454	41,694,831

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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46. SEGMENT INFORMATION (Continued)

a. Segment Results (Continued)

	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 (loss) gain, net	(463,321)	67,845	(746)	1,669	(394,553)	-	(394,553)
Selling expenses	(6,092,288)	-	-	(26,355)	(6,118,643)	-	(6,118,643)
Personnel expenses	(4,608,376)	(334,712)	(731,832)	(543,616)	(6,218,536)	-	(6,218,536)
General & administrative expenses	(10,589,552)	(829,162)	(1,832,107)	(299,075)	(13,549,896)	4,515,600	(9,034,296)
Other (expenses) income, 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 of profit of equity-accounted investees	3,431,206	-	-	-	3,431,206	-	3,431,206
Finance income (costs), net	338,789	(8,620)	(44,182)	(91,054)	194,933	24,808	219,741
Segment profit before tax	25,353,954	2,763,244	(2,617,021)	(1,775,481)	23,724,696	4,540,408	28,265,104
Unallocated profit before tax					(220,916)	(8,677,564)	(8,898,480)
Profit before tax					23,503,780	(4,137,156)	19,366,624
Income 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 income tax expense					(10,167,379)	-	(10,167,379)
Profit for the year					13,336,401	(4,137,156)	9,199,245
Profit for the year attributable to:							
Owners of the Company					13,338,987	(4,137,156)	9,201,831
Non-controlling interests					(2,586)	-	(2,586)
Profit for the year					13,336,401	(4,137,156)	9,199,245
Total comprehensive income attributable to:							
Owners of the Company					16,007,482	(4,137,156)	11,870,326
Non-controlling interests					1,647	-	1,647
Total comprehensive income					16,009,129	(4,137,156)	11,871,973

b. Segment Asses and Liabilities

	31 December 2017						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
CONSOLIDATED FINANCIAL POSITION							
ASSETS							
Segment assets	433,648,217	1,258,838	18,798,857	3,045,868	456,751,780		456,751,780
Unallocated assets	-	-	-	-	358,768,190	(248,996,028)	109,772,162
Total consolidated assets							566,523,942
LIABILITIES							
Segment liabilities	155,329,145	881,655	1,230,263	1,346,680	158,787,743	-	158,787,743
Unallocated liabilities	-	-	-	-	17,338,471	(1,984,461)	15,354,010
Total consolidated liabilities							174,141,753
Capital expenditure							
Segment	45,769,200	1,731	1,303,027	116,104	47,190,062	-	47,190,062
Unallocated	-	-	-	-	241,490	-	241,490
Total capital expenditure							47,431,552
Depreciation and amortization							
Segment	17,875,044	2,068	1,663,838	49,629	19,590,579	-	19,590,579
Unallocated	-	-	-	-	194,321	-	194,321
Total depreciation and amortization							19,784,900

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46. SEGMENT INFORMATION (Continued)

b. Segment Assets and Liabilities (Continued)

	31 December 2017						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
Impairment losses on non-financial assets							
Segment	1,470,567	-	3,649,318	-	5,119,885	-	5,119,885
Unallocated	-	-	-	-	-	-	-
Total							5,119,885

	31 December 2016						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
CONSOLIDATED FINANCIALPOSITION							
ASSETS							
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

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

47. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN U.S. DOLLARS

As of 31 December 2017 and 2016, the Group had monetary assets and liabilities in currencies other than U.S. Dollars as follows:

	31 December 2017		31 December 2016	
	Foreign currencies	Equivalent to US$	Foreign currencies	Equivalent to US$
Assets				
Cash and cash equivalents				
Rupiah	72,278,837,412	5,335,019	52,425,018,651	3,901,832
Euro	20,143	24,047	10,961	11,553
Trade accounts receivable				
Rupiah	1,449,385,584	106,982	5,708,875,784	424,894
Other receivable				
Rupiah	5,945,295,936	438,832	10,658,993,776	793,316
Receivable from service concession arrangement				
Rupiah	13,942,363,054	1,029,110	29,634,198,781	2,205,582
Prepayments – Value Added Taxes				
Rupiah	281,775,693,552	20,798,323	224,181,688,836	16,685,151
Other current assets				
Rupiah	7,425,000,000	548,051	-	-
Claims for tax refund				
Rupiah	9,258,882,058	683,413	1,548,955,824	115,284
Other non-current assets				
Rupiah	372,982,929,492	27,530,479	281,340,389,281	20,939,297
Total		56,494,256		45,076,909

	31 December 2017		31 December 2016	
	Foreign currencies	Equivalent to US$	Foreign currencies	Equivalent to US$
Liabilities				
Short-term bank loans				
Rupiah	-	-	265,133,109,153	19,733,039
Trade accounts payable				
Rupiah	171,538,313,604	12,661,523	81,365,621,312	6,055,792
Taxes payable				
Rupiah	11,269,608,744	831,828	22,159,115,011	1,649,235
Long-term bank loans				
Rupiah	833,763,013,548	61,541,408	1,344,230,942,486	100,046,959
Other payable				
Rupiah	104,713,431,222	7,729,068	39,024,283,145	2,904,457
Provision for service concession arrangement				
Euro	332,788	397,292	215,540	227,180
Accrued expenses				
Rupiah	60,807,921,936	4,488,332	70,721,479,346	5,263,581
Post employment benefits obligation				
Rupiah	229,829,233,908	16,964,071	187,269,960,300	13,937,925
Total		104,613,522		149,818,168
Total liabilities, net		(48,119,266)		(104,741,259)

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

47. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN U.S. DOLLARS (Continued)

As of 31 December 2017 and 2016, the conversion rates used by the Group were as follows:

	31 December 2017	31 December 2016
	US$	US$
Currencies:		
1 Rupiah	0.000074	0.000074
1 Euro	1.19380	1.05400

In relation to the fluctuation of the U.S. Dollar exchange rate against foreign exchange net loss of US$ 724,575 and US$ 442,875, respectively for the years ended 31 December 2017 and 2016.

48. 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, difference 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 31 December 2017 and 2016 were as follows:

	31 December 2017	31 December 2016
	US$	US$
Debts		
Short term bank loans	9,270,000	22,733,039
Long-term bank loan - current maturities	3,228,879	905,478
Long-term bank loans - net of current maturities	99,482,000	105,382,449
Total debt	111,980,879	129,020,966
Equity attributable to the owners of the Company	391,898,595	354,491,041
Debt to equity ratio	28.57%	36.40%

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

Categories and classes of financial instruments

	Loans and receivable	Available-for-sale financial assets	Assets at fair value through profit or loss (FVTPL)	Financial liabilities at amortized cost
	US$	US$	US$	US$
31 December 2017				
Current financial assets				
Cash in banks and cash equivalents	46,339,165	-	-	-
Investment in trading securities	-	-	290,209	-
Receivable from service concession arrangement	45,143	-	-	-
Trade accounts receivable	3,132,403	-	-	-
Other receivable	438,832	-	-	-
Other current assets	549,524	-	-	-
Non-current financial assets				
Receivable from service concession arrangement	983,966	-	-	-
Investments in available-for-sale financial assets		18,960,621	-	-
Other non-current assets	27,557,879	-	-	-
Current financial liabilities				
Short-term bank loans	-	-	-	9,270,000
Trade accounts payable	-	-	-	12,661,523
Other payable	-	-	-	7,729,068
Accrued expenses	-	-	-	5,025,843
Long term bank loan – current maturities	-	-	-	3,228,879
Provision for service concession arrangement - current maturities	-	-	-	165,017
Non-current financial liabilities				
Long-term bank loans - net of current maturities	-	-	-	99,482,000
Provision for service concession arrangement - net of current maturities	-	-	-	232,275
Other non-current liabilities	-	-	-	1,860,427
Total	79,046,912	18,960,621	290,209	139,655,032

	Loans and receivable	Available-for-sale financial assets	Assets at fair value through profit or loss (FVTPL)	Financial liabilities at amortized cost
	US$	US$	US$	US$
31 December 2016				
Current financial assets				
Cash in banks and cash equivalents	16,761,827	-	-	-
Investment in available-for-sale financial asset	-	9,148,259	-	-
Investment in trading securities	-	-	290,207	-
Receivable from service concession arrangement	205,055	-	-	-
Trade accounts receivable	2,829,103	-	-	-
Other receivable	983,989	-	-	-
Prepayments and advances	8,120,155	-	-	-
Non-current financial assets				
Receivable from service concession arrangement	8,115,802	-	-	-
Investments in available-for-sale financial assets	-	16,594,435	-	-
Other non-current 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 (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial risk management objectives and policies

The Group's financial risk management objective 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 47. 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 1% and 7%, as well as 4% and 2% increase and decrease in U.S. Dollar rate against the relevant foreign currencies in 2017 and 2016, respectively 1% and 7% (2016: 4% 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 the outstanding foreign currency denominated monetary assets and liabilities and shows their translation effects at year end for every 1% and 7% change in the foreign currency rates of Rupiah and Euro, respectively at 31 December 2017.

	31 December 2017			
	Impact from Rupiah		Impact from Euro	
	1%	-1%	7%	-7%
	US$	US$	US$	US$
Assets				
Cash and cash equivalents	(53,350)	53,350	(1,683)	1,683
Trade accounts receivable	(1,070)	1,070	-	-
Other receivable	(4,388)	4,388	-	-
Receivable from service concession arrangement	(10,291)	10,291	-	-
Prepayments	(207,983)	207,983	-	-
Other current assets	(5,481)	5,481	-	-
Claims for tax refund	(6,834)	6,834	-	-
Other non-current assets	(275,305)	275,305	-	-
Total *)	(564,702)	564,702	(1,683)	1,683

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

i. Foreign currency risk (Continued)

	31 December 2017			
	Impact from Rupiah		Impact from Euro	
	1%	-1%	7%	-7%
	US$	US$	US$	US$
Liabilities				
Trade accounts payable	126,615	(126,615)	-	-
Taxes payable	8,318	(8,318)	-	-
Long-term bank loans	615,414	(615,414)	-	-
Other payable	77,291	(77,291)	-	-
Provision for service concession arrangement	-	-	27,810	(27,810)
Accrued expenses	44,883	(44,883)	-	-
Post-employment benefits obligation	169,641	(169,641)	-	-
Total *)	1,042,162	(1,042,162)	27,810	(27,810)
Total assets (liabilities) net	477,460	(477,460)	26,127	(26,127)

	31 December 2016			
	Impact from Rupiah		Impact from 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	-	-
Claims for tax refund	(4,611)	4,611	-	-
Other non-current 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 benefits 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 2017 translation effect of assets and liabilities amounted to Rp 504.3 billion and Rp 1,086.9 billion (2016: Rp 339.6 billion and Rp 1,710.5 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 consolidated financial statements in U.S. Dollar. This impact is recorded as 'Difference in translation of subsidiaries' financial statements in foreign currencies' (part of other reserves).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

i. Foreign currency risk (Continued)

The following table shows impact to other comprehensive income from the translation adjustments, if the U.S. Dollar increases or decreases by 1% and 4% against Rupiah, respectively for the years ended 31 December 2017 and 2016:

	2017		2016	
	1%	-1%	4%	-4%
	US$	US$	US$	US$
Translation adjustments	824,756	(824,756)	3,312,862	(3,312,862)

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:

	Carrying amount	
	31 December 2017	31 December 2016
	US$	US$
Financial assets:		
Floating rate		
Cash in banks	14,498,031	14,867,312
Investments in trading securities	290,209	290,207
Total	14,788,240	15,157,519
Fixed rate		
Cash equivalents	31,841,134	1,894,515
Receivable from service concession arrangement	1,029,109	8,320,857
Total	32,870,243	10,215,372
Financial liabilities:		
Floating rate		
Provision for service concession arrangement	397,292	2,441,313
Long-term bank loans	104,033,075	108,046,959
Total	104,430,367	110,488,272
Fixed rate		
Short-term bank loans	9,270,000	22,733,039
Total	9,270,000	22,733,039

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

ii. Interest rate risk (Continued)

Sensitivity analysis for floating rate financial instruments

The following cash flows sensitivity analysis has been determined based on the exposure to interest rates for the Group's 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 December 2017	
	+ 50 Basis points	- 50 Basis points
	US$	US$
Financial assets		
Cash and cash equivalents	72,490	(26,413)
Investments in trading securities	1,451	(1,451)
Financial liabilities		
Provision for service concession arrangement	(2,307)	2,307
Long-term bank loans	(520,165)	520,165
Total	(448,531)	494,608

	31 December 2016	
	+ 50 Basis points	- 50 Basis points
	US$	US$
Financial assets		
Cash and cash equivalents	74,337	(18,305)
Investments in trading securities	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

iii. Price Risk

The Group is exposed to price risks arising from investments in trading securities which are classified as financial assets at FVTPL. Investments in trading securities is held for trading purposes. To manage price risk arising from investments 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 6.

The Group is also exposed to the price risk arising from investments in available-for-sale financial assets which are classified as available-for-sale (AFS) financial assets. These investments are held for strategic purpose rather than trading purpose. The Group does not actively trade these investments (Note 12).

The Group faces commodity price risk because CPO and PK are commodity products traded in the 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 the global export market. The Group has not entered into any CPO and PK pricing agreements to hedge its exposure to fluctuations in CPO and PK prices but it 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

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 44h).

Trade accounts receivable aging profile is disclosed in Note 7.

The carrying amount of financial assets recorded in the consolidated financial statements, net of any allowance for losses represents the Group's exposure to credit risk.

The following table summarizes details of customers from revenue from sales and service concession revenue which individually exceed 10% of the Group's total revenue:

	2017		2016	
Name	Amount	Percentage to total consolidated revenue	Amount	Percentage to total consolidated revenue
	US$	%	US$	%
PT Synergy Oil Nusantara	67,878,071	42	61,343,253	46
Gobel Agro Resources Ltd.	36,339,172	22	1,156,250	1
Total	104,217,243	64	62,499,503	47

v. Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of its financial assets and liabilities.

The following tables detail the Group's contractual details of financial assets and liabilities based on the remaining maturity profile as of 31 December 2017 and 2016. The tables represent the undiscounted cash flows and carrying amount of financial assets and liabilities based on the earliest required payment date:

	31 December 2017				
	Contractual cash flows				
	Less than 1 year	1 – 5 years	Beyond 5 years	Total	Carrying amount
	US$	US$	US$	US$	US$
Financial assets:					
Cash and cash equivalents	46,404,941	-	-	46,404,941	46,404,941
Investments in trading securities	290,209	-	-	290,209	290,209
Receivable from service concession arrangement	176,300	705,200	1,057,722	1,939,222	1,029,109
Trade accounts receivable	3,132,403	-	-	3,132,403	3,132,403
Other receivable	438,832	-	-	438,832	438,832
Other current assets	549,524	-	-	549,524	549,524
Other non-current assets	-	27,557,879	-	27,557,879	27,557,879
Total financial assets	50,992,209	28,263,079	1,057,722	80,313,010	79,402,897

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

v. Liquidity Risk (Continued)

	31 December 2017				
	Contractual cash flows				
	Less than 1 year	1 – 5 years	Beyond 5 years	Total	Carrying amount
	US$	US$	US$	US$	US$
Financial liabilities:					
Short-term bank loans					
U.S. Dollar	9,315,044	-	-	9,315,044	9,270,000
Trade accounts payable	12,661,523	-	-	12,661,523	12,661,523
Provision for service concession arrangement	151,560	84,328	225,498	461,386	397,292
Long-term bank loans					
Rupiah	7,604,666	73,707,865	4,374,935	85,687,466	61,541,408
U.S. Dollar	3,483,548	46,660,669	-	50,144,217	42,491,667
Other payable	7,729,068	-	-	7,729,068	7,729,068
Accrued expenses	5,025,843	-	-	5,025,843	5,025,843
Other non-current liabilities	-	1,860,427	-	1,860,427	1,860,427
Total financial liabilities	45,971,252	122,313,289	4,600,433	172,884,974	140,977,228
Total net liabilities	5,020,957	(94,050,210)	(3,542,711)	(92,571,964)	(61,574,331)

	31 December 2016				
	Contractual cash flows				
	Less than 1 year	1 – 5 years	Beyond 5 years	Total	Carrying amount
	US$	US$	US$	US$	US$
Financial assets:					
Cash and cash equivalents	16,882,293	-	-	16,882,293	16,882,293
Investments in trading securities	290,207	-	-	290,207	290,207
Receivable from service concession arrangement	1,263,422	5,053,689	14,949,222	21,266,333	8,320,857
Trade accounts receivable	2,829,103	-	-	2,829,103	2,829,103
Other receivable	983,989	-	-	983,989	983,989
Prepayments and advances	8,120,155	-	-	8,120,155	8,120,155
Other non-current assets	-	20,939,297	-	20,939,297	20,939,297
Total financial assets	30,369,169	25,992,986	14,949,222	71,311,377	58,365,901
Financial liabilities:					
Short-term bank loans					
Rupiah	20,243,253	-	-	20,243,253	19,733,039
U.S. Dollar	3,072,955	-	-	3,072,955	3,000,000
Trade accounts payable	6,247,916	-	-	6,247,916	6,247,916
Provision for service concession arrangement	64,358	2,240,647	136,308	2,441,313	2,441,313
Long-term bank loans					
Rupiah	11,569,163	86,992,297	50,644,218	149,205,678	100,046,959
U.S. Dollar	414,965	8,683,658	-	9,098,623	8,000,000
Other payable	3,941,282	-	-	3,941,282	3,941,282
Accrued expenses	7,108,626	-	-	7,108,626	7,108,626
Total financial liabilities	52,662,518	97,916,602	50,780,526	201,359,646	150,519,135
Total net liabilities	(22,293,349)	(71,923,616)	(35,831,304)	(130,048,269)	(92,153,234)

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

49. FAIR VALUE MEASUREMENTS

Fair value of financial instruments carried at amortized cost

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost approximate their fair values due to their short-term maturities, the insignificant impact of discounting or they carry market rate of interest.

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.
- 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 those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2017	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Financial assets				
Financial assets at FVTPL				
Investments in trading securities				
Investments in money market fund	290,209	-	-	290,209
Available-for-sale financial assets (AFS)				
Investments in available-for-sale financial assets	8,754	5,418,686	-	5,427,440
Total	298,963	5,418,686	-	5,717,649

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

49. FAIR VALUE MEASUREMENTS (Continued)

31 December 2016	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Financial assets				
Financial assets at FVTPL				
Investments in trading securities				
Investments in money market fund	290,207	-	-	290,207
Available-for-sale financial assets (AFS)				
Investments in available-for-sale financial assets	8,437	13,357,827	-	13,366,264
Total	298,644	13,357,827	-	13,656,471

There were no transfers between Level 1 and 2 during the period.

The following tables shows the valuation techniques used in measuring level 2:

Investment	Valuation technique
Investment in non-listed entities	
Investment in available-for-sale financial asset	Investment valuation approach using market and net asset value adjusted with price of sales and purchase agreement

Reconciliation of Level 2 fair value measurements of financial assets

	Available-for-sale	
	Unlisted shares	
	2017	2016
	US$	US$
Beginning balance	13,357,827	11,864,307
Sale of investment in available-for-sale financial asset	(11,775,923)	-
Changes in fair value of investment in available-for-sale financial asset	3,836,782	1,493,520
Ending balance	5,418,686	13,357,827

50. NON-CASH FINANCING AND INVESTING ACTIVITIES

	2017	2016
	US$	US$
Non-cash 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
Acquisitions of property, plant and equipment through:		
Reclassification from other advances	2,742,983	-
Reclassification from advance for purchase of property, plant and equipment	-	741,663
Other payable	1,613,558	41,028
Addition of palm plantation through:		
Capitalization of depreciation of property, plant and equipment	1,061,312	860,615
Advances for palm plantations	-	492,087
Other payable	2,288,822	136,453
Capitalization of loan provision amortization	173,166	-
Addition of intangible assets through reclassification of other non-current assets	817,898	-
Addition of other non-current assets through the amortized cost adjustment	344,545	452,968

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2017 AND 2016

51. EVENTS AFTER THE REPORTING PERIOD

On 28 February 2018, Mr. Sonny Sunjaya Sukada has resigned from his position as the Company's Director. The Company will hold a General Meeting of Shareholders to approve his resignation.

52. SUPPLEMENTARY INFORMATION

The supplementary information on Appendix 1 to 11 presented the statements of financial position, profit or loss and other comprehensive income, changes in equity, cash flows and other explanatory information of the parent entity only.

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF FINANCIAL POSITION
PARENT ENTITY ONLY
31 DECEMBER 2017 AND 2016

	Notes	31 December 2017 US$	31 December 2016 US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		36,942,515	6,182,257
Investment in available-for-sale financial assets		-	9,148,259
Investments in trading securities		290,209	290,207
Other receivable		3,563,438	3,689,455
Loan to subsidiary	3	345,745	355,292
Prepayments and advances		92,240	283,655
TOTAL CURRENT ASSETS		41,234,147	19,949,125
NON-CURRENT ASSETS			
Investments in subsidiaries		246,347,214	239,050,587
Investments in associates		5,560,384	3,448,698
Investments in available-for-sale financial assets		18,960,621	20,175,372
Advances		11,776,380	1,733,877
Deferred tax assets	2	794,004	938,610
Property and equipment		22,228,109	22,261,620
Other non-current assets		962,867	1,356,371
TOTAL NON-CURRENT ASSETS		306,629,579	288,965,135
TOTAL ASSETS		**347,863,726**	**308,914,260**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loan		-	2,344,448
Taxes payable	1	13,976,492	196,246
Other payable		81,421	1,291,727
Accrued expenses		811,156	1,327,743
TOTAL CURRENT LIABILITIES		14,869,069	5,160,164
NON-CURRENT LIABILITIES			
Long-term bank loan		-	7,852,406
Post-employment benefits obligation		1,107,880	1,547,255
Other non-current liabilities		1,361,522	-
TOTAL NON-CURRENT LIABILITIES		2,469,402	9,399,661
TOTAL LIABILITIES		17,338,471	14,559,825

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF FINANCIAL POSITION
PARENT ENTITY ONLY (Continued)
31 DECEMBER 2017 AND 2016

	Notes	31 December 2017	31 December 2016
		US$	US$
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 31 December 2017 and 2016		46,735,308	46,735,308
Additional paid in capital		41,136,732	41,080,792
Treasury stock		(3,926,668)	(3,926,668)
Management stock options		-	55,940
Other reserves		3,417,118	7,499,309
Retained earnings			
Appropriated		6,824,453	6,796,399
Unappropriated		236,338,312	196,113,355
Total Equity		330,525,255	294,354,435
TOTAL LIABILITIES AND EQUITY		**347,863,726**	**308,914,260**

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
PARENT ENTITY ONLY
YEARS ENDED 31 DECEMBER 2017 AND 2016

	Notes	Year ended 31 December 2017 US$	2016 US$
Dividend income		4,554,643	5,631,165
Revenue from management services	3	4,601,776	4,515,600
Interest income		395,301	239,862
Foreign exchange gain		75,977	-
Gain on sale of investments		63,104,329	-
Other income		53,152	64,737
TOTAL REVENUE		72,785,178	10,451,364
Personnel expenses		(9,675,794)	(6,570,394)
General and administrative expenses		(4,085,837)	(2,146,096)
Finance costs		(671,825)	(218,698)
Foreign exchange loss		-	(48,322)
Other expense		(12,795)	(2,556)
TOTAL EXPENSES		(14,446,251)	(8,986,066)
PROFIT BEFORE TAX		**58,338,927**	**1,465,298**
Income tax expense	2	(13,551,581)	(208,984)
PROFIT FOR THE YEAR		**44,787,346**	**1,256,314**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Changes resulting from actuarial remeasurements of post-employment benefits obligation		(362,527)	(249,034)
Income tax on items that will not be reclassified to profit or loss		90,632	62,259
		(271,895)	(186,775)
Items that will be reclassified subsequently to profit or loss:			
Changes in fair value of investments in available-for-sale financial asset		3,837,099	1,490,362
Reclassification to profit or loss related to investments in available-for-sale financial assets		(7,702,351)	-
		(3,865,252)	1,490,362
Other comprehensive income net of tax		**(4,137,147)**	**1,303,587**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**40,650,199**	**2,559,901**

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN EQUITY
PARENT ENTITY ONLY
YEARS ENDED 31 DECEMBER 2017 AND 2016

					Other reserves		Retained earnings		
	Capital stock	Additional paid in capital	Treasury stock	Management stock options	Unrealized gain (loss) on investments in available-for-sale financial assets	Translation adjustments	Appropriated	Unappropriated	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of 31 December 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**
Additional paid in capital from the exercised management stock options	137,072	1,936,706	-	-	-	-	-	-	2,073,778
Issuance of treasury stock	-	2,605,608	6,716,135	-	-	-	-	-	9,321,743
Management stock options	-	313,976	-	(867,245)	-	-	-	-	(553,269)
Profit for the year	-	-	-	-	-	-	-	1,256,314	1,256,314
Other comprehensive income:									
Changes in fair value of investments in available-for-sale financial assets	-	-	-	-	1,490,362	-	-	-	1,490,362
Changes resulting from actuarial remeasurements of post-employment benefits obligation, net of tax	-	-	-	-	-	-	-	(186,775)	(186,775)
Cash dividends	-	-	-	-	-	-	-	(8,496,239)	(8,496,239)
Balance as of 31 December 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**
Reclassification of realized loss to retained earnings	-	-	-	-	(216,939)	-	-	216,939	-
Expired management stock options	-	55,940	-	(55,940)	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	44,787,346	44,787,346
Other comprehensive income:									
Changes in fair value of investments in available-for-sale financial assets	-	-	-	-	3,837,099	-	-	-	3,837,099
Reclassification to profit or loss related to investments in available-for-sale financial assets	-	-	-	-	(7,702,351)	-	-	-	(7,702,351)
Changes resulting from actuarial remeasurements of post-employment benefits obligation, net of tax	-	-	-	-	-	-	-	(271,895)	(271,895)
Appropriation for retained earnings	-	-	-	-	-	-	28,054	(28,054)	-
Cash dividends	-	-	-	-	-	-	-	(4,479,379)	(4,479,379)
Balance as of 31 December 2017	**46,735,308**	**41,136,732**	**(3,926,668)**	**-**	**2,280,776**	**1,136,342**	**6,824,453**	**236,338,312**	**330,525,255**

Appendix 4

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF CASH FLOWS
PARENT ENTITY ONLY
YEARS ENDED 31 DECEMBER 2017 AND 2016

	Year ended 31 December	
	2017	**2016**
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	4,592,476	4,579,600
Payments to employees	(7,544,837)	(5,792,915)
Payments to suppliers	(3,636,982)	(194,884)
Income taxes paid	(310,494)	(714,868)
Payments of post-employment benefits	(1,871,664)	(139,329)
Interest received	310,960	247,540
Payments for other operating activities	(76,393)	(1,454,925)
Net cash used in operating activities	**(8,536,934)**	**(3,469,781)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	4,554,643	5,631,165
Acquisition of property and equipment	(91,524)	(72,406)
Proceeds from sale of property and equipment	28,125	-
Withdrawal of restricted time deposit	-	111,747
Additions to other non-current assets	(363,533)	(376,417)
Acquisitions and additional investments in subsidiaries, associates and available-for-sale financial assets	(23,179,032)	(4,129,625)
Advance payments for investments in subsidiaries	-	(1,060,020)
Proceeds from sale of investments in subsidiaries, associates and available-for-sale financial assets	73,527,808	-
Proceeds from advance on sale of investment in available-for-sale financial asset	-	1,250,000
Net cash provided by investing activities	**54,476,487**	**1,354,444**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from management stock option	-	728,337
Issuance of treasury stock	-	7,887,592
Loan to subsidiaries	(3,388,255)	(20,422,326)
Proceeds from loan to subsidiaries	3,407,289	20,552,431
Proceeds from short-term bank loan	33,703,729	37,137,173
Payments for deferred financing costs	-	(60,000)
Payments of short-term bank loan	(35,942,342)	(34,886,142)
Payments of long-term bank loan	(8,000,000)	-
Payments of interest	(567,908)	(175,483)
Payments of dividends	(4,391,808)	(8,496,239)
Net cash (used in) provided by financing activities	**(15,179,295)**	**2,265,343**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**30,760,258**	**150,006**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**6,182,257**	**6,032,251**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**36,942,515**	**6,182,257**

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION
NOTES TO THE FINANCIAL STATEMENTS
PARENT ENTITY ONLY
YEARS ENDED 31 DECEMBER 2017 AND 2016

1. TAXES PAYABLES

	31 December 2017	31 December 2016
	US$	US$
Corporate income tax Article 29 (Note 2)	13,683,098	430
Income tax:		
Article 4 (2)	622	6,463
Article 21	276,792	151,418
Article 23/26	8,056	2,468
Article 15	3,184	-
Value Added Taxes	4,740	35,467
Total	13,976,492	196,246

2. INCOME TAX

Income tax expense of the Company consists of the followings:

	2017	2016
	US$	US$
Current tax	14,110,988	714,387
Deferred tax	(559,407)	(505,403)
Income tax expense of the Company	13,551,581	208,984

Current tax

The reconciliation between profit before tax of the Company per statements of profit or loss and other comprehensive income and taxable income of the Company is as follows:

	2017	2016
	US$	US$
Profit before tax of the Company	58,338,927	1,465,298
Temporary differences:		
Bonus	919,340	251,829
Post-employment benefits (including foreign exchange effects)	(801,904)	519,784
Advance from sale of investment in available-for-sale financial asset	(1,250,000)	1,250,000
Depreciation	9,428	-
Subtotal	(1,123,136)	2,021,613
Non-tax-deductible expenses (non-taxable income/subject to final tax):		
Dividend income from subsidiaries	(3,155,913)	(1,649,972)
Share based compensation	-	(412,033)
Interest expense	524,231	-
Interest income	(34,261)	(22,065)
Donation	22,324	34,736
Personnel expenses	1,445,149	1,150,289
Others	(44,846)	273,329
Subtotal	(1,243,316)	(625,716)
Total taxable income of the Company	55,972,475	2,861,195

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION
NOTES TO THE FINANCIAL STATEMENTS
PARENT ENTITY ONLY (Continued)
YEARS ENDED 31 DECEMBER 2017 AND 2016

2. INCOME TAX (Continued)

Current income tax expense and payable of the Company are computed as follows:

	2017	2016
	US$	US$
Current tax expense - the Company	13,993,120	715,299
Less: prepaid taxes		
Article 23 - the Company	(310,022)	(714,869)
Corporate income tax payable Article 29	13,683,098	430

Deferred Tax

As of 31 December 2017 and 2016, the Company had temporary differences from bonus accrual, post-employment benefits obligation, fixed assets, security deposit and investments in available-for-sale financial assets. Realization of the Company's deferred tax assets is dependent upon their profitable operations. Management believes that these deferred tax assets below are probable of being realized through offset against taxes due on future taxable income.

The details of deferred tax assets of the Company are as follows:

	1 January 2017	Credited (charged) to profit or loss	Credited (charged) to other comprehensive income	Other adjustment	31 December 2017
	US$	US$	US$		US$
Post-employment benefits obligation	386,814	(200,476)	90,632	-	276,970
Security deposits	-	31,000	-	-	31,000
Investments in available-for-sale financial assets	312,500	496,691	-	(794,645)	14,546
Fixed assets	-	2,357	-	-	2,357
Bonus	239,296	229,835	-	-	469,131
Total	938,610	559,407	90,632	(794,645)	794,004

	1 January 2017	Credited (charged) to profit or loss	Credited (charged) to other comprehensive income	31 December 2016
	US$	US$	US$	US$
Post-employment benefits obligation	194,609	129,946	62,259	386,814
Advance from sale of investment in available-for-sale financial asset	-	312,500	-	312,500
Bonus	176,339	62,957	-	239,296
Total	370,948	505,403	62,259	938,610

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION
NOTES TO THE FINANCIAL STATEMENTS
PARENT ENTITY ONLY (Continued)
YEARS ENDED 31 DECEMBER 2017 AND 2016

2. INCOME TAX (Continued)

A reconciliation between income tax expense of the Company and the amount computed by applying the prevailing tax rates to profit before tax of the Company is as follows:

	2017	2016
	US$	US$
Profit before tax of the Company	58,338,927	1,465,298
Tax expense at prevailing tax rates	(14,584,732)	(366,325)
Effect of non-tax deductible expenses (non-taxable income/subject to final tax):		
Dividend income from subsidiaries	788,978	412,493
Share based compensation	-	103,008
Interest income	8,565	5,516
Interest expense	(131,058)	-
Donation	(5,581)	(8,684)
Personnel expenses	(361,287)	(287,572)
Others	11,211	(68,332)
Total	310,828	156,429
Adjustment to prior year's deferred tax benefit	840,191	-
Adjustment to prior year's current income tax expense and tax expense from tax amnesty payment	(117,868)	912
Income tax expense of the Company	(13,551,581)	(208,984)

3. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

Nature of relationship

During 2017 and 2016, the following related parties, in which the Company is a shareholder (directly or indirectly), has transactions with the Company:

- PT Austindo Nusantara Jaya Agri (ANJA)
- PT Gading Mas Indonesia Teguh (GMIT)
- PT Darajat Geothermal Indonesia (DGI)
- PT Aceh Timur Indonesia (ATI)
- PT Surya Makmur (SM)
- PT Sahabat Mewah dan 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)
- PT Agro Muko
- PT Pangkatan Indonesia
- PT Sembada Sennah Maju
- PT Moon Lion Industries Indonesia

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION
NOTES TO THE FINANCIAL STATEMENTS
PARENT ENTITY ONLY (Continued)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES (Continued)

Transaction with related parties

In the normal course of business, the Company entered into certain transactions with its related parties, including the followings:

- On 14 December 2015, 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 31 October 2017 for period until 31 December 2017 and is extendable. Management fee charged to subsidiaries amounted to US$ 4,601,776 and US$ 4,515,600 for the years ended 31 December 2017 and 2016, respectively.

- On 15 December 2014, the Company provided loan facility to AANE amounting to US$ 750,000 with interest rate at 2.75% above LIBOR p.a. for the increase of AANE's electricity production capacity to 1,800 kw. This facility will be available for three years from the agreement date. On 10 January 2018, the agreement has been extended until 15 December 2020. As of 31 December 2017 and 2016, the outstanding loan to AANE is amounted US$ 301,458 and US$ 355,292, respectively.

- On 23 January 2017, the Company provided loan facility to AANE amounting to Rp 5 billion or its equivalent in US$ to finance AANE's operation and working capital. The interest rate for the loan facility in Rupiah and US$ are 10.5% p.a. and 4.25% p.a., respectively. Effective 1 April 2017, both parties agreed to change the interest rates to 10.0% p.a. and 3.0% p.a., respectively. Effective 1 September 2017, both parties agreed for an additional loan facility of US$ 750,000 and change the interest rate for the loan facility in Rupiah to 7.5% p.a. This facility will be available for one year from the agreement date and will be automatically extended for another one year period. As of 31 December 2017, the outstanding loan to AANE is amounted US$ 44,287.

- On 15 July 2015, the Company provided loan facility to ANJAP amounting to Rp 40 billion or its equivalent in US$ to finance ANJAP's operation and sagu factory development. The interest rate for the loan facility in Rupiah and U.S. Dollar are 11.5% p.a. and 3% p.a., respectively. This facility has been renewed and available until 15 July 2017, and automatically extended for another one year period. As of 31 December 2017 and 2016, no outstanding loan to ANJAP.

- On 19 August 2016, the Company provided loan facility to PMP and PPM each amounting to Rp 135 billion or its equivalent in US$, respectively, to finance PMP and PPM 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% p.a. and 4.25% p.a., respectively. This facility will be available until 18 August 2017, and automatically extended for another one year period. As of 31 December 2017 and 2016, no outstanding loan to PMP and PPM.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION
NOTES TO THE FINANCIAL STATEMENTS
PARENT ENTITY ONLY (Continued)
YEARS ENDED 31 DECEMBER 2017 AND 2016

3. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES (Continued)

- For the years ended 31 December 2017 and 2016, the Company received dividend distributions from the following related parties:

	2017	2016
	US$	US$
PT Darajat Geothermal Indonesia	1,699,971	1,649,972
PT Agro Muko	1,300,000	1,586,603
PT Surya Makmur	821,296	-
PT Aceh Timur Indonesia	634,646	-
PT Pangkatan Indonesia	-	2,343,998
PT Sembada Sennah Maju	-	49,184
PT Sahabat Mewah dan Makmur	6,398	121
PT Moon Lion Industries Indonesia	89,309	-
Total	4,551,620	5,629,878

- The Company paid benefits to its Commissioners and Directors as follows:

	2017	2016
	US$	US$
Short-term employee benefits	4,405,651	3,045,438

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION
NOTES TO THE FINANCIAL STATEMENTS
PARENT ENTITY ONLY (Continued)
YEARS ENDED 31 DECEMBER 2017 AND 2016

Investments in subsidiaries and associates

As of 31 December 2017 and 2016, investments in subsidiaries and associates were as follows:

Subsidiaries and associates names	Domicile	Nature of business	Percentage of Company's ownership		Percentage of Company's voting rights	
			2017	2016	2017	2016
			%	%	%	%
Direct Subsidiaries						
PT Darajat Geothermal Indonesia (DGI)	Darajat, West Java	Renewable energy	-	99.99	-	99.99
PT Austindo Aufwind New Energy (AANE)	Belitung, Bangka Belitung	Renewable energy	99.18	99.18	99.18	99.18
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)	Jember	Agribusiness	79.97	99.96	79.97	99.96
PT ANJ Agri Papua (ANJAP)	South Sorong, Papua	Agribusiness	99.78	99.72	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	Pangkatan, Labuhanbatu 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	Labuhanbatu, North Sumatera	Agribusiness	5.00	-	20.00	20.00
PT Simpang Kiri Plantation Indonesia	Simpang Kiri, Aceh	Agribusiness	5.00	-	20.00	20.00
PT Aceh Timur Indonesia (ATI)	Jakarta	Agribusiness	25.00	99.99	25.00	99.99
PT Surya Makmur (SM)	Medan	Agribusiness	25.00	99.99	25.00	99.99

KPMG

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Independent Auditors' Report

No.: L.17 - 1000532630 - 18/III.09.012

The Shareholders,
Board of Commissioners and Board of Directors
PT Austindo Nusantara Jaya Tbk:

We have audited the accompanying consolidated financial statements of PT Austindo Nusantara Jaya Tbk and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as of 31 December 2017, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and 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.

KPMG

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Other matters

The consolidated financial statements of the Group as of 31 December 2016 and for the year then ended were audited by other auditors who expressed an unmodified opinion on those statements on 7 March 2017.

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included in Appendix 1 to 11, which comprises the statement of financial position (parent entity only) as of 31 December 2017, and the related statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements in accordance with Indonesian Financial Accounting Standards. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Siddharta Widjaja & Rekan
Registered Public Accountants

Budi Susanto, S.E., M.B.A, CPA
Public Accountant License No. AP. 0302

Jakarta, 9 March 2018

Cross Reference of Annual Report Award 2017 Criteria

No.	Criteria	Description	Page
I. GENERAL			
1	The Annual Report must be written in good Indonesian, and it is recommended that the report is also presented in English.		✓
2	The printing of the Annual Report must be of good quality, using an easily readable type and font size.		✓
3	The annual report clearly presents the company's identity.	The company name and the year of the annual report are shown on: 1. Front cover; 2. Side margin; 3. Back cover; and 4. Each page.	✓
4	The Annual Report is posted on the company's website.	Including the current annual report and the reports for at least the past 4 years.	✓
II. FINANCIAL PERFORMANCE HIGHLIGHTS			
1	Information on the Company's operating results with a comparison of 3 (three) fiscal years or since the commencement of business of the company if it has been operating for less than three years.	The information includes, among others: 1. Sales/revenues; 2. Profit (loss): a. Attributable to the owner of the parent entity; and b. Attributable to non-controlling interests; 3. Total comprehensive profit (loss): a. Attributable to the owner of the parent entity; and b. Attributable to non-controlling interests; and 4. Earnings (loss) per share. Note: If the company does not have any subsidiaries, the company should present the net income (loss) and earnings (loss) and other comprehensive income in total.	6
2	Information on the financial position is presented in the form of a comparison with the previous 3 (three) fiscal years or since the commencement of business of the company if it has been operating for less than 3 (three) years.	Information includes, among others: 1. Total investment in associates; 2. Total assets; 3. Total liabilities; and 4. Total equity.	6
3	Financial ratios with comparisons for three fiscal years or since the commencement of business of the company if it has been operating for less than 3 (three) years.	The information includes five financial ratios that are common and relevant to the company's industry.	6
4	Information on stock price in table and chart form.	1. Number of outstanding shares; 2. The information in tables and charts covers: a. Market capitalization based on price on the Exchange where the shares are listed; b. The highest, lowest, and closing price of shares on the Exchange where the shares are listed; and c. Trading volume on the Exchange where the shares are listed. 3. Information in charts contains at least: a. Closing price based on price on the Exchange where the shares are listed; and b. Share trading volume on the Exchange where the shares are listed. 4. For each quarter of the last two fiscal years. Note: if the company has no market capitalization, information on the stock price and share trading volume shall be disclosed.	8

No.	Criteria	Description	Page
5	Information on outstanding bonds, sukuk, or convertible bonds of the last two fiscal years.	The information contains: 1. Number of outstanding bonds/sukuk/convertible bonds; 2. Interest rate/yield; 3. Maturity; and 4. Bonds/sukuk rating in 2015 and 2016. Note: if a company does not have bonds/sukuk/convertible bonds, this should be disclosed.	8
III. REPORTS FROM THE BOARD OF COMMISSIONERS AND THE BOARD OF DIRECTORS			
1	The Board of Commissioners' Report	Information includes: 1. Assessment of the performance of the Board of Directors in managing the company and the basis for the assessment; 2. View on the company's business prospects as prepared by the Board of Directors; 3. View on the implementation/management of whistleblowing system (WBS) in the Company and role of the Board of Commissioners in such WBS; and 4. Changes in the composition of the Board of Commissioners and the reason for the change (if any).	14-17
2	The Board of Directors' Report	Information includes: 1. Analysis of the company's performance, including: a. Strategic policies; b. Comparison between realisations and targets; and c. Challenges faced by the company and how these were addressed; 2. Analysis of business prospects; 3. Implementation of corporate governance in the fiscal year; 4. Changes in the composition of the Board of Directors (if any)and the reason behind the change.	18-23
3	Signatures of the Board of Commissioners and the Board of Directors.	Includes the following: 1. Signatures are presented on separate sheets; 2. Statement of full responsibility for the accuracy of the annual report contents by the Board Commissioners and the Board of Directors; 3. Signed by all members of the Board of Commissioners and the Board of Directors, stating their names and positions; and 4. Written explanation in a separate letter from the person(s) concerned in the event that a member of the Board of Commissioners or the Board of Directors fails to sign the annual report; or a written explanation in a separate letter from another member(s) in the event that the person(s) concerned fails to provide a written explanation.	24
IV. COMPANY PROFILE			
1	Company profile information.	The information includes, among others, the name and address, postal code, phone number(s), facsimile, e-mail, and website address.	26
2	Brief history of the company.	Include: date/year of establishment, name, and changes in company name (if any). Note: if the company has never changed its name, this should be disclosed.	26
3	Line of Business.	Description of, among others: 1. The company's business activities in accordance with the latest articles of association; 2. Business activities conducted; and 3. Products and/or services produced.	31
4	Organisational structure.	In a chart, showing names and positions, up to at least one level below the Board of Directors.	34-35

No.	Criteria	Description	Page
5	Company Vision, Mission and Culture.	Include: 1. Corporate Vision; 2. Corporate Mission; 3. Explanation that the vision and mission have been agreed by the Board of Directors/Board of Commissioners; 4. Statement on the company's corporate culture.	36-37
6	Identity and brief CV's of the members of the Board of Commissioners.	The information includes, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Education (field of study and educational institution); 6. Work experience (positions, institutions, and period of service); and 7. History of appointments as a Commissioner of the company since the first appointment.	38-41
7	Identity and brief CV's of the members of the Board of Directors.	The information includes, among others: 1. Name; 2. Position and term of office (including position in the company or other institutions); 3. Age; 4. Domicile; 5. Education (field of study and educational institution); 6. Work experience (positions, institutions, and period of service); and 7. History of appointments as a Commissioner of the company since the first appointment.	42-46
8	Number of employees (comparative for 2 years) and description of competency building that reflects the opportunities for each level of the organisation.	The information should contain: 1. The number of employees at each level of the organisation; 2. The number of employees at each level of education; 3. The number of employees based on employment status; 4. A description of and data on employee competency development programmes undertaken, consisting of the parties (position level) attending the trainings, types of training and purpose of training; and 5. Expenditure on developing employee competencies in the fiscal year.	47, 84-86
9	Shareholders' composition.	Includes, among others: 1. Details of the names of shareholders, covering the 20largest shareholders and their shareholding percentage; 2. Details of shareholders and their shareholding percentage should include: a. Names of shareholders with 5% or more of the shares; b. Groups of public shareholders with respectiveshareholdings of less than 5%. 3. Names of Directors and Commissioners as well as theirstock ownership, both directly and indirectly. Note: if the Directors and Commissioners do not own shares,either directly or indirectly, this should be disclosed.	48-49
10	List of subsidiaries and/or associates.	The information includes, among others: 1. Names of subsidiaries and/or associates; 2. Shareholding percentage; 3. Explanation of the subsidiaries and/or associates' lines ofbusiness; and 4. Explanation of the operational status of the subsidiaries and/or associates (operating or not yet operating).	52-55
11	Group corporate structure.	Group corporate structure in chart form showing the subsidiaries, associates, joint ventures, and Special Purpose Vehicles (SPVs).	51
12	Chronology of share issues (including private placements) and/or share listings from the initial issuance up to the end of the financial year.	Include the following items: 1. Year of share issue, number of shares, nominal value andoffering price for each corporate action; 2. Number of listed shares after each corporate action; and 3. Name of Stock Exchange where the company's shares are listed. Note: if the company has no stock listing chronology, this shall be disclosed.	50

No.	Criteria	Description	Page
13	Chronology of other securities listings from initial issuance up to the end of the financial year.	Include the following items: 1. Name of securities, year of issue, interest rate/return, and date of maturity; 2. Offering value of other securities; 3. Name of Stock Exchange where the company's other securities are listed; and 4. Rating of the securities. Note: if the company has no chronology of other securities issue or listing, this should be disclosed.	50
14	Names and addresses of supporting institutions and/or professionals.	The information includes, among others: 1. Name and address of the Share Registrar/parties administering the company's securities; 2. Name and address of Public Accounting Firm; and 3. Name and address of rating agency.	59
15	Awards and/or certifications received by the company in the last fiscal year, both national and international.	Includes the following items: 1. Name of the awards and/or certificates; 2. Year of the awards and/or certificates received; 3. Institution presenting the awards and or certificates; and 4. Period of validity (for certificates).	58
16	Names and addresses of subsidiary companies and or branch offices or representative offices (if any).	Information should include: 1. Names and addresses of business entities; and 2. Names and addresses of branch/representative offices. Note: if there are no business entities/branches/representatives, this should be disclosed.	52-55
17	Information on the company website.	Includes at least: 1. Information on shareholdings up to the ultimate individual shareholder; 2. Contents of the Code of Conduct; 3. Information on the General Meeting of Shareholders (GMS), covering at least the meeting agenda, a summary of the minutes of the GMS and significant dates such as the GMS announcement, GMS invitation, date of the GMS, and announcement of the summary of the GMS minutes; 4. Financial statements (the last 5 years); 5. Profile of the Board of Commissioners and Directors; and 6. Charter of the Board of Commissioners, Board of Directors, Committees and Internal Audit Unit.	59
18	Education and/or trainings for the Board of Commissioners, Board of Directors, Committees, Corporate Secretary and Internal Audit Unit.	Includes at least the following information (type and participants): 1. Education and/or training for the Board of Commissioners; 2. Education and/or training for the Board of Directors; 3. Education and/or training for the Audit Committee; 4. Education and/or training for the Nomination and Remuneration Committee; 5. Education and/or training for other committees; 6. Education and/or training for the Corporate Secretary; and 7. Education and/or training for the Internal Audit Unit; followed by the financial year. Note: if there were no education and/or trainings in the financial year, this should be disclosed.	60-61
V. MANAGEMENT DISCUSSION AND ANALYSIS OF THE COMPANY'S PERFORMANCE			
1	Operational review per business segment.	Includes descriptions of: 1. Explanation of each business segment; 2. Performance of each business segment, including: a. Production/business activities; b. Increase/decrease in business capacity; c. Sales/revenues; and d. Profitability.	65-69

No.	Criteria	Description	Page
2	Description of the company's financial performance.	Analysis of the financial performance, including a comparison between the current financial performance and the previous year's financial performance and causes of the increase/decrease (in narration and tables), relating to, among others: 1. Current assets, non-current assets, and total assets; 2. Short-term liabilities, long-term liabilities, and total liabilities; 3. Equity; 4. Sales/revenues, expenses and profit (loss), other comprehensive income and total comprehensive profit (loss); and 5. Cash flows.	70-73
3	Discussion and analysis of the company's solvency and liquidity, presenting ratios that are relevant to the company's industry.	Explanation of: 1. Capacity to pay debts in the long term and short term; and 2. Accounts receivable collectability.	74
4	Discussion of the capital structure and capital structure policy.	Explanation of: 1. Details of the capital structure, consisting of interest/sukuk and equities; and 2. Capital structure policy; and 3. Basis for the management's policy on capital structure.	74
5	Discussion of material commitments for capital investment (not funding commitments) in the last financial year.	Explanation of: 1. Names of parties making the commitment; 2. The purpose of such commitment; 3. Source of funds expected to fulfill said commitment; 4. Currency of denomination; and 5. Steps taken by the company to protect the related foreign currency position against risks. Note: if the company had no material commitments for investment in capital goods in the last fiscal year, this should be disclosed.	78
6	Discussion of capital investments realised in the last fiscal year.	Explanation of: 1. Types of capital investment; 2. Purposes of the capital investments; and 3. Value of capital investments spent in the last fiscal year. Note: if there was no realisation of capital investment, this should be disclosed.	78
7	Information on comparisons between the targets at the beginning of the fiscal year and the realisation, and expected targets or projections for the coming year relating to revenue, profit, capital structure, and other matters considered important to the company.	The information includes, among others: 1. Comparisons between the targets at the beginning of the fiscal year and the realisation; and 2. Expected targets or projections for the coming year.	81
8	Information and material facts occurring after the date of the accountant's report.	Description of significant events after the date of the accountant's report, including their effect on future business performance and risks. Note: if there were no material events after the date of the accountant's report, this should be disclosed.	81
9	Description of the company's business prospects.	Description of the company's business prospects related to the industry and economy in general, accompanied by quantitative supporting data from a trustworthy source.	79
10	Description of marketing aspects.	Description of the marketing aspects of the company's products and/or services, including marketing strategies and market share.	81-82
11	Description of the dividend policy and amount of the cash dividend per share and amount of the dividends per year announced or paid in the last two fiscal years.	Including a description of: 1. Policy on the distribution of dividends; 2. Total dividend distributed; 3. Amount of cash dividends per share; 4. Payout ratio; and 5. Date of announcement and payment of cash dividends for each year. Note: if no dividend was paid, this should be disclosed.	76

No.	Criteria	Description	Page
12	Employee and/or Management Stock Ownership Plan (ESOP/MSOP) operated by the company, which is still in operation up to the fiscal year.	Including a description of: 1. Total ESOP/MSOP shares and their realisation; 2. Time period; 3. Requirements for eligible employees and/or management; and 4. Exercise price. Note: if there is no such programme, this should be disclosed.	76
13	Realisation of the use of proceeds from the public offering (in the event that the company is stillrequired to report the use of proceeds).	Including a description of: 1. Total proceeds; 2. Planned use of the proceeds; 3. Detailed use of the proceeds; 4. Balance of proceeds; and 5. Date of GMS/GMB approval on changes in the use of proceeds (if any). Note: if the company has no information on the use of proceeds from the public offering, this should be disclosed.	76
14	Information on material transactions containing conflicts of interest and/or transactions with affiliates.	Including a description of: 1. Names of affiliates and the nature of affiliation; 2. Explanation of the fairness of the transaction; 3. Reason behind the transaction; 4. Realisation of transactions in the last fiscal year; 5. Company policy relating to the review mechanism for transactions; and 6. Compliance with relevant regulations and provisions. Note: if there is no such transactions, this should be disclosed.	77
15	Description of regulatory changes that had a significant impact on the company in the last financial year.	The description includes: 1. The regulatory changes; and 2. Their impacts (quantitative and/or qualitative) on the company (if significant), or statement that they were not significant. Note: if there were no such changes, this should be disclosed.	76
16	Description of changes in accounting policies applied by the company in the last fiscal year.	The description includes: 1. Any change of accounting policies; 2. The rationale for such change; and 3. Its quantitative impact on the financial statement. Note: if there were no such changes, this should be disclosed.	75
17	Information on business continuity.	Disclosure of information about: 1. Issues in the last fiscal year that may have a significant impact on the continuity of business; 2. Management's assessment of the issues in point 1; and 3. The assumptions used by the management in making the assessment. Note: If there were no issues in the last fiscal year that may have a significant impact on the continuity of the business, disclose the assumptions used by management to conclude that this is the case.	82
VI. GOOD CORPORATE GOVERNANCE			
1	Description of the Board of Commissioners.	The description includes, among others: 1. Description of the Board of Commissioners' responsibilities; 2. Assessment of the performance of each committee under the Board of Commissioners and basis for the assessment;and 3. Disclosure about the Board Charter (guidelines and working arrangements for the Board of Commissioners).	101-103
2	Independent Commissioners (minimum of 30% of total members of the Board of Commissioners).	Covering, among others: 1. The criteria for the appointment of the Independent Commissioners; and 2. Statement of independence of each Independent Commissioner.	102
3	Description of the Board of Directors.	The description includes, among others: 1. Scope of duties and responsibilities of each member of the Board of Directors; 2. Assessment on the performance of committees under the Board of Directors (if any); and 3. Disclosure about the Board Charter (guidelines and working arrangements for the Board of Directors).	104-107

No.	Criteria	Description	Page
4	Assessment of the Implementation of GCG for the fiscal year, covering at least the Board of Commissioners and the Board of Directors.	The description includes, among others: 1. Criteria used for the assessment; 2. Parties conducting the assessment; 3. Score on each criterion; 4. Recommendations on the assessment results; and 5. Reasons for not implementing the recommendations. Note: if there was no GCG assessment in the fiscal year, this should be disclosed.	93
5	Description of the remuneration policy for the Boards of Commissioners and the Boards of Directors.	The description includes, among others: 1. Disclosure of the remuneration procedures for the Board of Commissioners; 2. Disclosure of the remuneration procedures for the Board of Directors; 3. Remuneration structure, showing the nominal amount per component for each Commissioner 4. Remuneration structure, showing the nominal amount per component for each Director; and 5. Disclosure of indicators for the determination of Board of Directors' remuneration; 6. Disclosure of performance and non-performance bonuses, and/or stock options received by each member of the Board of Commissioners and Board of Directors (if any). Note: if no performance or non-performance bonuses, and/or stock options were received by any member of the Board of Commissioners and Board of Directors, this should be disclosed.	108
6	Frequency and attendance at BOC Meetings (at least once every two months), BOD meetings (minimum once a month), and joint meetings of the BOD and BOC (minimum once every four months).	The information includes: 1. Meeting date; 2. Meeting participants; and 3. Meeting agenda for each BOD and BOD meeting, and joint meeting.	103, 106
7	Information on major shareholders and controlling shareholders, directly or indirectly, and individual shareholders.	In the form of scheme or chart that separates major shareholders and controlling shareholders. Note: a major shareholder is a party that directly or indirectly owns at least 20% (twenty percent) of the voting rights of all shares with voting rights issued by the Company, but is not a controlling shareholder.	108-109
8	Disclosure of affiliations between the members of the Board of Directors, Board of Commissioners, and major and/or controlling shareholders.	The description includes: 1. Affiliations between members of the Board of Directors; 2. Affiliations between members of the Board of Directors and Board of Commissioners; 3. Affiliations between members of the Board of Directors and Major and/or Controlling Shareholders; 4. Affiliations between members of the Board of Commissioners; and Affiliations between members of the Board of Directors and Major and/or Controlling Shareholders. Note: If there are no such affiliations, this should be disclosed.	110
9	Audit Committee.	Including: 1. Names, positions, and terms of office of Audit Committee members; 2. Educational qualifications and work experience of Audit Committee members (position, institution, and period of service) of Audit Committee members; 3. Audit Committee members' independence; 4. Description of Audit Committee's duties and responsibilities; 5. Brief report on Audit Committee members' activities; 6. Frequency of meetings and attendance of Audit Committee members.	111-113

No.	Criteria	Description	Page
10	Nomination and/or Remuneration Committee.	Including: 1. Names, positions, and brief CVs of nomination and/or remuneration committee members; 2. Independence of nomination and/or remuneration committee members; 3. Description of duties and responsibilities; 4. Description of implementation of activities of the nomination and/or remuneration committee in the financial year; 5. Frequency of meetings and attendance at nomination and/or remuneration committee meetings; 6. Statement about the existence of guidelines for the nomination and remuneration committee; and 7. Policy relating to the Board of Directors' succession.	113-115
11	Other committees under the Board of Commissioners.	Covering, among others: 1. Names, positions, and brief CVs of members of other committees; 2. Independence of members of other committee; 3. Description of duties and responsibilities; 4. Description of implementation of the activities of other committees; and 5. Frequency of meetings and attendance.	115-117
12	Description of duties and functions of the Corporate Secretary.	Including: 1. Name and brief CV of Corporate Secretary; 2. Domicile; 3. Description of duties of the Secretary; and 4. Description of execution of duties in the fiscal year.	118
13	Description of the internal audit unit.	Including: 1. Name of the head of the internal audit unit; 2. Number of employees (internal auditors) in the internal audit unit; 3. Certification for internal audit professionals; 4. Position of internal audit unit in the corporate structure; 5. Brief report on the internal audit unit's implementation of activities; and 6. The party that appoints/dismisses the head of the internal audit unit.	119-120
14	Public accountant.	The information includes: 1. Name and years in which the public accountant has audited the annual financial statements in the past 5 years; 2. Name and number of periods in which the public accounting firm has audited the annual financial statements in the past 5 years; 3. The fee for each service provided by the public accountant; and 4. Other services provided by the accountant apart from the audit of the annual financial statements. Note: if no other services were rendered, this should be disclosed.	121
15	Description of corporate risk management.	Including: 1. Explanation of the risk management system applied by the company; 2. Explanation of the evaluation of the effectiveness of the risk management system; 3. Explanation of the risks faced by the company; and 4. Efforts to manage the risks.	122-125
16	Description of the internal control system.	Including: 1. Brief explanation of the internal control system, including financial and operational control; 2. Explanation of the internal control system's compliance with internationally-recognised frameworks (COSO – internal control framework); and 3. Explanation of the evaluation of the effectiveness of the internal control system.	126-127
17	Description of corporate social responsibility activities related to the environment.	Including information on: 1. Targets/planned activities in 2016 as determined by the company; 2. Activities implemented and their quantitative impact; and in relation to environmental programmes associated with company's operations, such as the use of environmentally friendly and recyclable materials and energy, the company's waste treatment system, mechanism for complaints about environmental issues, consideration of environmental aspects in providing loans to customers, and so on; 3. Environmental certification held by the company.	139-144

No.	Criteria	Description	Page
18	Description of corporate social responsibility in relation to employment, occupational health and safety.	Including information on: 1. Targets/planned activities in 2016 as determined by the company; and 2. Activities implemented and their quantitative impact in relation to employment, occupational health and safety practices, such as gender equality and equal work opportunities, safety facilities, employee turnover, workplace accident rate, remuneration, employmentrelated complaints mechanism, and so on.	83-89
19	Description of corporate social responsibility in relation to social and community development.	Including information on: 1. Targets/planned activities in 2016 as determined by the company; 2. Activities implemented and their impact; and 3. Costs incurred in relation to social and community development, such as the use of the local workforce, empowerment of surrounding communities, repair of social facilities and infrastructure, other forms of donations, communication related to the anti-corruption policy and procedures, anti-corruption training, and so on.	145-148
20	Description of corporate social responsibility in relation to responsibility to customers.	Including information on: 1. Targets/planned activities in 2016 as determined by the company; and 2. Activities implemented and their impact in relation to product responsibility, such as consumer health and safety, product information, facilities, number of customer complaints and the response, and so on.	149
21	Significant cases currently faced by the company, its subsidiaries, and members of the Board of Directors and/or Board of Commissioners member(s) who were serving during the period of the annual report.	Including: 1. The main points of the cases/lawsuits; 2. Dispute/lawsuit settlement status; 3. The risk to the company and the nominal value of the lawsuit/claim; 4. Administrative sanctions imposed on the company or members of the Board of Commissioners or Board of Directors, by the relevant authorities (capital market, banking, and others) in the last fiscal year (or a statement confirming that no administrative sanctions were imposed). Note: if there were no such cases, this should be disclosed.	128
22	Access to company information and data.	Description of the availability of company information and data to public, such as through the website (in Indonesian and English), mass media, mailing lists, bulletins, analyst meetings, etc.	128
23	Discussion of the code of conduct.	Including information on: 1. Content of the code of conduct; 2. Disclosure about the applicability of the code of conduct for all levels of the organisation; 3. Dissemination of the code of conduct; 4. Sanctions for each type of violation of the code of conduct; and 5. The number of violations of code of conduct and the sanctions imposed in the last fiscal year. Note: If there were no violations of the code of conduct in the last fiscal year, this should be disclosed.	129-130
24	Disclosure about the whistleblowing system.	Description of the whistleblowing system mechanisms, including: 1. Mechanism for reporting violations; 2. Protection for the whistleblower; 3. Handling of violation reports; 4. The unit responsible for handling violation reports; 5. Number of complaints received and processed in the last fiscal year; and 6. Sanctions/follow up in relation to the complaints processed in the fiscal year. Note: if no complaints were received in the last fiscal year, this should be disclosed.	133
25	Policy on diversity of the composition of the Board of Commissioners and the Board of Directors.	Description of the company's policy on diversity in the composition of the Board of Commissioners and Board of Directors with regard to education (field of study), work experience, age, and gender. Note: if there is no such policy, this should be disclosed.	134

No.	Criteria	Description	Page
VII. FINANCIAL INFORMATION			
1	Statement from the Board of Directors and/or Board of Commissioners on their accountability for the financial statements.	Compliance with the relevant regulations on accountability for the financial statements.	153
2	Independent auditor's opinion on the financial statements.		265
3	Description of the independent auditor's opinion.	The description includes: 1. Name and signature; 2. Date of Audit Report; and 3. Public Accounting Firm's and Public Accountant's License Numbers.	265
4	Comprehensive financial statements.	Including in full the following elements of the financial statements: 1. Statement of financial position; 2. Statement of profit and loss and other comprehensive income; 3. Statement of changes in equity; 4. Statement of cash flows; 5. Notes to the financial statements; 6. Comparative information on the previous period; and 7. Statement of financial position at the beginning of comparative period, presented when an entity applies an accounting policy retrospectively or restates posts in the financial statements, or reclassifies posts in the financial statements (if relevant).	154-263
5	Comparison of profitability.	Comparison between profit (loss) in the current year and the previous year.	156-157
6	Statement of Cash Flows.	Fulfilling the following requirements: 1. Classification in three categories of activity: operation, investment, and financing; 2. The use of the direct method in reporting cash flow from operational activities; 3. Separation of presentation between cash receipts and/ or cash expenses for the current year into operation, investment, and financing activities; and 4. Disclosure of non-cash transactions must be included in the notes to the financial statements.	160
7	Summary of accounting policy.	Consists of at least: 1. Statement of compliance with Financial Accounting Standards (SAK); 2. Basis for the measurement and preparation of the financial statements; 3. Income Tax; 4. Employee benefits; and 5. Financial instruments	168-189
8	Disclosure of transactions with related parties.	Items disclosed include: 1. Names of related parties and the nature of the relationship with these parties; 2. The value of the transactional and its percentage of total revenue and relevant expenses; and 3. Total balance and its percentage of total assets or liabilities.	260-262
9	Disclosure of matters relating to taxation.	Matters that must be disclosed: 1. Fiscal reconciliation and calculation of current tax expense; 2. Explanation of relationship between tax expense (income) and accounting profit; 3. Statement acknowledging that Taxable Profits (LKP) from the reconciliation serve as the basis for the Annual Corporate Income Tax Returns (SPT); 4. Details of assets and deferred tax liabilities recognised in the financial position statement for each period presented, and the amount of deferred tax (income) expenses recognised in the income statements if the amount is not visible in the total assets or liabilities of deferred tax recognised in the statements of financial position; and 5. Disclosure of any tax disputes.	227-230

No.	Criteria	Description	Page
10	Disclosure of matters relating to fixed assets.	Matters that must be disclosed: 1. Depreciation method used; 2. Description of accounting policy selected, either revaluation or cost model; 3. Methods and significant assumptions used to estimate the fair value of fixed assets (for the revaluation model) or disclosure of the fair value of fixed assets (for the cost model); and 4. Reconciliation of the gross carrying amount and accumulated depreciation of fixed assets at the beginning and end of the period by presenting: addition, reduction, and reclassification.	200-204
11	Disclosure of matters relating to operational segments.	Matters that must be disclosed: 1. General information covering the factors used to identify the segments reported; 2. Information regarding profit and loss, assets, and liabilities of the reported segments; 3. Reconciliation of total revenue, profit and loss, assets, liabilities of the reported segments, and material elements of the other segments against relevant amount in the entity; and 4. Disclosure at the entity level, covering information on products and/or services, geographical area, and main customers.	237-240
12	Disclosure relating to financial instruments.	1. Details of the financial instruments based on their classification; 2. The fair value and the hierarchy of each class of financial instruments; 3. Explanation of the risks associated with financial instruments: market risk, credit risk and liquidity risk; 4. Risk management policy; and 5. Risk analysis related to quantitative financial instruments.	241-249
13	Publication of financial statements.	Issues to be disclosed include: 1. The date on which the financial statements were authorised for publication; and 2. The party responsible for authorizing the financial statements.	153

Annual Report 2017

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