RESPONSIBLE DEVELOPMENT:

RESOLVING CHALLENGES WITH RESILIENCE AND INNOVATION

2019 ANNUAL REPORT

PT Austindo Nusantara Jaya Tbk.

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 forward-looking 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 forward-looking 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 2019. 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 communities under the Indonesian Government's Plasma Program to benefit smallholders.

RESPONSIBLE DEVELOPMENT:
RESOLVING CHALLENGES WITH RESILIENCE AND INNOVATION

As a company engaged in the agribusiness sector across a range of geographies, we face unique environmental, social and economic challenges. The past year has been no different. Throughout its history, ANJ has proved its resilience by optimizing our resources, taking strategic and prudent action when needed, and always protecting the interests of our stakeholders through our philosophy of responsible development.

The past year has seen us step-up our focus on addressing challenges through innovation and resilience to ensure that we meet our responsible development commitments. We have consistently championed innovation by empowering our people to apply their knowledge, ingenuity and creativity to improve the productivity and sustainability of our business. They have responded by developing solutions across our operations that add value, increase efficiency and reduce costs. These have included technological advances such as our E-Plantation Mobile Solution to improve our field operations; new applications for sago starch and edamame that have both commercial value and can contribute to better nutrition and income generation in communities; engaging our people as citizen scientists to document the biodiversity in our operational areas; expanding our waste recycling initiatives to reduce inorganic fertilizer and fossil fuel use; and working with communities to bring about changes that make a real difference to their lives, such as our savings cooperative in Papua. Across the business, we have identified innovative ways to use existing resources more effectively, never losing sight of our responsibility to build and sustain our business for a better future for all our stakeholders.

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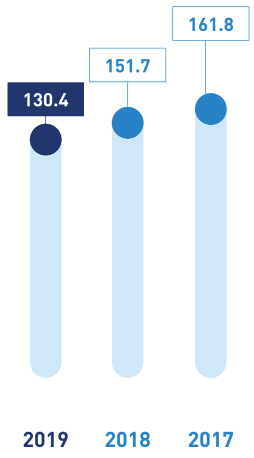
01.

PERFORMANCE HIGHLIGHTS

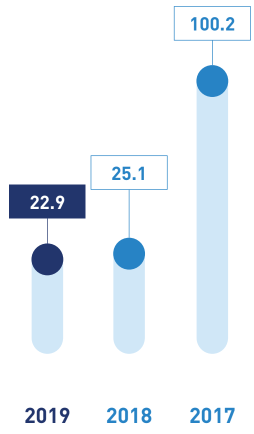
FINANCIAL AND OPERATIONAL HIGHLIGHTS

Results from Operations (USD million)	2019	2018	2017	Variance 2019 vs 2018 Amount	Variance 2019 vs 2018 %
Total Revenue	**130.4**	151.7	161.8	(21.3)	(14.1%)
Palm Oil and Palm Kernel	**128.5**	150.0	154.7	(21.4)	(14.3%)
Sago starch	**1.0**	0.7	0.2	0.3	36.2%
Service Concession Revenue	**0.4**	0.6	4.8	(0.1)	(20.0%)
Others	**0.4**	0.4	2.1	(0.1)	(20.9%)
Gross profit	**23.8**	40.9	49.0	(17.2)	(41.9%)
EBITDA	**22.9**	25.1	100.2	(2.2)	(8.7%)
Net income (loss) for the year	**(4.6)**	(0.5)	46.5	(4.1)	(827.2%)
attributable to the owners of the company	**(4.2)**	(0.3)	46.6	(3.9)	(1,251.9%)
attributable to non-controlling interests	**(0.4)**	(0.2)	(0.0)	(0.2)	(99.5%)
Total Comprehensive Income (Loss)	**2.2**	(7.1)	40.8	9.3	130.8%
attributable to owners of the company	**2.5**	(6.9)	40.9	9.4	136.3%
attributable to non-controlling interests	**(0.3)**	(0.2)	(0.0)	(0.1)	(62.4%)
Basic earnings (loss) per share	**(0.001267)**	(0.000094)	0.013882	(0.0)	(1,247.9%)
Financial Position (USD million)					
Cash and cash equivalents	**18.5**	29.2	46.4	(10.7)	(36.8%)
Investments in associates	**-**	19.6	24.3	(19.6)	(100.0%)
Total current assets	**66.8**	93.5	84.8	(26.6)	(28.5%)
Total assets	**625.7**	602.2	569.5	23.5	3.9%
Bank loans	**190.5**	171.4	112.0	19.0	11.1%
Total current liabilities	**31.4**	56.1	55.6	(24.6)	(43.9%)
Total liabilities	**237.0**	215.8	174.1	21.2	9.8%
Total equity	**388.7**	386.4	395.4	2.3	0.6%
Financial Ratios					
Return on assets (%)	**(0.7%)**	(0.1%)	8.2%	(0.0)	(792.4%)
Return on equity (%)	**(1.2%)**	(0.1%)	11.8%	(0.0)	(821.7%)
Gross margin (%)	**18.2%**	27.0%	30.3%	(0.1)	(32.4%)
EBITDA margin (%)	**17.5%**	16.5%	61.9%	0.0	6.3%
Net profit margin (%)	**(3.5%)**	(0.3%)	28.8%	(0.0)	(979.0%)
Current ratio	**2.13**	1.67	1.52	0.5	27.5%
Liabilities to equity ratio	**0.6**	0.6	0.4	0.1	9.2%
Liabilities to assets ratio	**0.4**	0.4	0.3	0.0	5.7%
Net debt to equity ratio	**0.44**	0.37	0.17	0.1	20.2%
Cash ratio	**0.59**	0.52	0.83	0.1	12.8%
Receivables Turnover	**20.1**	39.3	15.8	(19.1)	(48.7%)
Palm Oil Production (tonnes unless specified)					
Total FFB produced from our estates	**732,837**	786,104	730,356	(53,267.0)	(6.8%)
Total FFB bought from third parties	**405,754**	375,181	234,452	30,572.6	8.1%
Total FFB processed	**1,138,591**	1,161,285	964,808	(22,694.4)	(2.0%)
Average FFB yield (tonnes per hecatare)	**20.9**	22.0	19.2	(1.1)	(5.0%)
Total CPO Production	**240,844**	248,694	210,248	(7,850.0)	(3.2%)
Total CPO Sales	**239,800**	246,138	209,000	(6,338.0)	(2.6%)
Total PK production	**51,585**	54,033	44,037	(2,448.0)	(4.5%)
Total PK sales	**52,115**	54,285	42,797	(2,170.0)	(4.0%)
CPO extraction rate (%)	**21.1%**	21.4%	21.8%	(0.0)	(1.1%)
PK extraction rate (%)	**4.5%**	4.7%	4.6%	(0.0)	(3.6%)
CPO average selling price (ex-mill)	**479**	504	613	(25.0)	(5.0%)
PK average selling price (ex-mill)	**261**	381	507	(120.0)	(31.5%)
Cash cost of production (ex-mill)	**293**	285	313	8.0	2.8%

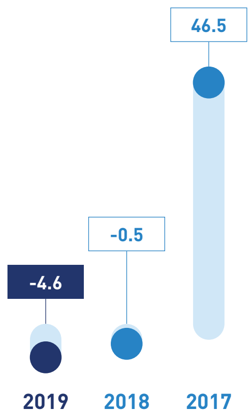
TOTAL REVENUE
(USD million)



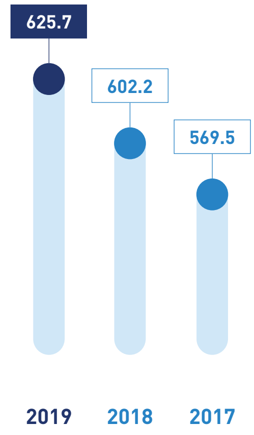
EBITDA
(USD million)



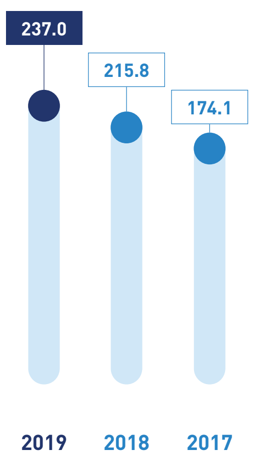
NET INCOME (LOSS) FOR THE YEAR
(USD million)



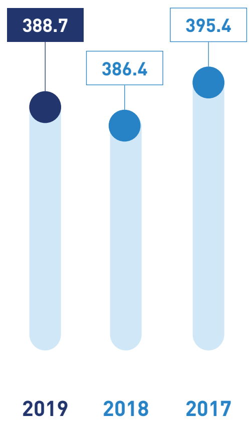
TOTAL ASSETS
(USD million)



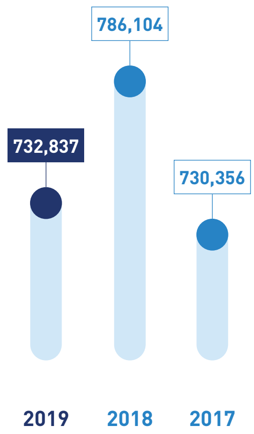
TOTAL LIABILITIES
(USD million)



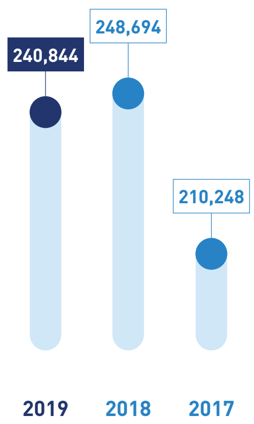
TOTAL EQUITY
(USD million)



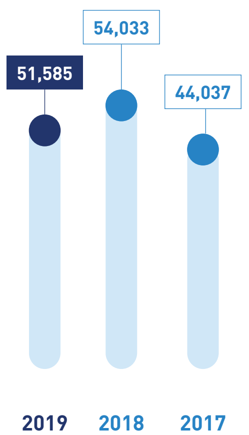
FFB PRODUCTION
(tonnes)



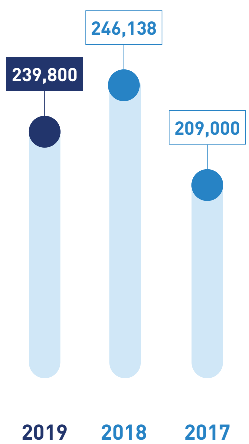
CPO PRODUCTION
(tonnes)



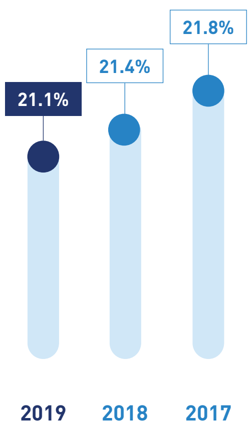
PK PRODUCTION
(tonnes)



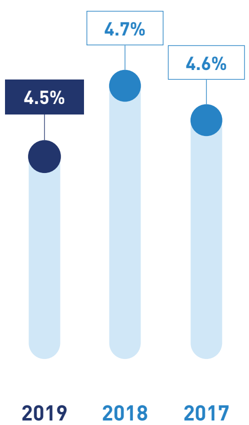
CPO SALES
(tonnes)



CPO EXTRACTION RATE
(%)

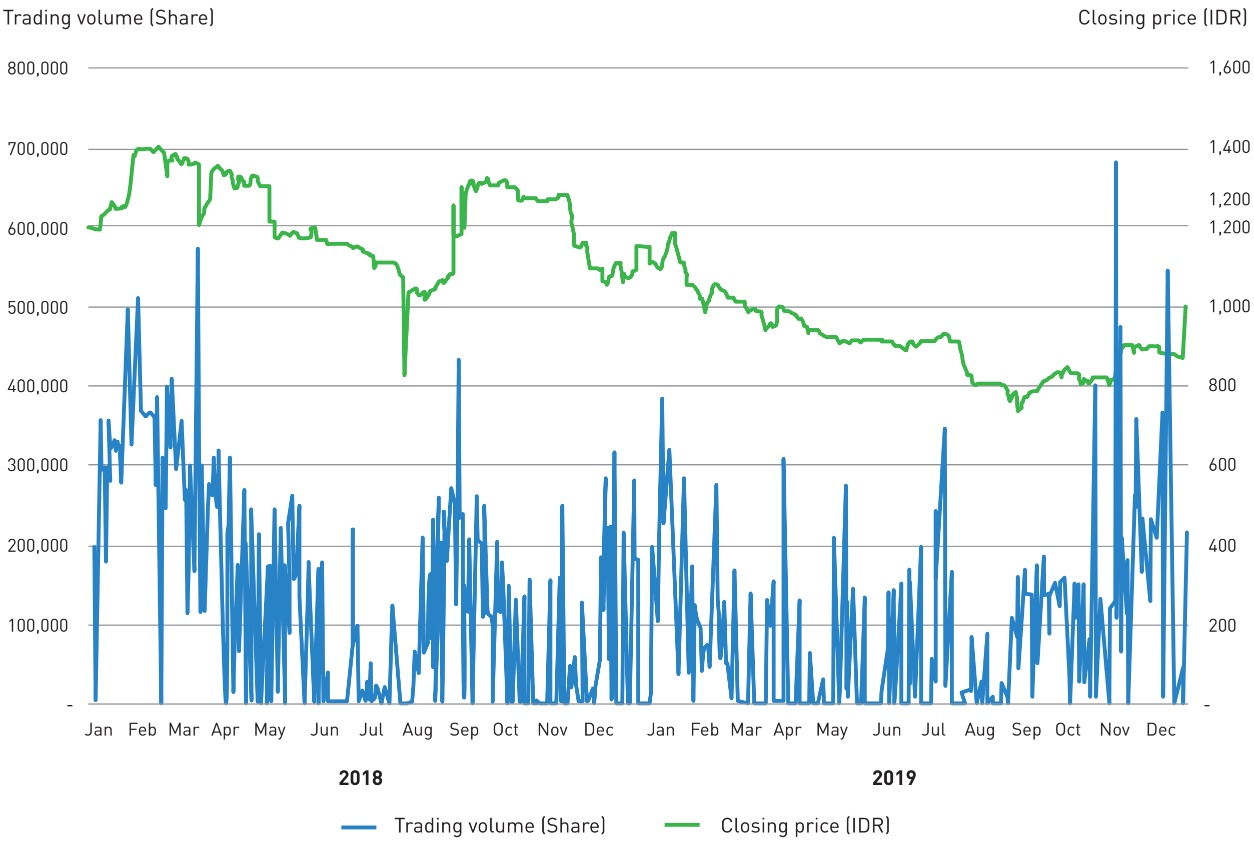


PK EXTRACTION RATE
(%)



SHARE INFORMATION

ANJT SHARE PRICE PERFORMANCE 2018 - 2019



ANJT QUARTERLY SHARE PRICE DATA 2018 - 2019

Year	Quarter	Open (IDR)	High (IDR)	Low (IDR)	Close (IDR)	Volume (Shares)	Value of Transactions (IDR)	Outstanding (Shares)	Market Capitalization (IDR)
2019	**Q1**	1,115	1,190	940	1,010	6,723,100	7,238,495,000	3,354,175,000	3,387,716,750,000
	Q2	995	935	865	910	2,593,100	2,405,143,000	3,354,175,000	3,052,299,250,000
	Q3	900	935	725	820	4,492,600	3,792,670,000	3,354,175,000	2,750,423,500,000
	Q4	830	1,000	780	1,000	9,609,500	8,316,948,000	3,354,175,000	3,354,175,000,000
2018	Q1	1,200	1,440	1,180	1,330	18,467,900	24,494,873,000	3,354,175,000	4,461,052,750,000
	Q2	1,350	1,350	1,105	1,135	7,058,500	8,715,531,000	3,354,175,000	3,806,988,625,000
	Q3	1,120	1,350	830	1,310	6,955,300	8,153,039,000	3,354,175,000	4,393,969,250,000
	Q4	1,295	1,315	1,040	1,150	5,675,500	6,757,178,000	3,354,175,000	3,857,301,250,000

INFORMATION ON OUTSTANDING BONDS, SUKUK (SHARIA BOND) OR CONVERTIBLE BONDS

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

SUSPENSION AND/OR DELISTING

No suspension and/or delisting during financial year 2019.

SIGNIFICANT EVENTS

4

FEBRUARY

Presentation of the IUCN Report on Oil Pam and Biodiversity with the Coordinating Minister for the Economy in Jakarta.

15

MAY

General Meeting of Shareholders (GMS) and Public Expose 2019.

20
23

MAY

Voluntary visit by the news portal Foresthints to share positive news about Bornean orangutan conservation programs in Indonesian palm oil concessions, KAL is one of them

23

MAY

Stakeholder Meeting with the Governor of West Papua in Jakarta.

18
19

JULY

Visit from the Palm Oil & NGO (PONGO) Alliance to see the practice of conservation area management by PT KAL.

31

JULY

ANJ's President Director, Istini Tatiek Siddharta awarded as Business Woman of The Year 2019 from SWA Magazine.

15
18

AUGUST

Group Head of Corporate Communications, Nunik Maharani Maulana awarded as 100 Top Corporate Communications Practitioners Indonesia 2019 from MIX Marketing & Communication Magazine.

5

OCTOBER

Participation in the Sustainable Development Goals (SDG) Festival in Jakarta.

24

OCTOBER

Stakeholder Meeting with the Regent of South Sorong in Teminabuan.

3
5

NOVEMBER

Chef Petty Elliott's visit to exchange knowledge of home-based sago food processing with housewives at ANJAP basecamp.

11

NOVEMBER

KAL obtaining RSPO Certification

25

NOVEMBER

Launch of the Papuan Sago Book for the World and the Introduction of Bueno Nasio Restaurant.

17

DECEMBER

Participation in the Papua Development Summit held by Bappenas in Jakarta.

9

JANUARY 2020

- PROPER Green of SMM for 2019, ranked first under the palm oil category. (awarded on January 9, 2020)
- PROPER Green of ANJA for 2019, ranked second under the palm oil category. (awarded on January 9, 2020)

02.

MANAGEMENT REPORT

REPORT FROM THE BOARD OF COMMISSIONERS

We appreciate the flexibility shown by management in a very challenging year. Going forward, we hope to see a continued focus on optimizing productivity and efficiency while upholding the Company's sustainability objectives.

ADRIANTO MACHRIBIE

President Commissioner (Independent)

Dear Shareholders,

In a very difficult year, the Company was able to overcome significant challenges while remaining focused on our long-term sustainability priorities.

The ongoing global volatility resulting from the US-China trade war, Brexit and tensions in the Middle East continued to have a dampening effect on demand for commodities, including palm oil. Despite efforts by both Indonesia and Malaysia to boost demand through their biodiesel mandates, the CPO price continued its decline from the previous year, slipping to an average USD 479 per tonne in 2019. Conditions for the industry were complicated by a prolonged drought, which exacerbated the forest and bush fires that spread through large areas of Sumatra and Kalimantan from June to September 2019.

Our assessment of the Board of Directors' performance

While the Company's financial results were below expectations in 2019, posting a net loss of USD 4.6 million due to the unforeseen decline in the CPO price and lower than expected CPO and palm kernel sales volumes, the Company was also challenged by several other significant setbacks during the year. In response, however, the management team made a number of strategic adjustments to minimize the damage and delivered pleasing progress both in the sago business, as well as on our sustainability agenda.

In the palm oil segment, production fell slightly as the palms entered a 'resting phase' following exceptionally high yields in 2018 and 2017 and dryer weather conditions. In light of the lower CPO price, management prudently decided to defer new planting and replanting until the price recovers. On a more positive note, the Company passed a notable milestone with the trial production commissioning of palm oil and kernel oil from the PMP and PPM estates in West Papua, despite the mill commissioning having been delayed by adverse weather conditions and logistics challenges. In line with the development of the West Papua plantations, the Company has, through our community health, education and livelihood programs, sought to engender positive social change to ensure that the community is empowered to take advantage of the benefits that are already accruing to the local economy as a result of ANJ's operations there.

Management's prioritization of responsible development has continued to yield results: in November 2019 our West Kalimantan estate, operated by KAL, became the last of our four matured estates to be certified by the RSPO; all four estates are now qualified to sell certified sustainable palm oil. The ANJA estate in Binanga, North Sumatra and the SMM estate on the island of Belitung both received a Green rating, the second highest rank, on the government's PROPER sustainable environmental management certification system, indicating that they have gone beyond compliance with environmental regulations. Such independent recognition of our sustainability credentials enhances the Company's reputational value.

Having successfully kept our estates fire-free for the last two years, we were unable to prevent forest fire from encroaching on our West Kalimantan concession in September 2019. That the fire was brought under control relatively quickly attests to the preparedness of KAL's Emergency Response Team in terms of training and equipment, and the Company's decision to budget for the lease of two helicopters that could be deployed in case of fire. Management is therefore to be commended for recognizing that critical areas such as firefighting require ongoing, significant investment even as they have faced pressure to pursue cost efficiencies across the business.

We were pleased to see the productivity improvements in the sago business as well as the innovative sago applications that are being developed by the Company's food technologists to increase the commercial value of sago starch. Our commitment to developing sago as a sustainable commodity is based on its potential as a solution to Indonesia's food security concerns, and as a driver for improving livelihoods in the remote communities where sago grows abundantly. To raise awareness about sago's potential, collaborating with Kompas Gramedia Group, the corporate communications division published a book, 'Sagu Papua untuk Dunia' (Papua Sago for the World), documenting the history, production and benefits of sago. We hope to see the book, alongside the Company's sago-themed restaurant, Bueno Nasio, used effectively to advocate for a larger role for sago starch in the food sector, both in Indonesia and abroad. The Company has already found potential markets in Japan and we hope to see exports begin in 2020.

We note that in the edamame business, the other key pillar in our agribusiness strategy, management had to postpone the start of commercial production due to equipment issues. With replacement machinery now being installed, we hope to see the first frozen edamame exported in the second semester of 2020. We believe that, like sago, edamame and okra, which will be produced commercially from 2020, could make a valuable contribution to Indonesia's food diversification and security objectives.

We appreciate the flexibility shown by management in a very challenging year. Going forward, we hope to see a continued focus on optimizing productivity and efficiency while upholding the Company's sustainability objectives.

Advising the Board of Directors

The Board of Commissioners has a very open and collaborative working relationship with the Board of Directors, and we provided advice to them on a variety of matters throughout the year. We held four formal joint meetings—one each quarter—with the Board of Directors, and at least one Commissioner was typically in attendance, as observers, at each of the twice-monthly Board of Directors' meetings. Commissioners also had frequent contact with individual Directors on matters related to their respective areas of expertise.

Corporate governance

Corporate governance principles continue to be implemented consistently and systematically throughout the Company. The Board Committees delivered effective oversight, providing objective and actionable input on financial and operational control integrity, risk management, compliance and sustainability. This contributed to a number of improvements, particularly in the area of internal audit and internal control.

We have also seen a consistent improvement in sustainability governance. As noted above, management has worked hard to put in place the processes, practices and mindset for sustainability compliance, resulting in the RSPO certification for KAL and a number of our smallholder cooperative partners in West Kalimantan and Belitung, as well as the Green PROPER ratings for ANJA and SMM. The launch of the traceability project in 2019 was another significant development that will contribute to greater accountability and transparency in our palm oil operations while enabling the Company to support more sustainable practices on the part of smallholders.

The Board's opinion of and involvement in the whistleblowing system

The work we do to strengthen and embed our corporate values and governance is complemented by our whistleblowing system, *Berani Bicara*. This is a secure mechanism through which employees can confidentially report breaches of our Code of Ethics on Business Conduct or any unlawful act, with full protection against retaliation by the perpetrator or the Company. In 2019 a number of measures were taken to improve awareness of and access to the system, for example by distributing cards bearing the WBS hotline numbers to employees, contract workers and vendors, and enabling secure reporting via WhatsApp. Since its launch in 2016, people have seen sanctions imposed as a result of whistleblower reports and, as a result, have gained confidence in the system's effectiveness and objectivity. Moreover, the majority of the reports received are fact-based. We have therefore concluded that the system is working well, although we urge all managers and internal auditors to continue to publicize it widely.

While whistleblower reports are dealt with initially by the Internal Audit Unit, the Board of Commissioners reviews the results of any investigations that are carried out and provides recommendations on further actions and sanctions.

Analysis of prospects

The CPO price rallied in the last quarter of 2019 and this is expected to continue on the strength of increasing demand driven by the biodiesel mandates in Indonesian and Malaysia, as well as lower production growth forecasts as a result of the prolonged dry season and lower fertilizer application as producers sought to cut costs. However, in early 2020 we have seen some volatility in the price as well as reduced demand from China due to the COVID-19 outbreak. The export prospects for frozen edamame and okra remain positive, while sago starch also has strong potential; however, the market is still relatively small. We monitor the frozen vegetable and sago markets closely for the potential adverse impact from the COVID-19 outbreak, especially in Japan.

The strategy proposed by the Board of Directors reflects the need to preserve cash flow in the current uncertain environment but leaves scope for reappraising the budget constraints should conditions improve. In the palm oil sector, the Company will continue to drive productivity while deferring the replanting program until the CPO price reaches a more supportive level. In the frozen vegetables segment, management will continue to seek out markets beyond our core target market of Japan, while preparing for the start of commercial production and export of edamame and okra in the second semester of 2020. The Company expects to begin exporting sago starch to Japan by mid-year while further optimizing productivity and exploring opportunities to grow both the domestic and export markets, including through the development of value-added applications for sago starch.

Changes in the composition of the Board of Commissioners

The Company sadly lost a friend and colleague in 2019. Mr Arifin Siregar, one of our Independent Commissioners, passed away in September, having served on the Board since 2001. He was a valued member of our team, and made a significant contribution to the vision ANJ is pursuing today. There were no new appointments to the Board during the year.

Despite the challenges of the last 12 months, the longer term outlook is good for responsibly managed agribusiness, and particularly for sustainable palm oil. We are confident that by continuing to strengthen the foundations on which the business, the communities and the environment across our operational area can grow and prosper together, the Company will create sustainable long-term value for all our stakeholders. Our thanks go to the management and all ANJ's people for their dedication to this vision over the last year, and to our shareholders and stakeholders for their ongoing trust and support.

On behalf of the Board of Commissioners

ADRIANTO MACHRIBIE
President Commissioner (Independent)

THE BOARD OF COMMISSIONERS
from left to right:

Anastasius Wahyuhadi
Sjakon George Tahija
J. Kristiadi
Adrianto Machribie
Istama Tatang Siddharta
Darwin Cyril Noerhadi
George Santosa Tahija

REPORT FROM THE BOARD OF DIRECTORS

Despite being tested by severe challenges in 2019, we remained resilient, consolidating our resources and making strategic decisions that have kept us on track to achieve our vision and positioned the company for growth going forward.

ISTINI TATIEK SIDDHARTA

President Director

Dear Shareholders,

Despite being tested by severe challenges in 2019, we remained resilient, consolidating our resources and making strategic decisions that have kept us on track to achieve our vision and positioned the company for growth going forward.

The palm oil industry in 2019

Ongoing uncertainty around the world, particularly the trade war between the US and China, continued to act as a brake on global economic growth in 2019. This put commodity demand and prices under serious pressure, with CPO in particular seeing a steady decline in consumption, resulting in a continual slide in the CPO price from January 2018 until the middle of 2019. Despite a slow recovery since August, the CPO price averaged USD 479 per tonne over the year, inflicting considerable damage on the palm oil industry and forcing growers to take actions—such as postponing replanting and reducing fertilizer use—that will impact palm oil production going forward.

Adverse weather posed a further challenge for the industry as the prolonged dry season contributed to the spread of forest and land fires in Sumatra and Kalimantan between June and November, causing extensive damage and considerable economic losses.

Expectations of a decline in output growth in 2020 as a result of the above, as well as anticipation of an increase in the mandatory biofuel content of diesel fuel from 20% to 30%, contributed to an upturn in the CPO price towards the end of the year. The 'B30' requirement was introduced in December 2019, slightly ahead of schedule. The biodiesel program is a key component of the government's strategy for increasing Indonesia's energy self-reliance and supporting the domestic palm oil sector, which provides employment for more than 17 million Indonesians. By boosting domestic demand, the policy has also reduced Indonesia's exposure to European restrictions on palm oil imports.

The Indonesian palm oil industry continued to receive a lot of negative coverage over the year. We acknowledge the harmful environmental and social impacts that can arise from the uncontrolled expansion of palm oil. However, we support the government's view that sustainable palm oil can and should continue to play a major role in achieving the Sustainable Development Goals (SDGs) in Indonesia, particularly in remote and underdeveloped areas. We are therefore striving to do our part to increase the share of certified sustainable palm oil (CSPO) in Indonesia's total output. All our matured plantations are now qualified to sell CSPO, meaning that they have satisfied the internationally recognized social environmental and social criteria set by the Roundtable on Sustainable Palm Oil (RSPO). During the year we also initiated a traceability project that represents a major step towards driving more sustainable practices and accountability throughout our palm oil value chain. We believe that by adhering to responsible management practices and supporting our suppliers and other stakeholders to do the same, we can strengthen palm oil's role as a driver of sustainable, equitable development while minimizing the threat to Indonesia's natural forest heritage and biodiversity.

Strategies

In 2019 we identified the following strategic priorities to sustain the growth of our agribusiness segments:

- Drive the growth of our sustainable palm oil business by:
  - Optimizing estate and mill management to maximize FFB production and oil extraction;
  - Continuing initiatives to preserve HCS, HCV and peatlands with increased stakeholder engagement;
  - Deploy digital technology to make field operations more efficient, accurate and transparent.
- Grow our non-palm oil agribusiness segments by:
  - Increasing production and improving the quality of sago starch from our West Papua sago mill;
  - Preparing to enter the edamame export market by improving field operations and completing a frozen line facility;
  - Exploring the potential of other agribusiness options, such as okra.
- Implement a program of aggressive cost management by driving cost efficiency, improving asset productivity and minimizing capital expenditures.

Performance versus targets

ANJ booked a 14.1% decrease in consolidated revenue to USD 130.4 million, compared to USD 151.7 million in 2018, and 26.1% lower than our target of USD 176.3 million. This was largely due to a significant decrease in the CPO price, which at USD 479 per tonne was 12.9% lower than our budget assumption of USD 550, as well as lower CPO and PK sales volume in 2019, which at 291,915 tonnes in 2019 was 9.7% lower than our budget assumption of 323,393 tonnes.

The Group booked a net loss of USD 4.6 million, compared to a net loss of USD 0.5 million in 2018, mainly due to the lower average selling price and sales volume for CPO and PK in 2019. Our consolidated financial performance results were below our net income target of USD 10.4 million. Consolidated EBITDA decreased from USD 25.1 million in 2018 to USD 22.9 million in 2019, below our target of USD 49.5 million.

As part of our ongoing consolidation of resources, we divested two assets in 2019. In March 2019 we recognized a small gain on the sale of our investment in PT Puncakjaya Power, a coal thermal power plant at the Freeport site in Papua, to Freeport and a local company. In September 2019 we sold our entire minority investment in the UK-listed MP Evans Group, recognizing an accounting gain of USD 12.1 million.

Challenges in 2019

- The average CPO selling price in 2019 was USD 479/tonne, significantly below our budget assumption of USD 550/tonne, and 5.0% lower than the 2018 price of USD 504/tonne. Meanwhile, the PK selling price averaged USD 261/tonne in 2019, below our budget of USD 413/tonne and 31.5% below the 2018 price. To mitigate the impact, we decided to defer all new planting and replanting, other than that which had already started, until the CPO price recovers. Further cost rationalization was achieved by reducing travel, scaling down parts of the training program and various other operational efficiencies.

- Part of our West Kalimantan concession, operated by KAL, was affected by fire in September 2019. However, there was minimum disruption to the operation as a whole.
- The commissioning of our new palm oil mill at the PMP estate in West Papua was delayed by one month due to high rainfall and logistics challenges in Papua which have slightly hindered the construction progress.
- We experienced a structural problem with the bridge construction, which is intended to provide access to the mill from the adjacent PPM estate. A pontoon bridge was installed as temporary solution and the full repair will be completed in the second semester of 2020.
- Development of our third concession in Papua, operated by ANJT, has been suspended since November 2018 pending clarification of RSPO's thresholds for high carbon stock (HCS) in a non high forest cover country but in a high forest cover landscape.
- Some of the machinery in our recently commissioned edamame frozen line did not perform to specifications. This resulted in a USD 300,000 write-off and has delayed the start of commercial frozen edamame production. New machinery has been purchased and is being installed.

Segment performance

Palm oil contributed 98.6% to ANJ's total revenue in 2019, posting revenue of USD 128.5 million. CPO production, at 240,844 tonnes, was slightly down from the record high of 248,694 tonnes in 2018 and 8.6% below our budget, reflecting lower internal FFB production from all except KAL's West Kalimantan plantation in 2019. We believe that this is largely attributable to the trees having entered the 'resting' phase of the cycle following two consecutive years of very high production in 2017 and 2018, as well as the impact of flooding in previous years at ANJAS, both of which negatively affected both overall FFB volume and yield. However, we did see yield improvements in the KAL and ANJA estates. To optimize mill utilization, and in line with our responsible development commitments to local communities, we increased the volume of FFB purchased from external growers. This makes a significant contribution to local economic development and enables us to support sustainable growing by demanding higher standards and higher quality fruit. The dryer condition experienced in 2019 impacted the production of FFB for both internal and external sources.

Improving efficiency and decision making in our plantation management was a priority during the year. We introduced the EPMS (E-Plantation Mobile Solution) system in the KAL, ANJA, and ANJAS estates in 2019 and will complete the roll-out in SMM in 2020. Its real-time processing capability has already generated significant efficiencies.

KAL estate received RSPO certification in November 2019; thus all our mature estates are now RSPO-certified and qualified to sell certified sustainable palm oil. Our focus now is on ensuring that our smallholder suppliers move towards sustainable practices and certification; in 2019, three of our smallholder cooperative partners in Belitung and one of our plasma cooperative partner in West Kalimantan were successfully certified by RSPO. Our traceability project, which kicked off in 2019 and is discussed later in this report, is another important step towards increasing sustainability compliance, accountability and transparency as well as improving the livelihoods of small-scale farmers.

We replanted approximately 1,500 hectares on the ANJA and SMM estates during the year. In light of the significant volatility in the CPO price, however, we will carefully assess the continuity of the replanting program in 2020, to match our cash flow availability for such action. We suspended the development of our South Sumatra estate operated by GSB until a more favorable CPO price justifies further investment.

In West Papua, our new palm oil mill entered the trial commissioning phase with CPO production from the PMP and PPM estates reaching 4,120 tonnes by year end. This was slightly below budget due to the delay in completing the mill noted above; however, the monthly production totals have so far been higher than budgeted. Once the mill commissioning is complete, we will be eligible to apply for RSPO certification for both PMP and PPM, and have already conducted an internal audit in preparation for this.

Sago ANJAP, our sago subsidiary, increased its production by nearly 50% from 1,894 tonnes of sago starch in 2018 to 2,781 tonnes in 2019. This increase was still below our budget of 5,629 tonnes. The increase of production was achieved through further mechanization of the harvesting process, which enabled us to harvest 2,500 sago logs per day by the end of the year, and by increasing processing efficiency. In particular, automation of the front end processing enabled us to increase the sago starch extraction rate from 7% at the start of the year to over 9% by year end. With these successes, as well as planned improvements that will further reduce production costs, the sago business is on track to reach its capacity that will enable the business to break-even by end of 2020.

We also continued to reduce both energy costs and carbon emissions by continuing our migration to biomass as our principal fuel source. ANJAP no longer uses coal in its operation, and will be 100% reliant on biomass in the near future.

Progress was also made in the commercial operation. Despite the production increase, we successfully maintained the price of sago starch at an average IDR 6,714/kg in 2019, which was well above expectations. While most of the output is still absorbed by the local market, we sent three trial shipments to a major potential customer in Japan during the year and are optimistic about securing a sales contract in 2020. At the same time, our food technology department has continued to develop innovative, value-added sago starch applications. Through these initiatives, we hope to demonstrate how sago can play a key role in sustainable food production, thereby contributing to Indonesia's food security and improving livelihoods in sago-growing areas.

Vegetables GMIT, which operates our vegetables agribusiness, had a disappointing year, facing challenges with low edamame productivity and yield per hectare due to prolonged drought in 2019, as well as new machinery for the frozen line not performing to specifications, as noted above. The installation of replacement machinery will be completed in the second semester of 2020 and we expect to begin commercial production of frozen edamame by the end of year 2020.

We were able to turn the edamame field operation around in the second half by implementing wide-ranging improvements, including GIS-based land selection and verification, stricter implementation of agronomy controls and deploying mechanical cultivation to get better yields and quality.

Preparations continued for the production of okra, a high-yield vegetable that is the second strand in our frozen food business. Commercial production and export is schedule to begin in the second semester of 2020.

Renewable energy AANE continued to supply renewable energy from its biogas plant to customers in Eastern Belitung through the national grid. The plant experienced a number of shutdowns during the year, most of which were due to operational issues at PLN, the sole off-taker. This led to higher than expected maintenance and repair costs. Under the terms of our Power Purchase Agreement with PLN, we continued to sell electricity at the unfavorable tariff of IDR 975/kWh, forcing AANE to operate at a loss.

People

One of our most important priorities is building a skilled, and empowered workforce that is ready to meet the increasingly complex challenges of our business. Particularly in our more remote locations, the employment and capacity building opportunities we provide for local people play an important role in transforming livelihoods and local economies for the better—an important part of our vision to elevate people's lives.

In West Papua we continued our vocational training program, this year focusing on preparing professional field foremen with agronomic expertise for our PMP and PPM estates. A total of 74 trainees, all from Papua, graduated from the program. We also continued to mentor the mechanics trained in last year's vocational program, all of whom are now employed in the PMP mill.

During the year we continued to champion innovation by our people, empowering them to conceive, test-out and apply solutions that add value, increase efficiency and reduce costs in all aspects of our operation. Several of these innovations have been contributed by graduates from our Management Trainee program, the most recent batch of which included, for the first time, food technologists. They have been developing nutritious and appetizing applications for edamame and sago, some of which are designed for commercial production, while others, such as the innovative 'green tempe,' could contribute to improving the nutrition and livelihoods of local communities. In 2019 we opened a restaurant, 'Bueno Nasio', specifically to introduce sago and edamame-based menus to the public, which received good response.

Driving productivity and accountability through digital solutions

As noted above, we are increasingly deploying digital technology to manage our plantations more efficiently and transparently. The EPMS is a system we developed to enable workers in the field to record harvesting, maintenance and transportation data digitally, using a mobile phone and a QR code. As well as being faster and significantly less error-prone than paper-based recording, it also allows for real-time monitoring of field operations, giving us better visibility on where productivity improvements can be made.

Our traceability project represents a major step on our sustainability journey. We source a portion of our FFB from external sources. Now, supported by GIS and drone technology as well as our vendor networks, we are mapping our supply chain up to individual farmer level. As well as enabling us to eliminate unsustainably produced palm oil from our supply chain and provide our customers with precise data on the origin of their palm oil, it also offers an entry point for support to farmers on sustainable practices, regularizing land documentation, and sustainability certification, which will ultimately improve their livelihoods. We piloted the traceability project in ANJA in 2019 and expect to roll it out to all our matured plantations in 2020.

During the year we also expanded the use of GIS data in our other agribusinesses, for example to determine optimal locations for planting edamame and to detect sago palms that are ready for harvesting. In the coming year we will continue to explore and refine the use of digital applications to improve decision making and productivity.

Corporate Governance

The palm oil business is subject to increasingly close scrutiny and sometimes negative perceptions, which, in some cases, are justified. In such an environment, it is vital that we protect both our Company's reputation and the trust of all our stakeholders by being transparent about what we do, engaging positively with stakeholders and upholding compliance. We are therefore committed to the continuous improvement of our governance policies and practices, and in 2019 we focused on strengthening internal audit procedures and internal controls, particularly in the field.

We also continued to address the recommendations from the results of our 2018 ASEAN Corporate Governance Scorecard (ACGS). After being one of Indonesia's top three mid-cap non-financial sector companies for corporate governance implementation in 2018 in the Indonesian Institute for Corporate Directorship (IICD)'s annual assessment of ACGS results, the Company was not included in the 2019 review due to the decline in our market capitalization, which was a direct result of the low CPO price. However, as we value this external perspective of our corporate governance performance, we made a special request to the IICD to verify our Scorecard results. Our total score in 2019 was 76.71, which was above the average score of the BigCap 100 (100 public companies with the largest capitalization).

We received further independent acknowledgements of the Company's compliance during the year. SMM and ANJA were awarded the Green rating under the Ministry of Environment and Forestry's Corporate Performance Assessment on Environmental Management (PROPER) scheme. Green is the second highest rating in the 5-tier PROPER system, indicating that the recipient has gone 'beyond compliance' with the regulations. SMM and ANJA were the top two among the 29 palm oil sector companies that were rated Green in 2019.

The Green PROPER ratings, as well as the RSPO certification awarded to KAL and our smallholder and plasma cooperatives in 2019, attest to the Company's commitment to compliance with global standards and best practices on sustainable environmental management. Further external recognition came from the National Center for Sustainability Reporting (NCSR) and the Institute of Certified Sustainability Practitioners, which awarded ANJ the Gold Rank for its 2018 Sustainability Report. The report is based on the internationally recognized Global Reporting Initiative (GRI) standards.

Sustainability

Our business strategy is centered on the concept of responsible development—that doing business in a way that benefits society and the environment also benefits our economic performance. This is a circular process—the better our economic viability (Prosperity), the more we can invest back in human well-being (People) and the stewardship of natural resources and the environment (Planet). This approach is set out in our revised Sustainability Policy, which was launched in October 2019. The Policy, which is supported by a growing body of implementation guidance, is aligned with the RSPO's principles for sustainable palm oil production and the 17 Sustainable Development Goals (SDGs) and reiterates our commitment to responsible business practices, transparency, positive engagement and no exploitation.

A sustainability approach is already deeply embedded in the way we do business, as reflected in the work we are doing, for example, to improve traceability, employ and upskill local workers, reduce reliance on fossil fuels and promote the cultivation of foods that benefit local growers and contribute to Indonesia's food security objectives.

In the same spirit, we have also continued to pursue a number of innovative, cross-cutting Responsible Development projects that integrate our sustainability objectives into our day-to-day activities. One of these is the Pendaki program across the Group, an initiative that involves our employees, as 'citizen scientists', in documenting the biodiversity they see around them every day. In its first year, it has already made a substantial contribution to our knowledge base about the flora and fauna in our plantations and conservation areas.

We believe that biodiversity conservation is most effective when local communities perceive a need for action, are actively engaged and can derive sustainable benefits. In Belitung and West Kalimantan, we have been working with local communities to develop the ecotourism potential of our conservation areas at the SMM and KAL estates. In Kalimantan, this is part of our broader initiative to establish a commitment to conservation on a landscape level through the Essential Ecosystem Area (Kawasan Ekosistem Esensial, or KEE), an area covering thousands of hectares of HCV forest and national parks, which was formally designated by the Governor of West Kalimantan in 2017. We are now working with the provincial government to finalize the 2020-2022 action plan for the KEE.

Similarly, the most effective community empowerment programs are those that meet a real need by delivering tangible and sustainable benefits for the communities. In West Papua, our Savings Cooperative offers our employees and local communities a convenient and secure means to save and transfer money. This is having a transformative impact on family livelihoods by enabling them, for the first time, to plan their finances. Likewise, our community health program, Matahariku, is making a real difference to the lives of women and children in the vicinity of our West Papua plantations by improving the health delivery capacity of local clinics, in partnership with the local health authority and our partner, YPCII. In 2019, the program won an award from the Ministry of Health for its achievements.

More information about the investments we are making in people and the environment can be seen in the Sustainability section of this report.

Analysis of prospects

Palm oil Lower output growth is forecast for 2020 as a result of the drought, reduced fertilizer application and smaller producing area due to replanting done in 2019. With higher demand driven by the increased biodiesel mandates in Indonesia and Malaysia, the CPO price is expected to be stronger than in 2019. However, demand from China in the first two months of the year has already been impacted by the COVID-19 outbreak, raising uncertainty over whether the upward trajectory in the CPO price seen in Q4 2019 can be maintained in 2020.

2020 will be our first full year of palm oil production from West Papua. We will complete our planned infrastructure development there and add a second processing line at the KAL CPO mill to double its capacity to 90 tonnes of FFB per hour. While we will continue the regular upkeep of our existing plantations, we will postpone the replanting program until the CPO price at Dumai stabilizes at above USD 575 per tonne.

Looking beyond 2020, we believe that the outlook for price development is positive, given Indonesia's current moratorium on new development of palm oil plantations, the increasingly challenging compliance requirements, and rising worldwide demand driven by population growth and the further integration of palm oil into the fuel sector through the biodiesel program. Moreover, the growing demand for certified sustainable palm oil presents considerable opportunities for responsible growers such as ANJ.

Vegetables GMIT will complete the installation and commissioning of the edamame frozen line in order to begin exporting frozen edamame to markets outside Japan (primarily the USA and Australia) in the second semester of 2020. Exports to Japan will begin towards the end of the year once all customer audits for the Japan market have been done. Exports of okra, our newest vegetable product, are also expected to begin in the second semester of 2020. For both products we will be making use of the extensive distribution networks of GMIT's joint venture partner, the Asia Foods Group. The commercial prospects for both products remain very positive.

Another priority will be to continue to improve the quality of our seed material while driving higher productivity throughout the field operation.

Sago ANJAP will continue to drive productivity and reduce production costs by completing the front end automation of the sago starch processing mill, increasing extraction rates and expanding storage capacity. Developing high quality, high yielding sago plant material for replanting will be another focus during the year.

Assuming the satisfactory completion of customer trials, we expect to begin exporting sago starch to Japan by the middle of the year. We will continue various initiatives to grow both the domestic and export markets, including by developing sago starch applications for the modern food industry.

Renewable energy We do not intend to pursue further commercial development but will continue our initiatives to capture and use biogas for our internal operations.

Capital expenditure

Given the Company's financial condition, we do not envisage significant capital expenditure in 2020, but this decision is under continuous monitoring and review. Improvement of CPO price will trigger continuity of replanting program. Our planned capital investment is as follows:

- Additional processing line at the CPO mill at KAL to increase capacity from 45 tonnes/hour to 90/tonnes hour. The extension should be commissioned in Q4 2020.
- Completion of infrastructure works (employee housing, bridge and roads) at PPM and PMP.
- Completion of the purchase and installation of edamame processing equipment at GMIT.
- Flood prevention works at ANJAS.
- Bridge construction at KAL.
- Infrastructure for fire prevention management.

As noted above, we will closely monitor the effect of CPO price volatility. If the CPO price improves, we will continue the replanting program in 2020 in ANJA and SMM.

Changes in the Composition of the Board of Directors

I would like to take this opportunity to pay tribute to one of our longest-serving Commissioners, Mr Arifin Siregar, who passed away in September 2019, having served on the Board for 19 years. His willingness to share his wisdom and expertise was always deeply valued by the Directors, and we will miss him greatly. In May 2019 we welcomed Mr. Fakri Karim as our new Sustainability Director, replacing Mr. Sonny Sunjaya Sukada who resigned in February 2018 for personal reasons. He brings with him a wealth of experience in sustainable development at global, regional and national level, working most recently with UNCDF, and has become a valuable member of our team.

As we head into 2020, on behalf of the Board I would like to thank all our people for their hard work, resilience and commitment to our vision this year. We would also like to express our deep appreciation to our shareholders, Commissioners, customers, partners and stakeholders for their continued support. We look forward to continuing to build the foundations for sustained, responsible growth for all our stakeholders as we go forward.

On behalf of the Board of Directors

ISTINI TATIEK SIDDHARTA
President Director

THE BOARD OF DIRECTORS
from left to right:

Naga Waskita
Istini Tatiek Siddharta
Geetha Govindan
Lucas Kurniawan
Fakri Karim

STATEMENT OF RESPONSIBILITY

By the Member of the Board of Directors and the Board of Commissioners for the 2019 Annual Report of PT Austindo Nusantara Jaya Tbk.

Jakarta, May 12, 2020
We, the undersigned, declare that the information contained in the 2019 Annual Report of PT Austindo Nusantara Jaya Tbk. is complete and we are responsible for the accuracy of the report's conent. 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

NAGA WASKITA
Director

FAKRI KARIM
Director

BOARD OF COMMISIONERS

ADRIANTO MACHRIBIE
President Commissioner (Independent)

GEORGE SANTOSA TAHIJA
Commissioner

SJAKON GEORGE TAHIJA
Commissioner

ANASTASIUS WAHYUHADI
Commissioner

ISTAMA TATANG SIDDHARTA
Commissioner

J. KRISTIADI
Independent Commissioner

DARWIN CYRIL NOERHADI
Independent Commissioner

03.

COMPANY PROFILE

ANJ'S BUSINESS IDENTITY

Company Name	PT Austindo Nusantara Jaya Tbk.
Business Activity	Trading, services and operations related to palm oil plantation and processing, as well as trading of palm oil products, sago harvesting and processing, vegetable production and processing (edamame) and renewable energy business.
Date of Establishment	April 16, 1993
Legal Basis	Deed of Establishment and amendments: • Deed No. 72, dated April 16, 1993, Notary Mr. Sutjipto • Deed No. 54, dated July 16, 1998, Notary Mrs. Esther Mercia Sulaiman • Deed No. 161, dated January 17, 2013, Notary Mr. Irawan Soerodjo. • Deed No. 270, dated June 22, 2015, Notary Mr. Irawan Soerodjo • Deed No. 61, dated May 14, 2018, Notary Mr. Irawan Soerodjo • Deed No. 143, dated May 15, 2019, Notary Mrs. Christina Dwi Utami • Deed No. 144, dated May 15, 2019, Notary Mrs. Christina Dwi Utami
Products and Services	Crude Palm Oil (CPO) and Palm Kernel (PK), Sago, Vegetable (Edamame), and Renewable Energy from Palm Oil Waste.
Stock Code	ANJT
Domicile	Jakarta
Head Office	BTPN Tower, 40th Floor Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6 Jakarta 12950 Telephone : (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

ANJ is now a holding company engaging, both directly and through subsidiaries, in the production and sale of crude palm oil, palm kernel and other sustainable food crops, and renewable energy. The Company is currently leveraging its acknowledged capabilities in agronomic best practice, innovation and efficiency to develop new agribusiness ventures in sago and vegetable harvesting and processing.

PT Austindo Nusantara Jaya ("ANJ", or "the Company") was established on April 16, 1993 as PT Austindo Teguh Jaya (ATJ), with interests in agribusiness, financial services, healthcare and renewable energy. On July 16, 1998, the Company underwent a change of name to name PT Austindo Nusantara Jaya (ANJ) based on Deed No. 54, dated July 16, 1998, Notary Mrs. Esther Mercia Sulaiman. In 2012, in line with our renewed vision of becoming a world-class agribusiness-based food company, ANJ began to concentrate on palm oil while growing new agribusinesses based on other food crops. The second part of our vision, which is to be a company that elevates the lives of people and nature, is reflected in our commitment to achieving a sustainable balance between our responsibilities to people, the planet and prosperity for all our stakeholders.

We are also applying our expertise in renewable energy to power our agribusiness with cleaner, more efficient energy. In 2013, the Company held its initial public offering on the Indonesia Stock Exchange of 10% of our shares. The Company posted total revenue of USD 130.4 million, EBITDA of USD 22.9 million and a net loss of USD 4.6 million in 2019.

PALM OIL

Our business entails 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 owns four producing oil palm plantations:

- **North Sumatra I Plantation**
  A 9,935 hectare oil palm plantation in Binanga, North Sumatra, operated by our subsidiary PT Austindo Nusantara Jaya Agri (ANJA).

- **North Sumatra II Plantation**
  A 9,412 hectare oil palm plantation in Padang Sidempuan, North Sumatra, operated by our subsidiary PT Austindo Nusantara Jaya Agri Siais (ANJAS).

- **Belitung Island Plantation**
  A 17,395 hectare oil palm plantation on Belitung Island in Bangka Belitung, operated by our subsidiary PT Sahabat Mewah dan Makmur (SMM).

- **West Kalimantan Plantation**
  A 13,878 hectare oil palm plantation in Ketapang, West Kalimantan, operated by our subsidiary PT Kayung Agro Lestari (KAL).

These are all plantations with matured oil palms, served by an on-site processing mill.

We are also planting areas of our landbanks in South Sumatra and West Papua:

- **South Sumatra Landbank**
  This landbank covers 12,800 hectares in Empat Lawang, South Sumatra, and is operated by our subsidiary PT Galempa Sejahtera Bersama (GSB). We began planting parts of the landbank in 2013.

- **West Papua Landbank**
  A 91,209 hectare oil palm plantation spread across two contiguous areas in South Sorong and Maybrat, West Papua, operated by ANJT and our subsidiaries PT Permata Putera Mandiri (PPM) and PT Putera Manunggal Perkasa (PMP). We started planting landbank in PPM and PMP in 2014, while the planting for ANJT landbank has been suspended since 2018 due to pending approval of the NPP from RSPO.

ANJ is a member of the international Roundtable on Sustainable Palm Oil (RSPO). Our plantations in North Sumatra, Belitung Island and West Kalimantan are RSPO-certified. Preparations have begun for certification for the West Papua plantation, which will begin operating in early 2020. Our remaining development plantations are managed in compliance with RSPO standards and we will apply for RSPO certification when they begin operating commercially. The North Sumatra I and Belitung Island plantations also have International Sustainability and Carbon Certification (ISCC) in 2019. This certificate indicating that their supply chains fulfill strict ecological and social sustainability criteria. More details about our compliance with national and international environmental standards can be seen at the end of this Chapter.

As at December 31, 2019, the Company had a total landbank of more than 150,000 hectares. At that time, approximately one-third of this area, or 54,548 hectares, had been planted, increasing from 54,335 hectares at the end of 2018. By the end of 2019 a total of 4,528 hectares of the planted area had been allocated to community smallholders under the Indonesian government's Plasma Program.

Matured oil palms cover 38,181 hectares, or 70%, of the planted area, while 16,367 hectares, or 30%, comprises immature oil palms. The average age of our nucleus oil palms across all the Company's plantations as of December 31, 2019 was 11.9 years.

Of the entire landbank, approximately 22,000 hectares are deemed plantable but have not yet been planted (nucleus or plasma). We have secured, or are in the process of securing, the necessary rights and permits to develop this land as oil palm plantation.

The remainder of our landbank is either not plantable due to unsuitable topography, or is used for various voluntary purposes, including biodiversity conservation, riverine buffers and the preservation of historical and/or culturally significant sites. Some of the area is designated for infrastructure, such as roads, and housing and amenities for our employees.

As stated 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 to refrain from developing peat or wetlands.

SAGO

ANJ operates a sago harvesting and processing operation in South Sorong, West Papua, through our subsidiary, PT ANJ Agri Papua (ANJAP). ANJAP manages a 40,000 hectare concession, where it is pioneering the country's first commercial-scale harvesting of natural sago forest. ANJAP processes the logs at its sago mill to produce dry sago starch, which is sold to the food industry.

As a sustainable alternative to rice, sago plays a key role in our sustainable agribusiness strategy, which is aligned with the government's food security objectives as well as its economic and social development acceleration strategy in Papua.

VEGETABLES

ANJ has been operating in the vegetable sector in 2015, when our subsidiary, PT Gading Mas Indonesia Teguh (GMIT), began cultivating edamame, a high-protein, antioxidant-rich legume belonging to the soybean family. We use a cooperation model, providing agronomic inputs, training and field support to local farmers in Jember, East Java to maintain and improve quality and yield. In 2019 we began planting okra, another high-value vegetable.

In 2017, ANJ entered into a joint venture with AJI HK Limited to facilitate GMIT's market expansion into the Asia Pacific region. In 2020, GMIT will begin exporting frozen edamame and okra that have been processed at its new frozen line factory.

RENEWABLE ENERGY

PT Austindo Aufwind New Energy (AANE), a subsidiary of the Company, has been licensed as an independent power producer (IPP) since 2013 and began operating commercially at the beginning of 2014. AANE operates a 1.8 MW capacity biogas power plant at our Belitung Island Plantation generating electricity from the methane produced as a by-product of our CPO mill.

The Company plans to build further biogas power plants at selected mills for internal use, to reduce our reliance on fossil fuels and improve our greenhouse gas emission performance.

A BRIEF HISTORY OF THE ANJ GROUP

1993

ANJ was established.

2000

- PT Austindo Agro Nusantara and PT Austindo Nusantara Resources were merged into the Company.
- Acquired PT Austindo Nusantara Jaya Agri (formerly PT Eka Pendawa Sakti) through Verdaine Investments Ltd., acting as manager/operator.

2001

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

2003

Acquired PT Sahabat Mewah dan Makmur.

2004

Acquired PT Austindo Nusantara Jaya Agri Siais (formerly PT Ondop Perkasa Makmur).

2005

Acquired PT Kayung Agro Lestari.

2006

Became full owner of PT Austindo Nusantara Jaya Agri.

2010

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

2012

- ANJ divested its healthcare and financial services interests to concentrate on agribusiness, food and renewable energy.
- Acquired PT Galempa Sejahtera Bersama.

2013

- Acquired PT Permata Putera Mandiri and PT Putera Manunggal Perkasa.
- First listing of ANJ's shares on the Indonesia Stock Exchange (IDX).
- PT Austindo Aufwind New Energy's biogas plant started operating commercially.

2014

Acquired PT Pusaka Agro Makmur.

2015

- PT Pusaka Agro Makmur merged into the Company.
- PT ANJ Agri Papua completed the construction of its sago starch mill in West Papua.

2016

PT Kayung Agro Lestari's palm oil mill in West Kalimantan began operating.

2017

- ANJ divested its shareholding in PT Darajat Geothermal Indonesia and PT Star Energy Geothermal Suoh Sekincau to focus on agribusiness, food and renewable energy.
- The share ownership of (a) PT Aceh Timur Indonesia and PT Simpang Kiri Plantation Indonesia and (b) PT Surya Makmur and PT Bilah Plantindo was restructured.
- AJI HK Limited subscribed and paid for a 20% new shares in ANJ subsidiary, PT Gading Mas Indonesia Teguh.
- ANJ proposed its new logo.
- ANJ sold a 10.87% share in PT Agro Muko to SIPEV NV, retaining 5% of the shares.

2018

- ANJ has launched its new company logo.
- GMIT began construction of a frozen line facilities.
- PMP began construction of CPO mill.

2019

ANJ divested its shareholding in PT Puncakjaya Power and entire investment in associated company named MP Evans Group to focus on agribusiness, food and renewable energy.

OUR LOGO

ANJ's logo is a visual representation of our priorities. Each symbol represents a vital element for the Company:

PEOPLE

People are the central element of ANJ's identity. The circle represents the harmony in human lives. People cannot survive without nature's benefits, 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.

SUN

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

FAUNA

All animals on earth have their own unique, essential role in balancing nature. The footprint represents Indonesia's fauna and the everlasting spirit that is bequeathed from generation to generation.

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.

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 tremendous potential as a source of power.

OUR VISION, MISSION AND CORPORATE CULTURE

VISION

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

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

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:**
  A 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.

VALUES

INTEGRITY

RESPECT FOR PEOPLE AND THE ENVIRONMENT

CONTINUOUS IMPROVEMENT

The Company's Code of Ethics on Business Conduct (the "Code"), launched in 2013, elaborates our core corporate values into behaviors and guidance that are designed to ensure that ANJ's people uphold our reputation and maintain the trust of our stakeholders by being transparent, accountable, objective and treating all stakeholders equally.

CODE OF CONDUCT AND CORPORATE CULTURE

The core values underpinning the Code are: Integrity, Respect for People and the Environment, and Continuous Improvement. The articles of the Code provide guidance for employees on fulfilling their work responsibilities and interacting with others effectively, safely, lawfully and with integrity. The Code applies equally and without exception to all employees and all levels of management, including the members of the Board of Directors and the Board of Commissioners. Every employee of the ANJ Group is required to pledge to uphold the Code; our investors, stakeholders and business partners are also required to make such a commitment where relevant. The Code was formally adopted in January 2014, and has been disseminated to all employees. Since October 2017, the Code has been an integral part of our Management Trainee program curriculum as well as the induction program provided for all new employees, and is embedded into the learning and development curriculum at our ANJ Learning Center.

ANJ'S CODE OF ETHICS ON BUSINESS CONDUCT COVERS:

- Compliance with 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; and
- Insider trading.

The Code is reviewed regularly and periodically updated to ensure that it remains aligned with the growth of our business, our strategic objectives and developments in our external environment.

BUSINESS ACTIVITY

Based on amendment of the Articles of Association, the Company engages business in the area of:

a. Other consultancy management activities.
b. Wholesale of fruit containing oil.
c. Wholesale in agricultural products and other living animals.
d. Wholesale based on fee or contract.
e. Palm oil plantation.
f. Crude palm oil industry (Crude Palm Oil).
g. Crude palm kernel oil industry (Crude Palm Kernel Oil/ CPKO).
h. Crude palm oil and crude palm kernel oil refinery industry.

To achieve the abovementioned purpose and objective, the Company may carry out the following business activities in pursuit of its strategic purpose and objectives:

CORE BUSINESS ACTIVITIES:

a. Carry out business of other consultancy management activities.
b. Carry out business of wholesale of fruit containing oil.
c. Carry out business of wholesale in agricultural products and other living animals.
d. Carry out business of wholesale based on fee or contract.
e. Carry out business of palm oil plantation.
f. Carry out business of crude palm oil industry (Crude Palm Oil).
g. Carry out business of crude palm kernel oil industry (Crude Palm Kernel Oil/CPKO).
h. Carry out business crude palm oil and crude palm kernel oil refinery industry.

SUPPORTING BUSINESS ACTIVITIES:

Carry out other businesses, related to and supporting the main business activities of the Company in accordance with the prevailing laws and regulations.

ARTICLES OF ASSOCIATION

ANJ's Articles of Association have been amended several times since the Company's establishment in 1993. The most recently amended in 2019, pursuant to Deed No. 144 of Christina Dwi Utami, SH, M.Si., Notary in Jakarta, dated May, 15, 2019, and related to change of Purpose and Objectives and Business Activities of the Company in accordance with Indonesian Standard Industrial Classification of 2017 including its changes or renewal or other text, as determined by the relevant authorities.

PRODUCTS & SERVICES

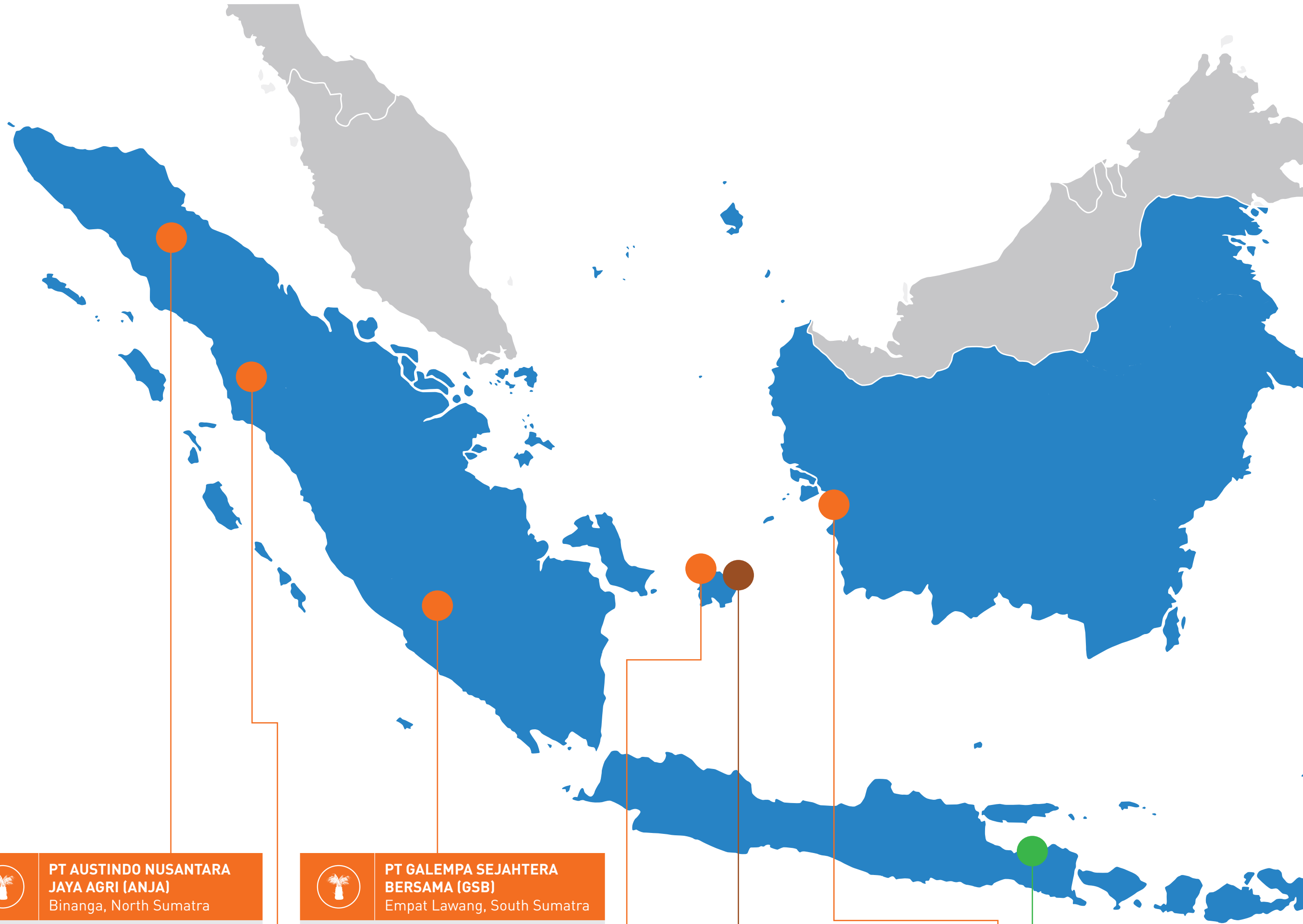
CRUDE PALM OIL (CPO) AND PALM KERNEL (PK)

SAGO

EDAMAME

RENEWABLE ENERGY FROM PALM OIL WASTE

CORE BUSINESS SITE MAP



PT AUSTINDO NUSANTARA JAYA AGRI (ANJA)
Binanga, North Sumatra

Landbank	9,935 Ha
Planted Area	9,754 Ha
Matured Area	8,348 Ha
Mill Capacity	60 tonnes/hour

PT GALEMPA SEJAHTERA BERSAMA (GSB)
Empat Lawang, South Sumatra

Landbank	12,800 Ha
Planted Area	754 Ha
Matured Area	- Ha
Mill Capacity	- tonnes/hour

PT AUSTINDO AUFWIND NEW ENERGY (AANE)
Belitung, Bangka Belitung

Type of Renewable Energy	Biogas
Production Capacity	1.8 MW

PT AUSTINDO NUSANTARA JAYA AGRI SIAIS (ANJAS)
Padang Sidempuan, North Sumatra

Nucleus	
Landbank	9,254 Ha
Planted Area	7,752 Ha
Matured Area	7,752 Ha
Mill Capacity	60 tonnes/hour
Plasma	
Landbank	158 Ha
Planted Area	158 Ha
Matured Area	158 Ha

PT SAHABAT MEWAH DAN MAKMUR (SMM)
Belitung, Bangka Belitung

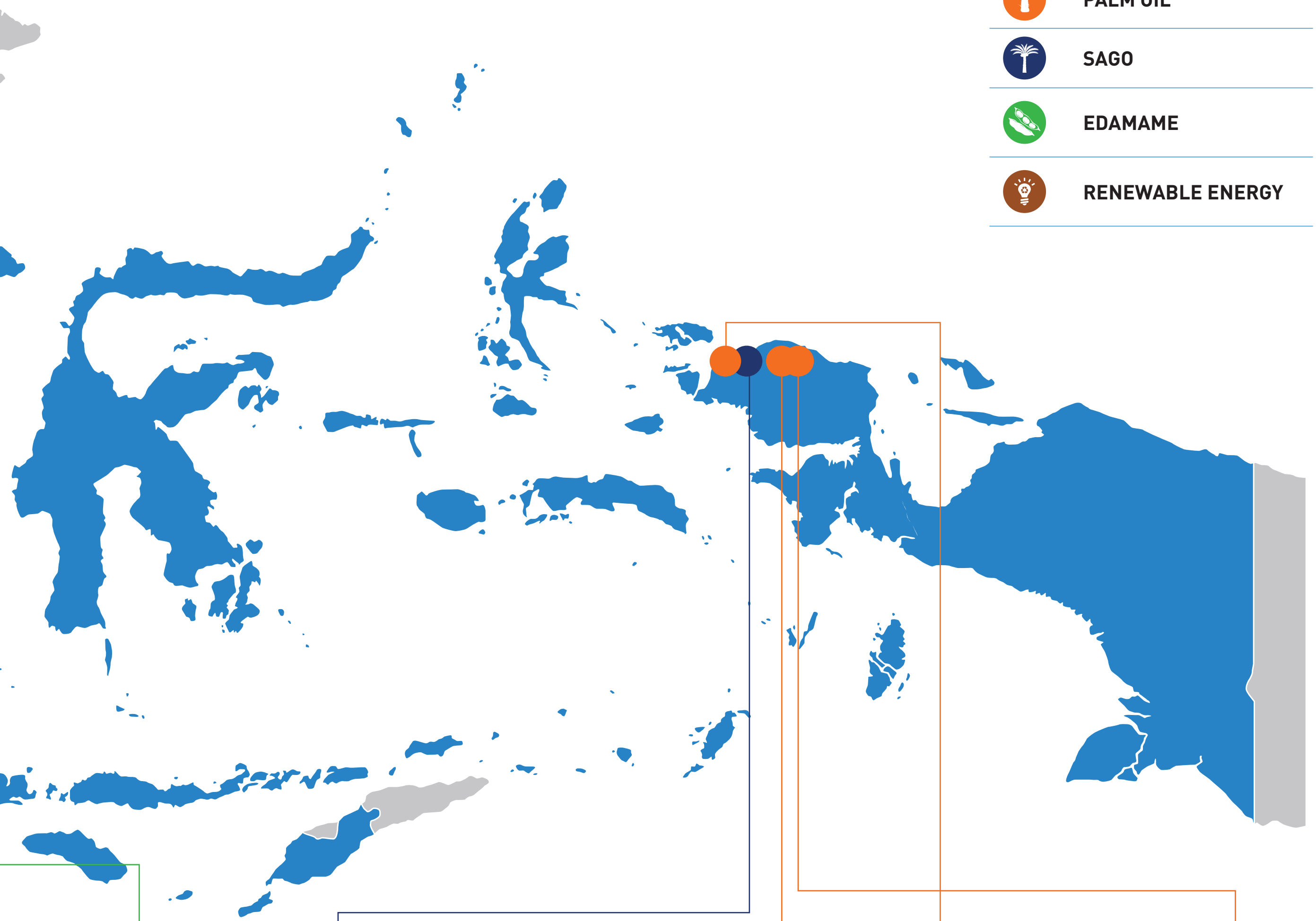
Nucleus	
Landbank	16,277 Ha
Planted Area	14,270 Ha
Matured Area	9,926 Ha
Mill Capacity	60 tonnes/hour
Plasma	
Landbank	1,118 Ha
Planted Area	860 Ha
Matured Area	494 Ha

PT KAYUNG AGRO LESTARI (KAL)
Ketapang, West Kalimantan

Nucleus	
Landbank	10,920 Ha
Planted Area	9,583 Ha
Matured Area	9,107 Ha
Mill Capacity	45 tonnes/hour
Plasma	
Landbank	2,958 Ha
Planted Area	2,599 Ha
Matured Area	2,396 Ha

LEGEND

- PALM OIL
- SAGO
- EDAMAME
- RENEWABLE ENERGY



PT ANJ AGRI PAPUA (ANJAP)
South Sorong, West Papua

Concession Right	40,000 Ha
Mill Capacity	1,250 tonnes/month

PT GADING MAS INDONESIA TEGUH (GMIT)
Jember, East Java

Product	Edamame (Fresh and Frozen)

PT PUTERA MANUNGGAL PERKASA (PMP)
Maybrat and South Sorong, West Papua

Nucleus	
Landbank	18,860 Ha
Planted Area	3,797 Ha
Matured Area	- Ha
Mill Capacity	
CPO:	45 tonnes/hour
CPKO:	60 tonnes/day
Plasma	
Landbank	3,818 Ha
Planted Area	911 Ha
Matured Area	- Ha

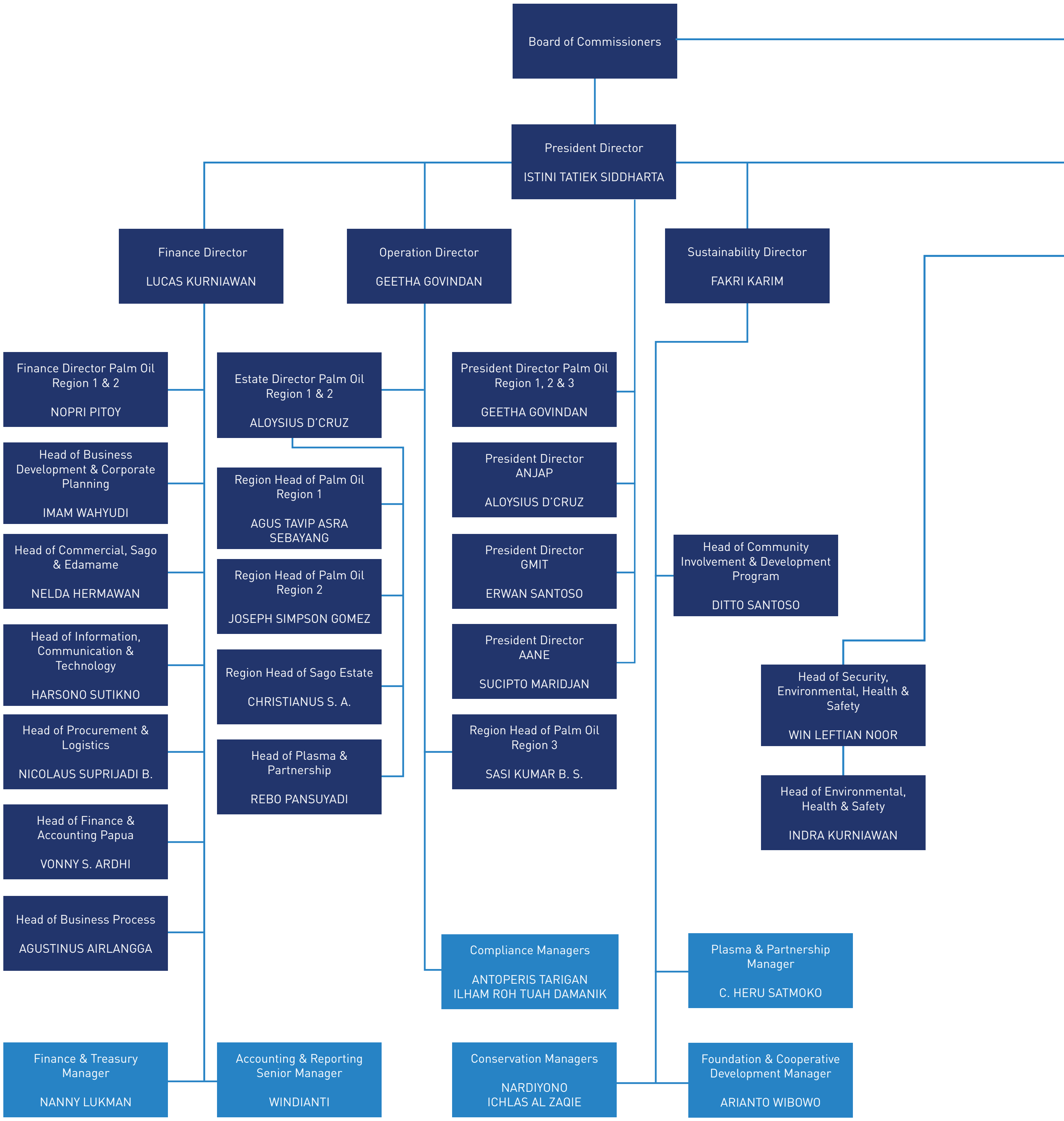
PT PERMATA PUTERA MANDIRI (PPM)
South Sorong, West Papua

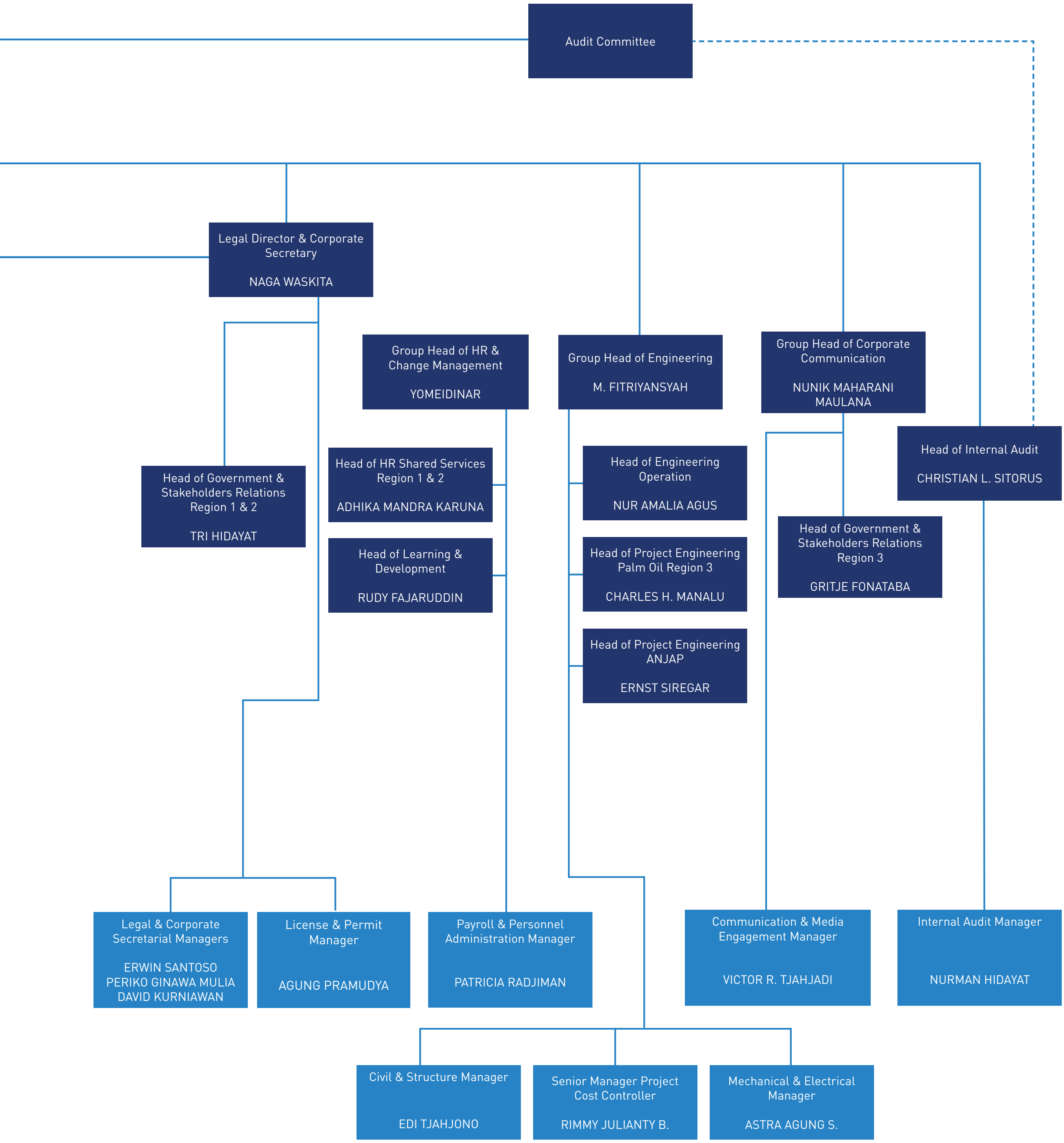
Nucleus	
Landbank	26,571 Ha
Planted Area	4,111 Ha
Matured Area	- Ha
Plasma	
Landbank	5,454 Ha
Planted Area	- Ha
Matured Area	- Ha

PT AUSTINDO NUSANTARA JAYA Tbk.
Maybrat, West Papua

Nucleus	
Landbank	30,516 Ha
Planted Area	- Ha
Matured Area	- Ha
Plasma	
Landbank	5,990 Ha
Planted Area	- Ha
Matured Area	- Ha

ORGANIZATIONAL STRUCTURE




Audit Committee
Legal Director & Corporate Secretary
NAGA WASKITA
Group Head of HR & Change Management
YOMEIDINAR
Group Head of Engineering
M. FITRIYANSYAH
Group Head of Corporate Communication
NUNIK MAHARANI MAULANA
Head of Internal Audit
CHRISTIAN L. SITORUS
Head of Government & Stakeholders Relations Region 1 & 2
TRI HIDAYAT
Head of HR Shared Services Region 1 & 2
ADHIKA MANDRA KARUNA
Head of Learning & Development
RUDY FAJARUDDIN
Head of Engineering Operation
NUR AMALIA AGUS
Head of Project Engineering Palm Oil Region 3
CHARLES H. MANALU
Head of Project Engineering ANJAP
ERNST SIREGAR
Head of Government & Stakeholders Relations Region 3
GRITJE FONATABA
Legal & Corporate Secretarial Managers
ERWIN SANTOSO
PERIKO GINAWA MULIA
DAVID KURNIAWAN
License & Permit Manager
AGUNG PRAMUDYA
Payroll & Personnel Administration Manager
PATRICIA RADJIMAN
Communication & Media Engagement Manager
VICTOR R. TJAHJADI
Internal Audit Manager
NURMAN HIDAYAT
Civil & Structure Manager
EDI TJAHJONO
Senior Manager Project Cost Controller
RIMMY JULIANTY B.
Mechanical & Electrical Manager
ASTRA AGUNG S.

PROFILE OF THE BOARD OF COMMISSIONERS

ADRIANTO MACHRIBIE

President Commissioner (Independent)

Indonesian citizen, aged 78. Born in Bandung, 1941. Domiciled in Jakarta.

Experience

Mr. Machribie has served as one of the Company's Commissioners since July 1996 and was appointed as President Commissioner in September 2003. He was the President Director of PT Media Televisi Indonesia (Metro TV) until June 2017. He is also actively engaged in several professional organizations.

Education

Mr. Machribie holds a law degree from the University of Indonesia (1967) and a Master's degree in Social Science from the Institute of Social Studies, The Hague, the Netherlands (1969).

Affiliations

Mr. Machribie has no affiliate relationships with any other Commissioners, Directors or shareholders of the Company.

Independence

Mr. Machribie has not served more than 2 (two) terms as an Independent Commissioner.

Basis of Appoinment

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

Position Tenure

September 2003-present.

Concurrent Positions

- Commissioner of PT Freeport Indonesia (2018-present)
- Commissioner of PT Freeport Indonesia (2006-2011)
- Senior Advisor to the Office of the Chairman of parent company Freeport McMoRan Copper & Gold Inc.

GEORGE SANTOSA TAHIJA
Commissioner

Indonesian citizen, aged 62. Born in Jakarta, 1958. Domiciled in Jakarta.

Experience

Mr. Tahija was appointed as a Commissioner and Chairman of the Risk Management Committee of the Company. Mr. Tahija is also a founder and investor of Maloekoe Capital, an Indonesian focused venture capital firm and President Commissioner of PT Melintas Cakrawala Indonesia, a company that developed and launched the first cognitive assessment test normed for Indonesian students.

Mr. Tahija is the founder of the Coral Triangle Centre (CTC), Indonesia's only marine conservation center. He is a founding member and Trustee of the Tahija Foundation, currently dedicated to the eradication of dengue fever. Mr. Tahija currently serves as an Advisor of the Indonesia Chapter of The Nature Conservancy (TNC) and a Vice Chair of TNC Asia Pacific Council. He is an active member of the Young Presidents' Organization (YPO) Gold Indonesia Chapter and the Global Advisory Council of the Darden School at the University of Virginia.

Education

Mr. Tahija holds a Bachelor's degree in Mechanical Engineering from Trisakti University, Indonesia (1983), and an MBA from the Darden School, University of Virginia, USA (1986).

Affiliations

Mr. Tahija is the brother of Sjakon George Tahija, a Commissioner of the Company. He is also President Director and the majority shareholder of PT Memimpin Dengan Nurani, and a Commissioner of PT Austindo Kencana Jaya; Both companies are majority shareholders in ANJ.

Basis of Appoinment

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

Position Tenure

December 2012-present.

Concurrent Positions

- Commissioner of PT Austindo Kencana Jaya (majority shareholder of the Company) (2017-2022).
- President Director of PT Memimpin Dengan Nurani (majority shareholder of the Company) (2017-2022).

SJAKON GEORGE TAHIJA
Commissioner

Indonesian citizen, aged 67. Born in Jakarta, 1952. Domiciled in Jakarta.

Experience
Dr. Tahija was appointed as one of the Company's Commissioners upon its establishment in 1993. A practising vitreo-retinal consultant, he founded Klinik Mata Nusantara, a national chain of eye clinics, and 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. He is also President Director and the majority shareholder of PT Austindo Kencana Jaya, one of the majority shareholders in ANJ.

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

Position Tenure
April 1993-present.

Concurrent Positions
President Director of PT Austindo Kencana Jaya (majority shareholder of the Company) (2017-2022).

ANASTASIUS WAHYUHADI

Commissioner

Indonesian citizen, aged 74. Born in Klaten, 1946. Domiciled in Jakarta.

Experience

Mr. Wahyuhadi was appointed as one of the Company's Commissioners in 2006, having served as ANJ's Corporate Services Director from 1997 to 2005. He is also on the Board of Commissioners ANJ subsidiaries. During his career, he served as a Commissioner or Director of several multinational and national companies in Indonesia. He is actively engaged in philanthropic work, serving as Chairman of the Board of Management of the Tahija Foundation (2003-2016).

Education

Mr. Wahyuhadi holds a Bachelor's degree in Law from Satyawacana University, Indonesia (1976).

Affiliations

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

Basis of Appoinment

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

Position Tenure

January 2006-present.

Concurrent Positions

Member of the Tahija Foundation Board of Trustees (2019–present)

ISTAMA TATANG SIDDHARTA
Commissioner

Indonesian citizen, aged 61. Born in Jakarta, 1959. Domiciled in Jakarta.

Experience
Mr. Siddharta was appointed as a Commissioner of the Company in July 2004. Prior to joining the Company, he was the Chairman of Siddharta, Siddharta & Widjaja, an affiliate of international accounting firm KPMG in Indonesia. He is a member of the Institute of Indonesian Accountants.

Education
Mr. Siddharta holds a Doctorandus degree in Accounting from the University of Indonesia (1980).

Affiliations
Mr. Siddharta is the brother of the Company's President Director, Istini Tatiek Siddharta.

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

Position Tenure
July 2004-present.

Concurrent Positions
- Independent Commissioner of PT Mitra Pinasthika Mustika Tbk. (2013-present).
- President Director of PT Amalgamated Tricor (2009–present).

J. KRISTIADI
Independent Commissioner

Indonesian citizen, aged 72. Born in Yogyakarta, 1948. Domiciled in Jakarta.

Experience
Mr. Kristiadi has been an Independent Commissioner of the Company since March 2012. His varied career includes serving as a lecturer and guest lecturer at Faculty of Social and Political Sciences, Atma Jaya University, Yogyakarta Jakarta; the National Resilience Institute; the Air Force Staff and Command College, Bandung, and the National Police Staff College, Bandung. He regularly appears as a columnist and commentator in national and international media on political development, civil-military relations, security and constitutional reform. Mr. Kristiadi also has served as Head of the Politics Department and Deputy Executive Director at CSIS, Jakarta (1999–2004).

Education
Mr. Kristiadi holds a doctorate in Political Science from Gadjah Mada University, Yogyakarta (1995).

Affiliations
Mr. Kristiadi has no affiliate relationships with any other Commissioners, Directors or shareholder of the Company.

Independence
Mr. Kristiadi has not served more than 2 (two) terms as an Independent Commissioner.

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

Position Tenure
March 2012-present.

Concurrent Positions
Secretary of the Board of Directors of the CSIS Foundation (from 2005–present).

DARWIN CYRIL NOERHADI

Independent Commissioner

Indonesian citizen, aged 59. Born in Jakarta, 1961. Domiciled in Jakarta.

Experience

Dr. Noerhadi was appointed as an Independent Commissioner of the Company in 2017. He has various senior roles, including as President Director of PT Kliring Deposit Efek Indonesia (1993-1996), President Director of PT Bursa Efek Jakarta (1996-1999), Partner of PricewaterhouseCoopers Jakarta (1999-2005), Chief Financial Officer of PT Medco Energi Internasional Tbk. (2005-2011) and Senior Managing Director of Creador – Regional Private Equity (2011-2019).

Education

Dr. Noerhadi holds a Bachelor's degree in Petroleum Geology from the Bandung Institute of Technology, Indonesia (1985), an MBA in Finance and Economics from the University of Houston, USA (1988) and a PhD in Strategic Management from the University of Indonesia (2013).

Affiliations

Dr. Noerhadi has no affiliate relationships with any other Commissioners, Directors or shareholder of the Company.

Independence

Dr. Noerhadi has not served more than 2 (two) terms as an Independent Commissioner.

Basis of Appoinment

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

Position Tenure

February 2017-present.

Concurrent Positions

- Independent President Commissioner of PT Mandiri Sekuritas (2012–2019).
- Commissioner of PT Medikaloka Hermina Tbk (2017-present).
- President Commissioner of PT Creador Indonesia (Jan 2020-present).

ARIFIN MOHAMAD SIREGAR

Independent Commissioner

Indonesian citizen, aged 85. Born in Medan, 1934. Domiciled in Jakarta.

Experience

Dr. Siregar was appointed as a Commissioner of the Company in April 2001. He held some of the nation's highest offices, including Governor of Bank Indonesia (1983-1988), Minister of Trade (1988-1993) and Indonesia's Ambassador to the United States of America (1993-1997). He was a member of the Strategic Advisory Board of Ancora Capital Management Pte. Ltd. since November 2009 and as an advisor to Procter & Gamble Indonesia since August 2010. Dr. Siregar has completed his term of office on September 23, 2019 as he passed away.

Education

Dr. Siregar graduated from the Netherlands School of Economics, Rotterdam, in 1956 with a Bachelor's degree, and was awarded Master's and Doctoral degrees in Economics from the University of Munster in Germany in 1960.

Affiliations

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

Independence:

Dr. Siregar has not served more than 2 (two) terms as an Independent Commissioner.

Basis of Appoinment

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.

Position Tenure

April 2001-September 2019.

PROFILE OF THE BOARD OF DIRECTORS

ISTINI TATIEK SIDDHARTA

President Director

Indonesian citizen, aged 57. Born in Jakarta, 1962. Domiciled in Jakarta.

Experience

Mrs. Siddharta was appointed as the Company's President Director in 2016, having served as Deputy President Director (2012-2015) and as Group Finance Director (2001-2012). She began her career as a public accountant and was a Partner at Siddharta, Siddharta & Harsono, a member firm of Coopers & Lybrand, which in 1998 became a member firm of KPMG. She is an active member of several professional associations, including the Institute of Indonesian Accountants, where she is on the Consultative Board of Financial Accounting Standards. She chaired 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 (1985) and an MBA from the John Anderson School at the University of California, Los Angeles, USA (1994).

Affiliations

Mrs. Siddharta is the sister of Istama Tatang Siddharta, a Commissioner of the Company.

Basis of Appoinment

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

Position Tenure

January 2016-present.

Concurrent Positions

- Commissioner PT Memimpin Dengan Nurani (2016–2020).
- Commissioner PT Austindo Kencana Jaya (2016–2020).

LUCAS KURNIAWAN
Finance Director

Indonesian citizen, aged 48. Born in Teluk Betung, Bandar Lampung, 1971. Domiciled in Jakarta.

Experience
Mr. Kurniawan was appointed as Independent/Finance Director in November 2014. He has over 25 years' experience in accounting. He began his career with Siddharta, Siddharta & Widjaja (formerly Siddharta, Siddharta & Harsono) (1993-1998), a member firm of Coopers and Lybrand and then a member of KPMG. He was made a partner at the firm in 2005. He then worked at KPMG Ltd., Vietnam as an audit partner (2007-2011), before becoming a partner at Tanudiredja, Wibisana & Rekan, a member firm of PricewaterhouseCoopers International Ltd (2011-2014). He is a member of the Indonesian Institute of Accountants and the Indonesian Institute of Certified Public Accountants.

Education
Mr. Kurniawan holds a Bachelor's degree in Accounting from Tarumanagara University, Jakarta (1994) and has completed several professional programs, including KPMG AsPac Chairman's 25 Program in 2008 (INSEAD certified), PwC Understanding the Client's Strategic Agenda in 2012 (INSEAD certified) and the Executive Program at the Darden School of Business, University of Virginia, USA in 2017.

Affiliations
Mr. Kurniawan has no affiliate relationships with any other Commissioners, Directors or shareholders of the Company.

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

Position Tenure
November 2014-present.

GEETHA GOVINDAN

Palm Oil Operations Director

Malaysian citizen, aged 61. Born in Selangor, 1959. Domiciled in Jakarta.

Experience

Mr. Govindan was appointed as a Director of the Company in 2015. He also serves as President Director of various ANJ subsidiaries. He has over 30 years' experience in the plantation industry. He began his career as an Estate Manager at Socfin Co. Bhd in Malaysia, where he spent 16 years (1983–1999). He then became a regional controller at PT Sinar Mas Agro Resources and Technology Tbk (2000–2001). He next worked at PT REA Kaltim Plantations, where he served as Estates Controller and Chief Operating Officer before being appointed as Vice President Director (2008-2013).

Education

Mr. Govindan has a Bachelor of Science degree from the University of Madras, India (1980), a Diploma in Human Resource Management from the University of Malaya, Malaysia (1999), and an Executive MBA from Euregio Management School, the Netherlands (2015). Mr. Govindan has also attended an Executive Programme at The Darden School of Business, University of Virginia, USA in 2015.

Affiliations

Mr. Govindan has no affiliate relationships with any other Commissioners, Directors or shareholders of the Company.

Basis of Appoinment

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

Position Tenure

October 2015-present.

NAGA WASKITA
Legal Director and Corporate Secretary

Indonesian citizen, aged 46. Born in Tanjung Pinang, 1974. Domiciled in Jakarta.

Experience
Mr. Waskita joined the Company in 2012 as legal counsel and Corporate Secretary and was appointed as a Director in 2017. Prior to joining ANJ, Mr. Waskita was a corporate lawyer at the law firm Mochtar Karuwin Komar, where he specialized in banking and finance (1997 – 2012).

Education
Mr. Waskita holds a Bachelor's degree in Law from Gadjah Mada University, Yogyakarta, Indonesia (1997) and a Master's degree in Law from the University of Groningen, the Netherlands (2008). He 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 Appoinment
Deed No. 35 of Dr. Irawan Soerodjo, S.H., M.Si., Notary in Jakarta, dated May 24, 2017.

Position Tenure
- As Corporate Secretary, September 2012 – present.
- As Legal Counsel, September 2012 – May 2017.
- As Director, May 2017 – present.

FAKRI KARIM

Sustainability Director

Indonesian citizen, aged 51. Born in Calang, 1969. Domiciled in Jakarta.

Experience

Mr. Karim was appointed as the Company's Sustainability Director in 2019. Before joining ANJ, he worked on climate change and sustainable development at the global level with the United Nations Capital Development Fund (2013-2019), championing improved climate adaptation financing, capacities for adaptation planning and sustainable development in more than 15 countries in Asia, the Pacific region and Africa. Prior to that, he managed emergency and long-term development programmes at global, regional and national level for the United Nations Capital Development Fund (UNCDF) (2010-2013), United Nations Development Programme (UNDP) and the United Nations Refugee Agency (UNHCR) (2005-2010).

Education

Mr. Karim holds a Bachelor's degree in Civil Law from Syiah Kuala University, Banda Aceh, Indonesia (1995) and a Master of Law degree from the University of Indonesia (2002). He completed the UNDP/Harvard Business Publishing/IDEO "Leadership Development Pathway" in 2017.

Affiliations

Mr. Karim has no affiliate relationships with any other Commissioners, Directors or shareholders of the Company.

Basis of Appoinment

Deed No. 143 of Christina Dwi Utami S.H, M.Hum, M.Kn., Notary in Jakarta, dated May 15, 2019.

Position Tenure

May 2019-present.

PROFILE OF KEY MANAGERS

SUCIPTO MARIDJAN

President Director: AANE
Director: ANJA, ANJAS, GSB and SMM (until 31 May 2019)

Mr. Maridjan was appointed as a director of ANJA, ANJAS, GSB, SMM and President Director of AANE in October 2012. His career spans more than 20 years in resource-based administrative management. Before joining ANJ, he served in senior positions with Australian mining companies in Indonesia. He joined ANJ's Mining and 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 as well as with power generation projects through a joint venture with Duke Energy in Papua at Freeport (until 2018) and with Chevron Texaco in West Java on the Darajat Geothermal Project (until 2019).

ALOYSIUS D'CRUZ

President Director: ANJAP
Director: ANJA

Mr. D'Cruz has been ANJA's Estate Director since early 2011 and was appointed as President Director of ANJAP in 2017. Before joining ANJA, he was the Joint President of Birla Lao Pulp and Plantations Co. Ltd, a subsidiary of India's Aditya Birla Group in Laos. He has also held senior roles in several plantation companies, including Riau Fiber Plantations and Sinar Mas Forestry Plantations in Riau, and Sime Darby Plantations in Malaysia. He holds a Bachelor's degree in Agriculture from Allahabad University, India (1973) and an associate diploma from the Incorporated Society of Planters Malaysia (1979).

NOPRI PITOY

Director: ANJA, ANJAS, SMM, KAL and GSB

Ms. Pitoy was appointed as Director and Chief Financial Officer of ANJA in May 2011. She has over 15 years' experience in the palm oil industry. She first joined ANJA in June 2001 and became Head of Finance and Accounts in January 2006. Before joining ANJA, she served as a financial controller of the Ukindo group. She began her career with public accounting firm PricewaterhouseCoopers in Jakarta. She received a Bachelor of Commerce degree with a major in Accounting and Information Systems from the University of New South Wales in Sydney, Australia.

YOMEIDINAR

Director: ANJA, PPM, PMP and ANJAP

Mrs. Yomeidinar was appointed as a Director of ANJA, ANJAP, PPM and PMP in January 2018. Since joining the Company in 2014 she has served as Group Head of HR and Change Management. Before joining ANJ, she served for 10 years as Head of HR and Change Management at Medco Downstream Indonesia, a sub-holding of Medco Energi International. Prior to that, she held senior roles in various foreign bank representative offices. She holds a Bachelor's degree in Financial Management from Perbanas Institute, Jakarta, a Master's Degree in Management Executive from Binus International University, Jakarta and is a Doctoral candidate in Strategy and Growth at Binus University, Jakarta.

ERWAN SANTOSO
President Director: GMIT

Mr. Santoso has served as Operations Director at GMIT since joining the Company in 2007 and was appointed as President Director on July 1, 2018. Before joining GMIT, he served as Leaf Operations Manager at PT Philip Morris Indonesia (2002-2007). Prior to that, he was Crop Manager at Bentoel Prima Group (2001-2002), Operations Manager at PT Drassindo, part of the Mustika Ratu Group (1998-2000) and Business Plan and Control Section Head at PT Sumalindo, part of PT Astra International Tbk. (1994-1998). He graduated from the Bogor Institute of Agriculture in 1993 with a Bachelor's degree in Agronomy.

NUNIK MAHARANI MAULANA
Director: PPM, PMP, ANJAP and ANJB

Mrs. Maharani was appointed as a Director of PPM, PMP and ANJAP in 2018 and a Director of ANJB in 2019. She joined ANJ in 2016 as Group Head of Corporate Communications. Before joining ANJ, she was a Director of IComm, a communications agency that she co-founded. She was also a Director at Kiroyan Partners, a strategic communications consultancy, and worked in senior management in corporate communications at various multinational mining and oil and gas companies, including Rio Tinto Indonesia, Kaltim Prima Coal, Unocal Indonesia, Chevron IndoAsia, Newmont Pacific Nusantara and Ephindo. She graduated from Tarakanita Secretarial Academy and holds a graduate diploma from the London School of Public Relations.

MOHAMMAD FITRIYANSYAH
Director: KAL, PPM, PMP, ANJAP, GMIT and AANE

Mr. Fitriyansyah was appointed as a Director of KAL, PPM, PMP, ANJAP, GMIT and AANE in January 2018. He joined the Company in 2017 as Group Head of Central Engineering. Prior to that, Mr. Fitriyansyah served at PT Petrosea Tbk. (2012-2016), where his most recent position was as a General Manager for the Karingau Development Project. From 2008 to 2011, Mr. Fitriyansyah worked at PT JGC Indonesia, where he was responsible for assisting the Division Manager of the Project Operation Division, which oversaw the Project Management, Construction Management, Procurement and Quality Control Departments. He also worked at PT Balfour Beatty Sakti Indonesia (1994-2008) and PT Rekayasa Industri (1990-1994). He graduated from the University of Indonesia, Jakarta with a Bachelor's degree in Civil Engineering. He also has a HAKI certificate (No. 2004147/Muda).

EMPLOYEE COMPOSITION - ANJ AND SUBSIDIARIES

Employee Composition ANJ and Subsidiaries		2019			2018		
		Male	Female	Total	Male	Female	Total
By Segment	Head Office Jakarta	55	27	82	81	31	112
	Palm Oil	6,483	1,380	7,863	6,064	1,502	7,566
	Sago	225	19	244	225	16	241
	Others	59	10	69	67	12	79
	Total	**6,822**	**1,436**	**8,258**	**6,437**	**1,561**	**7,998**
By Position	Director	8	4	12	8	4	12
	General Manager (GM)	29	4	33	35	3	38
	Manager	183	28	211	190	27	217
	Staff	313	69	382	326	77	403
	Laborers or Workers	6,289	1,331	7,620	5,878	1,450	7,328
	Total	**6,822**	**1,436**	**8,258**	**6,437**	**1,561**	**7,998**
By Education	Master's/Bachelor's degree	522	131	653	509	155	664
	Diploma	120	48	168	96	49	145
	Senior/Vocational High School	6,055	1,225	7,280	2,059	259	2,318
	Other	125	32	157	3,773	1,098	4,871
	Total	**6,822**	**1,436**	**8,258**	**6,437**	**1,561**	**7,998**
By Employment Status	Contract Workers	1,086	83	1,169	744	86	830
	Permanent Staff	5,736	1,353	7,089	5,693	1,475	7,168
	Total	**6,822**	**1,436**	**8,258**	**6,437**	**1,561**	**7,998**
By Age	Over 55	81	13	94	85	19	104
	41-55	1,620	463	2,083	1,555	438	1,993
	25-40	4,109	880	4,989	3,982	981	4,963
	Under 25	1,012	80	1,092	815	123	938
	Total	**6,822**	**1,436**	**8,258**	**6,437**	**1,561**	**7,998**

TRAINING AND COMPETENCY DEVELOPMENT PARTICIPATION

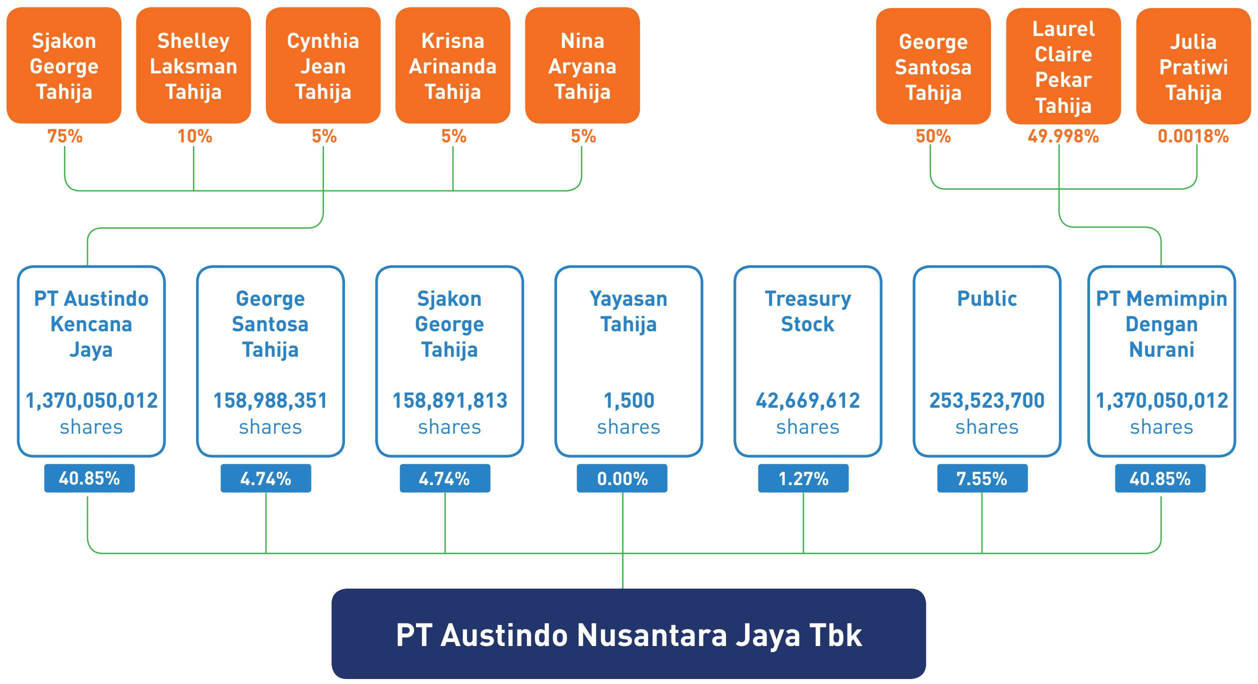
Please see 'Human Resources' on page 95 of this Annual Report.

TRAINING AND COMPETENCY DEVELOPMENT EXPENDITURE 2019

ANJ invested a total of USD 396,964 in training and competency development in 2019.

SHAREHOLDER INFORMATION

ANJ MAJORITY AND CONTROLLING SHARE STRUCTURE AS OF DECEMBER 31, 2019



SHARE OWNERSHIP BY COMMISSIONERS AND DIRECTORS AS OF DECEMBER 31, 2019

Name	Position	Number of Shares	Percentage
George Santosa Tahija	Commissioner	158,988,351	4.74%
Sjakon George Tahija	Commissioner	158,891,813	4.74%
Istini Tatiek Siddharta	President Director	3,620,000	0.11%
Lucas Kurniawan	Director	3,020,000	0.09%
Geetha Govindan	Director	3,120,000	0.09%
Naga Waskita	Director	3,019,563	0.09%
Fakri Karim*	Director	1,200,000	0.035%

*As of February 2020

SHAREHOLDER COMPOSITION BY TYPE OF INVESTOR AS OF DECEMBER 31, 2019

Type of Investors	Investors	Shares	Shares (%)
DOMESTIC			
Retail	802	392,117,414	11.69%
Insurance	7	161,038,300	4.80%
Corporation	6	2,783,369,449	82.98%
Foundation	1	1,500	0.00%
Mutual Fund	1	100	0.00%
TOTAL	**817**	**3,336,526,763**	**99.47%**
FOREIGN			
Retail	8	8,599,937	0.26%
Corporation	7	9,048,300	0.27%
TOTAL	15	17,648,237	0.53%
GRAND TOTAL	**832**	**3,354,175,000**	**100.00%**

SHAREHOLDER COMPOSITION BY DOMICILE AS OF DECEMBER 31, 2019

Type of Investors	Number of Account	Number of Shares	Shares (%)
DOMESTIC			
- Domestic individual	802	392,117,414	11.69%
- Domestic limited liability company	15	2,944,409,349	87.78%
TOTAL	817	3,336,526,763	99.47%
FOREIGN			
- Overseas individual	8	8,599,937	0.26%
- Overseas limited liability company	7	9,048,300	0.27%
TOTAL	15	17,648,237	0.53%
GRAND TOTAL	**832**	**3,354,175,000**	**100.00%**

SHAREHOLDER COMPOSITION BY SUB ACCOUNT STATUS AS OF DECEMBER 31, 2019

No.	Shareholder Status	Domestic/Overseas	Number of Account	Number of Shares	Shares (%)
1	Insurance	Domestic	7	161,038,300	4.80%
2	Limited Liability Company	Domestic	8	2,783,371,049	82.98%
3	Individual	Domestic	802	392,117,414	11.69%
4	Limited Liability Company	Overseas	7	9,048,300	0.27%
5	Individual	Overseas	8	8,599,937	0.26%
TOTAL			**832**	**3,354,175,000**	**100.00%**

SHARE ISSUANCE AND LISTING CHRONOLOGY

ANJ became a public company in 2013 as the culmination of a comprehensive corporate restructuring. ANJ made an initial public offering (IPO) of 10% of its shares on the Indonesia Stock Exchange (IDX) to access the capital needed to expand the Company's three lines of business. Prior to the listing, the Company was wholly owned by the Tahija family through individual shareholdings and corporate entities.

On May 1, 2013, of the approval from the Financial Services Authority (OJK) for ANJ's IPO, the Company 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 at a nominal value of IDR 100 per share. The share price at the Initial Public Offering (IPO) was IDR 1,200 per share.

The Company's market capitalization as of the end of trading in 2019 was IDR 3.4 trillion, with a closing share price of IDR 1,000.

Date	Corporate action/policy	Total addition/ reduction of shares	Accumulated share total
May 8, 2013			
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

BOND, SUKUK (SHARIA BOND) AND CONVERTIBLE BOND ISSUANCE AND LISTING CHRONOLOGY

The Company did not have any outstanding bonds, sukuk or convertible bonds in 2019.

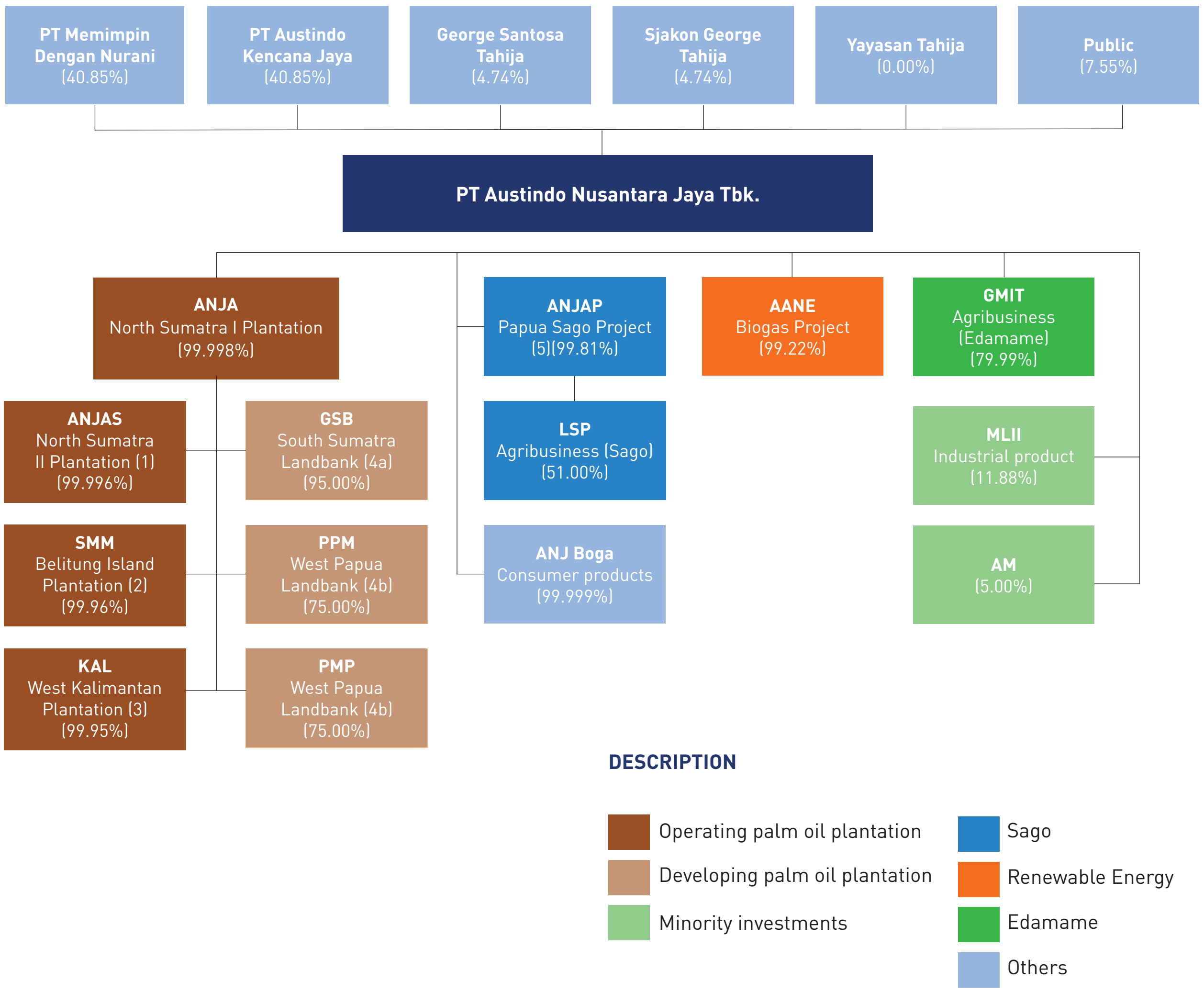
SUSPENSION OF THE COMPANY'S SHARES

The Company's shares were not suspended during fiscal year 2019.

DIVIDEND PAYMENT FOR THE LAST TWO YEARS

Book Year	Total Dividend	Payment Date	Dividend per Share	Dividend Payout Ratio	Total Shares
2018	IDR 39,738,064,656 (USD 2,797,470)	8-Jun-18	IDR 12	0.06	3,354,175,000
2019	-	-	-	-	-

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%.

4a. PT Austindo Nusantara Jaya Agri has 95.00% and the Company has 5.00%.
4b. PT Austindo Nusantara Jaya Agri has 75.00% and the Company has 25.00%.

5. The Company has 99.81% and PT Sahabat Mewah dan Makmur has 0.19%.

OUR SUBSIDIARIES

BUSINESS DETAIL OF ANJ SUBSIDIARY AND ASSOCIATED COMPANIES

No.	Subsidiary Companies	Information		
1	**PT Austindo Nusantara Jaya Agri (ANJA)** Established in March 1986. ANJA was bought by ANJ in 2000 through Verdaine Investments Ltd. and we acquired direct ownership in 2006. ANJA owns, manages and operates our North Sumatra I Plantation in Binanga, North Sumatra, engaging in the planting, developing and cultivating of oil palms, production of CPO and PK, and activities related to CPO/PK production and marketing. ANJA also holds interests in our six other oil palm plantations and landbanks through its subsidiaries. ANJA has a total landbank of 9,935 hectares, of which 9,754 hectares are planted and 8,348 hectares contain matured oil palms. It owns a 60 tonnes per hour capacity mill in which it processes FFB from its own plantation as well as FFB purchased from third parties.	**Business Activity:** Palm Oil Plantation **Location:** Binanga, North Sumatra **Registered address:** Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra	**Total assets:** USD 500,068,319 **Commercially operating since:** 1995 **ANJ ownership:** 99.99%	**Directors** • Geetha Govindan (PD) • Sucipto Maridjan (until May 31, 2019) • Nopri Pitoy • Aloysius D'Cruz • Naga Waskita • Yomeidinar • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)

No.	Subsidiary Companies	Information		
2	**PT Austindo Nusantara Jaya Agri Siais (ANJAS)** 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 landbank of 9,412 hectares, of which 7,752 hectares are nucleus planted area and contain matured oil palms. There are 158 planted hectares of plasma and contain matured oil palms. ANJAS' mill has a capacity of 60 tonnes per hour and processes FFB from its own plantation as well as FFB purchased from third parties.	**Business Activity:** Palm Oil Plantation **Location:** Padang Sidempuan, North Sumatra **Registered address:** Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra	**Total assets:** USD 57,544,711 **Commercially operating since:** 2009 **ANJ ownership:** 99.99%	**Directors** • Geetha Govindan (PD) • Sucipto Maridjan (until May 31, 2019) • Nopri Pitoy • Naga Waskita • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)
3	**PT Sahabat Mewah dan Makmur (SMM)** Established in July 1985 and planted from 1990, SMM was acquired by ANJA in March 2003. SMM owns, manages and operates our plantation on Belitung Island. Of SMM's total landbank of 17,395 hectares, 14,270 hectares are nucleus planted area and consisting of 9,926 hectares of matured oil palms. There are 860 planted hectares of partnership with smallholders and consisting 494 hectares of matured oil palms. SMM has a mill with a capacity of 60 tonnes per hour and primarily processes FFB from its plantation as well as FFB purchased from third parties.	**Business Activity:** Palm Oil Plantation **Location:** Belitung, Bangka Belitung **Registered address:** BTPN Tower, 40th Floor, Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950	**Total assets:** USD 50,502,321 **Commercially operating since:** 1994 **ANJ ownership:** 99.99%	**Directors** • Geetha Govindan (PD) • Sucipto Maridjan (until May 31, 2019) • Nopri Pitoy • Naga Waskita • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)
4	**PT Kayung Agro Lestari (KAL)** KAL was established in September 2004 and acquired by ANJA in December 2005. It owns, manages and operates our plantation in Ketapang, West Kalimantan, which has a total landbank of 13,878 hectares. Planting began in 2010. Currently, 9,583 hectares are planted, consisting of 9,107 hectares of matured oil palms. There are 2,599 planted hectares of plasma and consisting 2,396 hectares of matured oil palms. KAL has a 45 tonnes per hour capacity mill which processes primarily FFB from its plantation as well as FFB purchased from third parties.	**Business Activity:** Palm Oil Plantation **Location:** Ketapang, West Kalimantan **Registered address:** Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra	**Total assets:** USD 90,129,979 **Commercially operating since:** 2014 **ANJ ownership:** 99.99%	**Directors** • Geetha Govindan (PD) • Nopri Pitoy • Naga Waskita • M. Fitriyansyah • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)
5	**PT Galempa Sejahtera Bersama (GSB)** GSB was established in January 2012 and acquired by ANJA in May 2012. GSB holds a license for 12,800 hectares of oil palm plantation in Empat Lawang, South Sumatra, of which 754 hectares have been planted.	**Business Activity:** Palm Oil Plantation **Location:** Empat Lawang, South Sumatra **Registered address:** Sinarmas Land Plaza, 7th Floor, Jl. P. Diponegoro No.18, Medan, North Sumatra	**Total assets:** USD 10,233,828 **Commercially operating since:** Pre-operating stage **ANJ ownership:** 99.99%	**Directors** • Geetha Govindan (PD) • Sucipto Maridjan (until May 31, 2019) • Nopri Pitoy • Naga Waskita • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)

No.	Subsidiary Companies	Information		
6	**PT Permata Putera Mandiri (PPM)** Established in July 2007, PPM was acquired by ANJA in January 2013. It holds land cultivation rights for 26,571 hectares of nucleus oil palm and 5,454 hectares of plasma oil palm in South Sorong, West Papua. Planting began in 2014, and 4,111 hectares have now been planted.	**Business Activity:** Palm Oil Plantation **Location:** South Sorong, West Papua **Registered address:** BTPN Tower, 40th Floor, Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950	**Total assets:** USD 99,483,865 **Commercially operating since:** Pre-operating stage **ANJ ownership:** 99.99%	**Directors** • Geetha Govindan (PD) • Naga Waskita • Yomeidinar • M. Fitriyansyah • Nunik Maharani Maulana • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)
7	**PT Putera Manunggal Perkasa (PMP)** PMP was established in November 1999 and acquired by ANJA in January 2013. PMP holds a licence for 18,860 hectares of nucleus oil palm and 3,818 hectares of plasma oil palm in South Sorong and Maybrat, West Papua. Planting began in 2014 and 3,797 hectares nucleus area and 911 hectares of plasma have now been planted.	**Business Activity:** Palm Oil Plantation **Location:** South Sorong and Maybrat, West Papua **Registered address:** BTPN Tower, 40th Floor, Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950	**Total assets:** USD 134,935,035 **Commercially operating since:** Pre-operating stage **ANJ ownership:** 99.99%	**Directors** • Geetha Govindan (PD) • Naga Waskita • Yomeidinar • M. Fitriyansyah • Nunik Maharani Maulana • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)
8	**PT ANJ Agri Papua (ANJAP)** Established in September 2007, ANJAP is developing ANJ's pioneering sago starch business in West Papua. ANJAP holds a license for a concession of 40,000 hectares of sago forest in South Sorong, where it has a sago mill with a capacity of 1,250 tonnes of dry starch per month, which will eventually be expanded to 2,500 tonnes per month.	**Business Activity:** Agribusiness (Sago) **Location:** South Sorong, West Papua **Registered address:** BTPN Tower, 40th Floor, Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950	**Total assets:** USD 16,707,031 **Commercially operating since:** 2017 **ANJ ownership:** 99.99%	**Directors** • Aloysius D'Cruz (PD) • Naga Waskita • Yomeidinar • M. Fitriyansyah • Nunik Maharani Maulana • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)
9	**PT Lestari Sagu Papua (LSP)** Established in November 2011, LSP engages primarily in the non-timber forest resources concession businesses and the processing, marketing and transportation of various kinds of sago starch. LSP has not yet commenced operations.	**Business Activity:** Agribusiness (Sago) **Location:** South Sorong, West Papua **Registered address:** BTPN Tower, 40th Floor, Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950	**Total assets:** USD 260,829 **Commercially operating since:** Pre-operating stage **ANJ ownership:** 51%	**Directors** • Naga Waskita (PD) • Chan Hian Siang • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Hendrik Sasmito • Lucas Kurniawan (since June 12, 2019)

No.	Subsidiary Companies	Information		
10	**PT Austindo Aufwind New Energy (AANE)** AANE was established in October 2008 and operates ANJ's biogas power generation business at our Belitung plantation, using from methane produced by waste material from the CPO mill. Having obtained its independent power producer (IPP) license in 2013, AANE began operating commercially on December 31, 2013. AANE currently has a production capacity of 1.8 MW.	**Business Activity:** Renewable energy (Biogas) **Location:** Belitung, Bangka Belitung **Registered address:** BTPN Tower, 40th Floor, Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950	**Total assets:** USD 1,179,882 **Commercially operating since:** 2013 **ANJ ownership:** 99.22%	**Directors** • Sucipto Maridjan (PD) • Naga Waskita • M. Fitriyansyah • Fakri Karim (since June 12, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)
11	**PT Gading Mas Indonesia Teguh (GMIT)** GMIT was originally established as PT Gading Mas Indonesian Tobacco in March 1970 to process tobacco purchased from individual farmers. ANJ began to exit the tobacco business in 2012, since when GMIT has focused on higher-value vegetable products such as edamame and okra. Its name was changed to PT Gading Mas Indonesia Teguh in March 2015. In 2017, a joint venture was established with AJI HK Limited, which owns a 20% stake in GMIT.	**Business Activity:** Agribusiness (Horticulture) **Location:** Jember, East Java **Registered address:** Jl. Gajah Mada No. 254, Jember, East Java	**Total assets:** USD 11,273,004 **Commercially operating since:** 2000 **ANJ ownership:** 79.99%	**Directors** • Erwan Santoso (PD) • Naga Waskita • M. Fitriyansyah • Fakri Karim (since April 25, 2019) **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Geetha Govindan • Aloysius D'Cruz • Lin Ching-Hua • Jahya Lukas (until January 1, 2020) • Lucas Kurniawan (since April 25, 2019)
12	**PT Austindo Nusantara Jaya Boga (ANJB)** ANJB was established in May 2013 to support ANJ's emerging food business, particularly the development of product and marketing plans for sago starch.	**Business Activity:** Consumer products **Location:** Jakarta **Registered address:** BTPN Tower, 40th Floor, Jl. Dr Ide Anak Agung Gde Agung Kav. 5.5-5.6, Jakarta 12950	**Total assets:** USD 142,731 **Commercially operating since:** 2014 **ANJ ownership:** 99.99%	**Directors** • Naga Waskita (PD) • Nunik Maharani Maulana • Fakri Karim **Commissioners** • George Santosa Tahija (PC) • Anastasius Wahyuhadi • Istini Tatiek Siddharta • Lucas Kurniawan (since June 12, 2019)

AWARDS AND CERTIFICATIONS

AWARDS 2019

01. Estate/Holding: SMM

Name of Award:
Runner-up in K3 (Keselamatan dan Kesehatan Kerja) management

Date: February 7, 2019

Issuer: Governor of Bangka Belitung

02. Estate/Holding: PMP

Name of Award: Sorong Customs Award 1.0" as the biggest import tax payers in 2018

Date: March 13, 2019

Issuer: Customs and Excise Supervision and Service Office, Middle Class Type, Pabean C, Sorong

03. Estate/Holding: ANJ

Name of Award: PR Excellence Awards 2019 for Corporate Social Responsibility Program "Matahariku: Menggapai Cita dan Harapan untuk Generasi Kuat dan Unggul"

Date: April 3, 2019

Issuer: Public Relations Association of Indonesia (Perhumas).

04. Estate/Holding: ANJAP

Name of Award:
Outstanding Corporate Innovator (OCI) Indonesia Award Finalist. Competitive Edge: Accelerating Growth in Industry 4.0 through Product Innovation.

Date: June 20, 2019

Issuer: Outstanding Corporate Innovator (OCI) Indonesia Award.

05. Estate/Holding: SMM

Name of Award: Award from the Central Bureau of Statistics of the Province of Bangka Belitung to PT Sahabat Mewah dan Makmur (SMM) for providing quality industrial statistical data

Date: July 2019

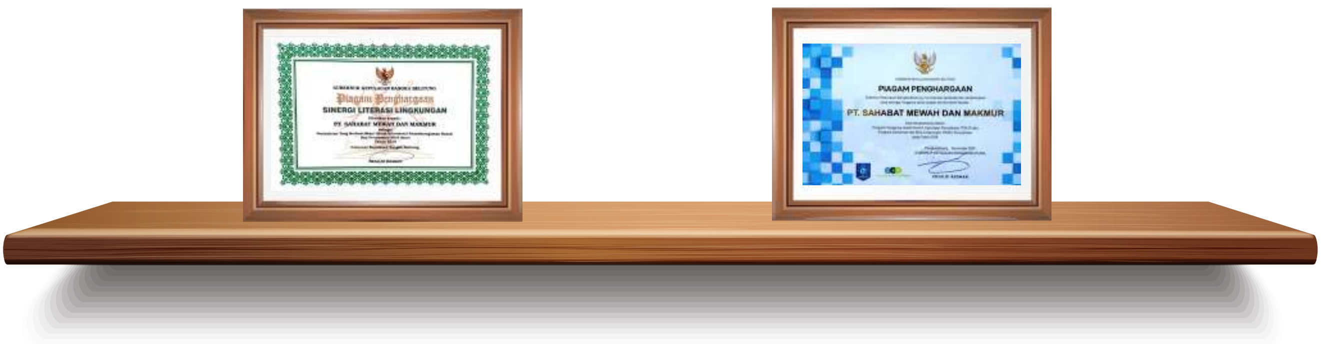
Issuer: Statistics Indonesia at Province of Bangka Belitung Islands

06. Estate/Holding: ANJA

Name of Award: First winner of Green Industry competition

Date: August 13, 2019

Issuer: Department of Environment and Hygiene, Padang Lawas Utara, North Sumatra



07. Estate/Holding: KAL

Name of Award: Recognition of Contributions to Advance Conservation for People and Nature.

Date: September 19, 2019

Issuer: The Nature Conservancy

08. Estate/Holding: PMP

Name of Award: Ministry of Health Award 2019 for the participation and support in CSR Program for Health of Mother and Child category.

Date: November 13, 2019

Issuer: Ministry of Health

09. Estate/Holding: ANJ

Name of Award: Tempo Country Contributor Award 2019 for PT Austindo Nusantara Jaya Tbk, as one of the Most Comply and Best Corporate Taxpayers.

Date: November 15, 2019

Issuer: Pusat Data and Analisis Tempo (PDAT - Tempo Media Group) and Center for Indonesia Taxation Analysis (CITA)

10. Estate/Holding: SMM

Name of Award: Appreciation in Program Tanggung Jawab Sosial Lingkungan Perusahaan (TJSLP) and the Partnership and Program Kemitraan dan Bina Lingkungan (PKBL).

Date: November 2019

Issuer: Governor of Bangka Belitung

11. Estate/Holding: SMM

Name of Award: Environmental Literacy Synergy Award as a Company that contributes to the Conservation of Biodiversity and the Nursery of Acid Seeds in 2019

Date: November 21, 2019

Issuer: Governor of Bangka Belitung

12. Estate/Holding: ANJ

Name of Award: "Gold Rank" for Sustainability Report by Asia Sustainability Reporting Rating (ASRRAT) 2019 with the theme "Consolidating Resources for Responsible Development"

Date: November 26, 2019

Issuer: National Center for Sustainability Reporting (NCSR) and Institute of Certified Sustainability Practitioners.

13. Estate/Holding: AANE

Name of Award: Annual Corporate Financial Statement 2019 Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, on time and accurate.

Date: December 4, 2019

Issuer: Ministry of Trade

14. Estate/Holding: KAL

Name of Award: Annual Corporate Financial Statement 2019 Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, on time and accurate.

Date: December 4, 2019

Issuer: Ministry of Trade

15. Estate/Holding: SMM

Name of Award: Annual Corporate Financial Statement 2019 Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, on time and accurate.

Date: December 4, 2019

Issuer: Ministry of Trade

16. Estate/Holding: ANJAP

Name of Award: Annual Corporate Financial Statement 2019 Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, on time and accurate.

Date: December 4, 2019

Issuer: Ministry of Trade

17. Estate/Holding: ANJAS

Name of Award: Annual Corporate Financial Statement 2019 Award (LKTP) for Commitment and Compliance in the submission of the Company's Annual Financial Statement regularly, on time and accurate.

Date: December 4, 2019

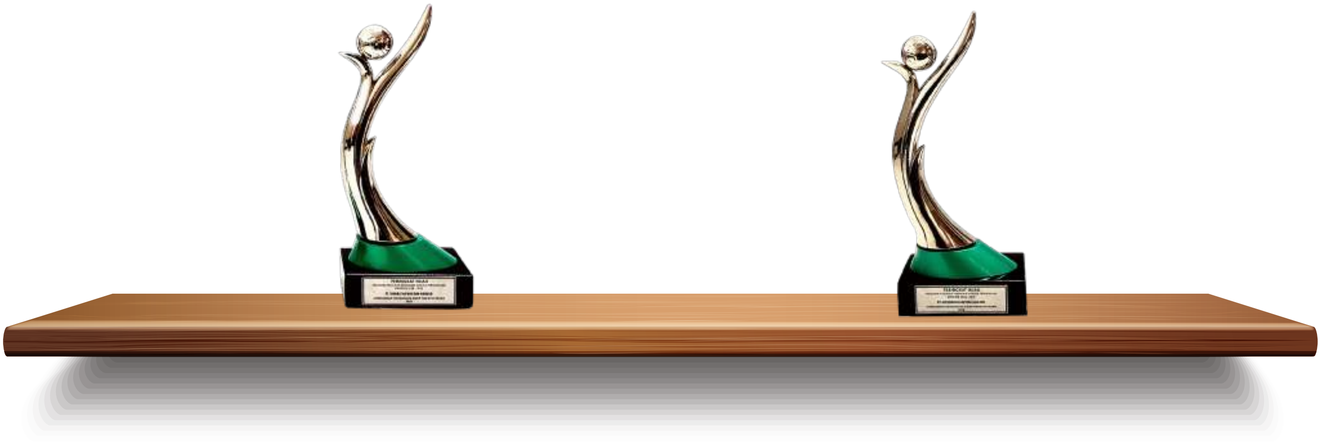
Issuer: Ministry of Trade

18. Estate/Holding: ANJAS

Name of Award: Award at Peringatan Hari Kesehatan Nasional 2019 on the theme "Generasi Sehat, Indonesia Unggul"

Date: December 4, 2019

Issuer: Ministry of Health



19. Estate/Holding: SMM

Name of Award: The best participant in the category of Orderly Administration & Contribution in 2019

Date: December 7, 2019

Issuer: BPJS Ketenagakerjaan

20. Estate/Holding: ANJA

Name of Award: Award Certificate from Padang Lawas Utara Regency on the support in realizing "Stop BABS" (Inconsiderate Defecation) sub district

Date: December 9, 2019

Issuer: Regent of Padang Lawas Utara

21. Estate/Holding: SMM

Name of Award: (PROPER) award in Green category

Date: January 9, 2020

Issuer: The Ministry of Environment and Forestry

22. Estate/Holding: ANJA

Name of Award: (PROPER) award in Green category

Date: January 9, 2020

Issuer: The Ministry of Environment and Forestry

CERTIFICATION 2019

Estate	Certificate	Date/Validity	Issuer
ANJA	RSPO	November 14, 2017 valid until November 13, 2022	RSPO
	ISPO	July 19, 2016 valid until July 18, 2021	ISPO Commission
	ISCC	November 2, 2018 valid until November 1, 2019 (in renewal process)	ISCC Organization
	OHSAS 18001	June 16, 2017 valid until June 15, 2020	British Standards Institution
	ISO 14001	June 16, 2017 valid until June 16, 2020	ISO Organization
	PROPER	Green Rating for year 2018 - 2019	Ministry of Environment and Forestry
	SMK3	May 16, 2019 valid until May 17, 2022	Ministry of Labor and Transmigration

Estate	Certificate	Date/Validity	Issuer
ANJAS	RSPO	November 7, 2019 valid until September 24, 2024	RSPO
	ISPO	April 30, 2015 valid until April 29, 2020	ISPO Commission
	OHSAS 18001	November 11, 2017 valid until November 11, 2020	British Standards Institution
	ISO 14001	November 11, 2017 valid until November 11, 2020	ISO Organization
	SMK3	July 14, 2017 valid until July 13, 2020	Ministry of Labor and Transmigration
SMM	RSPO	January 25, 2019 valid until January 5, 2021	RSPO
	ISPO	December 8, 2014 valid until December 7, 2019 (in renewal process)	ISPO Commission
	ISCC	December 25, 2019 valid until December 24, 2020	ISCC Organization
	OHSAS 18001	April 11, 2018 valid until April 10, 2021	British Standards Institution
	ISO 14001	April 11, 2018 valid until April 8, 2021	ISO Organization
	PROPER	Green Rating for year 2018 - 2019	Ministry of Environment and Forestry
	SMK3	January 22, 2019 valid until December 22, 2021	Ministry of Labor and Transmigration
KAL	RSPO	November 11, 2019 valid until November 10, 2024	RSPO
	ISPO	July 27, 2018 valid until July 26, 2023	ISPO Commission
	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
	SMK3	July 14, 2017 valid until July 13, 2020	Ministry of Labor and Transmigration

DESCRIPTION OF OUR CERTIFICATION

Roundtable on Sustainable Palm Oil (RSPO)
RSPO is the global standard for sustainable palm oil which sets of environmental and social criteria so that companies must comply with in order to produce Certified Sustainable Palm Oil (CSPO).

ISPO
ISPO is sustainability standards for palm oil production within the framework of the Indonesian the Ministry of Agriculture regulations.

International Sustainability and Carbon Certification (ISCC)
ISCC is an European sustainability standard that assesses greenhouse gas emissions, preservation of biodiversity, agricultural practices and respect for labor and land rights.

Occupational Health and Safety Assessment Series (OHSAS 18001)
OHSAS 18001 is an internationally recognized British standard for occupational health and safety management systems which can be used by any industry as a framework to establish and maintain a sound occupational health and safety performance.

ISO 14001
ISO 14001 is the international standard for environmental management systems. Certification is valid for 3 years, and each year the certified company is subject to an audit by a certification body accredited by the National Accreditation Committee.

Sistim Manajemen Keselamatan dan Kesehatan Kerja (SMK3) Certification
SMK3 Certification is a prerequisite for ISPO certification that standardizes the occupational health and safety regulation in accordance with Indonesian law.

PROPER
PROPER is company performance rating assessment program in environmental management developed by the Ministry of Environment and Forestry to encourage companies to improve their environmental management.

CAPITAL MARKET SUPPORTING INSTITUTIONS & PROFESSIONALS

EXTERNAL AUDITOR

Siddharta Widjaja & Rekan,
Registered Public Accountants

33rd Floor, Wisma GKBI, Jl. Jend. Sudirman 28
Jakarta 10210, Indonesia
Tel.: (62-21) 574 2333

Service(s) provided:
Auditing of the Company's financial statements including the accuracy of the accounting policies used, and the reasonableness of the estimates made by management and evaluate the presentation of Company's financial statements and review on Company's Corporate Income Taxes calculation.

Fee:
IDR 920,000,000

Period of Appointment:
2018-2019

SHARE REGISTRAR

PT Datindo Entrycom

Jl. Hayam Wuruk No. 28, Jakarta 10120, Indonesia
Tel.: (62-21) 3508077

Service(s) provided:
Keeping and maintaining the shareholders' register, preparing the register for General Meetings of Shareholders and assisting in the payment of dividends and bonus shares.

Fee:
IDR 40,000,000

Appointed dates:
2013-2019

INFORMATION ON THE COMPANY WEBSITE

www.anj-group.com

The Company's website, www.anj-group.com, contains at least the following information:

- Information on the shareholders up to the last individual owner;
- The Code of Conduct;
- Summaries of the minutes of Annual and Extraordinary General Meetings of Shareholders as well as all related notices and invitations, dating from 2014;
- The Company's annual reports/financial statements 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, Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, CSR and Sustainability Committee as well as Internal Audit Unit.

TRAINING AND DEVELOPMENT OF THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS, COMMITTEES, CORPORATE SECRETARY AND INTERNAL AUDIT UNIT

BOARD OF COMMISSIONERS

In 2019, training and development were conducted by Company for the Board of Commissioners relating to the effect of biodiesel mandate to palm oil industry on May 15, 2019.

BOARD OF DIRECTORS

No	Training	Participant	Date
1	CEO Coaching International	Istini Tatiek Siddharta	March 19-20, 2019
2	SIAA Singapore		May 1-2, 2019
3	PONGO Alliance		July 17-19, 2019
4	Implementation NAP SPO		August 20, 2019
5	Korn Ferry Indonesia CEO Roundtable Prof Ed. Freeman		October 15, 2019
6	CEO Networking 2019		October 31, 2019
7	Green Investment Blueprint for Papua and West Papua		November 19, 2019
8	SIIA 4th		November 26, 2019
9	Papua Development Summit		December 17, 2019
1	The Election, Macro-economy and Credit Market	Lucas Kurniawan	March 20, 2019
2	Mercer's 2019 Executive Forum		March 27, 2019
3	The Big Three Accounting Standards		July 11, 2019
4	DuPont Sustainability Solitors Executive Leadership		September 17, 2019
5	IPOC		October 29, 2019
1	Macro and Industry Update	Naga Waskita	January 29, 2019
2	Anti-Competition Law		September 19, 2019
3	Workshop Evaluasi Pencegahan KARHUTLA bersama PEMDA KALBAR		December 2-3, 2019
1	6th Singapore Dialogue on Sustainable World Resources	Fakri Karim	May 1-2, 2019
2	No Deforestation Task Force – RSPO 8		July 11, 2019
3	Small Group Consultation on Responsible and Inclusive Business in Indonesia and ASEAN		September 13, 2019
4	Lokakarya Legalisasi Kawasan Perkebunan dalam Konsesi Perusahaan Perkebunan Sawit		September 25 – October 1, 2019
5	5th SMART SEED – GAR Sinarmas Plantation		October 16-17, 2019
6	GEF – FOLUR (Food Systems, Land Use and Restoration) Program Design Workshop		October 4, 2019
7	Accountability Framework Initiative Workshop		October 7-8, 2019
8	RSPO – Conference		November 4-7, 2019
9	SIIA 4th Workshop		November 26 2019
10	Green Investment Blue Print for Papua and West Papua		November 19, 2019
11	Workshop Evaluasi Pencegahan KARHUTLA bersama PEMDA KALBAR		December 2-3, 2019
1	No Deforestation Task Force – RSPO	Geetha Govindan	March 21-24, 2019
2	National Interpretation Working Groups – RSPO		May 13-16, 2019
3	RSPO Conference		November 4-7, 2019

AUDIT COMMITTEE, RISK MANAGEMENT COMMITTEE, NOMINATION AND REMUNERATION COMMITTEE, CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE.

In 2019, other than the training and development for the Board of Commissioners relating to the effect of biodiesel mandate to palm oil industry on May 15, 2019, no training and development was conducted by Company for the Audit Committee, Risk Management Committee, Nomination and Remuneration Committee as well as Corporate Social Responsibility and Sustainability Committee.

CORPORATE SECRETARY

Training	Participant	Date
ASEAN CG Scorecard (Comply or Explain)	Naga Waskita	July 18, 2019
ASEAN Corporate Governance Scorecard (ACGD)	Naga Waskita	December 5, 2019

INTERNAL AUDIT UNIT

Training	Participant	Date
Qualified Internal Auditor Certification	Christian Sitorus	September - December 2019
Training of Energy Auditor	Andi Gunawan	June 24-27, 2019
Training SMK3 Auditor	Burhanudin	November 11-14, 2019
Training ISPO Auditor	Edi Pramono	December 2-7, 2019

04.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF OPERATIONS

MACROECONOMIC REVIEW

Despite a number of interest rate cuts by the Central Bank in a bid to stimulate the economy, Indonesia's economic growth remained steady at 5.02% in 2019, as global economic growth slowed to 2.9% on the back of continued geopolitical uncertainty. Weakening demand, particularly from China, as a result of the ongoing trade war between the US and China continued to put pressure on Indonesia's commodity prices, impacting the country's export performance. Domestic consumption continued to drive the economy, although both public and private spending remained relatively subdued as the parliamentary and presidential election process played out over the first three quarters of the year.

INDUSTRY REVIEW

Indonesia exceeded the previous year's record-breaking CPO production volume of 47.4 million tonnes, producing 51.8 million tonnes in 2019. However, as the ongoing US-China trade war continued to subdue the global economy, demand for commodities, including palm oil, weakened further. The CPO price remained under intense pressure until Q3 2019, falling to an average of USD 479 per tonne compared to USD 504 per tonne in 2018, considerably below our budget assumption of USD 550 per tonne. Similarly, the PK price declined from USD 381 per tonne in 2018 to USD 261 per tonne in 2019, versus our budget price of USD 413 per tonne.

In August 2019, the government's announcement of the B30 program, which will increase the mandatory biofuel content of diesel fuel from 20% to 30%, initiated a steady recovery in the CPO price towards the end of the year. The biofuel mandate is a central pillar of the government's strategy to support the palm oil industry, which employs more than 17 million Indonesians, by boosting domestic demand, in part to offset the decline in demand from Europe as a result of the EU restrictions on palm oil-based biofuel.

An additional challenge for the industry in 2019 was the prolonged drought, which exacerbated the spread of forest and bush fires in Sumatra and Kalimantan, leading to significant material losses. The drought will also likely impact production in 2020, as will the reduction in fertilizer application in 2019 as producers sought to manage costs in the wake of the declining CPO price. The price decline also meant that the government did not impose the export levy on palm oil and its derivative products, the revenue from which would normally be used to support smallholder replanting programs.

In an attempt to rein in expansion and instead urge palm oil producers to boost output by improving productivity and quality, the government has also continued to impose a moratorium on the development of new palm oil plantations.

OPERATIONAL REVIEW PER SEGMENT

ANJ's operations are categorized into four segments according to product type: palm oil, sago, vegetables and renewable energy. As of December 31, 2019, all four segments operate in Indonesia.

Palm Oil

As at the end of 2019, the Company was producing palm oil from 38,181 hectares of matured plantation, consisting of 35,133 hectares of nucleus plantation and 3,048 hectares of plasma and partnership plantations, in North Sumatra, Belitung, and West Kalimantan. At the same time, we continued to develop parts of our land bank of over 100,000 hectares in South Sumatra and West Papua.

Matured plantations

Our productive plantation area of 38,181 hectares in 2019 was slightly more than the 38,000 hectares of matured plantation we operated in 2018 due to the additional matured area from KAL as a newly matured estate, compensating for the decrease of matured area as a result of the continuing replanting program in the plantations operated by SMM and ANJA in Belitung and North Sumatra I, respectively. The total planted area (nucleus, plasma and partnership) for matured plantation increased to 44,975 hectares in 2019 from 44,962 hectares in 2018.

A total of 1,500 hectares had been replanted by SMM and ANJA in 2019. However, as one of the cost efficiency measures imposed to mitigate the declining CPO price, replanting will be suspended in 2020 until we see a sustained recovery in the CPO price.

In 2019, we produced 732,837 tonnes of fresh fruit bunches (FFB), slightly below our budget of 744,202 tonnes and decreasing from 786,104 tonnes in 2018. The average FFB yield per hectare declined slightly from 22.0 tonnes in 2018 to 20.9 tonnes in 2019, above our target of 20.1. This was attributable to a number of factors, including the impact of the previous year's flooding at the North Sumatra II estate operated by ANJAS, the likelihood that trees have entered a resting period following high production in the two prior years, hotspots that affected part of our West Kalimantan estate operated by KAL, and the reduction in the area of matured plantation in the Belitung and North Sumatra I estates as a result of replanting. In addition, we had expected the PPM and PMP estates in West Papua to be mature in 2019, and they were therefore included in the yield budget. However, due to delays in the completion of the machinery, they will not be declared mature until 2020.

To maintain mill utilization rates and continue our support for local independent farmers, we increased the procurement of FFB from outside suppliers, purchasing 405,754 tonnes in 2019 compared to 375,181 tonnes in 2018. However, due to lower production by external growers, we fell short of our budget of 506,846 tonnes by 19.9%.

Reflecting the above factors, CPO production volume decreased from 248,694 tonnes in 2018 to 240,844 tonnes in 2019, representing a negative variance of 10.1% from our budget of 267,839 tonnes. Consequently, CPO sales volume also declined, from 246,138 tonnes in 2018 to 239,800 tonnes in 2019, falling 10.2% short of our budget of 266,963 tonnes.

Our average CPO sales price declined 5.0% from USD 504 per tonne in 2018 to USD 479 per tonne in 2019. This was a significant negative variance from our budget assumption of USD 550 per tonne. As a result, we saw a decline of 11.1% in CPO sales revenue from USD 129.3 million in 2018 to USD 115.0 million in 2019.

We produced 51,585 tonnes of Palm Kernel (PK) in 2019, down from 54,033 tonnes in 2018. This resulted in a decline in PK sales volume of 4.0% from 54,285 tonnes in 2018 to 52,115 tonnes in 2019, which was below our production/sales volume budget of 56,430 tonnes. Palm kernel (PK) sales revenue declined by 34.2% from USD 20.6 million in 2018 to USD 13.6 million in 2019, largely due to a 31.5% decrease in the average selling price from USD 381 per tonne in 2018 to USD 261 per tonne in 2019, which was significantly below the budget price of USD 413 per tonne.

There was little change in our average CPO extraction rate, at 21.1% in 2019 versus 21.4% in 2018, which was 0.3% below our target of 21.4%. The PK extraction rate declined from 4.7% in 2018 to 4.5% in 2019.

In the other producing estates, we continued to drive efficiency and cost reductions by optimizing mill operations, including by increasing the use of biomass to generate power, which has also continued to a reduction in GHG emissions. At ANJA, the sale of palm shells as high calorific value biomass continued to provide an additional revenue stream. We also focused on optimizing water consumption in our mills and estates, setting targets for water use and waste processing, which helped to reduce reliance on external water supplies.

In Q4 2019 we issued an EPC tender for the extension of the mill at KAL to increase capacity from 45 tonnes FFB/hour to 90 tonnes/hour. Work is scheduled to start in January 2020 with commissioning expected in Q4 2020.

The Company passed on important milestone by receiving RSPO certification for the KAL estate in November 2019. With this, ANJ is now eligible to sell certified palm oil from all four of our established producing estates. Three smallholder cooperatives were also certified, reflecting our commitment to bring more smallholders into sustainability.

During the year we piloted the mapping of our supply chain to farmer level in ANJA and approved the conceptual plan for our traceability system. We also started the mapping in ANJAS ahead of an expected roll-out in 2020. The system will give us, and our customers, visibility on the origins of our externally sourced fruit, which is a critical step towards eliminating unsustainably produced palm oil from our supply chain.

Development plantations

Given that our development plantations are not yet producing commercially, we are not reporting any sales data for 2018 and 2019.

Due to a delay in the commissioning of the new palm oil mill as a result of adverse weather and logistics challenges, we were unable to declare the PMP and PPM estates in West Papua as mature, as planned; they will be commercially operational in 2020. However, we did see encouraging CPO production from the new CPO mill at the PMP estate, which also processes FFB from the PPM estate, which had produced 4,120 tonnes of CPO by the end of the year. The 45 tonne/hour capacity mill also houses the Company's first 60 tonne/day capacity palm kernel crushing plant. As newest newly matured estates in 2020 with access to a palm oil mill, PPM and PMP, will be eligible for RSPO certification in 2020, and are currently preparing the required audits.

In Empat Lawang, South Sumatra, our subsidiary GSB has begun planting a landbank of 12,800 hectares. In line with our policy of minimizing capital expenditures to mitigate the impact of the low CPO price, no further development took place in 2019, and the planted area to date stands at 754 hectares.

Development of our third concession in Papua, operated by ANJT, has been suspended since November 2018 as we await clarification of the RSPO HCVRN review.

Sago

ANJAP has been pioneering industrial-scale sago harvesting and processing from approximately 40,000 hectares of natural sago forest in South Sorong, West Papua. As a result of continuous innovation and improvement in both the harvesting and processing operations, ANJAP has succeeded in developing the commercial production of high quality sago starch from its 1,250 tonnes/month capacity mill and has a growing customer base in the food industry.

We continued to see robust progress in sago starch production, which increased from 1,894 tonnes in 2018 to 2,781 tonnes in 2019, but still showed a negative variance against our budget of 5,629 tonnes. Sales volume grew from 1,771 tonnes in 2018 to 2,148 tonnes in 2019, falling short of our target of 5,290 tonnes. This drove an increase in sales revenue to USD 1.0 million, up from USD 0.7 million in 2018, which was below our budget of USD 2.3 million. At IDR 6,714/kg, the average sales price for sago starch in 2019 was encouragingly higher than our budget assumption of IDR 6,308/kg, and showed a steady progression from IDR 5,991/kg in 2018.

The increase in production volume was driven by further mechanization of harvesting and the automation of front-end processing, enabling harvests of 2,500 logs per day by year end as well as an improvement in sago starch extraction rates from 7% to 9% over the year, driving an increase of production of almost 50% year-on-year. These improvements contributed to reduced production costs, as did the reduction in fossil fuel costs as ANJAP continued to transition to biomass as its principal energy source.

To ensure future production continuity and productivity, we continued to focus on improving the quality of material for replacement planting while continuing to develop and refine best practices for the sustainable management of natural sago forest. We also continued to explore the feasibility of using UAVs to identify trees that are ready for harvesting, which will considerably reduce the labor intensity of the operation.

At the other end of the sago value chain, we saw an improvement in domestic market prospects with the strengthening of the sago starch price. However, this ultimately resulted in the loss of ANJAP's price-sensitive modern industry customers, which switched back to tapioca when the price of that commodity fell. Nevertheless, we saw growing interest on the international market, and as of the end of 2019 ANJAP was awaiting final approval from a prospective buyer in Japan.

To strengthen our market proposition, the Company has continued to develop and implement trial of innovative, value-added applications for sago starch in our food laboratory and adjacent Bueno Nasio restaurant, where healthy, sago-based cuisine has received a positive reception from our business partners and customers. Applications are also being developed through one of our livelihood programs at the ANJAP site, where mothers' groups are developing and selling sago snacks under the guidance of food technologists.

One of the key objectives for the sago business is to develop a commercially viable model for sustainable sago forest management in West Papua that could materially contribute to poverty reduction and economic development in this disadvantaged region, while supporting Indonesia's food diversification ambitions.

Vegetables
Our vegetables business, operated by GMIT in Jember, East Java, focuses on growing and processing edamame and okra. As a high-protein soybean with strong anti-oxidant properties, edamame is recognized as a 'superfood', while okra is a high-yielding, highly profitable vegetable with strong market potential. The business operates on a partnership model, with working capital provided by GMIT and farmers providing land, labor, irrigation and security.

The edamame business experienced a number of setbacks during the year. Production decreased from 1,229 tonnes in 2018 to 710 tonnes in 2019, well below our budget of 1,335 tonnes. This was due to a number of factors, including the prolonged drought, issues with seed quality and less than optimal land selection. However, in Q3 2019 we succeeded in increasing the

planting yield from 4-5 tonnes/hectare to 7 tonnes/hectare following a series of improvements, including implementing stricter agronomic controls, adjusting the criteria for land selection, using GIS mapping to identify and verify suitable land, deploying mechanical cultivation to improve productivity and quality and reviewing the seed production program. A number of SOPs were developed to ensure that production complies with international guidance on good agricultural practices.

We also encountered a challenge with the recently commissioned edamame frozen line factory when the machinery did not perform to specifications. Replacement machinery was quickly procured and installation is expected to be completed in Q2 2020. In addition to the expense, this led to the postponement of our commercial schedule for frozen edamame production, with exports now expected to begin in the second semester of 2020.

As a result of this setback, our production volume was sold entirely on the domestic market in 2019. We booked USD 332,031 in revenue from edamame sales in 2019, down from USD 445,685 in 2018 and representing a negative variance from our budget of USD 3,913,644. The average sales price increased slightly from IDR 7,351/kg in 2018 to IDR 7,459/kg in 2019, and also above our budget assumption of IDR 5,526/kg.

The frozen food business is a joint venture with AJI HK Limited (Asia Foods group), which acquired a 20% stake in GMIT in October 2017. Under our agreement, Asia Foods provides technical assistance for the development of the frozen line facility as well as access to the export market.

During the year we continued to make preparations for okra production, in line with our strategy to diversify the business and optimize the capacity of the frozen line. Commercial planting will begin in early 2020, with the first exports of the frozen product expected in the second half of the year.

Renewable Energy

AANE, our renewable energy subsidiary located in Belitung, was licensed as an independent power producer (IPP) in 2013, and 2014 became the first IPP in Indonesia to operate and sell electricity from a biogas power plant. AANE generates electricity by capturing and burning methane released through the decomposition of palm oil mill effluent (POME) waste from the Belitung estate operated by SMM. 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. The sole offtaker for AANE's electricity is state power company PLN, which distributes it on the national grid.

In 2019, AANE's electricity generation and sales declined from 8,734,408 KwH in 2018 to 7,106,562 KwH in 2019, representing a negative variance of 29.3% from our budget of 10,058,743 KwH. This was largely attributable to the plant experiencing several shutdowns during the year, which led to significantly higher than expected maintenance and repair costs. After investigation, it was concluded that the majority of the shutdowns could be traced to operational issues at PLN.

Service concession revenue fell from USD 0.6 million in 2018 to USD 0.4 million in 2019, which was 29.3% below our budget of USD 0.6 million. The tariff remained at IDR 975/kwh, at which level it is not commercially feasible for the Company to produce electricity.

PROFITABILITY PER SEGMENT

The table below summarizes the profitability of each segment:

(million USD)	Palm Oil	Sago	Vegetables	Renewable Energy
December 31, 2019				
Revenue	128.5	1.0	0.4	0.4
Gross Profit (loss)	28.1	(3.5)	(0.8)	0.0
Profit (loss) before tax	5.8	(4.6)	(1.8)	(0.1)
December 31, 2018				
Revenue	150.0	0.7	0.4	0.6
Gross Profit (loss)	44.3	(3.4)	(0.1)	0.2
Profit (loss) before tax	19.6	(4.9)	(1.2)	0.1

Palm Oil Segment

As our core business, palm oil contributed USD 128.5 million or 98.6% of our total revenue in 2019, generating a gross profit of USD 28.1 million and profit before tax of USD 5.8 million.

Sago Segment

The sago segment, now in its third year of commercial operation, contributed USD 1.0 million or 0.8% of our total revenue. We saw a steady improvement in productivity, largely driven by automatization of more of the mill processes, which led to production cost efficiencies. We expect to see an improvement in profitability with increases in processing and storage capacity and further market growth.

Vegetables Segment

Revenue from edamame sales contributed USD 0.4 million or 0.3% to our total revenue in 2019, after equipment issues led to a revision of the schedule for our first commercial exports to second half of 2020. We expect to see an improvement in profitability after that time.

Renewable Energy Segment

The renewable energy segment contributed USD 0.4 million or 0.3% to our total revenue in 2019. The tariff paid by PLN has remained flat, and as such is too low for AANE's renewable energy business to be commercially feasible.

MARKETING REVIEW

Most of ANJ's palm oil is sold for export through sales contracts on an FOB basis. We ship palm oil products from all our mills to an international export port, where we build volume for buyers, who comprise both end customers and traders. We export most of our products to markets in Asia, including India.

In response to the intense pressure from NGOs and consumers to boycott producers that are considered to engage in unsustainable practices, many palm oil customers have signed up to the NDPE policy. We have suspended the development of our oil palm plantations in West Papua since end of November 2018. We revised our sustainability policy and as of the date of issuance of this Annual Report, we have started the process for re-entry protocol to enable us to sell to our previous buyers.

ANJ can charge a premium for CPO produced from all four of our RSPO-certified estates. To increase the volume sold at the premium price, we are seeking to increase direct sales to end buyers who require RSPO certification to ensure the traceability of the product in their supply chains. We are also eligible to charge a quality premium for CPO with a Free Fatty Acid (FFA) content of less than 3.5%.

As the benefits of sago as a healthy, sustainable source of gluten-free native starch become more widely appreciated, we have seen steadily growing interest in sago, particularly on the international market. Although the Company's two modern food industry customers did not pursue further contracts with the company as a result of a decline in the price of tapioca, we maintained our customer base in the traditional domestic food industry and sent trial shipments to a prospective major customer in Japan, with expectations of securing a sales contract in early 2020.

We expect to see continued growth in sales as ANJAP's production output increases. To support this we are implementing a number of improvements on the logistics side, to decrease the logistic cost per kilogram of sago starch, including a planned increase in vertical storage capacity at the mill.

SAGO: MARKETING TARGETS VS REALIZATION IN 2019

We targeted an expansion of the market for sago starch products in several regions of Indonesia and export destination such as Japan. In 2019, we were able to significantly increase sales of sago starch compared to 2018 (19% by volume and 38% by revenue) as production increased, through our existing distribution network.

SAGO: PROJECTED MARKETING PERFORMANCE IN 2020

As sago starch production increases, we will increase sales by acquiring new customers in the domestic industry sector who are familiar with using sago, or prospective new users by introducing them to sago starch uses in new applications. We will also continue to explore the export market for sago starch to Japan, given that potential buyers from Japan have shown interest in obtaining supplies from us. We estimate that the Japanese market will be able to absorb 20% of our total production in 2020.

EDAMAME: MARKETING TARGETS VS REALIZATION IN 2019

In 2019, fresh edamame products continued to dominate sales. We recorded the first export sales of frozen edamame products to Canada in August 2019.

EDAMAME: PROJECTED MARKETING PERFORMANCE IN 2020

The domestic market for fresh edamame remained relatively stable in 2019 as we continued to sell to local distributors in East Java, Central Java and Bali. Our main target remains the export market for frozen edamame; however, our commercial schedule suffered a setback due to issues with the machinery on the frozen line. Commercial production is expected to begin in second half of 2020 following the commissioning of replacement machinery and the completion of food safety and customer audits.

Frozen edamame will begin production in mid-2020 and will be exported to Japan, the US and Australia through our export purchase agreement with the Asia Foods group. We may also explore potential markets in Europe and the Middle East. Although the domestic market for frozen edamame is not a priority, we are currently in the process of registering a local frozen vegetable brand with the Indonesian food and drug authority, BPOM. For the domestic market, we will launch retail packs (500 grams) through distributors.

Under our agreement with Asia Foods, we will also produce frozen okra for export. Production will begin in 2020.

BUSINESS PROSPECTS AND STRATEGIES

ANJ's principal objective for 2020 will be to continue to strengthen our platform for sustainable growth from our portfolio of high-value agricultural products. We will continue to focus on operational excellence and responsible growth while building resilience through improving productivity, driving cost efficiency and minimizing non-essential capital expenditures, at least until there is a sustained recovery in the CPO price.

PALM OIL

Prospects: Palm oil supplies are expected to tighten in 2020 on the basis of lower output growth resulting from the drought as well as reduced fertilizer application and replanting in 2019, as farmers sought to mitigate the impact of the low CPO price. At the same time, there has been a minimal increase in the area under plantation in Indonesia due to the moratorium on new development.

On the demand side, increasing biodiesel mandates in Southeast Asia are expected to place further limitations on global supply and thereby positively influence the CPO price. In Q4 2019, the CPO price began to strengthen following the announcement of Indonesia's proposed increase in the biodiesel mandate from B20 to B30 in support of its policy of increasing domestic palm oil consumption and reducing fuel imports. Alongside similar biodiesel mandates in Malaysia and Thailand, this is expected to be a key driver of demand for CPO in 2020. However, a potential downside risk is that demand for biodiesel may be susceptible to volatility in the price of crude oil.

The principal risk facing the industry in the short term is the COVID-19 pandemic, which is leading to a significant slowdown in the global economy as countries attempt to contain the spread of the virus. The first quarter of 2020 has already seen a reduction in demand from the two biggest CPO importers, China and India, as a result of the pandemic. As economic activities remain drastically curtailed in many countries around the world, it is likely that demand will be impacted for at least the first half of 2020.

Over the medium to long term, however, the prospects for CPO remain bright. With global food-based demand for vegetable oils growing by 3 million tonnes every year[1], CPO's availability, versatility and affordability make it the most attractive option for consumer product manufacturers, while biodiesel is playing a growing role in meeting rising world energy demand. Meanwhile, many analysts believe that the supply side factors noted above will restrict production growth over the next few years, keeping supplies tight,[2] which is likely to have a positive influence on price trends in future.

Strategies: Our commitment to responsible development will continue to guide our overall strategy in 2020 as we pursue our objectives in compliance with the RSPO guidelines and the Company's Sustainability Policy. However, as we continue to address the hangover from the low price situation in 2019 and anticipate the potential impact of the COVID-19 pandemic, our priorities will be to preserve cash, drive productivity and cost efficiency, and minimize non-essential capital expenditures, at least until we see a sustained strengthening of the CPO price.

Having begun to see improved efficiency as a result of the implementation of the EPMS (E-Plantation Mobile Solution) system in three of our estates, we plan to complete the roll-out in the SMM estate in 2020. We also expect to scale up our traceability project in more estates during the year. This is

1. 'Palm & Lauric Oils Price Outlook 2020', presentation by Dorab E. Mistry at the 15th Indonesian Palm Oil Conference, Bali, November 1, 2019.
2. James Fry, Dorab E. Mistry at IPOC 2019, November 1, 2019.

a key step towards improving the overall sustainability of our operations, not only in view of the intensifying pressure from palm oil buyers and NGOs to increase supply chain transparency but also in line with our commitment to supporting sustainable practices among smallholder farmers as a means of reducing the incentive for illegal forest clearing.

As we enter the first full year of CPO production from our West Papua estates, we will complete the planned construction of infrastructure, including employee housing and roads. The repair of the bridge connecting the PMP and PPM estates is scheduled for completion in second semester of 2020. In West Kalimantan, we will double the capacity of the KAL CPO mill to 90 tonnes of FFB per hour by adding a second processing line. We also plan to implement flood control measures at the ANJAS estate in North Sumatra to prevent future damage.

The replanting program in the ANJA and SMM estates will be suspended until the CPO price stabilizes above USD 575 per tonne.

SAGO

Prospects: We believe that sago starch has considerable potential as a sustainable alternative carbohydrate source that can contribute to reducing dependence on rice and other grains as part of Indonesia's food diversification and security strategies. As a gluten-free product with particular digestive properties, sago starch has market potential in numerous applications, and we are seeing increasing interest in its use as an ingredient in processed foods on both the domestic and export markets, including Japan.

The sago business also plays a key role in our strategy for improving livelihoods in West Papua, generating a multiplier effect on the local economy by creating decent local employment opportunities and contributing to the development of local physical and social infrastructure.

The principal challenges will be to continue to drive the production volume of sago starch while developing the market.

Strategies: We will continue to modify and automate processing operations to optimize production, increase extraction rates and reduce costs as we work towards our break-even point at the end of 2020. As part of this strategy we will increase storage capacity at the mill in order to reduce per unit transportation costs and improve supply continuity, and continue modifications to ensure that 100% of the mill operations are powered by biomass by Q1 2020. On the agronomic side, we will continue to implement sustainable forest management practices, including selective harvesting, enhancing and replacing harvested palms, restoring forest paths and managing water levels, and develop our nurseries to ensure sufficient high yielding, high quality material for planting. We are also developing applications to enable the use of drone surveys to facilitate the identification of palms that are ready for harvesting.

We will continue to work closely with the local communities, in cooperation with the Community Involvement and Development (CID) Department, on managing the sago forest sustainably. Obtaining certification for our forest stewardship practices remains an important goal, and we are working with various organizations to adapt existing frameworks for timber forest to sago forest management.

We will continue to explore opportunities to develop the export market, particularly with our prospective customer in Japan after completing customer trials. A key component of this strategy is developing and promoting innovative applications for sago, both for the modern food industry and for consumer use.

The Company has also sought to engage the government on establishing formal recognition of the potentially strategic role of sago in Indonesia's food diversification program. Such recognition would facilitate support for improvements in the distribution of sago.

VEGETABLES

Prospects: Although Japan is the principal market for frozen edamame, we have continued to see growing demand in Singapore, Malaysia, Thailand and the Middle East, as well as the US and Australia.

Indonesia's climate allows farmers to produce two to three crops annually, giving it a comparative production advantage over the other major producing countries such as China, Taiwan, Thailand and Vietnam.

Strategies: We expect to begin exporting frozen edamame in second half of 2020, following the commissioning of replacement machinery and the completion of safety certification and customers audits. Most of the production will be absorbed by the Asia Foods group, and exported initially to markets other than Japan which have a shorter pre-qualification process; we will also continue to explore other potential markets, such as Europe and the Middle East. While growing the domestic market is not a priority at this time, we will continue to promote the benefits of edamame as an affordable and highly nutritious protein source to local consumers, for example through the development of innovative edamame applications by one of our Responsible Development programs.

Outside the factory operation, our key priority will be continuous improvement in the field operation to drive productivity and quality.

We will begin commercial planting of our second high-margin vegetable product, okra, at the Q2 2020 ahead of our expected first exports in the second semester. Access to the export market will be facilitated by Asia Foods.

RENEWABLE ENERGY

Prospects: We are not planning to pursue further commercial development of our renewable energy business, primarily because the price at which we sell electricity to PLN is too low to be commercially feasible. Moreover, the requirement for IPPs to transfer ownership of the power plant at the end of the contract would be difficult to fulfill, given that the plant is on our plantation site. Over the longer term, however, we continue to see a role for biogas for internal use as part of our sustainability strategy, targeting reduced reliance on fossil fuels, lower greenhouse gas emissions, and optimized use of waste products.

Strategies: In the coming year we will continue to minimize losses by optimizing operational and cost efficiencies at the power plant.

REVIEW OF FINANCIAL PERFORMANCE

Palm oil contributed 98.6% of the Company's consolidated revenue in 2019. CPO sales volume declined by 2.6% year-on-year from 246,138 tonnes in 2018 to 239,800 tonnes in 2019 as a result of lower internal fresh fruit bunch (FFB) production, which was attributable to the resting period after higher fruit production in the first semester of last year, following the El Nino event.

FFB purchases from third parties increased to 8.1% to maximize mill utilization. However, the average CPO selling price fell by 5.0% from USD 504 per tonne in 2018 to an average of USD 479 per tonne in 2019.

The declining price drove a 14.1% decline in total revenue from USD 151.7 million in 2018 to USD 130.4 million in 2019. The Company booked one-off gains in 2019 of USD 8.6 million (net of tax) from sales of associates and minority investments in agribusiness, i.e. PT Pangkatan Indonesia, PT Aceh Timur Indonesia, PT Surya Makmur, PT Evans Lestari, PT Sembada Sennah Maju, PT Simpang Kiri Plantation Indonesia, PT Bilah Plantindo, PT Prima Mitrajaya Mandiri and PT Teguh Jayaprima Abadi, as well as a minority investment in PT Puncakjaya Power. Nevertheless, the Company posted a net loss for the year of USD 4.6 million, which was higher than net loss of USD 0.5 million in 2018. The net loss attributable to the owners of the Company for 2019 amounted to USD 4.2 million, worsening from USD 0.3 million in 2018.

The discussion and analysis of the Company's financial performance in 2019 that follows is based on the Consolidated Financial Statements and Notes to the Financial Statements as of and for the years ended December 31, 2019 and 2018.

The Financial Statements as of and for the years ended December 31, 2019 and 2018 were audited by Siddharta Widjaja & Rekan (Registered Public Accountants) and given an unqualified opinion that they fairly present the Company's financial position, financial performance and cash flows.

Consolidated Statements of Financial Position

USD thousand	2019	2018	Change (%)
Current assets	66,837	93,473	-28.5%
Non-current assets	558,871	508,732	9.9%
Total assets	625,708	602,205	3.9%
Current liabilities	31,441	56,069	-43.9%
Non-current liabilities	205,559	159,746	28.7%
Total liabilities	237,000	215,816	9.8%
Equity attributable to owners of the Company	387,919	385,405	0.7%
Total equity	388,708	386,389	0.6%

ASSETS

The Company's current assets stood at USD 66.8 million at end of 2019, down by 28.5% from USD 93.5 million at end of 2018. This was largely attributable to the sale of our investment in PT Puncakjaya Power, which was recorded as available-for-sale financial assets in current assets. Non-current assets at end of 2019 amounted to USD 558.9 million, up 9.9% from USD 508.7 million at end of 2018, mainly due to capitalized upkeep cost for immature plantations and replanting program in ANJA and SMM plantations as well as purchases of property, plant and equipment, primarily relating to our West Papua palm oil mill, which was offset by the sale of investments in associates and available-for-sale financial assets. As a result, total assets increased by 3.9% from USD 602.2 million at end of 2018 to USD 625.7 million at end of 2019.

LIABILITIES

At end of 2019, current liabilities stood at USD 31.4 million, down 43.9% from USD 56.1 million at end of 2018, principally as a result of the decrease in short-term bank loans, particularly due to the payment of short-term bank loan to PT Bank CIMB Niaga Tbk. As at December 31, 2019 total outstanding short-term bank loans stood at USD 2.5 million, compared to USD 25.0 million at the end of 2018.

Non-current liabilities rose 28.7% from USD 159.7 million at end of 2018 to USD 205.6 million at end of 2019, principally because of the withdrawal of long-term bank loans. Total outstanding long-term bank loans amounted to USD 188.0 million as at December 31, 2019, compared to USD 146.4 million as at December 31, 2018. Total liabilities were up 9.8% from USD 215.8 million in 2018 to USD 237.0 million in 2019, largely due to the increase in long-term bank loans.

EQUITY

Total equity stood at USD 388.7 million in 2019, up 0.6% from USD 386.4 million in 2018. This was attributable to the decrease in cumulative translation adjustment in other comprehensive income due to the Rupiah exchange rate appreciation in 2019.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

USD thousand except where stated	2019	2018	Change (%)
Total Revenue	130,355	151,701	-14.1%
Total cost of revenue	(106,590)	(110,786)	-3.8%
Gross profit	23,765	40,915	-41.9%
Total operating expenses, net	(16,960)	(35,923)	-52.8%
Operating profit	6,805	4,992	36.3%
Total other income (expenses)	672	1,647	-59.2%
Profit before tax	7,477	6,639	12.6%
Net loss for the year	(4,558)	(492)	-827.2%
Net loss attributable to non-controlling interests	(361)	(181)	-99.4%
Net loss attributable to the owners of the Company	(4,197)	(310)	-1,251.9%
Total comprehensive income (loss)	2,197	(7,131)	130.8%
EBITDA	22,875	25,055	-8.7%
EBITDA margin (%)	17.6%	16.5%	6.3%

REVENUE

We posted total revenue of USD 130.4 million in 2019, decreasing from USD 151.7 million in 2018. This consisted of USD 129.9 million in revenue from sales and USD 0.4 million in revenue from service concessions. Revenue from sales of palm oil accounted for 98.6% of total revenue in 2019, whereas 1.4% was contributed by service concession revenues and sales of edamame and sago starch.

CPO sales revenue decreased by 11.1% from USD 129.3 million in 2018 to USD 115.0 million in 2019, as our average CPO sales price declined 5.0% from USD 504 per tonne in 2018 to USD 479 per tonne in 2019, and CPO sales volume fell 2.6% to 239,800 tonnes from 246,138 tonnes in 2018. Palm kernel (PK) sales revenue amounted to USD 13.6 million in 2019, down 34.2% from USD 20.6 million in 2018, as a result of our average selling price declining 31.5% to USD 261 per tonne from USD 381 per tonne in 2018, while PK sales volume decreased by 4.0% to 52,115 tonnes from 54,285 tonnes in 2018.

Revenue from sales of non-palm oil products increased 14.9% from USD 1.2 million in 2018 to USD 1.3 million in 2019. This consisted of sales of edamame and sago starch. Our revenue from sales of sago starch increased by 38.6% from USD 0.7 million in 2018 to USD 1.0 million in 2019.

Service concession revenue, comprised of revenue from our subsidiary AANE, an Independent Power Producer (IPP) that uses biogas to generate electricity, which is sold to PLN in Belitung Island. We posted total service concession revenue in 2019 of USD 0.4 million, down 20.0% from USD 0.6 million in 2018.

COST OF REVENUE

Cost of revenue amounted to USD 106.6 million in 2019, a decrease of 3.8% from USD 110.8 million in 2018. The principal component was costs relating to sales of CPO and PK, amounting to USD 100.5 million in 2019, down 4.9% from USD 105.7 million in 2018. The decrease was in line with the decline in sales and was largely attributable to the lower cost of third-party FFB purchases due to the low CPO price in 2019 as well as the gain on FFB revaluation. The lower cost of sales was partially offset, however, by a loss from forward contracts. The cost of third-party FFB purchases was USD 36.7 million in 2019, compared to USD 38.4 million in 2018, due, as mentioned, to the much lower price of FFB, although our FFB purchase volume increased by 8.1% from 375,181 tonnes in 2018 to 405,754 tonnes purchased in 2019. We also recorded a fair value gain of USD 1.5 million as a result of the adoption of PSAK No. 69, mainly because the price of FFB began to rise at the end of 2019.

In the edamame business, cost of sales rose from USD 0.6 million in 2018 to USD 1.2 million in 2019, which was largely attributable to a one-time expense from the write-down of assets and decline in inventory of GMIT.

Cost of service concessions increased from USD 0.3 million in 2018 to USD 0.4 million in 2019, due to higher repair maintenance expense which was attributable to the several shutdowns occured in 2019.

Dividend income mainly consists of dividends received from investments in entities in which we hold an interest of less than 20%. In 2019, we received USD 0.1 million in dividend income, down 91.1% from USD 1.2 million in 2018, due to the absence of dividends from our minority investments in agribusiness sold in 2019.

Our foreign exchange loss declined from USD 2.1 million in 2018 to USD 0.6 million in 2019 due largely to our effort to minimize the currency mismatch in our monetary assets and monetary liabilities as well as the appreciation of the Rupiah against the US dollar.

Selling expenses decreased to USD 7.7 million from USD 11.6 million in 2018 as a result of the waived of the export levy when the CPO price falls below USD 570 per tonne and export tax when the CPO price falls below USD 750 per tonne.

Personnel expenses decreased by 22.9% from USD 13.9 million in 2018 to USD 10.7 million in 2019 as a result of the lower accrual of employee long-term benefit.

General and administrative expenses increased from USD 10.3 million in 2018 to USD 12.7 million in 2019, largely due to higher travel and transportation expenses, the impairment losses on our financial asset and the tax assessment expenses, mainly from VAT.

Our other income increased from USD 0.8 million in 2018 to USD 14.5 million in 2019, mainly due to one-off gains from the divestment of our minority investment in the energy business as well as investment in associates and minority investments in agribusiness.

The share in net income of associates represents our share of net income from companies in which we hold a minority interest of 20% or more, or companies over which we have a significant influence. Following the divestment of our associates' investments, our share in net income from associates decreased by 59.4% from USD 2.0 million in 2018 to USD 0.8 million in 2019.

Finance costs-net declined from USD 0.4 million in 2018 to USD 0.1 million in 2019 because the main borrowings were utilized for the West Papua project. The interest expense was therefore capitalized until the project starts commercial operations.

Tax expenses increased by 68.8% to USD 12.0 million in 2019 from USD 7.1 million in 2018 due to the one-off gains from the sales of investments.

NET PROFIT AND TOTAL COMPREHENSIVE INCOME

The lower CPO and PK prices compared to the prior year, offset by one-off gains on sales of investments in 2019, resulted in a net loss for the year of USD 4.6 million, compared to the net loss of USD 0.5 million in 2018.

Other comprehensive income in 2019 comprised of actuarial gain/loss from post-employment benefits, a change in fair value of available-for-sale investment and foreign exchange differentials from the translation of subsidiaries' financial statements.

A number of the Company's subsidiaries use the Rupiah as their functional currency. Due to the significant appreciation of the Rupiah against the US dollar in 2019, the net assets of those subsidiaries increased by USD 6.2 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 2.2 million, in contrast to a comprehensive loss of USD 7.1 million in 2018.

Consolidated Statements of Cash Flows

USD thousand except where stated	2019	2018	Change (%)
Net cash provided by (used in) operating activities	8,693	(6,385)	-236%
Net cash used in investing activities	(30,562)	(70,415)	-57%
Net cash provided by financing activities	11,119	59,630	-81%
Net decrease in cash and cash equivalents	(10,750)	(17,171)	-37%
Cash and cash equivalents at the beginning of the year	29,234	46,405	-37%
Cash and cash equivalents at the end of the year	18,484	29,234	-37%

Net cash provided by (used in) operating activities:
Cash of USD 8.7 million was provided by operating activities in 2019, compared to cash used in operating activities USD 6.4 million in 2018. The favorable variance was due to the increase in cash received from value added tax refund.

Net cash used in investing activities:
In 2019, a total of USD 30.6 million was used in investing activities, decreasing from USD 70.4 million in 2018, as a result of the cash proceeds received from sales of our investments in 2019.

Net cash provided by financing activities:
Net cash provided by financing activities decreased from USD 59.6 million in 2018 to USD 11.1 million in 2019, mainly due to the repayment of short term and long term bank loans in 2019.

OPERATING RATIOS

Gross Margin:
Our gross margin is measured by dividing the gross profit by the sum of the revenue from sales and service concessions. In 2019 our gross margin decreased by 8.8 percentage points to 18.2% from 27.0% in 2018, which was attributable to the decline in CPO and PK sales prices, decline in CPO and PK sales volume and loss from derivative instruments.

EBITDA Margin:
Our EBITDA margin is measured by dividing EBITDA by the sum of revenue from sales and service concessions. 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 stood at 17.5% in 2019, an increase of 6.3 percentage points from 16.5% in 2018, primarily due to one-off gains from sales of investments in 2019.

Net Profit Margin:

In 2019 our net profit margin was -3.5%, compared to -0.3% in 2018. This represented a net loss of USD 4.6 million from a total revenue of USD 130.4 million, compared to a net loss of USD 0.5 million from a total revenue of USD 151.7 million in 2018.

Return on Assets and Equity:

Return on Assets (ROA) is calculated by dividing net profit for the year by the total assets at the end of the year. We booked a ROA of -0.7% in 2019, compared to -0.1% in 2018, due to our net loss in 2019.

Return on Equity (ROE) is calculated by dividing net profit for the year by the total equity at the end of the year. ROE in 2019 was -1.2%, compared to -0.1% in 2018, due to our net loss in 2019.

ACCOUNT RECEIVABLES COLLECTIBILITY

Receivables Turnover:

This is a measure of the average days required by a company to turn receivables into cash collected. Our average receivables turnover was around 20 days in 2019, an improvement from 39 days in 2018. Receivables turnover is calculated by dividing the number of 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 2019, our trade receivables were derived from our export sales of palm oil, service concession revenue, edamame sales and sago sales. Local sales of CPO and PK are on a contract basis, which require advance cash payment from buyers before delivery, thus no trade receivables are incurred. The revenue from local sales of CPO and PK is therefore excluded from this calculation of receivables turnover.

SOLVABILITY

The Current Ratio is measured by dividing total current assets by total current liabilities at the end of the year. Our current ratio in 2019 was 2.13x, up from 1.67x in 2018. This was attributable to the decrease in current liabilities as a result of the loan repayment in 2019.

The Cash Ratio is calculated by dividing total cash and cash equivalents by total current liabilities. At the end of 2019, 27.7% of our current assets were in the form of cash and cash equivalents, compared to 31.3% in 2018. Our cash ratio increased to 0.59x in 2019 from 0.52x in 2018, indicating that we have more than adequate capacity to meet our current liabilities.

The Debt-to-Equity Ratio reflects our ability to meet our total liabilities. The lower the ratio, the better our ability. In 2019 our total liabilities increased to USD 237.0 million, from USD 215.8 million in 2018, driving an increase in our debt-to-equity ratio from 0.56x in 2018 to 0.61x in 2019. This nevertheless indicates that our capacity to meet our liabilities remains strong.

The Net Debt-to-Equity Ratio is calculated by dividing net debt by equity, where net debt represents interest-bearing liabilities minus cash and cash equivalents. Our net debt-to-equity ratio in 2019 was 0.44x compared to 0.37x in 2018, reflecting the increase in bank loans.

CAPITAL STRUCTURE AND CAPITAL STRUCTURE POLICY

Capital Structure

USD thousand except where stated	2019	2018	Change (%)
Short-term bank loans	2,474	24,982	-90.1%
Long-term bank loan – current maturities	959	6,596	-85.5%
Long-term bank loan – net of current maturities	187,024	139,838	33.7%
Total debt	190,457	171,416	11.1%
Total cash and cash equivalent	(18,484)	(29,234)	-36.8%
Net debt	171,972	142,182	21.0%
Equity			
Equity attributable to the owners of the Company	387,919	385,405	0.65%
Net debt to equity ratio	44.33%	36.89%	20.2%

We continued to work towards realizing our vision of being a world-class agribusiness-based food company that elevates the lives of people and nature in 2019, executing our strategy of growing our agribusiness-based food business in the palm oil, sago and vegetable sectors. Our strategy for value creation across the ANJ Group is based on responsible growth. As an example, we seek to maintain a balance between the use of equity and borrowings. We have therefore taken advantage of the strong liquidity from our palm oil operations and our cash balance from operations to finance our expansion, and supplementing this by using substantial bank loan facilities. We have also maintained a modest degree of leverage into the Company's capital structure.

CAPITAL STRUCTURE POLICY

Management periodically reviews the Group's capital structure, focusing particularly on the cost of capital and associated risks. This capital structure consists of equity attributable to the owners of the Company (comprising capital stock, additional paid in capital, difference in value due to changes in equity of subsidiaries, management stock options, other comprehensive income and retained earnings) and debt. The Group is not required to meet any specific capital requirements.

We recorded USD 2.5 million in short-term loans outstanding as at December 31, 2019, consisting of withdrawals from PT Bank OCBC NISP Tbk.

Long-term loans outstanding as at December 31, 2019 amounted to USD 188.0 million from the Company's subsidiaries in West Papua (PPM and PMP), KAL, SMM and GMIT. A total of USD 188.0 million, or 95.6%, of this amount was withdrawn from loan facilities from PT Bank OCBC NISP Tbk, while the remaining balance consisted of withdrawals from PT Bank CIMB Niaga Tbk. Total equity stood at USD 388.7 million as at December 31, 2019.

We recognize the importance of a resilient capital structure for the sustainability of our businesses. We believe that the strength of our capital structure is demonstrated by our net debt to total equity ratio of 0.44x as at December 31, 2019. However, to fulfill the financing requirements of our oil palm planting program and other business expansion plans, we will continue to increase our leverage in our capital structure prudently, up to a level of no more than 0.75 times net debt to shareholders' equity, from bank loans, bonds or other resources.

CHANGES TO ACCOUNTING POLICY

The Group applied two Interpretations of Financial Accounting Standards (ISAK) issued by the Financial Accounting Standards Council of the Indonesian Institute of Accountants that were relevant and effective for accounting period beginning on January 1, 2019:

- ISAK 33, "Foreign Currency Transactions and Advance Consideration".
- ISAK 34, "Uncertainty over Income Tax Treatments".
  These ISAK were adopted, but did not result in any material changes to the Group's accounting policies and had no significant impact on the amounts reported for the current or prior financial periods.

The following standards were issued or amended, but had not come into effect in 2019:

- PSAK 71, "Financial Instruments".
- PSAK 72, "Revenue from Contracts with Customers".
- PSAK 73, "Leases".

They will be effective for the accounting period beginning on January 1, 2020. Management has assessed their likely impact and has concluded that the adoption of these standards will result in a change in the Group's accounting policies. However, Management has concluded that the adoption of PSAK 71 and PSAK 72 will not have a material impact on the amounts reported for the current or prior financial periods it, will for the adoption of PSAK 73 will not have an impact on the amounts reported for the current of prior financial periods, otherwise, it will increase the Group assets and liabilities by approximately USD 1 million as of January 1, 2020.

DIVIDEND POLICY

Under Indonesian law, dividend payments are determined by a resolution of the annual general meeting of shareholders based on the recommendation of the Board of Directors. A dividend may be announced in any given 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, as well as our ability to pay dividends in the future, is subject to our cash flow, future retained earnings, financial condition, working capital requirements and investment plans, as well as regulatory and other requirements. Dividends are paid in Indonesian Rupiah. Shareholders of record on the dates concerned will be entitled to the full approved dividend amount, subject to any withholding tax imposed by Indonesian authorities. Dividends paid to shareholders who are not resident in Indonesia are subject to a 20% Indonesian withholding tax. This rate may be lower if tax treaties are in place. Our dividend policy is a statement of present intention and is subject to modification by our Board of Directors, with the shareholders' approval at a general meeting of shareholders.

Dividend Payment

	2018	2017
Total dividend in USD	-	2,797,470
Net income (loss) in thousand USD	(492)	6,540
Dividend per share	-	IDR 12
Dividend yield	-	1.1%
Dividend Payout Ratio	-	0.10
Declaration date	-	May 16, 2018
Payment date	-	June 8, 2018

At our AGMS on May 14, 2018, the shareholders approved the payment of a cash dividend for the year 2017 of IDR 12 per share to all shareholders registered on the recording date of May 24, 2018. The cash dividend amounted to a total of IDR 39.7 billion, equivalent to USD 2.8 million, representing a 1.1% dividend yield. No dividend was paid in 2019 for the year 2018.

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

Following the Company's initial public offering (IPO) in 2013, the shareholders gave their approval for a share ownership program for selected employees, including managers and assistant managers, who met certain administrative requirements specified by the Company.

The Employee Stock Allocation Program (ESAP) offered its participants a fixed allotment of up to 1% of the shares offered in the IPO, in accordance with Bapepam-LK Regulation No.IX.A.7.

During the IPO, the Company sold shares to ESAP participants at a 20% discount from the offer price. To finance the purchase of the shares allocated to them, participants were offered loans from the Company, on condition that the loans were repaid in four annual instalments with funds deducted from the participants' bonuses.

A lock-up period of at least 12 months from the listing date was imposed on the ESAP shares, or until the participant's loan had been repaid in full, after which they were allowed to sell or otherwise transfer their ESAP shares. Participants who resigned from the scheme before their loan was fully repaid was allowed to sell or transfer their shares and then repay their ESAP loan in full. All ESAP loans were fully repaid by the end of 2017.

MANAGEMENT STOCK OPTION PLAN

The shareholders also approved a Management Stock Option Plan (MSOP) in 2013 for senior management and directors, including the management and directors of ANJ's subsidiaries. Like the ESAP, the MSOP gave 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 was able to issue was 1.5% of the Company's subscribed and paid-up capital following the Company's initial public offering.

Complying with Indonesia Stock Exchange (IDX) rules, the exercise price of the options was at least 90% of the average closing price of the shares over the 25 trading days before the stock option implementation plan was reported to the exchange. The terms and conditions for the exercise of the MSOP options were determined by the Board of Directors with due observance of the prevailing laws and regulations.

The stock options were 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). They were valid for a period of three years after issue, which included a one-year vesting period from the date of issue, during which option holders were not entitled to exercise the options.

Once the vesting period expired, the options could be exercised at specified periods of up to 25 trading days, which occurred 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 IDX was notified of the exercise of the options on December 8, 2014.

In 2015, there were two windows during which options could be exercised: from May 8 to June 15 and from November 2 to 4 December. While no Cycle I or Cycle II options were exercised during the first period, a total of 325,000 Cycle I options and 300,000 Cycle II options were exercised in the second period, all at an exercise price of IDR 1,095 per share. The Company notified the IDX of the exercise of the options on June 17, 2015 and December 8, 2015.

The Company opened two more windows for options to be exercised in 2016, from May 9 to June 10 and from November 1 to December 5. A total of 8,750,000 Cycle II options and 9,900,000 Cycle III options were exercised during the first period, 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, two more windows for options to be exercised were opened from May 3 to June 9 and from November 1 to December 6. No Cycle II or Cycle III options were exercised during either period. The Company notified the IDX on June 13, 2017 and December 7, 2017, respectively. No more windows for options were opened after December 2017.

EMPLOYEE STOCK OPTION PLAN OR EMPLOYEE STOCK PURCHASE PLAN

The Company's AGMS 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.

USE OF IPO PROCEEDS

The proceeds from the IPO in 2013 have been used in their entirety 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

The Company made no investment in any new subsidiaries or other new entities in 2019, but increased its investments in fixed assets and palm plantations.

Divestments

- On March 22, 2019, the Company completed the sale of PT Puncakjaya Power to Freeport-Mc Moran Inc. and PT Jaya Tata Jasa.
- On September 13, 2019, the Company sold its investments in associates in PT Pangkatan Indonesia, PT Aceh Timur Indonesia, PT Surya Makmur, PT Evans Lestari as well as minority investments in PT Sembada Sennah Maju, PT Simpang Kiri Plantation Indonesia, PT Bilah Plantindo, PT Prima Mitrajaya Mandiri and PT Teguh Jayaprima Abadi to PT Evans Indonesia and Mr Praba Madhavan P A Madhavan.

Debt/Capital Restructuring

On November 21, 2019, the Company increased its direct ownership in ANJAP from 99.79% to 99.81% due to an increase in issued and paid up capital of 67,010 shares that was subscribed and paid by the Company.

On November 21, 2019, the Company subscribed and paid 1,365,000 new shares in ANJB. The Company's direct ownership in ANJB remains at 99.99%.

CHANGES IN LAWS AND REGULATIONS

There were no changes in the laws or regulations that materially affected the Company's business in 2019.

MATERIAL FACTS ABOUT RELATED-PARTY TRANSACTIONS

ANJ has very few transactions with related parties; our related-party transactions in 2019 were within the ANJ Group, and were all disclosed to either the Financial Services Authority (OJK) or the Indonesia Stock Exchange (IDX), or both, in compliance with prevailing laws and regulations. Our related-party transactions in 2019 were as follows:

- GMIT used land and buildings owned by AKJ and MDN for 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 is valid until May 17, 2020. Based on the agreement, GMIT has no obligation to pay anything to AKJ or MDN, but must pay land and building tax, fire insurance, repair and maintenance, electricity, water, telephone, security and all other maintenance costs related to the land and buildings during the agreement period.
- Pursuant to a management and technical services agreement dated May 21, 2014, which has been amended several times and most recently on October 31, 2017, SMM charged AANE management fees of IDR 55 million per month from January to September 2017, which was reduced to IDR 25 million per month from October 2017 onwards.
- ANJA charged management fees of USD 50,000 per month to ANJAS, based on a management and technical services agreement dated June 27, 2014, which was amended recently on July 31, 2019.
- ANJA charged management fees of USD 100,000 per month to SMM, based on a management and technical services agreement dated June 27, 2014, which was amended recently on July 31, 2019.
- ANJA charged management fees of USD 60,000 per month to KAL, based on a management and technical services agreement dated May 31, 2017. which was amended recently on July 31, 2019.
- The Company charged management fees to subsidiaries, based on a management services agreement dated December 14, 2015, which was amended on May 27, 2019, at the following rates per month for each subsidiary, based on certain conditions as stipulated in the agreement.

Subsidiary	Maximum Management Service Fee
ANJA, SMM, ANJAS, KAL	IDR 979.7 million
PPM, PMP	IDR 512.1 million
ANJAP	IDR 501.6 million
GSB	IDR 155.0 million
AANE	IDR 15.5 million
GMIT	IDR 26.9 million
ANJB	IDR 4.65 million

- ANJA entered into a loan agreement with KAL on June 24, 2015, which has been amended several times. The current loan facility of IDR 500 billion at an annual interest rate of 9% is valid until December 31, 2021. As of December 31, 2019, the total outstanding loan was IDR 28 billion (equivalent to USD 2.0 million).
- ANJA entered into a loan agreement with SMM on November 25, 2019 for a loan facility of USD 20 million at an annual interest rate of LIBOR+2.5%, valid until November 24, 2020. As of December 31, 2019, the total outstanding loan was USD 20 million.
- ANJA entered into a loan agreement with ANJAS on November 25, 2019 for a loan facility of USD 15 million at an annual interest rate of LIBOR+2.5%, valid until November 24, 2020. As of December 31, 2019, the total outstanding loan was USD 2.5 million.
- ANJA entered into a loan agreement with ANJ on October 8, 2019 which was amended on November 25, 2019. The current loan facility of USD 50 million at an annual interest rate of LIBOR+2.5% is valid until October 7, 2020. As of December 31, 2019, the total outstanding loan was USD 7.8 million.
- 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%. The interest rate for this agreement was amended to 9% per annum, effective from October 1, 2017. This loan facility is valid until December 31, 2021. As of December 31, 2019 the total outstanding loan was IDR 62.0 billion (equivalent to USD 4.5 million).
- The Company provided a loan facility to AANE amounting to USD 750,000 at an annual interest of 2.75% + LIBOR. The facility 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 the construction of an extension to AANE's biogas plant. As of December 31, 2019, the total outstanding loan was nil.
- The Company received the following dividend payments in 2019:

In USD	2019	2018
PT Pangkatan Indonesia	-	4,057,332
PT Surya Makmur	-	1,585,079
PT Aceh Timur Indonesia	-	1,074,292
PT Bilah Platindo	-	676,239
PT Simpang Kiri Plantation Indonesia	-	405,921
PT Moon Lion Industries Indonesia	84,280	78,211
PT Sembada Sennah Maju	-	70,055
PT Sahabat Mewah dan Makmur	7,997	2,399
Total	**92,277**	**7,949,528**

INFORMATION ON MATERIAL TRANSACTIONS CONTAINING CONFLICT OF INTEREST AND / OR TRANSACTIONS WITH AFFILIATED PARTIES

During 2019, the Company did not have any material transactions containing conflict of interest and or transactions with affiliated parties.

MATERIAL COMMITMENTS FOR CAPITAL EXPENDITURE

Capital Expenditure Realization In 2019

Our capital expenditure (capex) in 2019 amounted to USD 74.6 million. Of this, USD 71.9 million was used for developing our palm oil estates (PPM, PMP, ANJA, ANJAS, SMM, KAL, GSB); USD 1.4 million on developing our edamame business (GMIT); and the remainder on developing our sago starch (ANJAP) and other businesses. The capex was mainly financed by short-term and long-term bank loans.

Our capital expenditures are denominated in US Dollars. We mitigate our exposure to forex risk by monitoring fluctuations in the foreign currency rates, and by entering into forward exchange-rate contracts to hedge against fluctuations, as permitted by Company policy, on condition that any such contract does not exceed six months and the value of the contracts does not exceed the amount of Rupiah needed for operational expenses for three months.

We have made a number of material capital expenditure work plan for 2020 in support of our growth strategies for our core businesses, including:

- Construction of a second line extension of the palm oil mill in KAL to increase the capacity to 2x45 tonnes per hour by November 2020;
- Design and construction of flood prevention infrastructure in our North Sumatra Plantation II (ANJAS), to be completed in 4 years.
- Continued construction of infrastructure in PPM/PMP, including roads, bridges, buildings and the Tatakera bridge. The Tatakera bridge is scheduled for completion in August 2020.
- Continued construction of road and steel bridge infrastructure in KAL to expedite the evacuation of FFB and CPO.
- Replanting of 269 hectares at our Belitung Island Plantation (SMM);
- Replanting of 587 hectares at our North Sumatra I Plantation (ANJA);
- Continuation of our digital transformation by optimizing the use of information technology and Geographic Information Systems (GIS). This will support better decision making by delivering more precise, real-time information from across our operation to any of our locations, and increase the traceability of our raw material supplies;
- Completion of the vegetable frozen line facility and infrastructure at GMIT by Q2 2020.

We anticipate a total capital expenditure of approximately USD 60.2 million in 2020. This will be financed largely by cash from operations and external financing, including but not limited to bank loans.

Our overall expenditure and its allocation among projects is subject to a number of uncertainties. We may increase, reduce or suspend our planned capital expenditures or modify the timing and/or location of any of our planned capital spending from the estimates described above in response to market conditions or for other reasons.

In addition, our actual capital expenditure may be significantly higher or lower than the estimated amount due to various factors, including but not limited to unplanned cost overruns, our ability to generate sufficient cash flows from operations and our ability to obtain adequate external financing for planned capital expenditures.

Comparison of Targets/Realization 2019

	Target	Realization	Variance
Palm oil production (metric tonnes)			
FFB production	744,202	732,837	-1.5%
CPO production	267,839	240,844	-10.1%
PK production	56,430	51,585	-8.6%
Sago starch production (metric tonnes)	5,629	2,781	-50.6%
Edamame production (metric tonnes)	1,220	710	-41.8%
Renewable energy production (kWh)	10,058,743	7,106,562	-29.3%
Revenue	176,339	130,355	-26.1%
Gross profit	40,668	23,765	-41.6%
Profit before tax	28,297	7,477	-73.6%
Net income (loss) for the year	10,445	(4,558)	-143.6%

COMPARISON OF REALIZATION AGAINST TARGETS

Production

The Company produced 732,837 tonnes of FFB in 2019, a decrease of 6.8% compared to 2018 and lower than our target of 744,202 tonnes, mainly due to the impact of the replanting programs at our Belitung Island and North Sumatra I estates coupled with the impact of the palm resting period cycle in the North Sumatra II estate, following high productivity for the previous two years. Meanwhile our newly mature West Kalimantan estate continued its positive FFB production trend with a 15.8% increase in 2019.

CPO and PK production in 2019 duly decreased by 10.1% and 8.6% to 240,844 tonnes and 51,585 tonnes, respectively, falling short of our targets of 267,839 tonnes for CPO and 56,430 tonnes for PK.

Sales and Revenues

The Company booked total revenue of USD 130.4 million in 2019, down 14.1% from 2018 and 26.1% below our revenue target for 2019, due to the lower average selling price and lower sales volume of CPO and PK. CPO and PK sales volume was lower by 10.2% and 7.6%, respectively, compared to our target in 2019, and by 2.6% and 4.0%, respectively, compared to 2018.

The CPO price trend continued to worsen in 2019 and only started to recover in the fourth quarter of 2019, resulting in an average selling price for CPO in 2019 of USD 479 per tonne, 5.0% lower than the 2018 average selling price of USD 504/mt and 12.9% lower than our target of USD 550 per tonne. Meanwhile the average selling price for PK in 2019 was USD 261/mt, 31.5% lower than the average selling price in 2018 of USD 381 per tonne and 36.8% lower than our target of USD 413 per tonne. The significant decrease in the average selling price for both CPO and PK during this period was mainly due to an oversupply of vegetable oils and lower demand from key growth markets, including China.

Profit

The Company posted a net loss of USD 4.6 million in 2019, versus a net loss of USD 0.5 million in 2018 and our target net income of USD 10.4 million. This was largely attributable to the lower average selling price for CPO and PK in 2019.

2020 COMPANY TARGETS

Production	2019	2020	Change (%)
	Actual	Target	
Palm oil production (metric tonnes)			
FFB production	732,837	796,163	8.6%
CPO production	240,844	263,357	9.3%
PK production	51,585	53,712	4.1%
PKO production	-	881	100%
Sago starch production (metric tonnes)	2,781	13,779	395.5%
Edamame production (metric tonnes)			
Fresh edamame production	710	957	34.8%
Frozen edamame production	-	509	100%
Frozen mukimame production	-	25	100%
Okra production	-	306	100%
Renewable energy (kWh)	7,106,562	8,677,562	22.1%

Sales and Revenues

As most of the Company's revenue is contributed by the palm oil business segment, our sales and revenue are very dependent on the CPO and PK price. For 2020, the Company has set targets/projections for FFB production of 796,163 metric tonnes, for CPO production of 263,357 metric tonnes and for PK production of 53,712 metric tonnes. The Company therefore expects to see a growth in sales and revenues of around 48% in 2020, due to improved operating conditions, higher commodity prices and the growing contribution from our newly matured plantations in Papua. See also Subsequent Events below.

Profit

The Company expects to maintain its net profit margin for 2020. See also Subsequent Events below.

SUBSEQUENT EVENTS

There were no material subsequent events occurring between January 1, 2020 and March 11, 2020, the date of issuance of the Company's consolidated financial statements for the year ended December 31, 2019.

Subsequent to the issuance of the Company's consolidated financial statements, many countries, including Indonesia, have experienced and reported outbreaks of COVID-19. This global pandemic has created significant uncertainty in the macroeconomic conditions, including volatility in exchange rates and interest rates, volatility in commodity prices, disruption to supply chains and significant slowdown in demand for commodity products, including palm oil. The Government of the Republic of Indonesia has launched various fiscal and monetary policy measures to counter the adverse impact of the COVID-19 outbreak, the outcome of which cannot be determined at present. As of the date of issuance of this Annual Report, there has been no significant adverse impact from the COVID-19 outbreak on the Company's operations. The Company has implemented policies and procedures at all its operational sites to monitor and manage the risks associated with COVID-19. However, much depends on how long the outbreak will continue, the success of the Government's efforts to contain it and the successful implementation of the Government's fiscal and monetary policies. All these factors will affect the Company's operations in the near future and the Company's ability to achieve its target for 2020.

GOING CONCERN INFORMATION

In 2019, the Group faced the most prolonged period of low CPO prices in the last 10 years. Taking into account the macroeconomic factors stemming from the global trade tensions and the industry environment (vegetable oil supply and demand, weather patterns and the regulatory environment), the CPO price forecast for 2020 is better than that of 2019. However, there are still many uncertainties, including the success of the long-term trade deal between US and China, the continuity of the biodiesel mandate when the CPO price increases and geopolitical tension in Middle East which may impact crude oil price, as well as the impact of the COVID-19 pandemic on global demand. Nevertheless, there is still substantial potential for the Group to develop its core business of palm oil. Our landbank in North Sumatra, Belitung, West Kalimantan, South Sumatra and West Papua extends to over 157,000 hectares, with the infrastructure to support improvements in productivity and operational efficiency. In addition, we continue to develop responsible strategic initiatives that incorporate community development and other sustainability initiatives, in support of government development policies.

For example, the boiler turbine system that powers much of our sago production plant is run solely on biomass, thereby minimizing the usage of gasoline or coal mixture. We will continue to reduce the variable cost of production and to increase capacity to process more logs/day. In our vegetable segment, we managed to improve our planting yield and aim to start the export of frozen edamame in 2020. We believe that both businesses have the potential to strengthen our position as a world-class agribusiness-based food company that makes a positive contribution to local economic development and national food diversification and security. A priority in 2020 will be to continue to develop domestic and export markets for value-added sago and edamame products.

The Group's sound capital structure also augurs well for sustained growth as we continue to pursue our long-term objectives of growing responsibly, generating sustainable value and strengthening our reputation and position in the industry.

HUMAN RESOURCES

Our people, and the experience, skills and vision they bring to the Company, are instrumental in driving ANJ's growth. The goal of our human resource policies is to optimize people's potential and performance, empowering them to develop professionally and personally while ensuring that they can apply their skills to the best advantage of the Company.

EQUALITY OF OPPORTUNITY

We aim to create a balanced and inclusive working environment where differences are embraced and everyone receives fair and equal treatment. Decisions on recruitment, remuneration, development opportunities and promotion are taken without regard for religion, ethnicity, nationality, political views, gender or physical condition, and we practice zero tolerance for discrimination based on the above.

We work particularly hard to provide fair and conducive working conditions for women. Across the Group, we have issued and updated regulations, SOPs and internal memos on issues such as recruitment, job rotation, promotion, protecting reproductive rights for women, preventing and dealing sexual harassment, which are aimed at protecting gender equality and women's rights. Specific measures are also in place to ensure that women are not involved in chemical spraying or working at heights while pregnant, and that facilities are provided for nursing mothers to express breast milk while at work. Gender committees, with employee representation, have been established in all our estates to ensure that these policies are properly implemented. Many of the gender committees also provide education and other services. Our Papua gender committee, for example, offers cooking and sewing programs, domestic abuse counselling and reproductive health services for women in the community as well as our employees.

In 2019 we also continued to contribute to the development of local economies and welfare by providing decent, fairly compensated work and professional development opportunities, particularly through our vocational training programs in West Papua, where the majority of participants are indigenous Papuans.

RECRUITMENT, RETENTION AND SUCCESSION

It is critically important for the sustained growth of our Company and the achievement of our vision that we invest in developing the next generation of leaders. To this end, we are developing potential leadership talent through various training and management development programs, including mentoring and job rotation. These future leaders will form the backbone of the Company's succession plans.

In recent years we have recruited a number of high-potential graduates for our Management Trainee program, which provides a thorough preparation for leadership positions through two months of classroom-based learning and seven months of on-the-job learning and mentoring in different departments and business units. Following the program, each participant who is successfully placed in the Company continues to receive professional mentoring for five years post-training, at which point they are considered to be ready to fill a managerial position.

The 18th Management Trainee batch, which graduated in June 2019, included food technologists who are now developing innovative applications for sago and edamame under our Commercial Division. Through the MT program we have made an effort to recruit women in order to increase their representation in the agribusiness, particularly in the fields of agronomy and engineering. The successful appointment of one of our female Management Trainee graduates, a mechanical engineer, to one of our mills, is an encouraging indication that there will be more such opportunities for women in this sector in future, and we will continue to ensure that female engineers and agronomists are included in future MT intakes.

As the Company is still absorbing the management potential from previous Management Trainee program batches, we did not open a new MT program in 2019.

With regard to promotion, our policy is to 'Grow from within', filling positions internally where possible. We advertise internal job vacancies in our internal communication media, Simpul. More than 80% of vacancies were filled internally in 2019. However, if a candidate with the right qualifications and experience for a certain position is not available within the Company, we may make use of online executive search and recruitment services to fill the position.

Our succession plans depend on the Company's ability to retain our high-performing employees. Our retention strategy focuses particularly on Management Trainee graduates and the best of our talent at general manager level, by investing in their professional development, and providing a challenging and rewarding work environment that reflects ANJ's values, as well as ensuring competitive remuneration and incentives.

TRAINING AND COMPETENCY DEVELOPMENT

Each year we provide a wide range of education, training and development programs at each level of the Company to build and enhance the capabilities we need to accomplish our strategic goals and objectives. While we outsource some of our training to external providers for specific competencies, we are increasingly focused on building a pool of highly competent internal trainers and mentors as well as training modules to address the unique demands of our business. In 2018, ANJ's total investment in training and competency development amounted to USD 396,934.

Our training falls into several different categories. Technical training is aimed at filling specific competency gaps in various fields, and is largely planned and delivered by the departments concerned, in coordination with the Human Resources department. Soft skills training is planned by the Human Resources department to build skills, among others, in leadership, communication, ethics, training and mentoring. We also provide training under the category of certification and employees retention, which prepares participants for specific professional accreditation or positions. The numbers participating in each type of training are shown in the 'Training Participation' tables below.

Technical and soft skills training provided in 2019

Technical skills	Soft skill
Harvest Supervision	Becoming an Impactful Mentor
Fertilizing and Integrated Pest Control	Training Delivery & Design for Trainers
ePMS (Change Management)	Bearing Lubrication Maintenance
Food Safety	Integrated Systems Management Certification
OHS and Chemical Handling	Training Handling & Prevention of Sexual Harassment & Violence
Managing Domestic Waste	Company Regulations and Code of Conduct
Land Clearing and Replanting Mechanism	PROPER Awareness
Palm Oil Mill Processing Operations	Managing Social Media/Instagram
HCV and Biodiversity Concern	Project Cycle Management
Effective Writing for Mass Media	Powerful Presentation

Certification training provided in 2019

Certification Training
Class 1 Steam Machine Certification Training
Working at Height Level 1 Certification
OHS Electrical Technician Certification
Industrial Hygiene and Occupational Health Training
General OHS Expert
Beginner Mover Certification Training
Transport Equipment Certification Training
CD Firefighting Certification
First Aid Certification
Advanced Internal Audit Certification Training

Employee Retention Program
Estate and Mill Vocational Program
Mentoring Program
External Technical Training Program
Ministry of Manpower and Ministry of Forestry & Environment Certification Training Program
Company Medical Officer Certification Training Program
Security Guard Training Program
Company Rules and Code of Conduct Training Program
Talent Management Program
Family Financial Management Training Program
LKS Bipartite Management Program

Training participation in 2019 by job level

Year	Techical													
	Staff		Assistant		Manager/Senior		GM/RH/GH*		BOD		Non staff		Manpower	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2019	262	18	114	2	69	0	30	0	6	0	1,581	395	2,062	415
2018	200	32	62	5	64	4	22	0	14	2	2,444	291	2,806	334
2019 VS 2018 (%)	131%	56%	184%	40%	108%	0%	136%	0%	43%	0%	65%	136%	73%	124%

Year	Soft Skill													
	Staff		Assistant		Manager/Senior		GM/RH/GH*		BOD		Non staff		Manpower	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2019	703	76	258	7	219	5	17	4	0	0	3,801	663	4,998	755
2018	895	120	307	1	339	3	35	0	2	0	3,779	605	5,357	729
2019 VS 2018 (%)	79%	63%	84%	700%	65%	167%	49%	400%	0%	0%	101%	110%	93%	104%

Year	Certification													
	Staff		Assistant		Manager/Senior		GM/RH/GH*		BOD		Non staff		Manpower	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
2019	23	2	10	0	3	0	1	0	0	0	123	0	160	2
2018	25	0	7	0	5	0	3	0	0	0	126	0	166	0
2019 VS 2018 (%)	92%	200%	143%	0%	60%	0%	33%	0%	0%	0%	98%	0%	96%	200%

Training days in 2019

Year	Technical			Soft Skills			Certification			Total			Percentage 2019 VS 2018		
	Male	Female	Man-Hours	Male	Female	Man-Hours	Male	Female	Man-Hours	Male	Female	Man-Hours	Male	Female	Man-Hours
2019	2,062	415	18,224	4,998	755	20,310	160	2	5,326	7,220	1,172	43,860	78%	110%	71%
2018	2,806	334	28,977	5,357	729	26,392	166	-	6,088	8,329	1,063	61,457			

We followed up the success of our first Vocational Program (VP) for mill technicians at our West Papua estates in 2018 with two further VP batches in 2019. Both were designed to prepare foremen for our agronomy operations, and 74 people had been trained by the end of the year. The first VP participants, who are now all employed at our West Papua mill, continued to receive mentoring throughout the year. The VP program is designed specifically to provide professional job opportunities for the local Papuan workforce by building their skills and working discipline.

At the upper management levels, we provide a 3-day Management Development Program (MDP) that focuses on building key leadership competencies, including decision making, coaching, delegating responsibility and communication. A total of 71 people in three batches took part in the MDP in 2019. In the first half of the year, a number of Directors, General Managers and Heads of Department attended our Executive Coaching program, a customized program on developing specific strategic planning and execution capabilities, delivered by an international executive coach.

In response to the deterioration in business conditions from mid-year onwards due to the declining CPO price, we introduced a more cost-effective approach to our overall training program. Certain non-essential training has been suspended until the business outlook improves. However, priority training, including certification, technical and safety training, will continue.

We also placed more emphasis on mobilizing the considerable knowledge base within our own people. We now have a pool of over 80 internal trainers. Drawn from all our estates, each one is an expert in his or her field and has been trained as a facilitator, mentor or facilitator/mentor. During the year they were tasked with preparing and delivering a range of technical and soft skills training. At the same time, several senior executives, including members of the Board of Directors, were activated as executive coaches.

All new employees undergo a 2-day induction program that provides a comprehensive introduction to the Company's values, procedures and rules, as well as our policies on training, development, performance management and compensation; environment, health and safety; and IT security. New employees are expected to sign an Integrity Pact and a statement that they have understood and will comply with Company policies.

PERFORMANCE APPRAISAL AND CAREER DEVELOPMENT

The performance management process plays a key role in determining training and development needs, performance-related bonuses and incentives, and promotion. To be eligible for promotion, employees must maintain an above-average performance appraisal score for at least three years.

ANJ's performance management system comprises an annual appraisal and an interim (6-monthly) progress review by the employee's line manager, based on the employee's agreed key performance indicators. Objectivity is assured by ensuring that individual reviews are followed by a committee review, facilitated by the Human Resources department.

The performance appraisal system allows employees and their line managers a regular window onto the employee's progress and ensures that timely actions can be taken to support the employee's career development as well as the Company's strategic objectives.

COMPENSATION

One of the cornerstones of our recruitment and retention strategy is competitive remuneration. Every year, we review the remuneration we offer at each level through a third party survey that includes several of our peer companies to ensure that we can continue to attract and retain the high quality talent we need to execute the Company's growth strategies as we go forward.

We also closely monitor the development of local and national regulations on compensation and benefits. We comply with all statutory provisions on working hours, religious holiday allowances (THR) and so on, and all our employees receive at least the minimum wage for the region concerned. All employees are also covered by the national health and social security scheme, BPJS, while those at staff level and above are covered by additional private insurance.

To take into account the considerable variation in the real cost of living across the regions where we operate, employees in more remote areas where costs are higher receive an additional allowance to offset this. Employees may also be eligible for a pioneer project allowance if they are working on one of our development projects where incomplete infrastructure may make conditions more difficult.

All our estate staff are entitled to free accommodation and utilities, as well as access to health and recreational facilities. Each of our estates has a fully staffed medical clinic that also provided services for employees' families and, in many cases, the local community. Where the estates are far from local population centers, we also offer educational facilities for employees' children: both of our North Sumatra estates have schools, teachers and libraries: in West Kalimantan starting this year we provide early years education with certified teachers and libraries; and in West Papua we provide early years and primary education with our NGO partners. We also offer several educational scholarships each year, up to university level, for employees' children.

SAFETY AND WELFARE

Our commitment to the safety and well-being of our people is reflected in our compliance with global standards and best practices on occupational health and safety (OHS) and OHS management systems. Our goal is to create a comprehensive safety culture, where safety is always top of mind, every employee feels personally accountable for their own and their co-workers' safety, and we continuously learn and improve.

Each estate has a team of two to three Environment, Health and Safety (EHS) officers who monitor safety and environmental compliance and give daily safety briefings for the estate workers, and a Safety Committee, whose members are employee representatives from non-staff up to management level. The EHS team and the Safety Committee coordinate closely on the development, implementation and monitoring of operational safety policies and standards in the plantations and mills. Both also coordinate with the EHS Department.

The EHS Department undertakes regular hazard and risk assessments across the operation, using the findings to augment and improve our safety policies, regulations and guidelines, and to develop risk-based action plans. EHS has developed SOPs to cover all high-risk activities, such as working at heights, working in confined spaces, welding, cutting, harvesting and spraying. While we ensure that exposure to chemical substances is kept within safe limits, we provide supplemental nutrition to any employees working with such substances, and we ensure that pregnant women do not work in any capacity where they could be exposed.

We now have a comprehensive set of SOPs and safety policies that are standardized across the Group. However, our mapping and analysis of accidents per location indicates that the risks differ from site to site, whether due to the nature of the physical hazards at the site or differences in working practices, so the emphasis of trainings and briefings may be adjusted accordingly.

An additional 17 new SOPs were issued in 2019, covering transportation, vehicle safety, chemical hazards, solid waste disposal and others. We also introduced stop work authority, which allows and obliges any employees to stop work if they see a situation, or a co-worker's behavior, that is unsafe.

The focus in 2019 was on stricter compliance with safety standards and regulations. In addition to comprehensive safety training during their induction, employees at each estate also undergo compulsory year-round safety training, simulations, drills and demonstrations to instill a thorough understanding of the risks and hazards involved in their work, and how to mitigate them.

We also continued to provide training for more employees to obtain Ministry of Manpower certification to work in certain capacities or operate certain equipment, and involved the forest fire brigade, Manggala Agni, to provide fire prevention and response training for our Emergency Response Teams, which are in place in North Sumatra (ANJA and ANJAS), West Papua (PMP and PPM), and West Kalimantan (KAL). The KAL Emergency Response Team played a key role in responding to the fire that affected the estate in September 2019.

As noted above, every producing estate has an on-site clinic, staffed by a doctor and paramedics, that provides quality primary healthcare to employees and their families, including maternal and child services such as immunization, developmental check-ups, and nutrition education, as well as crèche facilities. Clinic services are also extended to the local communities if there is no similar facilities in the vicinity.

SAFETY PERFORMANCE

ANJ Group Accident & Incident Performance in 2019

Years	Total Accidents					Total Incidents				
	LTA	MTC	FAT	WRI	Total	EPC	PCD	TIC	FIC	Total
2019	18	77	0	0	95	0	6	0	2	8
2018	11	32	0	0	43	0	8	0	3	12
2017	10	12	1	0	23	0	6	0	3	9

LTA – Lost Time Accident
MTC – Medical Treatment Case
FAT – Fatality
WRI – Work-related Illness

EPC - Environmental Pollution Case
PCD – Property Damage Case
TIC – Traffic Incident Case
FIC – Fire Incident Case

Our safety goal, which applies across the Group, is zero accidents. In 2019, we maintained our zero fatalities record throughout our operation, nor did we have any cases of work-related illness. There was a marked increase in Lost Time Accidents and Medical Treatment Cases, partly as a result of the ramping up of activities in our newly operational estates in the East Region. However, the increase in recorded accidents more accurately reflects the outcome of our intensive efforts to improve the quality of data collection and recording and our emphasis on building a culture of transparency and the confidence to report accidents and incidents.

ANJ complies fully with national and international standards on OHS management. Our estates operated by ANJA, ANJAS, SMM and KAL are all UK-based OHSAS 18001-certified and have the equivalent Indonesian certification, SMK3, which is regulated by the Ministry of Manpower. Our West Papua estates operated by PMP and PPM will began commercial production in 2020 and are thus eligible for certification; preparation for the certification is now in progress.

In 2020, we will migrate from OHSAS 18001 to ISO 45001. The two standards are essentially the same; however, the ISO certificate is easier to integrate with the Company's existing ISO 9001 and ISO 14001 certification for quality management and environmental management systems, respectively. As each organization that has OHSAS 18001 certification has been given a 3-year opportunity to transition to ISO 45001, namely from 2019 to 2021, the entire ANJ Group will make the change in 2020.

While the OHSAS and SMK3 certification is valid for three years, all our estates undergo an annual external compliance audit against the OHSAS or SMK3 criteria, conducted by TUV Nord and Sucofindo/SGS, both internationally recognized accreditation companies. The improvements we make in response to the audit findings are followed up during our regular internal monitoring and safety audits in all our mill and estate operations, which are conducted several times a year.

EMPLOYEE ENGAGEMENT AND INDUSTRIAL RELATIONS

As an organization that aspires to be open, inclusive and transparent, we engage our people on multiple levels: by communicating openly with them about our mutual expectations; through ANJ's values and corporate purpose; and by providing fair compensation, an inclusive but challenging work environment and equal opportunities for development and advancement. In line with our policy of transparent and open communication, we aim to give employees prompt and accurate information about job openings, training opportunities, our human resource policies, and compensation.

We conduct periodic employee satisfaction surveys to measure the Company's performance, from the employees' perspective, in various areas, including HR policies and procedures, decision-making, and the Company's vision, mission and values. While results were generally positive, a key issue emerging from the 2019 survey was retention, which we are addressing with plans for a more systematic career development program.

We also continue to promote ANJ's values. Reinforcement on the values is provided in all training activities, through Values Workshops and through our Values Champions, who monitor compliance with the values while helping their co-workers to understand and apply them habitually in their day-to-day work. The Corporate Governance section of this report provides more details about ANJ's corporate culture and values.

We believe that constructive and cooperative relations between the Company and the employee unions also plays an important role in engagement and maintaining morale. The principal forum for communication between management and the unions, particularly on employment matters, is the Bipartite Cooperation Forum (LKS *Bipartit*).

An LKS *Bipartit* has been established in every estate and subsidiary, with ground rules that are agreed by all employees and management. Each year, specific targets and activities are planned. The Company provides training on program planning, LKS management, and handling cases, and provides support for monthly meetings. The LKS also plays an important role in channeling employee's aspirations, and organizes a wide range of social activities and initiatives, from sports and recreation to community volunteering and training on small business management. To encourage optimal performance in each LKS, the Company holds an annual competition, the LKS *Bipartit* Award, to find the best LKS.

For the sake of their physical and mental well-being, we encourage our employees to maintain a healthy work-life balance. At our plantations, employees can avail themselves of the sports facilities and clubhouses provided, and for all employees at staff level and above, we organize annual outings, which help to build a collaborative, team spirit.

HUMAN RESOURCES PROFILE

The Company employed a total of 8,258 people in 2019, increasing from 7,998 people in 2018. Of these, 7,863 work in the palm oil sector. The employee composition by job level and division, education level, age and employment status can be seen on page 57 in the Company Profile section of this report.

05.

CORPORATE GOVERNANCE

ANJ'S COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Company believes that a strong commitment to upholding the principles of good corporate governance—transparency, accountability, responsibility, independence and fairness—throughout our business is essential for delivering sustainable value to all our stakeholders and ensuring the Company's long-term growth in line with our responsible development goals.

ANJ's corporate governance framework consists of policies, controls, processes and standards that cover all aspects of the business and allow for a clear separation of clear responsibilities and informed, accountable decision making. The framework is underpinned by the Company's Code of Ethics on Business Conduct and our core values of integrity, respect for people and the environment, and continuous improvement.

LEGAL BASIS FOR CORPORATE GOVERNANCE AT ANJ

The legal and policy foundation for the implementation of corporate governance at ANJ includes the following:

1. Law No. 40/2007 on Limited Liability Companies;
2. Law No. 8/1995 on the Capital Market;
3. OJK Regulation No. 33/POJK.04/2014 on the Board of Directors and Board of Commissioners of Issuers and Public Companies;
4. OJK Regulation No. 21/POJK.04/2015 dated 16 November 2015 on the Implementation of the Governance Guidelines for Listed Companies;
5. OJK Circular Letter No. 30/SEOJK.04/2016 on the Form and Contents of Annual Reports Filed by Issuers or Public Companies;
6. The Good Corporate Governance Guidelines issued by the National Governance Policy Committee (KNKG);
7. The ASEAN Corporate Governance Scorecard.

GCG POLICY

ANJ's internal corporate governance policy is defined in the following documents:

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.

Together with ANJ's operational procedures, business processes and quality management systems, these documents represent the Company rules. All of them are reviewed and updated periodically to ensure that they are aligned with growth of the business, regulatory changes and shifts in the market dynamics.

ASSESSMENT OF GCG IMPLEMENTATION

The Company is committed to the continuous improvement of our corporate governance practices, in line with our commitment to responsible business growth. This is realized through an ongoing cycle of review, remediation and development by the Board of Commissioners, Board of Directors, the Board Committees and the Internal Audit Unit.

The Company's Directors serve as Directors and/or Commissioners of our subsidiaries, enabling them to monitor and guide corporate governance across the entire Group.

In 2019 corporate governance was assessed against the following criteria.

ASSESSING PARTIES

Our governance is largely evaluated through self-assessment by the Company itself, as follows:

- Self-assessment of performance against the Governance Guidelines for Listed Companies issued by OJK, conducted by the Board of Directors and Board of Commissioners.
- Self-assessment of performance against the ASEAN Corporate Governance Scorecard (ACGS), by the Board of Directors and Board of Commissioners and verified by the Indonesian Institute for Corporate Directorship (IICD).

CRITERIA

- Governance Guidelines for Listed Companies issued by OJK through OJK Regulation No. 21/POJK.04/2015 and OJK Circular Letter No 32/SEOJK.04/2015.
- ASEAN Corporate Governance Scorecard (ACGS). The indicators cover: (1) shareholders' rights; (2) equal treatment of shareholders; (3) the role of stakeholders; (4) transparency and disclosure; and (5) Board responsibility.

RESULTS

- OJK Governance Guidelines for Listed Companies: the Company has fulfilled almost all the recommendations, as shown in the matrix on page 136 of this Report.
- ASEAN Corporate Governance Scorecard (ACGS): 76.71. This result was verified by the IICD at the Company's request, and is above the average score of 72.87 the BigCap 100 (100 public companies with the largest market capitalization).

IMPLEMENTATION OF RECOMMENDATIONS

The Company is following up the findings of the above assessments as well as the results of our internal audit mechanisms.

CORPORATE GOVERNANCE STRUCTURE

ANJ's corporate governance structure consists of three mutually independent organs, in accordance with Law No. 40/2007 on Limited Liability Companies:

- the General Meeting of Shareholders (GMS): this is the highest decision-making authority;
- the Board of Commissioners: this provides oversight over the Company's management and advises the Board of Directors; and
- the Board of Directors: this has overall responsibility for managing the Company for the benefit of the Company and its shareholders.

Both the Board of Commissioners and the Board of Directors are accountable to the GMS.

The Board of Commissioners is supported in its supervisory functions by the four Board Committees (Audit, Corporate Risk Management, Nomination and Remuneration, and Corporate Social Responsibility and Sustainability). The Board of Directors is supported in its management functions by the Corporate Secretary and the Internal Audit Unit.

This framework is underpinned by a series of complementary mechanisms that ensure the effective and consistent implementation of corporate governance throughout the Company. These mechanisms include the internal control system, the risk management system, the internal and external audits, the whistleblowing system and the corporate governance documents referred to above.

GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders (GMS) is the principal forum in which shareholders can exercise their rights to make certain decisions relating to the Company, to receive reports from the Board of Commissioners and the Board of Directors on their performance and accountability, and to question the Boards about their actions.

According to Indonesian Company Law, OJK Regulation No. 32/POJK.04/2014 on the Planning and Organization of the General Meeting of Shareholders of a Public Company and the Company's Articles of Association, the Company must hold an annual general meeting of shareholders (AGMS) once a year and no later than six months after the end of the Company's financial year. An extraordinary general meeting of shareholders (EGMS) can be convened at any time if deemed necessary.

GMS AUTHORITY

The GMS has authority that is not possessed by either the Board of Commissioners or the Board of Directors, 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.

GMS PROCEDURES

To maximize the shareholders' participation in meetings and to protect their interests, the Company publishes announcements about the GMS and its agenda on the Indonesia Stock Exchange (IDX) website, in a national daily newspaper as well as the Company's own website. Meeting rules and materials are available from the date of the GMS notice at the Company's Head Office or by written request to the Company. These procedures are in compliance with OJK Regulation No. 32/POJK.04/2014 on the Planning and Organization of the General Meeting of Shareholders of a Public Company and the Company's Articles of Association.

Meetings are considered legal and able to issue binding decisions if they are attended by shareholders and/or their proxies who represent more than one half of the total number of shares with valid voting rights issued by the Company.

GMS IN 2019

The Company held its AGMS on May 15, 2019 at the Mercantile Athletic Club, World Trade Center, 18th Floor, Jl. Jenderal Sudirman Kav. 31, South Jakarta. The Company also held an EGMS on the same day,

The actions taken to comply with the regulations on holding an AGMS were as follows:

No	Action	Date	Medium
1.	Notified OJK of the plan to hold the AGMS and EGMS, with the agenda.	March 29, 2019	IDX website and Company website
2.	Notified shareholders of the planned AGMS and EGMS.	April 4, 2019	Kontan daily newspaper, IDX website and Company website
3.	Published the notice to shareholders to attend the AGMS and EGMS, with the details agenda.	April 23, 2019	Kontan daily newspaper, IDX website and Company website
4.	Held the AGMS and EGMS.	May 15, 2019	Merchantile Athletic Club, World Trade Centre
5.	Published the summary of AGMS and EGMS resolutions.	May 16, 2019	Kontan daily newspaper, IDX website and Company website
6	Published a minutes of meeting AGMS and EGMS	June 13, 2019	IDX website and Company website

The 2019 AGMS was attended by shareholders and/or their proxies representing 3,074,218,449 shares or 92.834% of the total shares with valid voting rights issued by the Company. The quorum for the meeting was therefore legally fulfilled.

The following tables present the resolutions made at general meetings of shareholders held in 2019 and 2018, and their implementation status.

Summary of the Resolutions of the 2019 AGMS held on May 15, 2019

Agenda Item	AGMS Resolution	Implementation status
1	To approve and ratify the Annual Report of the Company for the year ending on December 31, 2018, 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, 2018, 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, 2018 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, 2018 to the extent that their actions are reflected in the Annual Report of the Company.	Completed. Financial statements for the year ending December 31, 2018, were delivered on March 13, 2019 and the annual report for the year ending December 31, 2018, was delivered on April 30, 2019 both to the OJK and IDX.
	No questions No abstentions No non-approval Unanimously approved	
2	To approve for no dividend distributions by the Company for the financial year ending December 31, 2018.	Completed.
	No questions No abstentions No non-approval Unanimously approved	
3	1. To appoint Mr. Budi Susanto from KAP Siddharta Widjaja & Rekan to carry out the audit of the Company for the financial year of 2019. 2. To give authorities and powers to the Board of Commissioners to appoint a substitute of the Public Accountant or to terminate the appointment of the Public Accountant so appointed. 3. To give authorities to the Board of Directors of the Company to approve and determine the honorarium and the terms of appointment in accordance with applicable laws and regulations.	Completed.
	No questions No abstentions No non-approval Unanimously approved	
4	1. To approve the appointment of Mr. Fakri Karim as a new Director of the Company, effectively as of the closing of the AGMS until the closing of the Annual General Meeting of Shareholders of the Company in 2024. 2. To restate 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. J. Kristiadi Independent Commissioner : Mr. Darwin Cyril Noerhadi **Board of Directors:** President Director : Mrs. Istini Tatiek Siddharta Director : Mr. Geetha Govindan K. Gopalakrishnan Director : Mr. Lucas Kurniawan Director : Mr. Naga Waskita Director : Mr. Fakri Karim 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, the term of office of Mr. Lucas Kurniawan and Mr. Naga Waskita, both as Directors is until the closing of the Annual General Meeting of Shareholders of the Company in 2022 and the term of office of Mr. Fakri Karim as a Director is until the closing of the Annual General Meeting of Shareholders of the Company in 2024.	Completed. Mr Fakri Karim was appointed as a Director of ANJ.

Agenda Item	AGMS Resolution	Implementation status
	3. To give authorities and powers to the Board of Directors of the Company and/or Mr. Naga Waskita, individually or jointly 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.	
	No questions No abstentions No non-approval Unanimously approved	
5	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.
	No questions No abstentions No non-approval Unanimously approved	

The AGMS on May 15, 2019 was attended by the following:

Board of Directors:

- President Director : Istini Tatiek Siddharta
- Director : Lucas Kurniawan
- Director : Naga Waskita

Board of Commissioners:

- President Commissioner (Independent) : Adrianto Machribie
- Commissioner : George Santosa Tahija
- Commissioner : Sjakon George Tahija
- Commissioner : Anastasius Wahyuhadi
- Independent Commissioner : J. Kristiadi
- Independent Commissioner : Darwin Cyril Noerhadi

Summary of the Resolutions of the 2019 EGMS held on May 15, 2019

Agenda Item	EGMS Resolutions	Implementation status
1	1. To approve the change of Company's address to a new office at Menara BTPN, 40th Floor, Jalan Dr. Ide Anak Agung Gde Agung Kav. 5.5 - 5.6, Mega Kuningan District, South Jakarta 12950. 2. To give authorities and powers to the Board of Directors of the Company and/or Mr. Naga Waskita, individually or jointly with the right of substitution, to carry out any and all actions required in relation to such resolutions, including but not limited to state the resolutions in a notarial deed, and to notify the EGSM resolutions to the relevant authorities as well as to carry out all and any actions required in accordance with the prevailing laws and regulations.	Completed.
2	1. To approve the amendment to the Article 3 of the Articles of Association of the Company regarding Purpose and Objectives and Business Activities of the Company in accordance with *Klasifikasi Baku Lapangan Usaha Indonesia* (KBLI) 2017 including its changes or renewal or other text, as determined by the relevant authorities. 2. To give authorities and powers to the Board of Directors of the Company and/or Mr. Naga Waskita, individually or jointly with the right of substitution, to carry out all and any actions required in relation to such resolutions, including but not limited to state the resolution in a notarial deed, to amend, adjust and/or restate Article 3 of the Articles of Association of the Company in the future in accordance with *Klasifikasi Baku Lapangan Usaha Indonesia* (KBLI) 2017 together with its changes or renewal (if any) or other text, as determined by the relevant authorities as required in accordance with the prevailing laws and regulations, as well as to submit for the approval and/or to notify the EGSM resolutions and/or the amendment to the Articles of Association to the relevant authorities as well as to carry out all and any actions required in accordance with the prevailing laws and regulations.	Completed.

The EGMS on May 15, 2019 was attended by the following:

Board of Directors:

- President Director : Istini Tatiek Siddharta
- Independent Director : Lucas Kurniawan
- Director : Naga Waskita
- Director : Fakri Karim

Board of Commissioners:

- President Commissioner (Independent) : Adrianto Machribie
- Commissioner : George Santosa Tahija
- Commissioner : Sjakon George Tahija
- Commissioner : Anastasius Wahyuhadi
- Independent Commissioner : J. Kristiadi
- Independent Commissioner : Darwin Cyril Noerhadi

Summary of the Resolutions of the AGMS held on May 14, 2018

Agenda Item	AGMS Resolution	Implementation status
1	To approve and ratify the Annual Report of the Company for the year ending on December 31, 2017, 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, 2017, 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, 2017 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, 2017 to the extent that their actions are reflected in the Annual Report of the Company.	Completed. Financial statements for the year ending December 31, 2017, were delivered on March 12, 2018, and the annual report for the year ending December 31, 2017, was delivered on April 20, 2018, both to the OJK and IDX.
	No questions No abstentions No non-approval Unanimously approved	
2	1. To approve the distribution of the net profit of the Company for the year ended December 31, 2017, as follows: a. In the amount of IDR 39,738,064,656 will be distributed as a cash dividend to the shareholders of the Company so that each share will receive cash dividend of IDR 12. 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 May 24, 2018. b. 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 May 24, 2018.
	No questions No abstentions No non-approval Unanimously approved	
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.
	No questions No abstentions No non-approval Unanimously approved	
4	1. To appoint Mr. Budi Susanto from KAP Siddharta Widjaja & Rekan to carry out the audit the Company for the financial year of 2018. 2. To give authorities to the Board of Directors of the Company to approve and determine the honorarium and the terms of its appointment in accordance with applicable laws and regulations.	Completed.
	No questions No abstentions No non-approval Unanimously approved	

Agenda Item	AGMS Resolution	Implementation status
5	1. To approve the resignation of Mr. Sonny Sunjaya Sukada from his position as a Director of the Company effectively on February 28, 2018 and to release and discharge Mr. Sonny Sunjaya Sukada 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 restate the composition of the Board of Commissioners and the Board of Directors of the Company effectively as of the closing of the Meeting 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. J. Kristiadi Independent Commissioner : Mr. Darwin Cyril Noerhadi **Board of Directors:** President Director : Mrs. Istini Tatiek Siddharta Independent Director : Mr. Lucas Kurniawan Director : Mr. Geetha Govindan K Gopalakrishnan Direct 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 Commisioner 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, individually or jointly 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.	Completed.
	No questions No abstentions No non-approval Unanimously approved	

The AGMS on May 14, 2018 was attended by the following:

Board of Directors:

- President Director : Istini Tatiek Siddharta
- Independent Director : Lucas Kurniawan
- Director : Geetha Govindan K. Gopalakrishnan
- Director : Naga Waskita

Board of Commisioners:

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

There was no EGMS in 2018.

THE BOARD OF COMMISSIONERS

The Board of Commissioners is responsible for supervising the management of the Company and advising the Board of Directors. This includes the duty to ensure that the strategies, policies and actions executed by the Board of Directors are in line with the provisions of the Company's Articles of Association, its Code of Ethics and the prevailing laws and regulations. In addition, the Board of Commissioners is responsible for monitoring the implementation of good corporate governance throughout the Company.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF COMMISSIONERS

The duties of the Board of Commissioners, as stated in the Board of Commissioners' Charter, 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.

BOARD OF COMMISSIONERS' CHARTER

The Board of Commissioners' Charter sets out the duties and responsibilities, values, membership, and the rules of procedure of the Board of Commissioners. The charter complies with the Company's Articles of Association and relevant laws and regulations, and is periodically reviewed and updated. The charter can be found on ANJ's website at www.anj-group.com/en/boc/index.

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

According to the Articles of Association, the Board of Commissioners must have at least two members, one of whom to be appointed as the President Commissioner. Commissioners are appointed by the general meeting of shareholders at the recommendation of the Company's Nomination and Remuneration Committee.

A Commissioner's term runs until the fifth AGMS 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.

INDEPENDENT COMMISSIONERS

Number of Independent Commissioners

Four of the Company's eight Commissioners in 2019, including the President Commissioner, were independent (three out of seven following the passing of Mr Arifin Siregar on September 23, 2019). The Company therefore fulfills the provisions of OJK Regulation No.33/POJK.04/2014 stating that more than 30% of the members of the Board of Commissioners must be independent.

Criteria for Independent Commissioners

The criteria for the appointment of the Company's Independent Commissioners below are aligned with the provisions of OJK Regulation No.33/POJK.04/2014:

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 meets the appointment criteria above and has made a statement declaring their independence, in compliance with the provisions of OJK Regulation No.33/POJK.04/2014. These statements can be seen in the Commissioners' profiles.

ORIENTATION FOR NEW MEMBERS OF THE BOARD OF COMMISSIONERS

The Corporate Secretary facilitates a comprehensive orientation for each new Commissioner, covering the Company, its business, the operating environment, and their duties and responsibilities. No new Commissioners were appointed in 2019, thus no orientations were held.

COMPOSITION OF THE BOARD OF COMMISSIONERS

The current Board members were confirmed pursuant to Notarial Deed No. 143 dated May 15, 2019. The notification of the change in the Company's data was received and recorded by the Ministry of Law and Human Rights (MOLHR) through Letter No AHU-AH.01.03-0285424 dated June 10, 2019.

The composition of the Board of Commissioners as at December 31, 2019, is shown in the table below.

Board of Commissioners 2019

Name	Position	Term started	Term ends	Independent
Adrianto Machribie	President Commissioner	AGMS 2015	AGMS 2020	✓
George Santosa Tahija	Commissioner	AGMS 2015	AGMS 2020	
Arifin Mohamad Siregar *	Commissioner	AGMS 2015	AGMS 2020	✓
Sjakon George Tahija	Commissioner	AGMS 2015	AGMS 2020	
Istama Tatang Siddharta	Commissioner	AGMS 2015	AGMS 2020	
Anastasius Wahyuhadi	Commissioner	AGMS 2015	AGMS 2020	
J. Kristiadi	Commissioner	AGMS 2015	AGMS 2020	✓
Darwin Cyril Noerhadi	Commissioner	AGMS 2017	AGMS 2021	✓

*until September 23, 2019

Brief profiles of the members of the Board of Commissioners can be seen on page 42-49 of this Annual Report.

MEETINGS OF THE BOARD OF COMMISSIONERS

The Board of Commissioners is required to meet at least once every two months, in accordance with the Charter. These meetings are scheduled in advance, but additional meetings may be held at the request of one or more members of the Board, by the Board of Directors, or by one or more of the shareholders jointly representing at least 10% of the total number of shares with valid voting rights.

A Board meeting is deemed valid and may take binding decisions if more than one half of its members are present or represented in the meeting. Resolutions are adopted by consensus, but if a consensus cannot be reached, a resolution may be passed by 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 and is entitled to cast one vote and up to one additional vote for another member whom he or she represents. If a commissioner is not able to attend a meeting, the commissioner in question will provide a Power of Attorney to another commissioner.

In the year ended December 31, 2019, Board of Commissioners held six meetings and four other meetings which were held jointly with the Board of Directors.

Board of Commissioners' Meetings in 2019

Name	Position	1 Feb 20, 2019	2 Apr 08, 2019	3 May 15, 2019	4 Aug 22, 2019	5 Sept 23, 2019	6 Nov 27, 2019	No. of Meetings	Number Attended	Attendance Percentage
Adrianto Machribie	President Commissioner (Independent)	✓	✓	✓	✓	✓	✓	6	6	100%
Arifin Mohamad Siregar (until September 23, 2019)	Independent Commissioner	✓	✓	✓	✓	-	N/A	5	4	80%
George Santosa Tahija	Commissioner	✓	✓	✓	✓	✓	✓	6	6	100%
Sjakon George Tahija	Commissioner	✓	✓	✓	✓	✓	✓	6	6	100%

Name	Position	1 Feb 20, 2019	2 Apr 08, 2019	3 May 15, 2019	4 Aug 22, 2019	5 Sept 23, 2019	6 Nov 27, 2019	No. of Meetings	Number Attended	Attendance Percentage
Istama Tatang Siddharta	Commissioner	✓	✓	✓	✓	✓	✓	6	6	100%
Anastasius Wahyuhadi	Commissioner	✓	✓	✓	✓	✓	✓	6	6	100%
J. Kristiadi	Independent Commissioner	✓	✓	✓	✓	✓	✓	6	6	100%
Darwin Cyril Noerhadi	Independent Commissioner	✓	✓	✓	✓	✓	✓	6	6	100%

BOC Meeting Agendas 2019

Date	Agenda
February 20, 2019	1. Update from the Risk Management Committee. a. New Planting Procedures of ANJT. b. NDPE and impact to CPO Sales. c. Mitigation strategy for continously low CPO price. 2. Update from the Audit Committee. a. Work Progress of Exernal Auditor. b. Work Progress of Internal Audit of 2018. 3. Update from the CSR and Sustainability Committee. 4. Update from the Nomination and Remuneration Committee.
April 8, 2019	1. Update from the Risk Management Committee. a. ANJ Sustainability Model. 2. Update from the Audit Committee. a. Work Progress of Exernal Auditor. b. Work Progress of Internal Audit of Q1 2019. 3. Update from the CSR and Sustainability Committee. 4. Update from the Nomination and Remuneration Committee.
May 15, 2019	1. Palm Oil for Renewable Energy – From Biodiesel to Bio-Hydrocartion. 2. Proposed Dividend Distribution.
August 22, 2019	1. Update from the Risk Management Committee. a. Commercial Risk Update. b. Papua Project Update. 2. Update from the Audit Committee. a. Work Progress of Internal Audit of Q2 2019. 3. Update from the CSR and Sustainability Committee. 4. Update from the Nomination and Remuneration Committee.
September 23, 2019	1. Update from the Risk Management Committee. a. Business Risk: KAL. b. Financial Risk Mitigation. c. Papua Project Update. 2. Update from the Audit Committee. a. Whistleblowing Report. b. Budget Year 2020. 3. Update from the CSR and Sustainability Committee. a. Sustainability Policy Update. 4. Update from the Nomination and Remuneration Committee.
November 27, 2019	1. Update from the Risk Management Committee. a. Papua Project Update. b. Forest Fire Risk Mitigation Plan. 2. Update from the Audit Committee. a. Work Progress of Internal Audit of Q3 2019. 3. Update from the CSR and Sustainability Committee. a. Sustainability Report and CSR awards. 4. Update from the Nomination and Remuneration Committee.

COMPETENCY DEVELOPMENT FOR THE BOARD OF COMMISSIONERS

Details of the competency development undertaken by members of the Board of Commissioners in 2019 are provided on page 74 of this Annual Report.

PERFORMANCE EVALUATION OF COMMITTEES UNDER THE BOARD OF COMMISSIONERS

The Board of Commissioners supervises four committees, which support the Board's oversight function. These are the Audit Committee, the Nomination and Remuneration Committee, the Corporate Risk Management Committee and the Corporate Social Responsibility and Sustainability Committee. The Board evaluates their performance every year.

- **Evaluation Criteria**
  Committee performance is evaluated against the objectives in their respective annual work plans, which in turn are linked to the Committee's duties and responsibilities. The results inform the determination of the following year's objectives and decisions on competency development needs and/or compensation increments for committee members.
- **Evaluation Results in 2019**
  All the committees successfully completed their respective work plans and reported their findings, opinions and recommendations to the Board. The Board made use of their input to strengthen good corporate governance throughout the organization, and has concluded that all the committees performed effectively in 2019.

REMUNERATION OF THE BOARD OF COMMISSIONERS

Details of the policy and procedures for determining the remuneration of the Board of Commissioners are provided on page 114 of this Annual Report.

THE BOARD OF DIRECTORS

The Board of Directors is responsible for managing the Company's interests, assets and progress towards objectives in pursuit of its vision and mission, in accordance with the Articles of Association and the prevailing laws and regulations.

DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

Members of the Board of Directors are jointly and severally liable for the Board's actions. They are responsible for the management of Company for the interest of the Company, in accordance with its purpose and objectives, the Articles of Association and prevailing law and regulation. Board of Directors is accountable to the shareholders through the GMS.

The Board of Directors has the right to consult and seek advice from the Board of Commissioners at any time. If the Board of Directors does not share the Board of Commissioners' perspective regarding its advice or recommendations, the two boards will discuss the matter together.

The Directors who are empowered to act for and on behalf of the Board of Directors and represent the Company are the President Director and a Director who is responsible for a subject under his/her authority, or a Deputy President Director together with a Director who is responsible for a subject under his/her authority.

The principle duties of the Board of Directors are:
(a) To lead, manage and direct the Company in line with the objectives of the Company and to continuously improve the efficiency and effectiveness of the Company.
(b) To control, maintain and manage the assets of the Company.
(c) To draw up the Company's annual working plan, including the annual budget, which shall be delivered to the Board of Commissioners for its approval prior to the commencement of the relevant financial year.

In addition, each member of the Board of Directors has specific duties and responsibilities which are specified in their respective job descriptions. These are as follows:
President Director: Co-ordinates, supervises and leads the Company's management, and ensures that all the Company's business activities are executed in accordance with the vision, mission and values of the Company; monitors and reviews the Company's risk management, internal control system, corporate governance for the interests of the minority shareholders and other stakeholders, and compliance with regulations; and leads the Human Resources, Engineering and Corporate Communication departments.

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 & Communication Technology and Supply Chain Management departments.

Operations Director: Plans, coordinates, directs, controls, implements and evaluates agronomic aspects and overall operational processes of our agribusinesses.

Legal Director: Plans, coordinates, directs, controls, implements and evaluates matters related to legal affairs, licensing and permits, external affairs, security and Environment Health and Safety (EHS). He is also responsible for the Corporate Secretary function.

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.

Actions Requiring Board of Commissioners' Approval

The Board of Directors is authorized to carry out corporate actions for and on behalf of the Company. However, they must seek the prior approval of the Board of Commissioners for certain corporate actions, including:
- The acquisition of a new business;
- Approval of any subsidiary's acquisition of a new business;
- The 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.

Oversight of ANJ's subsidiaries

ANJ's governance structure is designed to ensure strong oversight across the Group. To the extent permitted by prevailing laws and regulations, one or more directors of the Company serve on the Boards of Commissioners of each of the Company's key subsidiaries, and each subsidiary has at least one director of the Company serving on its board of directors (details of the commissioners and directors of ANJ Group subsidiaries are presented in the Company Profile chapter of this Report). This ensures that ANJ's Board of Directors has direct oversight over each of the Company's subsidiaries and the material actions they take.

BOARD OF DIRECTORS' CHARTER

The Board of Directors' Charter sets out the duties and responsibilities of the Board of Directors in accordance with the prevailing laws and regulations. The Charter is periodically reviewed and updated when necessary. The Charter can be found on ANJ's website at www.anjgroup.com/en/bod/index.

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

The current Board complies with the Company's Articles of Association, which states that 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.

The directors are appointed for a term that runs until the fifth AGMS following his or her appointment, and may be reappointed for a further term. However, the general meeting of shareholders reserves the right to dismiss a director at any time during his or her term.

ORIENTATION FOR NEW MEMBERS OF THE BOARD OF DIRECTORS

Newly appointed Directors receive a comprehensive induction program, facilitated by the Corporate Secretary, covering the Company, its business, the operating environment, and their duties and responsibilities.

In 2019, one orientation was carried out on April 4, 2019 for the newly appointed Director, namely Fakri Karim.

COMPOSITION OF THE BOARD OF DIRECTORS

The legal basis for the appointment of the current Board, shown below, is Notarial Deed No. 143 dated May 15, 2019. The notification of the change in the Company's data was received and recorded by the Ministry of Law and Human Rights (MOLHR) through Letter No. AHU-AH.01.03-0285424 dated June 10, 2019.

Board of Directors 2019

Name	Position	Term started	Term ends
Istini Tatiek Siddharta	President Director	2016	2020
Lucas Kurniawan	Director	2017	2022
Geetha Govindan	Director	2015	2020
Naga Waskita	Director	2017	2022
Fakri Karim	Director	2019	2024

MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors meets at least once every month, as required by OJK Regulation No.33/POJK.04/2014 and the Board Charter. Monthly meetings are scheduled in advance, but additional meetings may be convened at the request of one or more members of the Board, the Board of Commissioners or one or more of the shareholders who jointly represent at least 10% of the total number of shares with valid voting rights. Directors of the Company's subsidiaries and other interested parties may be invited to the Board meetings.

A Board meeting may take binding decisions if more than half of the Board members are present or represented in the meeting. Resolutions should be adopted by consensus, but may be passed by the affirmative votes of more than half of the total number of votes validly exercised in the meeting, in the event that a consensus cannot be reached. Each Board member has equal voting rights and is entitled to cast one vote and up to one additional vote for another member he or she is representing.

The Board of Directors held the following meetings in 2019:

- Meeting A: Combined meetings with the Board of Commissioners, at least once every three months. Four of these meetings were held in 2019.
- Meeting B: Meetings of the Board of Directors, at least every two weeks where possible. Directors of the Company's subsidiaries and other invitees may also attend these meetings. In 2019 there were a total of 24 Board of Directors' meetings.

Meeting A in 2019

Name	Position	1 Feb 20, 2019	2 May 15, 2019	3 Aug 22, 2019	4 Nov 27, 2019	No. of Meetings	Number Attended	Attendance Percentage
Istini Tatiek Siddharta	President Director	✓	✓	✓	✓	4	4	100%
Lucas Kurniawan	Director	✓	✓	✓	✓	4	4	100%
Geetha Govindan	Director	✓	✓	✓	✓	4	4	100%
Naga Waskita	Director	✓	✓	✓	✓	4	4	100%
Fakri Karim (since May 15, 2019)	Director			✓	✓	2	2	100%

Joint Board Meeting Agendas 2019

Date	Agenda
February 20, 2019	• Significant events and highlights of Q4 2018. • Consolidated financial performance FY 2018. • Cost efficiency program for 2019-2024 on low CPO price scenario. • ANJ new office moving update.
May 15, 2019	• Revised cash flow after taking into account the replanting and cost efficiency. • Significant events and highlights of Q1 2019. • Cost efficiency and risk mitigation on low CPO price scenario 2019-2020. • Employee effectiveness survey. • Employee award event.
August 22, 2019	• Significant events and highlights of Q2 2019. • Consolidated financial performance of Q2 2019. • Brief summary of ANJ's strategic session 2019 and cost efficiency: Segment Profitability and Investment Risk Analysis 2019-2023, Financing Needs Projection and Corporate Action Plan.
November 27, 2019	• Significant events and highlights of Q3 2019 • Consolidated financial performance of Q3 2019 and Best Estimate 2019. • Summary of Budget Proposal by Segment for the year 2020: Work Program, Production, Profitability and Capital Expenditures. • Summary of Consolidated Budget Proposal, Group Cash Flow Planning and Scenario Planning for the year 2020. • Critical factors for the year 2020. • Approval of consolidated budget for year 2020.

Meeting B in 2019

Name	Position	Number of Meetings	Total Attended	% Attended
Istini Tatiek Siddharta	President Director	21	19	90%
Lucas Kurniawan	Director	21	19	90%
Geetha Govindan	Director	21	18	85%
Naga Waskita	Director	21	16	76%
Fakri Karim (since May 15, 2019)	Director	12	10	83%

COMPETENCY DEVELOPMENT OF THE BOARD OF DIRECTORS

Details of the training and competency development for the Board of Directors in 2019 are provided in the Company Profile section of this Annual Report.

REMUNERATION OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

REMUNERATION POLICY

Members of the Board of Commissioners receive a monthly honorarium, while members of the Board of Directors receive compensation consisting of a basic salary, performance bonus, allowances, benefits and management stock options. All Commissioners and Directors are covered by liability insurance.

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

PROCEDURE FOR DETERMINING THE REMUNERATION AMOUNT IN 2019

1. The Nomination and Remuneration Committee reviewed the amount and structure of the compensation received by the Board of Commissioners and Board of Directors in the current year.
2. The Committee formulated recommendations on the remuneration amount for the following year, taking into consideration the criteria below.

BASIS FOR DETERMINING THE REMUNERATION AMOUNT

Board of Directors

The remuneration received by the Directors is based on the achievement of the Company's performance targets. The Nomination and Remuneration Committee takes the following factors into consideration in determining the remuneration amount it will recommend to the Board of Commissioners:

- Financial performance;
- Achievement against corporate key performance indicators (KPIs), including the area planted and other non-financial indicators such as the Board's leadership in developing and improving the internal structures and organization of the Company and its subsidiaries, and their performance on guiding 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.

Board of Commissioners

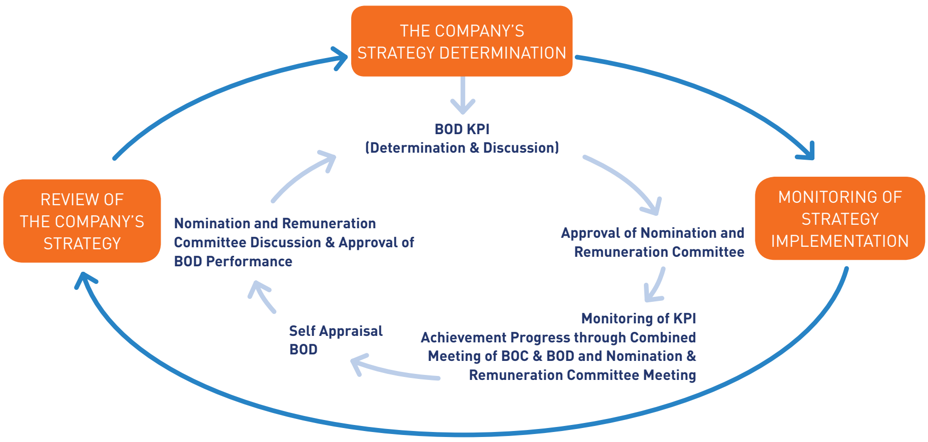
In determining the amount of the remuneration for the Commissioners, the Nomination and Remuneration Committee takes into account the market rates for such positions, and the participation of individual commissioners in the various committees under the Board of Commissioners.

REMUNERATION AMOUNT IN 2019

The amount of remuneration received by the members of the Board of Commissioners and the Board of Directors in 2019 amounted to USD 751,603 and USD 3,454,666 respectively.

PERFORMANCE ASSESSMENT OF THE BOARD OF COMMISSIONERS AND BOARD OF DIRECTORS

The Annual General Meeting of Shareholders evaluates the performance of the Board of Commissioners and Board of Directors every year based on their annual accountability reports. In addition, both Boards conduct an annual self-assessment of their performance. In 2019, no external parties were appointed to evaluate the performance of either the Board of Commissioners or the Board of Directors.



PERFORMANCE ASSESSMENT PROCEDURE AND CRITERIA

1. Every year, key performance indicators (KPIs), which are linked to the corporate strategy and implementation plan, are assigned to the Board of Commissioners and Board of Directors. Each Board member also assumes responsibility for at least one of the corporate KPIs for responsible development.
2. At the end of the appraisal period, each Board member self-assesses their performance against their respective KPIs.
3. The results are verified by the President Commissioner and President Director and further discussed with the Nomination and Remuneration Committee.
4. The Nomination and Remuneration Committee takes the assessment results into account when making recommendations on the remuneration for the Directors. The Committee also provides guidance on improvement actions based on the self-assessment results.

ASSESSING PARTIES

The Boards' performance is evaluated by:

- The Board members themselves through a self-assessment process;
- The President Commissioner, President Director and the Nomination and Remuneration Committee, through their verification of the self-assessment results;
- The shareholders at the AGMS.

MAJORITY AND CONTROLLING SHAREHOLDERS

The Company's majority and controlling shareholders 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, who is the company's President Director, and members of his family. PT Memimpin Dengan Nurani is 100% owned by Mr. George Santosa Tahija, the company's President Director, and members of his family.

A chart showing the majority and controlling shareholders and individual shareholders of the Company is presented in the Company Profile section on page 58 of this Report.

COMPANY PROFILE OF PT MEMIMPIN DENGAN NURANI (MDN)

Established in 2012, MDN is a holding company that has interests in the service provider and trade sectors. MDN engages in the following business activities:

a) Engages in business:
   - Services in general
   - Consultancy services
b) Engages in business:
   - Trade in general
   - Export and import
   - Local (domestic) wholesaler
   - Vendor, supplier, surveyor and commission house
   - Distributor, agent and as a representative corporate entities.

Board Composition

As of December 31, 2019, the members of the Board of Commissioners and Board of Directors were 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 members above were appointed pursuant to Deed No. 851 dated January 12, 2017.

Shareholders Structure

Pursuant to Deed No. 76 dated August 30, 2012, the shareholder composition is as follows:

Share	Par value IDR 1,000,000,- per share		
	Total Shares	Total Par Value (IDR)	%
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	3,000,000,000.00	0.0018
Total 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)

AKJ is a holding company that was established in 2012 and has interests in the service provider and trade sectors. AKJ engages in the following business activities:

a) Engages in business:
   - Services in general
   - Consultancy services
b) Engages in business:
   - Trade in general
   - Export and import
   - Local (domestic) wholesaler
   - Vendor, supplier, surveyor and commission house
   - Distributor, agent and as a representative corporate entity.

Board Composition

The composition of the Board of Commissioners and Board of Directors as of December 31, 2019 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 members above were appointed pursuant to Deed No. 144 dated December 6, 2018.

Shareholders Structure

Pursuant to Deed No. 130 dated September 27, 2012, the shareholder composition is as follows:

Share	Par value IDR 1,000,000.- per share		
	Total Shares	Total Par Value (IDR)	%
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 issued and paid-up capital	**230,510**	**230,510,000,000.00**	**100.00**
Unissued capital	**569,490**	**569,490,000,000.00**	

AFFILIATIONS BETWEEN THE BOARD OF COMMISSIONERS, BOARD OF DIRECTORS AND CONTROLLING SHAREHOLDERS

The affiliate relationships between members of the Board of Directors, Board of Commissioners, and the Controlling Shareholders presented below. All such relationships comply with OJK regulations.

1. There are no affiliations between any members of the Board of Directors.
2. Affiliations between members of the Board of Directors and members of the Board of Commissioners:
   - President Director 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 Mrs. Istini Tatiek Siddharta is a Commissioner of PT Austindo Kencana Jaya and PT Memimpin Dengan Nurani, which are both majority shareholders of the Company.
4. Affiliations between members of the Board of Commissioners and majority shareholders:
   - 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.
   - 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:
   - Commissioners Mr. George Santosa Tahija and Mr. Sjakon George Tahija are brothers.

	Name	Board of Commissioners								Board of Directors					Controlling Shareholders	
		Adrianto Machribie	George Santosa Tahija	Sjakon George Tahija	Istama Tatang Siddharta	Anastasius Wahyuhadi	J. Kristiadi	Arifin M. Siregar*	Darwin Cyril Noerhadi	Istini Tatiek Siddharta	Lucas Kurniawan	Geetha Govindan	Naga Waskita	Fakri Karim	PT Austindo Kencana Jaya	PT Memimpin Dengan Nurani
Board of Commissioners	Adrianto Machribie															
	George Santosa Tahija			✓											✓	✓
	Sjakon George Tahija		✓												✓	
	Istama Tatang Siddharta									✓						
	Anastasius Wahyuhadi															
	J. Kristiadi															
	Arifin M. Siregar*															
	Darwin Cyril Noerhadi															
Board of Directors	Istini Tatiek Siddharta				✓										✓	✓
	Lucas Kurniawan															
	Geetha Govindan															
	Naga Waskita															
	Fakri Karim															
Controlling Shareholders	PT Austindo Kencana Jaya			✓						✓						
	PT Memimpin Dengan Nurani		✓							✓						

* until September 23, 2019

COMMITTEES UNDER THE BOARD OF COMMISSIONERS

The Board of Commissioners has established four committees to assist in its supervisory function. These are the Audit Committee, the Corporate Risk Management Committee, the Nomination and Remuneration Committee, and the Corporate Social Responsibility and Sustainability Committee. Each committee operates independently, in accordance with Company policy.

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

AUDIT COMMITTEE

The Audit Committee supports the Board of Commissioners by reviewing the quality and integrity of the Company's financial disclosures, providing oversight over the effectiveness of the internal control and risk management systems, and ensuring that the internal core values are upheld. The legal basis for the Committee is OJK Regulation No. 55/POJK.04/2015 dated December 23, 2015 concerning the Establishment and Working Guidelines of Audit Committees.

The current structure, composition and basis of appointment of the Audit Committee are stated in table below:

Audit Committee Composition as at December 31, 2019

Member	Position	Basis of Appointment	Period
Darwin Cyril Noerhadi	Chairman	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

The Profile of the Audit Committee

Dr Noerhadi was appointed as the chairman of the Audit Committee on February 20, 2017, based on to Resolution of the Board of Commissioners No. 04/BOC/ANJ/ GEN/2017 dated February 20, 2017. He is an Independent Commissioner of the Company. His profile can be seen in the Commissioners' profiles on page 48 of this Annual Report.

Muljawati Chitro
Indonesian citizen, born in Jakarta in 1967 (aged 53).

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

Education: Ms Chitro holds a degree in economics from Atma Jaya University (1990) and a master's degree in finance from PPM School of Management (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 48).

Experience: Mr Budhijanto was appointed to ANJ's Audit Committee in 2013. He currently also serves as an arbitrator (FCBArb.) at the Indonesian National Board of Arbitration (since 2010), lecturer in the graduate program at Padjadjaran University in Bandung (since 2003) and lecturer in Padjadjaran University's law faculty (since 1998). Prior to that, he was 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 holds a degree in international law from Padjadjaran University, Bandung (1995), a master's degree in information technology law from John Marshall Law School, Chicago (2003), and a doctorate in the science of law from Padjadjaran University (2009).

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

Appointment of Audit Committee Members

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

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

Independence of the Audit Committee

Assurance of the Audit Committee's independence is provided by the following:

- The Chairman is one of the Company's Independent Commissioners;
- The two other members are professionals with no connection to the Company;
- Each member of the Committee is required to carry out their duties and responsibilities independently, objectively and professionally;
- None of the current Audit Committee members own any shares in the Company, and none have any affiliate relationships with any other commissioners, directors or shareholders of the Company;
- The Audit Committee reports directly to the Board of Commissioners and is independent of the Company's management.

Audit Committee Charter

The Audit Committee Charter, which specifies the Committee's duties and responsibilities, was adopted on February 6, 2013. It undergoes periodic review and was last updated in 2018 to comply with OJK Regulations No. 55/POJK.04/2015, No. 56/ POJK.04/2015, and No. 13/POJK.03/2017. It is available on ANJ's website at www.anj-group.com/en/commissioners-commitees.

Duties and Responsibilities of the Audit Committee

As specified in the Audit Committee Charter, the Audit Committee's duties and responsibilities are as follows:

1. The Audit Committee is tasked with providing opinions to the Board of Commissioners on reports or matters submitted by the Board of Directors, identifying matters that require the Commissioners' attention and carrying out other duties related to the duties of the Board of Commissioners, including the following:
   (a) Ensuring that there are satisfactory review procedures in place for the information submitted/issued by the Company to the public, shareholders, and / or authorities, including the quarterly financial statements, projections and other reports related to the Company's financial information.
   (b) Assessing the planning, implementation and results of audits conducted by the internal and external auditors to ensure that the audit procedures and reporting are done in accordance with the applicable audit standards.
   (c) Reviewing compliance with the laws and regulations related to the Company's activities.
   (d) Providing independent opinion in the event of disagreements between management and the external auditor in relation to the services provided by the external auditor.
   (e) Providing recommendations to the Board of Commissioners on the appointment of an external auditor, based on their independence, the scope of the assignment, and service fees.
   (f) Reviewing complaints relating to the Company's accounting and financial reporting processes.
   (g) Reviewing and providing advice to the Board of Commissioners regarding potential interests of the Company.
   (h) Providing recommendations on the strengthening of the Company's internal control system and its implementation.
   (i) Carrying out other duties given by the Board of Commissioners insofar as they are within the scope of duties and obligations of the Board of Commissioners.
2. The Audit Committee receives and reviews the annual work plans of the Internal Audit Unit (IAU), and their realization, and provides input to the Board of Commissioners.
3. The Audit Committee conducts a quarterly review of the implementation of the internal audits and supervises the implementation of follow-up actions by the Board of Directors on the findings of the internal auditors.
4. The Audit Committee reviews the Risk Management Committee's periodic reports on items that are risks for the Company and the follow-up actions taken to mitigate said risks.
5. The Audit Committee must maintain the confidentiality of documents, data and information regarding the Company forever.

Audit Committee Meetings

In compliance with OJK Regulation No.55/ POJK.04/2015 on the Establishment and Working Guidelines for Audit Committees and the provisions of the Audit Committee Charter, the Audit Committee meets at least 4 times a year. The Audit Committee held four meetings in 2019, all in conjunction with the Internal Audit, including two meetings together with the external auditor on the result and report.

Audit Committee Meetings in 2019

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

Training and Development for Audit Committee Members

No training or development was provided for Ms Chitro and Mr Budhijanto in 2019 but Mr Noerhadi attended one training as provided on page 75 of this Annual Report.

Audit Committee Activities in 2019

The Audit Committee reviewed the following in 2019:

- The implementation of risk management by the Company's Board of Directors;
- The quarterly financial reports disclosed to the public and the authorities;
- The performance and independence of the external auditor, Siddharta, Widjaja & Rekan;
- 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.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee supports the efficient succession and renewal of the Board of Directors and Board of Commissioners, and reviews and makes recommendations on the remuneration for the senior management of ANJ and its subsidiaries.

The current structure and composition of the Nomination and Remuneration Committee (NRC) was established in 2013 under the name of the Compensation and Benefit Committee. The current structure, composition and basis of appointment of the NRC are stated in table below:

Nomination and Remuneration Committee Composition as at December 31, 2019

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

The Profile of the Nomination and Remuneration Committee Members

The NRC members are all members of the Company's Board of Commissioners. Their profiles can be seen in the Board of Commissioners' profile on page 42-49 of this Annual Report.

Appointment of Nomination and Remuneration Committee Members

The NRC comprises a chairman and three other members, who are appointed for a term that runs until the fifth AGMS following his or her appointment.

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

Independence of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee works independently of the Company's management and is chaired by one of the Company's Independent Commissioners. This Commissioner 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. The other NRC members are not independent.

Nomination and Remuneration Committee Charter

The NRC Charter was issued on February 10, 2015, in compliance with OJK Regulation No. 34/POJK.04/2014 dated December 8, 2014. The Charter sets out the NRC's duties and responsibilities, in accordance with the relevant laws and regulations. It is periodically reviewed and updated as necessary.

Duties and Responsibilities of the Nomination and Remuneration Committee

The duties and responsibilities of the Nomination and Remuneration Committee, as stated in the Nomination and Remuneration Committee Charter, are as follows:

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.

Nomination and Remuneration Committee Meetings

As specified by its Charter, the Nomination and Remuneration Committee meets at least once every four months. Meetings may be held in person or by teleconference, and there is a pre-approved agenda for each meeting. The Committee held four meetings in 2019.

Nomination and Remuneration Committee Meetings in 2019

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%

Training and Development for Nomination and Remuneration Committee Members

The members of the Nomination and Remuneration Committee attended one training in 2019 as provided on page 75 of this Annual Report.

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

Succession Policy for the Board of Commissioners

The Company has a list of potential candidates who meet the membership requirements specified in the Board of Commissioners' charter. The Nomination and Remuneration Committee periodically reviews and updates the list, and if there is a vacancy on the Board, the Committee recommends suitable candidates to the Board of Commissioners. Their appointment is then subject to the approval of the General Meeting of Shareholders.

Succession Policy for the Board of Directors

The Company's policy is to promote from within where possible. The Human Resources division is continuously mapping talent with leadership potential across the organization and providing future leaders with integrated management development programs that include on-the-job assignments and rotation as well as training, coaching and mentoring; and ensuring that they have a path to leadership positions through strategic promotions.

As part of its succession planning for the Board of Directors, the Nomination and Remuneration Committee develops and determines appropriate selection criteria and identifies and recommends suitable candidates, which may include internal candidates. The appointment of a Director is subject to the approval of the General Meeting of Shareholders.

Nomination and Remuneration Committee Activities in 2019

The Nomination and Remuneration Committee reports its activities to the Board of Commissioners at the quarterly Board of Commissioners' meetings. Its activities in 2019 included the following:

- Providing input on the performance assessment of the Board of Commissioners and Board of Directors;
- Reviewing the remuneration system and formula and gave recommendations on the amount of the remuneration to be paid to the Board of Commissioners and Board of Directors;
- Reviewing the range of skills and expertise needed for the Boards;
- Identifying and proposing qualified candidates for positions on the Board of Commissioners and Board of Directors;
- Reviewing the succession plan for the Board of Directors.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee (RMC) was established in 2013 by a Resolution of the Board of Commissioners.

The current structure, composition and basis of appointment of the RMC are stated in table below:

Risk Management Committee Composition as at December 31, 2019

Member	Position	Basis of Appointment	Period
George Santosa Tahija	Chairman	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020
Adrianto Machribie	Member	BoC Resolution No. 03 - A/BOC/ANJ/GEN/2018 dated April 1, 2018	2018-2020
Anastasius Wahyuhadi	Member	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020
J. Kristiadi	Member	BoC Resolution No.22B/BOC/ANJ/ GEN/2015 dated June 23, 2015	2015-2020

The Profiles of the Risk Management Committee Members

All the members of the RMC are members of the Company's Board of Commissioners, and their profiles can be seen on page 42-49 of this Report.

Independence of the Risk Management Committee

The RMC works independently of the Company's management, and two of its members, Adrianto Machribie and J. Kristiadi, are Independent Commissioners of the Company.

Risk Management Committee Charter

The Risk Management Committee Charter, issued on February 10, 2015, specifies the Committee's duties and responsibilities, and is in compliance with the relevant laws and regulations.

Duties and Responsibilities of the Risk Management Committee

The RMC supports the Board of Commissioners in evaluating the Group's risk management system, including the internal control system, and assessing the Company's risk tolerance. It also provides advice to the Board of Directors on current and potential risk management and compliance issues.

Risk Management Committee Meetings

According to the RMC Charter, the Committee must meet at least six times a year, either in person or by teleconference, with a pre-approved agenda for each meeting. The RMC held seven meetings in 2019.

Risk Management Committee Meetings in 2019

Name	Position	No. of Meetings/No. Attended	% Attendance
George Santosa Tahija	Chairman	6/7	86%
Adrianto Machribie	Member	6/7	86%
Anastasius Wahyuhadi	Member	7/7	100%
J. Kristiadi	Member	6/7	86%

Training and Development for Risk Management Committee Members

The members of the RMC attended one training in 2019 as provided on page 75 of this Annual Report.

Risk Management Committee Activities in 2019

The RMC communicated with management at least once a month, where possible, during 2019, either at meetings or by other means, to:

a) Review the Company's policies on risk management and compliance, giving due consideration to existing and new regulations, the Company's Code of Ethics, and any conflicts of interest;
b) Identify and monitor any issues related to risk management and compliance that required the attention of the Board of Commissioners;
c) Seek information on and discuss issues that could potentially negatively impact the Company's performance.

The RMC chairman reported on the Committee's activities to the Board of Commissioners at the scheduled Board of Commissioners' meetings and joint meetings of the Board of Commissioners and the Board of Directors.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY COMMITTEE

Originally it was established in 2013 as the Corporate Social Responsibility Committee. The current structure, composition and basis of appointment of the Corporate Social Responsibility and Sustainability Committee (CSRS) are stated in table below:

Corporate Social Responsibility and Sustainability Committee Composition as at December 31, 2019

Member	Position	Basis of Appointment	Period
Sjakon George 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
J. 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

*until September 23, 2019

The Profiles of the Corporate Social Responsibility and Sustainability Committee Members

All the CSRS Committee members are also members of the Company's Board of Commissioners, whose profiles can be seen on page 42-49 of this Report.

Independence of the Corporate Social Responsibility and Sustainability Committee

The CSRS Committee works independently of the Company's management. Two members, J. Kristiadi and Arifin Mohamad Siregar, are Independent Commissioners of the Company.

Corporate Social Responsibility and Sustainability Committee Charter

The CSRS Committee Charter was adopted on February 10, 2015 and defines the duties and responsibilities of the Committee.

Duties and Responsibilities of the Corporate Social Responsibility and Sustainability Committee

The CSRS Committee supports the oversight function of the Board of Commissioners by monitoring the development and implementation of the Group's corporate social responsibility and sustainability plans. The Committee also advises the Board of Directors on these matters.

Corporate Social Responsibility and Sustainability Committee Meetings

According to the CSRS Committee Charter, the Committee should hold at least two meetings every year, either in person or by teleconference, with a pre-approved agenda for each meeting. The committee held four meetings in 2019.

Corporate Social Responsibility and Sustainability Committee Meetings in 2019

Name	Position	No. of Meetings/No. Attended	% Attendance
George Santosa Tahija	Chairman	4/4	100%
Anastasius Wahyuhadi	Member	4/4	100%
J. Kristiadi	Member	4/4	100%
Arifin Mohamad Siregar*	Member	3/3	100%

*until September 23, 2019

Training and Development for Corporate Social Responsibility and Sustainability Committee Members

The members of the CSRS Committee, except Mr Arifin Mohamad Siregar, attended one training in 2019 as provided on page 75 of this Annual Report.

Corporate Social Responsibility and Sustainability Committee Activities in 2019

The CSRS Committee's activities in 2019 included reviewing and updating the following:

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

CORPORATE SECRETARY

The Corporate Secretary facilitates internal communications between all the functions and units of the Company, as well as external communications with the Company's external stakeholders, including the capital market authorities, financial regulators, shareholders and the investor community. In addition, he manages the Company's compliance with all relevant laws and regulations and advises the Board of Directors on compliance issues and any changes in the regulatory environment.

CORPORATE SECRETARY PROFILE

The Company's Corporate Secretary is Mr Naga Waskita, who has served concurrently as the Company's Legal Director since May 24, 2017. He was appointed as Corporate Secretary pursuant to a Letter of Appointment No.001/FAD/ANJ/2013 dated January 3, 2013. His profile can be seen in the Board of Directors' profiles on page 53 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's duties and responsibilities include:

- Ensuring full compliance with applicable laws and regulations, particularly the prevailing Indonesia Stock Exchange (IDX) and capital market regulations.
- Providing input and recommendations to the Company's Board of Directors with respect to the Company's compliance with applicable laws and regulations, particularly in the capital market.
- Liaising with and assuming responsibility for correspondence with the OJK, IDX and other relevant parties.
- Keeping abreast of developments and changes in capital market regulations.
- Giving input and recommendations to the Company's Board of Directors regarding legal matters of the Company and corporate action plans.
- Being responsible for organizing meetings of the Board of Directors, Board of Commissioners and shareholders, as well as the Company's annual public exposé.

TRAINING AND DEVELOPMENT FOR THE CORPORATE SECRETARY

Details of the training and development undertaken by the Corporate Secretary in 2019 are provided on page 75 of this Annual Report.

CORPORATE SECRETARY ACTIVITIES IN 2019

The Corporate Secretary's activities in 2019 included the following:

- 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 General Meeting of Shareholders and Extraordinary General Meeting of Shareholders on May 15, 2019.
- Convened the Annual Public Expose on May 15, 2019.

INTERNAL AUDIT

The Internal Audit Unit's primary function is to provide independent and objective assurance on the Company's financial and operational processes and controls, the risk management systems, compliance, and general governance. In addition, it provides consulting services to management on strengthening the effectiveness of these operations to ensure that the Company's business and sustainability objectives are met, in the best interests of the Company and its stakeholders. The Internal Audit Unit was established on the basis of:

- 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.

HEAD OF INTERNAL AUDIT

The Head of the Internal Audit Unit is Mr Christian Lunard Sitorus, who was appointed in 2017.

Christian Lunard Sitorus
Indonesian citizen, born in Pematang Siantar in 1970 (aged 49).

Experience: Mr Sitorus was appointed as the Head of Internal Audit in December 2017. His prior positions include Head of the Corporate Audit Department at PT Triputra Agro Persada (2016-2017), 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 holds a Diploma in Finance (1994) and an Extension in Financial Management (1999), both from the University of North Sumatra.

APPOINTMENT OF THE HEAD OF THE INTERNAL AUDIT UNIT

The Head of the Internal Audit Unit is appointed and dismissed by the President Director, subject to the approval of the Board of Commissioners. Any change in the status of the Head of the Internal Audit is reported immediately to the OJK.

NUMBER AND QUALIFICATIONS OF INTERNAL AUDITORS

The Internal Audit Unit comprises 11 people, specifically chosen for their expertise in agronomy, agriculture and engineering as well as finance and accounting to reflect the scope of ANJ's operations. While none of them have professional internal audit qualifications, they all fulfill the Company's requirements regarding professionalism, integrity, and technical knowledge and experience in relevant disciplines.

TRAINING AND DEVELOPMENT FOR THE INTERNAL AUDIT UNIT

To strengthen the capabilities of the internal auditors and ensure that the team can meet the increasingly complex challenges of the business, the Company provides regular training, including an annual internal workshop to improve the team's understanding of industrial relations, ethics and related issues. Details of the training and development undertaken by members of the Internal Audit Unit in 2019 are provided on page 75 of this Annual Report.

STRUCTURE AND POSITION OF THE INTERNAL AUDIT UNIT

The Internal Audit Unit (IAU) is part of the management structure, reporting directly to the President Director and the Audit Committee, in compliance with OJK Regulation No. 56 / POJK.04/2015 on the Establishment and Working Guidelines of the Internal Audit. The IAU coordinates with the Audit Committee on its day-to-day activities.

INTERNAL AUDIT UNIT CHARTER

The Internal Audit Charter sets out the duties and responsibilities of the IAU. Adopted on February 6, 2014, it is regularly reviewed and was last updated in 2017 to comply with OJK Regulations No. 55 /POJK.04/2015; No. 56 /POJK.04/2015, and No. 13/ POJK.03/2017. The Charter is available on ANJ's website: www.anj-group.com/en/internal-audit.

DUTIES AND RESPONSIBILITIES OF THE INTERNAL AUDIT UNIT

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. Formulate and implement an annual internal audit plan;
5. Report on the implementation and achievement of the annual internal audit plan;
6. Evaluate the relevance, reliability and integrity of internal controls and risk management in line with Company policy and strategic objectives;
7. Perform audits to assess the efficiency and effectiveness of finance, accounting, operations, human resources, marketing, information technology and other functions;
8. Verify the existence of assets and assess the effectiveness of asset safeguarding;
9. Assess compliance with internal policies, procedures and instructions as well as relevant laws and regulations;
10. 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.
11. Prepare internal audit reports for submission to the President Director and the Audit Committee, with a copy to the Board of Commissioners;

12. Make suggestions and recommendations for improving systems and procedures to prevent inefficiency and fraud at all management levels;
13. Give advice and consultation on strong and effective administrative, operational and financial systems;
14. Monitor, analyze and report on the implementation of suggested improvements;
15. Coordinate with appropriate management levels to execute investigative and corrective actions in the event of any indication of fraud or systems failure;
16. Establish and maintain effective communication and cooperation with the Audit Committee;
17. Prepare programs to evaluate the quality of internal audit tasks.

INTERNAL AUDIT REPORTING FLOW

The following Internal Audit Unit reports are submitted to the President Director and the Audit Committee, and copied to the Board of Commissioners:

- annual accountability report;
- reports on individual audits; and
- reports on management's follow-up of remedial actions.

INTERNAL AUDIT ACTIVITIES IN 2019

The Internal Audit Unit continued to focus on the most serious corporate risks in 2019, completing a total of 40 audit projects, compared to the 32 projects specified in the work plan. The planned audits included the following:

- Central Workshop and Transport (CWT) as well as Civil and Infrastructure at PPM, PMP, ANJA and ANJAS;
- Harvesting, Upkeep and Replanting at ANJAS, KAL and SMM;
- Composting at ANJAS and SMM;
- Harvesting and Cooperation Agreement (KSO) at GMIT;
- Mill Process at ANJA, ANJAS, KAL, and SMM;
- Commercial activities for CPO, FFB and PK at ANJA.

Internal Audit Unit activities by type

Activity	Planned	Realization
Follow Up	2	2
Project Initiatives	4	12
Regular Audit	17	17
Audit Committee and Training	6	8
Whistleblowing System	3	1
Sub Total	**32**	**40**

INTERNAL AUDIT FOCUS FOR 2020

The Internal Audit Unit will continue to focus on the Company's strategic objectives, capital expenditure and key risks, as follows. Additional ad hoc risk-based audits may also be performed upon request.

In Region 1 and Region 2, the key audit areas will include:

1. Biomass at AANE;
2. Supply Chain Management (SCM) at the Head Office and the Regional Office;
3. Mill Process at ANJA, ANJAS, KAL and SMM;
4. Edamame Harvesting and Cooperation Agreement (KSO) at GMIT;
5. Fertilizer and Composting at ANJA, ANJAS, KAL and SMM;
6. Harvesting, Upkeep and General Charge at GSB and SMM;
7. School Foundation at ANJA and ANJAS.

In Region 3, the key audit areas will include:

1. Harvesting and Sago at PPM, PMP and ANJAP;
2. Mill Process at PMP;
3. Cooperative activities at PPM and PMP.

EXTERNAL AUDITOR

The Company's consolidated financial statements for the year ended December 31, 2019 were audited, for the third consecutive year, by the public accounting firm Siddharta Widjaja & Rekan (a member firm of the KPMG network).

The firm was selected through a tender supervised by the Company's Audit Committee, which included four leading accounting firms in Indonesia. Following the tender, the Board of Commissioners appointed the firm, with Mr Budi Susanto of Siddharta Widjaja & Rekan as the audit partner.

The auditors appointed by the Company in the last five years are shown below.

External auditors for ANJ's financial statements, 2015-2019

Year	Public Accountants	Signing Partner
2019	Siddharta Widjaja & Rekan	Budi Susanto
2018	Siddharta Widjaja & Rekan	Budi Susanto
2017	Siddharta Widjaja & Rekan	Budi Susanto
2016	Satrio Bing Eny & Rekan	Satrio Kartikahadi
2015	Osman Bing Satrio & Eny	Satrio Kartikahadi

PUBLIC ACCOUNTANT'S FEE

The fee paid for the audit of the consolidated financial statements of the Company for the year ended December 31, 2019 and other services was IDR 920,000,000.

OTHER SERVICES RENDERED

Other services rendered by Public Accountant in 2019 is review on Company's Corporate Income Tax calculation amounted to IDR 120,000,000.

RISK MANAGEMENT

ANJ'S RISK MANAGEMENT SYSTEM

Risks are an inherent part of doing business, and as a responsible company, ANJ is committed to ensuring that risks are identified, evaluated and effectively managed in order to minimize the Company's exposure, and ensure that they do not jeopardize the achievement of our business goals and objectives.

ANJ's primary objective is to ensure the continuity of the business over the long term by ensuring a consistent, reliable supply of agribusiness products to our customers at a margin adequate to safeguard future growth and ensure adequate shareholder returns. Recognizing the capital-intensive and long-term nature of growing and harvesting, we take a proactive, conservative approach to anticipate and neutralize risks.

In accordance with the OJK's corporate governance framework, responsibility for risk management rests primarily with the Board of Directors, while the Board of Commissioners exercises oversight. The Risk Management Committee supports this oversight function and advises the Directors on identifying, assessing and mitigating risks.

EVALUATION OF RISK MANAGEMENT EFFECTIVENESS

Every year, the Board of Directors determines the Company's risk management priorities, in cooperation with the Risk Management Committee and the Internal Audit Unit. The procedure is as follows:

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 process ensures that existing risks are regularly reassessed, emerging risks are mapped and control adequacy and effectiveness is regularly tested. The ongoing review and identification of significant operational and financial risk areas by management is discussed at monthly Board meetings.

KEY RISKS TO OUR BUSINESS, AND THEIR MITIGATION

The principal risks facing the Company in 2019 are summarized below, together with the mitigating actions we have taken. Any of the risks below could adversely affect our business, cash flows, results, financial condition, prospects or reputation. There may be additional risks and uncertainties not currently known to us that could also negatively impact the business.

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 the possibility of low selling prices since 2013, and we have therefore consistently focused on reducing costs and improving efficiency to mitigate the impact. In addition, 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. The limitations of this in terms of mitigating the risk are: 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.
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 seek to offer attractive compensation for land, and in addition we implement comprehensive development plans that will benefit the community. When we plan to develop a plantation, we establish a local land compensation committee that includes community leaders and representatives of local authorities and neighboring industries to facilitate amicable communication to expedite the compensation process. We make concerted efforts to publicize and explain the benefits of our business to the community. These benefits include employment opportunities, improved infrastructure, our corporate social responsibility initiatives and the multiplier effects thereof. We completed the land compensation process for our West Papua land banks in 2017. 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, including our developing estates in West Papua, already hold HGU rights, which considerably reduces this risk. We also ensure that we initiate the extension process for all permits and titles well in advance of their expiry date. We take care to build and maintain good relationships with all stakeholders, including government agencies, based on mutual benefit and respect. We also make sure to comply with all relevant 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 seek to build and maintain positive community relationships based on mutual benefit and respect, and ensure that we use fair processes and proper administration procedures. We are implementing sustainable corporate social responsibility initiatives to support social and economic development in the communities close to our business operations. We also cooperate with NGOs on community development and environmental management, and welcome input from various organizations to improve our programs. Through our CID department, we engage in regular communication and dialogue with community members to communicate the benefits of the Company's presence and hear their concerns.
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 review our remuneration and benefit programs on an ongoing basis and benchmark them against the market, and seek to improve our performance-related pay program to help retain our employees and attract new candidates. 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 update our learning and development programs, with an emphasis on leadership development. We have a dedicated management training program for recent graduates as well as internal training and career path programs to ensure the continuous improvement of capabilities. We also offer retention programs for qualified personnel and senior management, and 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 made significant investments in developing flexible and reliable transportation systems, and we only enter into transport contract agreements with reliable and experienced logistics companies. We anticipated the logistical challenges posed by our West Papua projects early in the planning process. Taking into account the size, remoteness and scale of economic investment, we established a dedicated department to improve logistics planning, develop integrated logistics systems and create logistical synergies between our estates in order to reduce disruption risks.
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 the risk of weather and climate-related disruption by applying agronomic best practices, including the use of high quality, high-resilience seeds in all new plantation developments; using water gates and water catchment systems to preserve water during the long dry season; applying FFB waste to plantation land as mulch; implementing 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 understand the importance of conservation and good environmental stewardship in our operations, and we are committed to striking a balance between this, commercial development and national socioeconomic development. We are rigorous in applying the highest standards of sustainability in 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 seek to minimize the risk of disruption by ensuring responsible environmental management and biodiversity. We are also proactive in our efforts to maintain positive relationships and dialogue with all groups with an interest in plantation activities, and we have consistently invited them to partner with us on maintaining a balance between agribusiness and conservation priorities.
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.	Our plasma program is based on cooperative ownership, which we believe is in the best interests of both smallholders and the Company. We plan to run any future plasma programs in the same way. We have made management service agreements with our cooperatives to ensure that our standards of maintenance and harvesting are upheld in our plasma areas. In line with our corporate social responsibility objectives, we continue to develop our capacity-building and coaching programs for cooperative members and smallholders to develop their plantation, agronomic and business management capabilities and enable them to grow with us.
Foreign exchange rate fluctuations Our financial reporting currency is the US dollar, and substantially all of our sales are denominated in US dollars, whereas our expenditures, including labor costs, are primarily denominated in Indonesian rupiah. Due to this mismatch, any appreciation of the rupiah against the dollar will reduce our net income and increase our expenditures in US dollar 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, provided that any such 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. Regarding 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 sufficient to cover up to three months' operational expenses, if we judge the future trend of the rupiah to be unfavorable. Since 2015 our policy has been that any borrowing by a subsidiary should be in the functional currency (i.e. bookkeeping currency) of that subsidiary. This has significantly reduced our exposure to foreign exchange volatility. For subsidiaries that maintain their bookkeeping records in rupiah, we have converted their borrowings into rupiah. While the interest rate for rupiah borrowing is higher than for US dollar borrowing, we believe this policy enables us to measure currency risks and take action more promptly and effectively.

Risk	Mitigation
Increases in labor costs We operate in a labor-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 labor costs, and we expect increases to continue. Over the last five years, the minimum wage has risen by between 5% and 36% annually, depending on the location of our workers. Labor costs are a significant component of our total production costs, typically accounting for about 30-40%.	Since 2015, we have continually introduced initiatives to control or mitigate labor costs, including by improving productivity and optimizing resources. For example, we introduced an incentive program to boost workers' productivity and applied stricter standards to ensure that our FFB are harvested at the optimal time in order to achieve higher oil extraction rates, which indicate more efficient CPO and PK production. We have initiated mechanized harvesting in non-undulating plantation areas such as Belitung, North Sumatra I and West Papua, and in our West Papua sago operation. This has also helped to mitigate the challenge posed by labor availability constraints in these areas.

INTERNAL CONTROL

ANJ's internal control framework is designed to provide reasonable, but not absolute, assurance of the effectiveness and integrity of the Company's financial and operational activities, focusing on the following areas:

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

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

Since 2015 the Company's internal control system has been aligned with the internal control framework approach advocated by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), an initiative of five US private-sector organizations dedicated to global excellence in corporate governance, business ethics, internal control, enterprise risk management, fraud and financial reporting. The COSO approach works across the three principal control objective categories of operations, reporting and compliance, and across all the units and activities of an organization. It comprises five key components, which ANJ applies as follows:

Components of The Internal Control System

- **Control Environment**: The key element in internal control is the behavior of each individual at every level of the organization. ANJ's Code of Ethics and core values have been instilled throughout the organization and are regularly refreshed across all our operational sites through the activities of the internal audit, our internal promotion programs, our network of Value Champions and the whistleblowing system (see page 133-134 of this Report).
- **Risk Assessment**: Operational and strategic risks that could materially affect the Company's performance, prospects or reputation are identified, assessed and continuously monitored. Any change in the risk environment is immediately detected and analyzed.
- **Control Activities**: Internal control and operational activities are in place to mitigate the impact of potentially serious risks. These include the continuous strengthening of our procedures and policies according to the following principles: segregation of duties; limited access, authority and responsibility; adequate documentation; and a phased review system. All our internal control activities are designed to ensure that these internal control objectives are achieved.
- **Information and Communication**: Information related to the structures and status of the internal control system, including improvements and challenges, is communicated regularly through quarterly Audit Committee meetings, internal audit reports, management meetings and reports from the Value Champion team, as well as to relevant external stakeholders as necessary.
- **Monitoring Activities**: All the internal control components are regularly reviewed to ensure that they are present and functioning properly. If any deficiencies are found, the relevant managers are promptly informed so that they can take remedial actions.

MANAGEMENT'S EVALUATION OF INTERNAL CONTROL EFFECTIVENESS IN 2019

The Internal Audit Unit, the Corporate Secretary and the Risk Management Committee monitor the internal control system and the Company's daily operations on an ongoing basis, while the Audit Committee provides an additional layer of supervision through its quarterly review. The Company's external auditor also evaluates the system as part of its annual audit of the Company's financial statements.

To make the internal control system more effective and responsive, the Company took various remedial and strengthening actions in 2019, including the following:

- Strengthening the capacity of the internal audit team through training based on IIA standards;
- Reducing misstatement risks in our financial disclosures by using dedicated computer software to generate statements;

sampling financial transactions for review by the Internal Audit Unit; and ensuring a more rigorous review of quarterly financial reports by the Audit Committee prior to disclosure;
- Ensuring 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
- Strengthening the management of company data using the Company's dedicated system, One Database.

On the basis of the review and follow-up actions, we are satisfied that the Company's internal control system gives reasonable assurance i) that any potential risks and bottlenecks will be identified promptly; and ii) that appropriate action will be taken to mitigate the impact on the Company and the achievement of our business objectives. Nevertheless, we recognize that no internal control system can provide absolute assurance against human error, poor judgment, intentional misconduct or other irregularities.

MATERIAL LITIGATION

In 2019, the Company, its subsidiaries, and members of the Board of Commissioners and the Board of Directors of the Company and its subsidiaries, were not involved in any material cases involving civil, criminal, bankruptcy, taxation or arbitration proceedings with any court or arbitration board that would have materially affected the Company or posed a risk to the continuity of the business if the court had found against either the Company or the Board of Commissioners or Board of Directors.

LAND TITLE CLAIMS

Up to the end of 2019, there were no major outstanding land title claims against the Company.

ADMINISTRATIVE SANCTIONS

The Company, its subsidiaries and members of the Board of Commissioners and the Board of Directors were not subject to any administrative sanctions from the capital market authorities or any other authorities in 2019.

ACCESS TO CORPORATE DATA AND INFORMATION

The latest information on the Company's share price movements, corporate actions and other news, 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 addressed to the Company at any time via the website, by email, by phone/fax or in writing to:

PT AUSTINDO NUSANTARA JAYA Tbk.
BTPN Tower, 40th Floor
Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5 – 5.6
Jakarta 12950
Tel : (62 21) 2965 1777
Fax : (62 21) 2965 1788
E-mail : corsec@anj-group.com; investor.relations@anj-group.com

CODE OF CONDUCT

The Company adopted its Code of Ethics on Business Conduct (the "Code") in 2014. The Code serves as a guide and a reference for the Company's employees and management on how to carry out their duties effectively, lawfully and safely.

The Code is based on the Company's three core values, Integrity, Respect for People and the Environment, and Continuous Improvement, which reflect the corporate culture that the ANJ Group seeks to create. We believe that these values will support the achievement of ANJ's vision, mission and objectives. The Code describes various principles and behaviors derived from these values that are essentially aimed at maintaining the trust and respect of our stakeholders through transparency, accountability, objectivity and equality. Every manager and employee is expected to internalize and practice these behaviors at all times.

We review the Code from time to time to ensure that it is commensurate with and relevant to the growing scope of our business, the interests of our stakeholders and the social, economic and regulatory environment, including the challenges we face.

MAIN PRINCIPLES OF THE CODE OF ETHICS ON BUSINESS CONDUCT

The Company's Code of Ethics on Business Conduct is set out below:

- **Corporate Values**
  Brief information about the Corporate Values of the Company can be seen on page 35 of this Annual Report.

- **Compliance with Laws and Regulations**
  The Company complies with all prevailing laws and regulations and will ensure that all obligations are carried out in accordance with the prevailing laws and regulations. Employees also are obliged to understand the laws and regulations in accordance with their duties and work.

- **Workplace safety, health and the environment**
  The Company prioritizes the safety and health of our employees as well as the work environment, starting from employees' mind sets and actions to methods of continued supervision, as well as ways of obtaining commitments to uphold this from all parties.

- **Work relations, including professionalism, fairness and the separation of personal and corporate interests**
  Professionalism that enables a focus on the achievement of best performance; fairness and equal treatment based on the principles of transparency and objectivity; a distinct division between personal interests and the interests of the Company.

- **Relationships with suppliers and customers, including responsibility for product quality**
  The Company does not accept the granting of gifts which are exclusive in nature in the form of cash, cash equivalents or others, either personally or from any organization which is doing or seeking to do business with ANJ or a competitor of ANJ.

- **Relations with the government**
  The Company complies with all laws and regulations to support a clean government to realize a state economic competitive advantage.

- **Conflicts of interest**
  The Company makes a clear and distinct division between personal interests and the interests of the Company and avoids any situation which may result in or be perceived as a conflict of interest between the interests of the Company and personal interests.

- **Use and maintenance of Company property**
  All employees are responsible for maintaining and using the Company's property and internal information efficiently, effectively and solely to achieve the objectives of the Company in accordance with the prevailing rules.

- **Company information and financial disclosure**
  The Company does not provide internal information (including but not limited to the business strategies, contracts to be executed, products to be launched, research results, information on customers or suppliers, acquisitions or divestments and financial data) which has not yet been made available to the public to parties outside of the Company or to unauthorized parties within the Company without the prior approval of an authorized Director.

  The Company also will not manipulate accounting treatments, records or preparations of financial statements of the Company. All financial statements of the Company, accounting records, research reports, sale reports, records on liabilities, production reports, reports on the entry of employees and other reports will always be prepared based on accurate and complete data which clearly represent the relevant facts or the true nature of the transactions.

- **Relationships with investors and the media**
  The Company will:
  1. Not provide information on behalf of the Company to any party (including, among others, the shareholders, share agents, investment analysts, candidate investors and the mass media) if we are not so authorized.
  2. Treat each member of the investment community and the mass media fairly, in accordance with reasonable business practices in the investment community and the mass media.

- **Insider trading**
  The Company maintains and respects the principle of ensuring that information is released to the market in a balanced and fair manner, so that the activity of a so-called insider in relation to the trading of securities of the Company is done only on the basis of a balance of information, whether it be factual or conjectural, being available on the same basis to both (company) insiders and the general public.

  The Code can be found on our website at www.anj-group.com/en/code-of-conduct.

COMPANY-WIDE APPLICATION OF THE CODE OF ETHICS ON BUSINESS CONDUCT

The Code applies equally and without exception 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 notes that everyone in the organization is collectively responsible for upholding the values and principles in the Code of Ethics in their interactions and transactions with all customers, vendors and shareholders. In addition, the guidance on the ANJ Values notes that every leader and employee at ANJ must internalize and practice the corporate culture on a daily basis.

The Code also applies, where relevant, to our investors, stakeholders and business partners, including contractors and vendors.

DISCIPLINARY POLICY

The Company may impose the following sanctions for misconduct or violations of the Code, in order of severity:

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 2019

The following Code violations were substantiated in 2019:

1. Abuse of authority in the harvesting process.
2. Theft of plasma FFB by the contractor's driver.
3. Abuse of authority by an Estate Manager.

With regard to the violations above, the Company imposed the following sanctions:

- Warning letter.
- Report to police to be processed according to law
- Work termination.

ANTI-CORRUPTION AND GRATUITY CONTROL POLICIES

The Company's policies on prohibiting corruption, including insider trading and the giving/receiving of gratuities from external parties, are included in the Code.

CORPORATE CULTURE

VALUE CHAMPIONS

ANJ aspires to create a corporate culture based on our three core values of Integrity, Respect for People and the Environment, and Continuous Improvement. These three values provide the foundation for all our objectives, policies and operations. At each of our offices and estates, we have appointed one to three Value Champions who, in addition to their regular work for the Company, also help to model and communicate the values to their co-workers. In this way, we aim to ensure that the values are internalized and upheld across the organization. When necessary, they also serve as intermediaries between management and employees, for example, by facilitating employees in making complaints, voicing grievances or finding appropriate assistance. There were a total of 29 Value Champions in the Company by the end of 2019.

The Value Champions submit monthly reports on their observations of actions and behaviors that either embody or conflict with the core values. These reports are reviewed, analyzed and consolidated by an organizing committee, and the analysis is forwarded to the Company's 'Value Guardians', currently Commissioners George Santosa Tahija and Anastasius Wahyuhadi, who may take further action if warranted. Value Champions are also responsible for reporting immediately any action or conduct that requires urgent attention.

WHISTLEBLOWING SYSTEM

The Company does not tolerate breaches of the Code of Ethics or the corporate values or any other misconduct in the form of fraud, corruption, abuse or violation of any laws and regulations. We are striving to create a transparent, supportive and proactive corporate culture in which employees and business partners can feel confident about reporting such misconduct without fear of reprisal, provided that such reports are made in good faith and in the best interests of the Company. The Company's whistleblowing system (WBS) provides a secure, confidential channel for anyone to report suspected misconduct.

Information about the WBS, which was launched in May 2016, is disseminated to all employees at all of the Company's estates and offices during induction and through refresher sessions on the Code and corporate values. During site visits, the internal auditors also ensure that employees know about the WBS, and distribute cards with the hotline numbers. Vendors are informed about the WBS during briefings.

PROCEDURE FOR REPORTING MISCONDUCT

Informants can contact the WBS Reporter Protection Unit via one of the following dedicated email or phone/SMS hotlines, stating the initial indication of misconduct and supporting evidence:

- Email: wbs@anj-group.com
- Phone/SMS/WhatsApp: 0811 999 3553

HANDLING OF WHISTLEBLOWER REPORTS

1. The WBS Informant Protection Team (an independent representative of the Internal Audit Unit) analyses and verifies the incoming report and then assesses whether further investigation is required.
2. 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 director, or through joint efforts with external investigators. After conducting its investigation, the team makes a report on its 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 directly to the Board of Commissioners and the Audit Committee, bypassing the President Director.
3. A Supervisory Team, consisting of the Board of Commissioners, the President Director and the Audit Committee, reviews the report and gives its considerations on the action to be taken.

PROTECTION FOR WHISTLEBLOWERS

The whistleblower system protects informants against retaliation by:

1. Keeping the identity of the informant confidential.
2. Keeping the reported information secure and confidential.
3. Protecting informants against reprisals from any party implicated in the report.

WHISTLEBLOWING SYSTEM MANAGER

The Whistleblowing System Manager and Investigator is the Internal Audit Unit. The President Director, selected members of the Board of Commissioners and the Audit Committee function as the Supervisory Team.

WHISTLEBLOWING REPORTS IN 2019

In 2019, a total of seven reports were received through the whistleblowing system, of which three were found to be non-whistleblower-related. The remaining four 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 four of the seven cases.

SANCTIONS

Of the proven cases of misconduct, all 4 resulted in dismissal.

Description	2019	2018
Related to Fraud	4	8
- Proven	4	7
- Not Proven	-	1
Related to Code of Ethic	3	3
Total Report Received	**7**	**11**

SHARE OWNERSHIP PROGRAM

Information about the Employee Stock Allocation Program (ESAP) and the Management Stock Option Plan (MSOP) is provided in the Management Discussion and Analysis chapter of this Report.

GOODS AND SERVICES PROCUREMENT

The Company's procurement policy states that the procurement of any 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. This is aimed at ensuring that procurement is carried out inclusively, in a manner that supports local economies by empowering small businesses in our supply chain, including cooperatives and suppliers close to our operational areas.

Each vendor must meet specific qualifications related to their administrative, financial and technical capability and capacity, and fulfill all licensing and tax matters required by law. They must also satisfy the Company's standards with regard to environmental, health and safety management systems, quality management, technical specifications and scheduling and the Company's Sustainability Policy.

They are also 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 reserves the right 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 specified in the pact.

INSURANCE

The Company has comprehensive insurance coverage to protect against the various risks to our operational assets. In 2019 our insurance policies included the following:

- Property all risk insurance: this covers the risk of potential loss of buildings, machinery and equipment and vehicles as well as assets under construction, in our head office and in our operating companies across Indonesia.
- Indonesian Standard Earthquake Insurance: provides cover physical loss, destruction or damage to the insured property from any cause.
- EEI (Electronic Equipment Insurance): the majority of our operating companies are covered against potential loss or damage to their electronic equipment.
- Money insurance: this covers the risk of loss of money in transit or on our premises.
- Fidelity guarantee insurance: this insures against infidelity risk on the part of our employees 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 insurance: all our operating companies are covered against claims of loss or damage to other parties.
- Marine cargo: this covers most of our operational companies against the risk of potential loss of inventory, 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 legal 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: provides cover for all ANJ employees.

TAX COMPLIANCE

ANJ fully supports the government's policy of promoting national development through optimizing tax revenue. ANJ has assessed tax compliance throughout the Group and consistently complies with the provisions of the prevailing tax laws and regulations, including by submitting tax returns accurately and on time.

DIVERSITY

The Company recognizes the value of diversity throughout the Company, including at the senior level. Collectively, the current members of the Board of Commissioners and the Board of Directors possess the wide-ranging experience, qualifications expertise and knowledge that the Company believes are needed to achieve the Company's objectives.

COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES FOR PUBLIC COMPANIES

The Company's compliance with the Corporate Governance Aspects and Principles specified in the provisions of OJK Regulation No.21/POJK.04/2015 is outlined in the following table.

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 procedures for voting, whether open or closed, that protect the shareholders' independence and interests.	Status: Fulfilled. The voting procedure is stated in the GMS rules distributed to shareholders at each GMS.
	All members of the Board of Directors and Board of Commissioners 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 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 on communications with their shareholders or investors.	Status: Fulfilled. The basic principles are stated in the Company's Code of Ethics on Business Conduct. The Corporate Secretary functions as a contact person to shareholders or investors for any question they have.
	The communications policy should be disclosed on the website.	Status: Fulfilled. The Company's Code of Ethics on Business Conduct is available on the website. The Company publishes Investor Newsletters accompanying its Quarterly Financial Statements. The Company fulfills all regulatory requirements of disclosures on its website.
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 execution 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 policy on annual self-assessment.
	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. Members of the Board are subject to the Company's Code of Ethics and are required to obey all prevailing laws and regulations.
	The Board of Commissioners or the committee that performs the nomination and remuneration functions should have a succession policy for members of the Board of Directors.	Status: Fulfilled. We established a succession committee in 2015 to identify and train potential leadership candidates. The succession policy is described in the 'Nomination and Remuneration Committee' subsection of this Report.
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	Recommendation	Status
Principle 6 **Strengthen the quality of execution 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 an annual self-assessment based on their KPIs, and the results are reviewed 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. Members of the Board of Directors are subject to the Company's Code of Ethics and are required to obey all prevailing laws and regulations.
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 an integral part of 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 on supplier/vendor capacity improvement. However, we do implement several capacity improvement initiatives for our suppliers.
	Companies should have a policy on fulfilling creditors' rights.	Status: Fulfilled. The policy is stated in this Report.
	Companies should have a whistleblowing policy.	Status: Fulfilled. Our whistleblowing system is described in the GCG chapter 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: Fulfilled. We use the ANJ 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 information is presented in the Company Profile chapter of this Report.

06.

CORPORATE SOCIAL RESPONSIBILITY

CSR COMMITMENT

ANJ's commitment to socially responsible, sustainable development is founded in our ultimate goal of creating prosperity for people, which we believe cannot be achieved or maintained without conserving a healthy environment. Both these goals depend on the prosperity of our business.

These three interconnected goals are the key elements of responsible development:

- **Long-term economic viability (Prosperity);**
- **Human well-being (People);**
- **Stewardship of natural resources and management of the environment (Planet).**

Achieving these goals requires the trust and cooperation of a broad array of stakeholders, from our shareholders and employees to the communities in and around our operational areas. This demands that we adhere to the highest standards of governance and best practices in all our operations. These standards are defined in the Company's Sustainability Policy, which sets out our commitments under the three elements of sustainable development above.

We revised our Sustainability Policy in 2019 to provide more comprehensive implementation guidance and to reemphasize the Company's commitment to the Principles and Criteria (P&C) of the Roundtable on Sustainable Palm Oil (RSPO). The revised policy, which was issued on October 31, 2019, is also aligned with other national and global standards for sustainable agribusiness, including the Indonesian Sustainable Palm Oil Standards (ISPO) and the International Sustainability and Carbon Certification (ISCC) as well as all relevant laws and regulations. It also reflects the Company's commitment to contributing to the achievement of the 17 Sustainable Development Goals that Indonesia has committed to.

The Sustainability Policy applies to all business units in the ANJ Group. Our business partners and associates are also expected to comply with the Policy commitments. If they fail to do so, ANJ will either review the contract or help the partner concerned to resolve the issues or improve their performance.

MANAGEMENT ROLE

All proposed Community Involvement and Development (CID) programs are planned and approved by the General Managers of the respective estates, with technical support from the CID team at Head Office. This support focuses on the design, execution and monitoring and evaluation of the programs to the CID team in each estate, which functions as the executor.

Many sustainability initiatives are carried out through our cross-cutting Responsible Development (RD) programs, which align our prosperity, people and planet perspectives and are based on the specific potential in each of our business units. The entire Board of Directors is closely involved in the planning, implementation and monitoring of these programs and each Director has oversight over at least one of them. RD program progress is routinely discussed at the monthly Board of Directors' meetings.

DUE DILIGENCE ON THE SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACTS OF THE COMPANY'S ACTIVITIES

The social, economic and environmental impacts of our activities are under continuous review as we gather information during the course of our engagement with our stakeholders. This includes our regular interactions with our shareholders (through the General Meeting of Shareholders), customers, labor unions, business partners, the community, and our CSR partners and beneficiaries, as well as our social impact assessments (SIA), HCV assessments, regular monitoring of social impact and HCV status, and our assessments of current and future market conditions and the prevailing laws and regulations.

In doing due diligence, the standards we refer to are those set out in the Company's Sustainability Policy as well as our Code of Ethics on Business Conduct, our procurement policy and the prevailing laws and regulations.

ANJ'S STAKEHOLDERS

Our stakeholders that are principally impacted or influenced by our corporate responsibility programs are our employees; our business partners, suppliers and vendors, including independent smallholder farmers; our customers; the communities that are impacted by our operations, particularly communities living in the vicinity of plantations and other agribusiness operations; government; and our NGO partners.

KEY SOCIAL, ECONOMIC AND ENVIRONMENTAL ISSUES RELATED TO ANJ'S OPERATIONS

The Company has determined the principal issues related to our operations on the basis of their impact on our business, on our stakeholder and on the environment. The key social issues are linked to our relations with the surrounding communities, including human rights and compensation; responsible sourcing, including the inclusion of smallholders in our value chain; occupational health and safety; and employment practices, including gender equality and human rights.

The principal environmental issues related to our operations include the protection of ecosystems and biodiversity; responsible management of peatlands; waste management; water and energy consumption; Greenhouse Gas (GHG) emissions from our mills and plantations; responsible use of pesticides; and responsible sourcing (ensuring that our suppliers comply with our standards on sustainable palm oil production and environmental management).

The key economic issues are the costs and benefits to our business in relation to the above.

SCOPE OF CSR, BOTH REQUIRED AND BEYOND REQUIREMENTS

Many of ANJ's programs that are related to social responsibility form part of our regular business activities. They include our statutory obligations as defined in the prevailing laws and regulations as well as the requirements of the national and international standards we adhere to, such as standards on sustainable palm oil production. These programs include responsible agriculture and plantation management; managing peatland; fire prevention and management; reducing GHG emissions; reducing water and energy consumption; waste management and waste water treatment; responsible sourcing and smallholder inclusion; occupational health and safety; human rights; diversity and gender inclusion; and responsible employment policies and practices.

In addition, we have extensive social responsibility programming that goes beyond these requirements, such as our initiatives on health and sanitation; education and literacy; economic empowerment; and contribution to social infrastructure.

Our social responsibility initiatives, as well as our operations in general, are aligned with several of Indonesia's priority United Nations Sustainable Development Goals.

CSR STRATEGIES AND PROGRAMS TO INCREASE STAKEHOLDER ENGAGEMENT AND VALUE

In line with our Sustainability Policy, ANJ's CSR programs are designed to engage stakeholders as both beneficiaries and active partners. Moreover, they are all designed to deliver added value to our stakeholders, primarily by improving livelihoods or by conserving biodiversity for present and future generations. Under our program-based approach, a key objective is building in sustainability by developing interventions that can eventually be scaled up by our stakeholders, including our partners in national and local government and the communities themselves.

CSR STRATEGY

The Company's CSR strategy, as explained in our Sustainability Policy, comprises two dimensions: stewardship and full cognizance of social needs. It prioritizes a long-term, integrated approach that seeks, at each of our business units, to maximize the impact of each initiative in order to deliver tangible and sustainable improvements in all three elements of sustainable development. Our CSR initiatives are therefore based on our identification of the needs and aspirations of our direct stakeholders, including our employees and local communities, and where they coincide with opportunities in ANJ's value chain to leverage our business activities into actions that have a positive social, economic and/or environmental impact. These needs are identified through participatory consultations and research with stakeholder involvement at all stages. For every proposed program, we conduct comprehensive gap analyses, risk mapping, stakeholder mapping and socioeconomic impact assessments. Moreover, all initiatives under our CSR strategy must exhibit the guiding principles of the Sustainability Policy:

- Best management practice;
- No exploitation;
- An inclusive and collaborative approach with no coercion;
- Respecting human rights;
- Transparency;
- Communication.

Our CSR strategy is aligned with Indonesia's development policy, particularly in West Papua, where the government has requested the support of the private sector in accelerating equitable social and economic development, as stated in Presidential Regulation No. 59 Year 2017 on Implementing the Achievement of Sustainable Development.

To support the execution of our CSR strategy and ensure that good governance and sustainability principles are applied consistently and effectively throughout the Group, we have a strong control framework that includes our policies, systems and standard operating procedures.

CSR EXPENDITURE

The Company spent a total of USD 7,508,591 on meeting its social and environmental responsibility commitments in 2019.

SOCIAL RESPONSIBILITY FOR THE ENVIRONMENT

ENVIRONMENTAL COMMITMENT AND POLICY

ANJ's commitment to the environment is an inseparable part of the Group's responsible development approach to our business as a food-based agribusiness company, in which our goal is to produce high-quality food products while taking into account the environmental sustainability, integrity and biodiversity of the Company's operational areas. As outlined in our Sustainability Policy, our policy is divided into two broad areas: protection of the environment and its management; and stewardship of developed areas. Details of the commitments in each of these areas is provided in the Environmental Management Planning section below.

KEY ENVIRONMENTAL IMPACTS AND RISKS (DIRECT AND INDIRECT)

DIRECT AND INDIRECT IMPACTS				
Intervention	**Potential Impacts**	**Extent of Impact**	**Duration of Impact**	**Reversibility of Impact**
Manual application of chemical and organic fertilizers	• Pollution of soil and water • Reduction in soil fauna and flora • Reduction in aquatic biodiversity (e.g., zooplankton and phytoplankton)	Direct pollution impacts occur in planted areas. Run-off of chemical and fertilizers into waterways and wetlands can have downstream impacts.	Duration and magnitude of impact correlates with amount and type of chemicals used, application methods, and climatic conditions.	Impacts on soil and aquatic biotopes can be reversed depending on mitigation measures.
Use of manual and chemical methods during cultivation	• Poisoning of fauna, either directly (e.g., rodents feeding in rodenticides) or indirectly (e.g., rodent predators feeding on poisoned animals)	This is poorly known, but likely effects are local around palm trees.	Impacts will remain as long as chemicals are used.	Long term effects of chemicals on wildlife are poorly known.
Use of trucks for transportation of FFB	• Injuries to fauna or death through collisions	The impact primarily occurs on the road network within the plantations	Impact potential remains as long as the plantation is active	Mitigating efforts can reduce the likelihood of wildlife collisions
Mechanical processing of fresh fruit bunches (FFB) .	• Liquid waste (POME) can pollute waterways • Dust and air pollution from the boilers • Noise from machine operation	The impact extends from the palm oil mill with POME concentrating in collection ponds. Potential downstream impact after POME is released in plantation (as fertilizer) or into waterways Dust, air and noise pollution reduce with distance from mill, but impact on biodiversity is unclear.	Impact potential remains as long as the mill is active	Reducing biological and chemical oxygen demand of POME reduces impact on aquatic flora and fauna. Collection ponds have some biodiversity benefits (wetland birds) Dust, air and noise pollution can be reduced.
Road access increases illegal logging, hunting and poaching threat	• Increased hunting and unsustainable wildlife collection • Illegal logging	Plantations and HCV areas	Threat of these impacts remain as long as roads remain open for use	Awareness and enforcement can effectively minimize this threat

DIRECT AND INDIRECT IMPACTS				
Intervention	**Potential Impacts**	**Extent of Impact**	**Duration of Impact**	**Reversibility of Impact**
Use of invasive species (e.g., Mucuna) affects species in HCV areas	• Fast-growing groundcover crops and other pioneer species used in plantations can invade HCV areas and reduce ecological health	Primarily affecting forest edge of HCV areas	The threat remains as long as invasive species are used in plantations	Impacts can be effectively mitigated through silvicultural treatment
Water table management in plantations affected HCV areas	• Peat and peat forests in HCV areas could dry out if water table is kept too low affecting plant and animal life. • A low water table could result in peat decomposition and subsidence • Dry peat is more fire-prone and fires could result in loss of HCVs.	This could affect peat lands in planted areas and HCVs	Impact depends on water table management	Most impacts can be avoided in HCV if water levels in surrounding canals is kept very high. In planted areas this is more problematic as water table need to be below the peat surface to allow growth and palms and fruit.
Isolation of wildlife in HCV areas	• Decline in genetic health and long-term viability of maintenance of genetic pool	Impact is species-dependent. Some species can more easily disperse between HCV areas than others	Impact can be reduced over time, either when palms grow and wildlife move through planted areas, or when forested corridors and stepping stones are established in landscape	Impacts can be partially reversed through investment in improved ecological connectivity between forested areas and other areas of high biodiversity

SAGO FOREST (ANJAP)

Intervention	Potential Impacts	Extent of Impact	Duration of Impact	Reversibility of Impact
DIRECT IMPACTS				
Selective harvesting	• Sedimentation • Reduced water quality • Air and noise pollution • Potential impacts are still being analyzed	Throughout the sago area, except conservation set-asides	Impact severity varies with the intensity of management (medium in harvested areas and low in areas under natural regeneration)	Impacts can be reduced through careful management
INDIRECT IMPACTS				
Waterway access increases illegal logging, hunting and poaching threat	• Increased hunting and unsustainable wildlife collection • Illegal logging	Sago area	Threat of these impacts remain as long as the access remain open for use	Awareness and enforcement can effectively mitigate this threat

ENVIRONMENTAL MANAGEMENT PLANNING & TARGETS

ANJ has made the following commitments in our Sustainability Policy, and these form the basis for our operations:

Protection and Management of the Environment
- Responsible development of new areas incorporating an integrated landscape approach.
- Total protection and conservation of independently identified HCV-HCS areas.
- No land clearing for oil palm in independently identified HCV and HCS areas following RSPO protocols.
- No new development in peat areas of any depth and conservation of peatland.
- Commitment to reducing GHG emissions.
- Zero land burning.
- Precaution when developing on fragile soils, slopes and waterways (including river basins).

Stewardship of Developed Areas
- Implementation of Integrated Pest Management (IMP).
- Water management in existing developed wetlands and peat areas.
- Waste management by implementing the 3R method: Reduce, Reuse and Recycle
- Minimize the use of chemicals, pesticides and fertilizers, and no use of paraquat.
- Reduction of pollution.
- Increase energy efficiency.
- Going beyond industry best practices in the production of sustainable palm oil.

ENVIRONMENTAL PROGRAM AND ACHIEVEMENTS IN OUR OPERATIONAL ACTIVITIES

- **Responsible development of new areas incorporating an integrated landscape approach.**
  Our conservation areas (see below) are making a significant contribution to preserving biodiversity. However, scientific research indicates that much larger areas of contiguous forest are needed to maintain wide-ranging species such as orangutans, sun bears, gibbons, leopard cats and several bird species. In Ketapang, West Kalimantan, our KAL estate is leading a landscape-level initiative to manage thousands of hectares of contiguous HCV areas, including the Gunung Palung National Park, the Gunung Tarak Protected Forest and the Sungai Putri peat swamp forest, as a single, connected ecosystem. This Essential Ecosystem Area (Kawasan Ekosistem Esensial, or KEE) includes KAL's conservation area, which is home to a thriving population of some 180 orangutan. KAL's partners in managing the Essential Ecosystem Area include the local community, Yayasan Konservasi Alam Nusantara (YKAN), Yayasan Inisiasi Alam Rehabilitasi Indonesia (YIARI), Pontianak's Tanjung Pura University, Inisiatif Dagang Hijau (IDH), Tropenbos Indonesia and the government. The Essential Ecosystem Area was formally designated as such by the Governor of West Kalimantan in 2017 by Decree No. 716/ DISHUT/2017.

  In 2019 we worked with the West Kalimantan government to finalize the 2020-2022 action plan for the Essential Ecosystem Area. This will include new initiatives to promote the economic development of villages around the area, such as through ecotourism. We believe that this will promote further support for the Essential Ecosystem Area among local communities, many of which are already realizing the benefits of conserving forest resources.

  Ultimately we aim to apply the learnings from the development of the Essential Ecosystem Area to other participatory landscape-level conservation initiatives. We have already identified extensive areas of HCV in our concessions in West Papua incorporating dryland forest, riparian areas and wetlands that could benefit from such an approach.

- **Total protection and conservation of independently identified HCV-HCS areas**
  We have identified and received independent verification of HCV and HCS areas in each of our licensed concession areas (HGU). In compliance with government regulations and the RSPO P&C, we have not undertaken any land clearing for oil palm in such areas, and they have largely been set aside for the conservation of flora, fauna and their habitats. In all of these areas, we practise active management, supported by research, to document and protect the biodiversity they contain. These efforts include strong community engagement in forest patrols, fire prevention and control and the responsible use of non-timber forest products, among others, as well as collaboration with conservation experts, local and international institutions, NGOs and local authorities.

PALM OIL CONSERVATION AND HABITAT RESTORATION AREAS 2019

Operational site	Conservation Area (Ha)	Peatland Area (Ha)	HGU		% of Total HGU area (Conservation)	% of Total HGU area (Peatland)
			Nucleus	Plasma		
ANJA	591.64	-	9,465.00	-	6.25%	0.00%
ANJAS	2,271.00*	4,506.41	9,182.00	157.50	24.32%	48.25%
SMM	1,568.48	-	16,277.00	948.10	9.11%	0.00%
KAL	3,844.52**	5,652.53	10,920.12	2,958.10	27.70%	40.73%
GSB	1,564.84	-	12,800.00	-	12.23%	0.00%

Operational site	Conservation Area (Ha)	Peatland Area (Ha)	HGU		% of Total HGU area (Conservation)	% of Total HGU area (Peatland)
			Nucleus	Plasma		
ANJ (West Papua)	-	-	30,515.80	5,990.20	-	0.00%
PMP	14,804.20	-	18,860.30	3,818.10	65.28%	0.00%
PPM	25,595.40	505.93	26,570.70	5,454.50	79.92%	1.58%
Total	**50,240.08**	**10,664.87**	**134,590.92**	**19,326.50**	32.64%	6.93%

* includes 288 ha of conservation area outside ANJAS's HGU
** includes 2,330.88 ha of conservation area outside KAL's HGU
*** exact area of conservation is not yet determined, as we have not started any development

Our key achievements and collaborations on conservation include the following:

KAL (West Kalimantan): Part of the conservation area is managed as part of the Essential Ecosystem Area (see above). To actively conserve this area, we work closely with International Animal Rescue Indonesia, the Nature Conservation Agency (Balai Konservasi Sumber Daya Alam, or BKSDA) and an independent environmental researcher. A study in February 2019 indicates that the population of orangutan (*Pongo pygmaeus wurmbii*) in the area had increased to 180, from around 150 in 2015. The area provides a habitat for at least eight protected mammal species as defined by the International Union for Conservation of Nature (IUCN) and the government as well as Malayan sun bears, pig-tailed macaques, maroon leaf monkeys and monitor lizards; at least 63 different species of birds, including great slatey woodpeckers, rhinoceros hornbills and black hornbills; and a wide variety of other flora and fauna. We have installed rubber 'flying bridges' in certain locations to facilitate movement between habitats by various species, including orangutans, while our nursery ensures a supply of local plant and tree species that can be planted in the conservation area as a food source for the fauna. As an indicator of the health of our conservation area as a result of active management, conservation areas were saved from forest fires that occurred in 2019, while forests around conservation areas were largely burned down in the adjacent protected forest.

ANJA (North Sumatra I): The conservation area, which is adjacent to the Siondop Protected Forest, incorporates riparian buffer zones that contain the rare nepenthes (pitcher plants) as well as various other flora. We are exploring ways to cultivate nepenthes commercially to provide economic benefits for the local community. We have also continued to maintain the river buffer zones and forest tracks.

ANJAS (North Sumatra II): The conservation area is managed in partnership with Conservation International (CI) through the Community Conservation Agreement (CCA) program, which involves local communities in safeguarding the area. Traces and photographic evidence indicate that the Malay tapir, a protected and endangered species, is present in the area and the sustainable palm oil program.

SMM (Belitung): The conservation area includes riparian buffer areas, which have been planted with forest and fruit plants, and the Balok forest, which provides a habitat for a population of tarsier. We have engaged the local community in managing the forest through various initiatives, including forest patrols, ecotourism and education.

PMP and PPM (West Papua): In the conservation area, we have so far identified more than 58 fauna species and more than 25 flora species that are on the IUCN Red List. These include several rare orchid species and bird species, including *Seleucidis melanoleucus*, or the Twelve-wired Bird of Paradise, which was first observed (recorded by camera) in the forest adjacent to the office and housing area. We continue to promote our conservation policy through intensive engagement with estate workers, local communities and contractors, including through our Pendaki Program (see below) to increase their awareness of protected species, the boundaries of the HCV area, and the importance of responsible action to prevent forest fire.

ANJAP (West Papua): We have continued to inventory the biodiversity and engage with local communities on our conservation program. We have identified cuscus, a protected species of possum, at this site.

- **No new development in peat areas**
  The Company has committed to no new planting on peat, in compliance with the RSPO Principles and Criteria and the following regulations:
  - Ministry of Agriculture Regulation No. 14/2009 on the Guidelines on Peatland Development for Oil Palm Cultivation; and
  - Government Regulations No. 71/2014 and No. 57/2016 on the Conservation and Cultivation of Peatland Ecosystems.

  According to independent studies of all our estates, peatlands have been identified only in our ANJAS, KAL and PPM estates (see the table Palm Oil Conservation and Habitat Restoration Areas 2019, below). Any planting in these areas was completed before the relevant regulations came into force.

- **Commitment to reducing GHG emissions**
  Executing our waste-to-energy strategy, ANJ has almost completed the transition from fossil fuels to renewable energy to power our operations, which has made a significant contribution to reducing GHG emissions. Biomass boilers are now in use at the palm oil mills at ANJA, ANJAS, SMM, KAL and PMP, as well as at ANJAP's sago processing mill. Although biomass burning generates GHG emissions, the total output is less than from fossil fuels. Emissions from our biomass boilers are regularly tested to ensure they are within the prescribed limits, and we have installed electrostatic precipitators in some of our mills to reduce particulate emissions.

  Our methane capture plant at the SMM estate in Belitung is reducing the volume of methane, a greenhouse gas, released into the atmosphere from palm oil mill effluent (POME). The resulting biogas is converted into electricity at the power plant operated by our subsidiary AANE and sold to the national grid. The AANE plant is Indonesia's first independent biogas power plant.

- **Zero land burning**
  We are committed to a zero burning policy. However, fire remains an ever-present risk in our palm oil estates and we have put a series of controls in place to mitigate the risk, as follows:
  - Prevention: local communities are our key partners in preventing fires. We work closely with them and the local Environment and Forestry and Disaster Management offices to build capacity on fire awareness and prevention. As part of our community empowerment initiative, we have established, equipped and organized training for farmer firefighting groups (KTPA) in several villages surrounding the KAL, SMM and ANJAS estates. We have also installed fire towers and fire hazard warning signage in strategic locations around the estates.
  - Monitoring: We closely monitor our concessions and adjacent areas, using drone and satellite data as well as on the ground, to detect early indications of hotspots.
  - Firefighting: each estate has a well-trained and well-equipped fire response team. We coordinate closely with the local authorities, including the Environment and Forestry Office and the Disaster Management Offices where necessary. KAL has leased two helicopters to be on standby for fire control. These, and our fire response team, were instrumental in controlling the fire that encroached on part of the KAL estate in August 2019.

- **Precaution when developing on fragile soils, slopes and waterways (including river basins).**
  Appropriate care is taken in all vulnerable areas, in line with our SOPs, including clearing land in riparian zones, monitoring soil quality and taking measures to avoid soil erosion. To mitigate flooding at the ANJAS estate and surrounding areas, we strengthened retaining walls and desilted rivers inside the plantation in 2019.

STEWARDSHIP OF DEVELOPED AREAS

- **Integrated pest management**
  Our integrated approach to pest management is designed to minimize adverse impacts on both people and the environment, and includes several innovative practices developed through our own ongoing field and laboratory-based research. Our low-impact pest management methods include the use of natural biological pesticides such as fungi, encouraging beneficial plants to attract natural predators, encouraging parasitoids to control leaf-eating pests, ensuring proper planting methods, and deploying barn owls to control larger pests such as rats and mice.

- **Water management in existing developed wetlands and peat areas**
  Peatlands have immense value for their carbon sequestration qualities. Conversely, damage to peatlands can result in the release of carbon into the atmosphere. Two of our palm oil estates (ANJAS and KAL) contain peatlands, while the natural sago forest managed by ANJAP in West Papua grows on peat. All peatlands within our concessions are managed in accordance with best practices. In particular, water levels are closely monitored and managed through closed canal systems to maintain peat health and prevent it from drying out.

- **Waste Management**
  To minimize the environmental impact of the waste from our operations and to support our water and fuel consumption reduction efforts, ANJ has adopted the '3Rs' principle of reduce, reuse and recycle, with an additional 'R', 'recover', where possible. Our waste management practices are routinely monitored to ensure compliance with national and local environmental quality standards as well as our own SOPs.

  All our waste is classified by type to ensure that it is handled appropriately and safely. The same type of waste may be managed differently in different estates depending on local soil, climate and infrastructure conditions. Key waste management actions include the following:
  - Palm kernel shells (PKS) and mesocarp fiber (left after the removal and crushing of palm kernel nuts) are used as biomass for the boilers in our palm oil mills.
  - Empty fruit bunches (EFB), which have a high potassium content and excellent soil-enriching and soil-binding properties, are composted and applied as organic fertilizer (at our ANJAS and SMM estates), or applied directly to the soil.
  - Palm oil mill effluent (POME) is treated anaerobically and used as a high-nutrient organic fertilizer, either through direct application to the soil or as compost (ANJA, SMM and KAL). POME from the SMM mill in Belitung is also used to produce biogas for electricity generation.
  - Organic household waste is used for composting at every estate.
  - Reverse osmosis has been deployed at GMIT's edamame frozen line facility, yielding significant reductions in overall water consumption.
  - ANJAP is recycling water used in the sago starch extract process.

We have specific SOPs for handling hazardous and toxic material waste in compliance with government regulations and best plantation management practices. The principal toxic waste from our operations is handled as follows:

- Used oil and batteries are logged and stored securely in temporary hazardous waste storage units, before being sent to a licensed third party.
- Pesticide packaging waste is carefully cleaned and disposed of, ensuring that the cleaning water is not discharged into rivers or the soil. Empty fertilizer sacks are cleaned and reused for storing waste or in soil retaining walls.

- **Minimize the use of chemicals, pesticides and fertilizers**
  Where possible, we use biological methods of pest control (see above) and organic materials as fertilizers. Measure we have taken to minimize the use of chemicals include the following:
  - Optimizing fertilizer use to reduce the volume needed.
  - Reducing water and herbicide use by using ultra-low volume sprayers.
  - Using our own compost where possible. This has contributed to better palm sustainability and higher production levels.
  - Where composting is not possible, we use only high-quality fertilizers from reputable manufacturers.

  In our natural sago forest, we do not use fertilizers or pesticides. Our responsible agronomic practices include using routine leaf and soil sampling to monitor tree health, allowing sago trees to reach maturity before harvesting them, harvesting selectively, and replanting as the trees are harvested. We also ensure that any earth and biomass removed from paths in the sago forest during the harvesting process are replaced to allow for regrowth.

- **Reducing pollution**
  Effluents are treated anaerobically and undergo rigorous checks to ensure that they are within the safe limits for biochemical oxygen demand (BOD), COD, Milem, TSS, total N, and PH before being discharged safely into waterways.

  The Company has gone beyond compliance by ensuring that samples of the upstream, midstream and downstream river water are tested approximately every 6 months by accredited laboratories to ensure that there is no adverse impact on local water quality due to the discharge of treated effluent or the application of organic and inorganic fertilizers to the soil.

  Our policies on zero burning for land clearing and not using incinerators to dispose of waste disposal have also helped to avoid the generation of harmful emissions.

- **Increasing energy efficiency**
  The transition to renewable energy has led to an improvement in energy efficiency and a very significant reduction in the consumption of diesel and other fossil fuels across the group. More efficient multistage turbines have been installed in some of our mills, enabling a reduction in the use of both water and biomass, which has also led to reduced emissions.

ENVIRONMENTAL INITIATIVES IN OUR CSR PROGRAM

Protection and Management of the Environment

A central component of ANJ's substantial investments in conservation is the active engagement of local stakeholders, including the government, local communities, conservation experts and non-profit organizations. We believe that a key factor in the measurable successes we have seen in our conservation initiatives is our engagement of local stakeholders on specific issues that deliver tangible improvements to their livelihoods, backed up with community-wide awareness raising and education on conservation through schools, farmer groups and stakeholder meetings.

The economic empowerment projects implemented through ANJ's Community Involvement and Development (CID) program have been instrumental in changing attitudes and behaviors to hunting, logging and other illegal and unsustainable exploitation of forest resources by providing viable alternatives and demonstrating the long-term benefits to communities of preserving their natural heritage. Our monitoring indicates that the hunting of protected animals has almost been eliminated in our Western region estates and conservation areas (ANJA, ANJAS, SMM and KAL), while encouraging progress is being made in our newer estates in West Papua.

As a result of our efforts to discourage hunting, trapping and snaring we have observed a significant increase in biodiversity levels in both our conservation areas and our estates, which can provide habitats for certain species with adequate protection. These include mynas, which have been identified in significant numbers in the KAL plantation; egrets and whistling ducks, which frequent the organically rich mill effluent ponds at the SMM and ANJAS estates; and monitor lizards around the ponds at SMM.

Key achievements of the environmental initiatives undertaken through our CID program are as follows.

KAL (West Kalimantan): Researchers and local school students regularly make use of our conservation area for scientific and educational purposes, and we have engaged local community members as forest rangers to help prevent illegal hunting and logging. No instances of illegal logging or hunting were found in 2019.

Our CID department is also participating in a new initiative in partnership with the local government and IDH which is aimed at increasing green investment in the area. ANJ will work with smallholder farmers on conservation and sustainability compliance. The initiative also includes Desa Mandiri (Self-reliant Village), aimed at building village resilience and capacity on health, education, disaster/fire management and environmental management.

ANJAS (North Sumatra II): With our partner, Conservation International (CI), we are implementing the Community Conservation Agreement (CCA) program, which promotes sustainable oil palm farming through mapping community land use, training and mentoring oil palm farmers, and involving communities in managing the Company's conservation area.

No instances of illegal logging or hunting were found in 2019. CI has also facilitated a number of visits from palm oil buyers. We have also developed an Environment Education Center at the site, which promotes awareness and a sense of shared responsibility for the forest and its biodiversity among local schools and communities through various field study programs.

SMM (Belitung): Through ANJ's Bentara program (one of our Responsible Development programs), we have worked with the local community to protect and develop parts of the Balok forest, which forms part of our conservation area, for ecotourism and education. In 2019 we signed an MOU with the Keretak Nibong organization, a fishing community that is concerned about the environment, to co-manage the forest and a section of the Balok river as an ecotourism destination.

PMP, PPM and ANJAP (West Papua): Around our operational sites in West Papua, the hunting of rare and protected species for food, and to a lesser extent for cultural traditions and trade, is still very prevalent. To address this, we have mapped hunting behaviors and are now trying to socialize the concept of sustainable hunting by educating communities, including children, on the purpose of protecting species, avoiding hunting young or female animals, and so on, while continuing to monitor and prevent the removal of protected species from our operational areas. This initiative is part of the Pendaki program, another Responsible Development program.

One of the most successful Pendaki initiatives in 2019 was involving our employees as 'citizen scientists' to document the biodiversity they observe in our plantation and conservation areas. This has been highly successful, resulting in a significant increase in the number of flora and fauna species recorded in the area. The program will be scaled up to involve the community in the next phase.

Environmental Grievance Mechanism

Under ANJ's standard operating procedures on grievance mechanisms, members of the public can make complaints or express concerns about the Company's environmental management at any time through the grievance mechanism which is monitored by the Company's Community Involvement & Development (CID) Department. They can also raise concerns during the public consultations that are held prior to the start of any project, or at routine stakeholder meetings.

The Company records all incoming grievances and aims to reach a resolution within 14 days. If this is not possible, the case is escalated to the Board of Directors.

Environmental Certification

Full details of ANJ's certification can be found in the Company Profile chapter of this Report, but the environmental and sustainability certification as of December 31, 2019 is summarized below.

Subsidiary	System	Issued	Valid until
ANJA	RSPO (Roundtable on Sustainable Palm Oil)	November 14, 2019	November 13, 2022
	ISPO (Indonesian Sustainable Palm Oil)	July 19, 2016	July 18, 2021
	ISCC (International Sustainability and Carbon Certification)	November 2, 2018	November 1, 2019 (in renewal process)
	ISO 14001 (Environmental Management Systems)	June 16, 2017	June 16, 2020
	PROPER Green Rating*	2019	2020
KAL	RSPO (Roundtable on Sustainable Palm Oil)	November 11, 2019	November 10, 2024
	ISPO (Indonesian Sustainable Palm Oil)	July 27, 2018	July 26, 2023
	ISO 14001 (Environmental Management Systems)	January 4, 2018	January 3, 2021
SMM	RSPO (Roundtable on Sustainable Palm Oil)	January 25, 2019	January 5, 2021
	ISPO (Indonesian Sustainable Palm Oil)	December 8, 2014	December 7, 2019 (in renewal process)
	ISCC (International Sustainability and Carbon Certification)	December 25, 2019	December 24, 2020
	ISO 14001 (Environmental Management Systems)	April 11, 2018	April 8, 2021
	PROPER Green Rating*	2019	2020
ANJAS	RSPO (Roundtable on Sustainable Palm Oil)	November 7, 2019	September 24, 2024
	ISPO (Indonesian Sustainable Palm Oil)	April 30, 2015	April 29, 2020
	ISO 14001 (Environmental Management Systems)	November 11, 2017	November 11, 2020

* Both ANJA and SMM were awarded the Green rating on the Ministry of Environment and Forestry's PROPER scheme, achieving the highest scores out of the 29 palm oil companies that were rated Green in 2019. Green is the second highest rating, indicating that both estates have gone 'beyond compliance' with the statutory and best practice requirements for environmental management and responsibility to communities.

SOCIAL RESPONSIBILITY FOR COMMUNITY ENGAGEMENT AND DEVELOPMENT

COMMITMENT TO SOCIAL AND COMMUNITY DEVELOPMENT

This commitment is defined in our Sustainability Policy as well as in our compliance with the RSPO P&C. Our social and community development program is designed to mitigate the adverse impacts of our presence on communities that are directly affected by our operations and to make a tangible and sustainable contribution to improving the quality of life of the people who live there. Our strategies are based on the principles of respect for human rights and meaningful engagement, and are designed to strengthen community resilience by improving access to quality education, health care and livelihood opportunities.

SOCIAL AND COMMUNITY RISKS AND ISSUES MANAGED

The Company reviews the principal social and community-related risks to our business through our risk management activities, social impact assessments, stakeholder meetings and ongoing monitoring and evaluation of the social and community programs. Based on the identified risks, our programs address the following issues:

- Improving the capacity of independent oil palm farmers to become sustainable and responsible partners in the Company's supply chain;
- Establishing cooperatives among independent farmers and local communities and strengthening their capacity to support livelihoods through providing support functions for the Company's operations (as FFB suppliers, transport vendors, etc.);
- Providing sustainable alternative livelihood opportunities to offset any loss of income for communities as a result of reduced access to forests, to discourage illegal logging and hunting of endangered species, and to strengthen the bonds between the Company and the community;
- Empowering communities by improving access to health, education and life skills that enable them to participate more effectively in a market economy.

Scope of Responsibility for Social and Community Development
ANJ's responsibility in this area primarily covers the stakeholders in communities that are directly impacted by the Company's operations. With respect to education and awareness raising, our responsibility extends to a wider range of stakeholders including our implementing partners, our customers, the media, and civil society.

PLANNING FOR SOCIAL AND COMMUNITY DEVELOPMENT

- Free, Prior and Informed Consent
- Respect local communities' land tenure rights, customary rights and culture
- Maintain continuous engagement with local communities
- Ensure local community involvement and development
- Facilitate grievance and conflict resolution
- Socialization, education and awareness raising

SOCIAL AND COMMUNITY EMPOWERMENT PROGRAM, ACHIEVEMENTS AND IMPACT

- **Free, Prior and Informed Consent**
  Any significant development with regard to land use, conservation or development that may affect a community's customary rights or land rights must have the Free, Prior and Informed Consent (FPIC) of the community concerned. This involves extensive, participatory dialogue in which all segments of the community are represented, including women, indigenous groups, and elderly and young people, to ensure that the community fully understands the plan and its potential impacts.

- **Respect local communities' land tenure rights, customary rights and culture**
  Before a planned operation or program can be approved, the potential risks and impacts are assessed through various processes, including problem analysis, stakeholder mapping, risk mapping and socioeconomic impact assessments.

  Customary and tenure rights are frequently a source of disagreement between stakeholders, particularly in West Papua, where the boundaries of communal lands are often not clearly delineated. This affected the amount of compensation the clans concerned receive from the Company. We are working with the communities and the local authorities to clarify these boundaries.

  We have also coordinated with local authorities on obtaining identity cards and land certificates for local community members as these are legal requirements for participation in the Company's plasma program.

- **Socio-cultural and religious activities**
  We respect the culture and religious practices of the communities we work alongside, and we believe that support for cultural, social, and religious activities can contribute to strengthening community cohesion. At each estate in 2019, the Company provided financial and material support for the celebration of religious holidays, customary events, cultural performances and social and youth activities in the surrounding communities, as well as making donations to support disadvantaged community members. These activities strengthen the bonds between the Company and the local communities and demonstrate the Company's intention to be a valued partner in the communities in which we work.

- **Maintain continuous engagement with local communities**
  In accordance with our SOPs on stakeholder communication, we seek to ensure that stakeholders are fully informed of the progress of our activities and projects as well plans for future initiatives, and give them the opportunity to provide feedback and raise issues directly with representatives of the Company. To this end, we hold stakeholder meetings at least once a year at each estate. Representatives from the local authorities for forestry, cooperatives, health, education and social affairs are also frequently in attendance at such meetings to address questions and concerns. At the meetings, we hear firsthand about impacts, both positive and negative, on the community, as well as emerging issues, and use this input to inform adjustments, if needed, to programs or activities.

  Active engagement with the community is particularly important in West Papua, where our presence is relatively recent. In addition to stakeholder meetings, the CID Department makes regular visits to the communities to maintain good relations. In 2019 we also launched 'Sapa Papua', a monthly newsletter for the communities around our West Papua estates.

- **Ensure local community involvement and development**
  Our community programs are designed to respond to the wide range of needs and conditions in the communities where we work, with the aim of empowering communities by improving their quality of life through programs which provide access to quality education, quality healthcare, and economic opportunities. Our livelihood initiatives include involvement in the plasma program, support and training to smallholder farmers around our operations, income generation programs, and developing the infrastructure to facilitate social and economic activities. All are planned, implemented, monitored and evaluated with the full engagement of the communities themselves.

  Health Program Our community healthcare programs are designed to align with UN SDG 3 (Ensure healthy lives and promote well-being for all ages). The quality of public healthcare facilities and the prevalence of health problems vary significantly across the geographies in which we operate, and, as a result, our programs are targeted accordingly. Our largest investment in community healthcare programs is in West Papua with the local communities around PPM and PMP. The primary health concerns are malnutrition and stunting in babies and toddlers, and maternal health and pregnancy in younger women.

  Since 2017, ANJ has worked with our NGO partner, YPCII, as well as health authorities, primary health centers, and volunteers at village health posts to implement the Matahariku program. The key objectives are to improve community access to good quality maternal and paediatric healthcare facilities, and to raise parental awareness about nutrition and hygiene through mother support groups as a means of improving the general health of children and adolescents in the home environment.

  In 2019, the Matahariku program continued to achieve some good progress in the villages of Kais, Tapuri, Sumano, Benawa and in Kauri hamlet. Notable progress was made with the Vitamin A supplement and worming medicines programs, with coverage increasing from 90% in 2018 to 95% in 2019, and worming medicine coverage increasing from 88.9% in 2018 to 94.9% in 2019. Vitamin A supplementation boosts immune systems and helps protect young children from potentially fatal diseases.

  The Matahariku program also gives nutritional support to pregnant women to combat low nutrition and chronic energy deficiency/CED among them. In 2019, we saw a slight increase in the prevalence of CED. This is an issue that requires long term program intervention whereby young girls receive ample nutrition from an early age. On a more positive note, there was a slight increase (1%) from 2018 in the number of women who gave birth with assistance from a healthcare worked or in a healthcare facility.

  Reducing stunting and malnutrition in babies and toddlers is a government health priority and one of the focus areas of Matahariku. The program is implementing an integrated approach to improving childhood nutrition including encouraging exclusive breastfeeding from birth to six months and continued breastfeeding until two years old; and improving mothers' nutrition knowledge including making sure that children eat a good range of foods containing carbohydrates and proteins. A number of associated initiatives, such as the establishment of vegetable gardens and Warung Mama, contribute to improving nutrition, food handling and cooking.

In 2019, the program was not as successful as expected and we saw a rise in the number of children aged 0–23 months and 24 –59 months exhibiting malnutrition despite the program interventions. For the stunting program, we also saw a slight drop in the success of the interventions in children under 23 months. For children over 24 months old, however, we did see a marked reduction in stunting in 2019.

The Matahariku program has been highly commended by the local and regional health authorities and 2019, the program received a prestigious Ministry of Health Award.

In our operational areas outside West Papua, we focus on improving public health primarily by increasing access to clean water, sanitation and hygiene. In 2019 we worked with local authorities and communities around the ANJA estate build 100 toilets under the open defecation-free (ODF) program, and provided a clean water facility to ensure a dependable supply for a village where water is scarce. We continued to do health promotion activities for the local communities around our estates, including medical checkups and treatment for disadvantaged families, nutrition campaigns and mobilizing communities to give blood.

Education Program Our education program is targeted to align with SDG 4, which should ensure inclusive and equitable quality education and promote lifelong learning opportunities for all. In West Papua our support is focused on improving access to Early Childhood Education (ECE) or playgroups (Pendidikan Anak Usia Dini/PAUD in Indonesia), which cater for children under the age of four, and kindergartens (TK) which cater for children between four to six years old. With our NGO partner, the Alirena Foundation, we strengthened playgroups and kindergartens and increased the capacity of five local teachers in two villages, Sumano and Benawa, in 2019.

Apart from strengthening the availability of early childhood education, the program also focussed on encouraging a sense of value and ownership amongst parents for these schools so that they would see the importance of early education for their young children. Access to school at this age is an important building block in developing cognitive and motor skills, and confidence in young children.

After six months of attendance, many of the children under four years old showed marked progress in motor skills, expression, independence from parents, and number and language abilities. There were similar improvements among children aged four to six, who showed promise in counting, drawing and colouring, and elementary reading, accompanied by great improvements in concentration and focus. The performance of teachers and their administration of the school also improved over this period. Parental involvement and ownership similarly showed progress but there is still room for improvement.

In addition to supporting education opportunities amongst our local communities, ANJ provides high quality schools for employees' children at its palm oil estates through the

Austindo Nusantara Jaya Agri Foundation. The Foundation currently manages six schools from kindergarten, elementary through to junior high schools across Sumatra and Kalimantan. The elementary and middle schools at ANJA, and the elementary school at ANJAS were awarded an accreditation by the National Accreditation Board, indicating the quality of the schools. In 2019, 1,710 children were attending the six schools, which are staffed by 54 qualified teachers, giving an average student-to-teacher ratio of approximately 32:1. The schools are well resourced, many with well-stocked libraries.

The Company also continued to support the Adiwiyata or 'green school' concept initiated by the Ministry of Environment and Forestry (MoFE), which focuses on incorporating sustainability principles into daily life. SMM, which has already assisted two local schools to obtain Adiwiyata accreditation, facilitated training for various schools on green school management, composting and making biogas, and understanding the function of conservation area as well as organizing tree planting activities in coordination with the MoFE.

With the existence of good educational services at our estates, we are contributing to the efforts to ensure that the next generation is best placed to make their parents proud and find productive and rewarding employment. These schools are testament to the Company's strong commitment to the welfare of its employees and their families.

Socio-Economic Empowerment Local communities who live around our West Papua companies (PMP, PPM, ANJ and ANJAP) lack the skills and confidence to deal with the transformation to a modern economy. Empowered communities are keys to the success of implementing the SDGs. This program aims to address multiple SDGs, including SDG 1 (No Poverty), 2 (No Hunger), 8 (Decent Work and Economic Growth), 16 (Peace, Justice and Strong Institutions) and 17 (Partnerships for the Goals), as well as SDGs 3 and 4 concerning health and education.

Through our partner Yayasan Indonesia Lebih Baik (YILB), we have been working since 2015 to build the skills necessary to empower four communities (Sumano, Mukamat Ikana, Benawa 1 and Puragi Tawanggire) using a 'change leader' approach. Change Leaders are identified in each community and trained to facilitate change while developing skills and literacy among different community groups on parenting, early learning, managing household finances, village governance, and owning and managing the potential of their local cultural heritage.

The program had incremental success in 2019, with improved skills among the 24 change leaders, greater acceptance of the value of change leaders by the community, and excellent progress on local handicraft and food product initiatives such as the community vegetable garden. The Department of Food Security also showed interest in the Change Leader program.

Parents in all the beneficiary communities learned productive skills such as food preparation or catering and gardening. They were also encouraged to support their children's education more actively by ensuring that children attended school, getting involved in school committees, and ensuring that village funds were allocated to schools.

Due to budget limitations and the increasing understanding of the program needs by our own staff, we decided in 2019 to continue the program using our internal resources.

Our organic vegetable farming initiative, now being implemented with the support of ANJ's own agronomists, is producing a wide variety of nutritious vegetables that are contributing to improved nutrition in the communities. The gardens are beginning to produce a surplus that we hope will eventually support catering business serving our employees.

Under the Warung Mama initiative, women from the communities around ANJAP's operational area have been trained to make snacks using locally available ingredients, particularly sago starch, and produce from the vegetable gardens. The snacks are sold to ANJAP employees. ANJ's food technologists are working with the women to develop new sago-based recipes, which is contributing to the Company's growing knowledge base on sago starch applications. At the same time, the women's financial literacy is increasing as they learn how to manage their additional income for the benefit of their families and their business.

The Independent Smallholders program, a new initiative launched in 2019, is working with the smallholder farmers and cooperatives that supply additional FFB for our ANJA, ANJAS, and SMM estates. The goal is to involve the entire community in adopting sustainable agronomic practices in the management of their existing oil palms to ensure higher quality fruit and better returns for the community, which then reduces the incentive to increase their income by clearing land illegally. In Binanga, where the initiative was launched, we saw significant improvements in quality over the year.

We continued to develop the community livestock program in Binanga. The program, which involves providing enclosures for cattle that previously grazed on ANJA's estate, and planting grass to provide a high quality, sustainable food source, has multiple benefits. Apart from mitigating risks to both ANJA's oil palms and the cattle, the better-fed animals generate better returns for the farmers. In 2019 we saw growing awareness among the community of the benefits of enclosing the cattle. However, we need to consider how to improve access to markets and capital to increase the program's economic viability.

We have targeted the conservation areas in Ketapang and Belitung, managed by KAL and SMM, respectively for developing responsible ecotourism initiatives, both as a source of income for the local people and a means of engaging communities in forest management and biodiversity conservation. In Belitung, we began working with the Keretak Nibong community group to develop the site's potential, while in Ketapang we provided training for local tourism managers and guides on ecotourism.

Through the partnership between ANJAS, Conservation International (CI) and our cooperatives in ANJAS, we continued to develop a number of income generating enterprises, including mushroom cultivation enterprise and honey production from forest bees. These activities are now beginning to generate cash flow.

We have continued to provide support for various community cooperatives as a vehicle for economic empowerment. One of our most successful in 2019 was the 'Koperasi Simpan' (Savings Cooperative) in West Papua. Launched to facilitate fast, low-cost and secure remittances from our contract workers to their families, the presence of the cooperative has contributed to increasing financial literacy and management skills among both employees and the local communities as they begin to experience the benefits of planning and saving finances.

PPM signed partnership agreements with two community cooperatives based in Sumano and Puragi villages to operate dump trucks for transporting FFB to its palm oil mill. The trucks were purchased by the cooperatives and leased to PPM, which will manage the truck operation while building the capacity of the cooperatives to eventually take over the management themselves. This will be an important source of income for both communities and contribute to their economic empowerment.

The Company has continued to support volunteer farmer firefighting groups (Kelompok Tani Peduli Api, or KTPA) in communities around the ANJAS and KAL estates, and in 2019 we supported the establishment of two KTPA at the SMM estate. The Company provides support for regular meetings and patrols as well as protective clothing and equipment, and facilitates training by the estates' own firefighting teams or by the local forest fire brigades (Manggala Agni). The KTPA at KAL made a valuable contribution to minimizing the impact of a forest fire that affected pat of the KAL estate in August 2019.

Infrastructure development Public infrastructure plays an important role in the economic and social development of communities. In 2019, our business units contributed directly to the construction and maintenance of various public facilities including roads, bridges, schools, government buildings, clean water and sanitation facilities, places of worship, river safety signage in the communities around their operational areas.

- **Facilitate grievance and conflict resolution**
  Grievances or concerns related to the Company's impact on the community, or our management of community engagement, can be reported through the following channels: to the Community Involvement & Development (CID) Department, verbally, by phone or by email; the FPIC process; stakeholder meetings; and public consultations. Our employees, suppliers and business partners can also report through our whistleblowing mechanism, Berani Bicara (see the Corporate Governance chapter for more details). We take measures to ensure that stakeholders are aware of these mechanisms, including by distributing cards with the Berani Bicara hotline numbers to employees, contract workers and vendors on our estates.

  Weekly grievance meetings, chaired by the General Manager, are held at each estate. We aim to resolve grievances rapidly, but if a case cannot be settled within 14 days, it is passed to the Board of Directors. Grievances logged in 2019 were related to compensation (for land and timber), the plasma program, employment opportunities, the provision of clean water facilities and road maintenance, among others. A total of 17 complaints were received from communities through the grievance mechanism in 2019, all of which have been closed out.

- **Socialization, education and awareness raising**
  The Company is committed to transparency and we engage with a wide range of stakeholders to provide accurate information about our business, responsible development and our sustainability objectives and activities. The conservation areas at several estates, particularly KAL, SMM and ANJAS, are regularly visited by schools for educational purposes. Our ecotourism initiatives at KAL and SMM will provide additional opportunities to educate the public about our actions on sustainability.

  In 2019 we focused on raising awareness about sago and its considerable potential with regard to Indonesia's food security and food diversification objectives. We collaborated with the Kompas Group, one of Indonesia's leading media outlets, on the publication of a book, 'Sagu Papua untuk Dunia' (Papuan Sago for the World) documenting the history, applications and benefits of sago, and the Company's journey towards developing a sustainable business from harvesting natural sago forest. The book launch was attended by the National Food Security Agency. The book, alongside our sago-themed restaurant, Bueno Nasio, will be used to advocate for a more prominent role for sago starch in the food sector.

AWARD FOR COMMUNITY ENGAGEMENT AND DEVELOPMENT

PMP won the Ministry of Health's Mitra Bakti Husada Award (CSR Category) in 2019 for its contribution to sustainable community engagement and health development through the Matahariku Program.

SOCIAL RESPONSIBILITY FOR EMPLOYMENT, OCCUPATIONAL HEALTH AND SAFETY

EMPLOYMENT COMMITMENT AND POLICY

ANJ's policy and commitments related to employment are set out in our Sustainability Policy. We are committed to ensuring the well-being of our employees by complying fully with all local and national laws and regulations governing employment and working conditions, as well as, where relevant, international conventions and standards such as the ILO standards on child labor and forced labor; and by ensuing a fair and inclusive working environment for women, and having zero tolerance for discrimination based on gender, race, religion, nationality, political views, or physical condition, among others.

ANJ has also committed to upholding the Principles and Criteria (P&C) of the Roundtable on Sustainable Palm Oil (RSPO), which include a commitment to upholding human rights, including labor rights; the right of employees to associate, to receive equal pay, and to enjoy a safe working environment; and prohibitions on child labor and exploitation, trafficking and forced labor, and discrimination.

SCOPE OF EMPLOYMENT RESPONSIBILITY

Our responsibility covers our permanent and temporary employees. Moreover, our health and safety commitments include contractors and business partners operating on the Company's premises as well.

ACTIVITY PLANNING FOR EMPLOYMENT RESPONSIBILITY

In our Sustainability Policy, we have identified specific commitments upon which our employment policies and practices are based:

- Gender equality, or equal treatment for all employees without gender-based discrimination: under this commitment, ANJ undertakes to provide a positive and inclusive work environment where women are empowered to participate and lead. Women's healthcare, childcare and reproductive rights are protected, and women and men have equal rights to employment opportunities and promotion, and fair wages.
- Human rights: ANJ recognizes international conventions such as the Universal Declaration of Human Rights and the UN Convention on the Rights of the Child, and has committed to upholding the provisions therein.
- Labor rights: in line with ILO conventions and Indonesian law, ANJ has committed to prohibit child labor, forced labor or trafficked labor. When employing permanent and temporary workers, the Company abides by all national and local regulations and is transparent about employment terms and conditions, including working hours, overtime, and pay.
- Safety and security: the Company has committed to ensuring safe environments for all employees and providing adequate and appropriate safety training and personal protective equipment where required.
- Positive engagement: the Company provides all employees with a clear explanation of our values and policies; guarantees freedom of association; ensures that there are functional, confidential grievance mechanisms and unbiased conflict resolution; and continuously engages with employees on labor, social and other issues through the forum of the LKS Bipartite, among others.

EMPLOYMENT PROGRAM

ANJ's employment program is described in the Human Resources chapter of this report.

TARGET ACHIEVEMENT AND PROGRAM IMPACT

Please see the Human Resources chapter of this report.

INFORMATION ON OUR EMPLOYMENT PRACTICES

ANJ's employment practices are described in the Human Resources chapter of this report.

EMPLOYMENT GRIEVANCE MECHANISMS

ANJ's employment grievance mechanisms are described in the chapters on Human Resources ('LKS Bipartite') and Corporate Governance ('Whistleblowing Mechanism').

SOCIAL RESPONSIBILITY TO CUSTOMERS

CONSUMER HEALTH AND SAFETY

The Company's reputation as an agribusiness-based food company depends on our ability to ensure the quality and safety of our products for consumers. We are therefore committed to upholding stringent hygiene and quality standards and have established controls across our operations to ensure that these are consistently maintained, and that they are fully understood by our employees.

PLANNING FOR CONSUMER RESPONSIBILITY

Our operations with regard to consumer responsibility are based on the following commitments in the Company's Sustainability Policy:

- Compliance with local laws and regulations, and international conventions;
- Traceability;
- Guaranteed good quality products.

ACTIVITIES AND IMPACTS

- **Compliance with local laws and regulations, and international conventions**
  As of the end of 2019, all four of the Company's commercially producing estates as well as four of our smallholder cooperative suppliers (including one of our plasma partners) were certified by the RSPO, indicating that their palm oil products are produced in compliance with the RSPO's sustainability standards. Our young mature estates, which are also managed to RSPO standards, will be eligible to apply for certification when they begin operating commercially. We are already undertaking initial audits in PMP and PPM estates in West Papua, which will begin producing in 2020.

- **Traceability**
  The Company has committed to ensuring full traceability of the palm oil supply chain and ensuring that sustainability requirements are upheld across the chain. In 2019 we launched our Traceability project in the ANJA estate in North Sumatra. This includes mapping our smallholder suppliers, the legal status of their land and their compliance with sustainability standards. While we have committed to excluding new suppliers who are using land illegally, we will collaborate with local authorities to support existing suppliers to clarify the status of their land, if necessary, and work towards certification. We expect to roll out the traceability project to all our estates in 2020. This will enable us to provide assurance to our customers and end consumers of the legal and sustainable provenance of all our palm oil products.

- **Guaranteed good quality products**
  We are committed to ensuring that our products are of the highest quality and meet international standards throughout the supply chain. As an agribusiness, seed quality is a primary concern for us and we use only certified seeds. In the sago and edamame segments, our R&D Department is making progress on developing high quality sago material for replanting, as well as refining seed production and storage techniques for edamame.

As noted in the Environment section, we seek to minimize the use of chemical pesticides and fertilizers. Where they are used, we take measures to avoid contaminating water or food sources in the surrounding environment, and keep residue at a minimum. In place of chemical substances we are increasing the use of organic waste from our mill operations and composted animal waste (for edamame). All our organic inputs have passed rigorous safety tests.

Harvested fresh fruit bunches, sago logs and edamame are all subjected to quality control inspections upon arrival at our mills or factory. We implement strict food safety standards throughout the processing operations. We process oil palm fruit bunches as soon as possible after harvesting to ensure freshness, and monitor them closely for signs of contamination, spoilage or physical degradation. CPO is stored and transported under strictly regulated conditions to prevent contamination or spoilage. This includes regular inspections of transport tankers. We did not receive any complaints about the quality or safety of our palm oil products in 2019.

The commissioning and final food safety audit processes for GMIT's edamame frozen line facility were delayed due to the replacement of some of the machinery in late 2019/early 2020. GMIT has already obtained ISO 22000 (Food Safety Management System), BPOM (National Agency of Food and Drug Control) and Halal A Grade certification, while HACCP (Hazardous Analysis and Critical Control Points), BRC (British Retail Certification), Global GAP (Good Agricultural Practices), FDA and kosher certification are now expected to be completed after the completion of the replacement of the machineries in 2020.

The sago mill operated by ANJAP in West Papua produces natural sago starch which is largely sold to domestic food manufacturers. The mill, which is fully equipped with sterilizing and cleaning systems, maintains stringent hygiene standards and preparations are being made for ISO 22000 (food safety) and ISO 9001 (quality) certification. In 2019, the Company intensified its program of developing, testing and selling food applications for sago starch in its food lab and restaurant, Bueno Nasio.

- **Product Information**
  The Company currently sources some FFB from non-RSPO-certified external vendors in order to augment our own production and support local growers. We ensure that any CPO produced by ANJ that is blended with CPO from non-certified sources is not sold as certified CPO.

  All our palm oil, sago starch and vegetable products bear the information required by Indonesian law, by the national and international standards and certification schemes we have signed up to, and by our buyers.

- **Consumer Complaints Mechanism**
  The Company has established transparent protocols for stakeholders, including consumers, to lodge complaints and receive a timely, fair response. Such complaints can be registered with the Company by email, telephone, in writing or via the ANJ website. All complaints are logged and forwarded to the relevant department if they cannot be resolved immediately. The response and follow up actions are monitored.

SOCIAL RESPONSIBILITY FOR HUMAN RIGHTS

HUMAN RIGHTS COMMITMENT AND POLICY

Respect for human rights is one of the Company's fundamental values and as such is embedded in all the Company' actions and activities. Our Sustainability Policy defines the Company's responsibility for human rights with regard to our employees, which is guided by respect for universal principles and norms. Specifically, these are the Universal Declaration of Human Rights; zero tolerance for discrimination based on race, religion, nationality, political views, physical condition and others; children's rights; and zero tolerance for violence, harassment or sexual exploitation. These commitments also extend to our stakeholders in the communities surrounding our operational areas, as underlined in the RSPO Principles & Criteria. We strive to fulfill these commitments on a daily basis throughout our operations.

SCOPE OF HUMAN RIGHTS RESPONSIBILITY

As one of our fundamental values, our commitment to upholding human rights covers our employees and our stakeholders in the communities that are directly impacted by our operations.

PLANNING FOR HUMAN RIGHTS RESPONSIBILITY

Program planning with regard to our human rights responsibilities is based on the following commitments in our Sustainability Policy:
- Universal Declaration of Human Rights
- Zero tolerance for discrimination
- Children's rights
- Zero tolerance for violence, harassment or sexual exploitation

HUMAN RIGHTS RESPONSIBILITY INITIATIVES AND ACHIEVEMENTS

- **Zero tolerance for discrimination**
  The Company has issued a number of SOPs and internal memos to ensure gender equality, covering areas such as recruitment, promotion, protecting reproductive rights, and preventing and dealing with sexual harassment. The General Managers of all our estates make explicit commitments to uphold the Company's non-discrimination policy. Every estate has a gender committee to ensure that women's rights are not being infringed and that female employees are aware of their rights and entitlements.

- **Children's rights**
  The Company has issued a number of polices to protect the safety and well-being of children and their mothers. These include policies on preventing pregnant women from working with chemicals or working at heights, and providing facilities for nursing mothers working on our estates to express breast milk. Female employees are entitled to the statutory 3 month's maternity leave, while fathers get 2 days of paternity leave.

  All our estates provide free accommodation for estate staff and in nearly all estates families are also accommodated. In such cases, children have access to clean water, quality health care at our on-site clinics, and education. Schools are available on-site in estates that are remote from public facilities.

Our CID program is also working to fulfill the right to health and education for children living in disadvantaged communities close to our operational areas, particularly in West Papua. These initiatives are described under 'Responsibility for Community Engagement and Development', below.

- **Zero tolerance for violence, harassment or sexual exploitation**
  ANJ is committed to implementing Community-Based Security and the use of preventive and defensive methods. We work closely and consistently with local communities to build trust and a mutual understanding of our common objectives.

  The Company issued its revised Security Policy in 2018. The policy reinforces ANJ's commitment to upholding the Universal Declaration on Human Rights and the Voluntary Principles on Security and Human Rights (VPSHR). The implementing guidance for this Policy was issued in the form of several Security Procedures, which include the Security Risk Assessment, Community-Based Security, and Engagement with Law Enforcement, Security Patrols, Access Control, Security Incident Response, Security Emergency Management, Investigation, and Security Grievance Process. The Security Policy was further revised in 2019 to strengthen various human rights aspects, including interactions with law enforcement and security providers and a stricter selection policy for prospective security personnel.

  The Company has three palm oil concessions and one sago concession in West Papua, a province where security risks are among the highest in Indonesia. In order to ensure the safety of our employees and our stakeholders in the surrounding communities, ANJ works closely with the West Papua Police through the South Sorong Police Office, and a number of police officers have been assigned to work on and around our premises at PPM and PMP. All the police personnel deployed on our premises have been briefed on the Voluntary Principles on Security and Human Rights (VPSHR) and all other security personnel employed by PPM and PMP have undergone VPSHR training. We received no reports of any significant incidents involving the police or our security personnel against the community in 2019.

  The Company has issued SOPs on preventing and dealing with sexual harassment and regular briefings are held on recognizing and preventing violence in the workplace.

SOCIAL RESPONSIBILITY FOR FAIR OPERATING PRACTICES

COMMITMENT AND RESPONSIBILITY FOR FAIR OPERATING PRACTICES

Our commitment to fair operating practices is defined in our Sustainability Policy and reinforced in the Code of Ethics on Business Conduct, and is the foundation for the long-term economic viability of the business. Provisions of the Code that are not specifically addressed in the Sustainability Policy include anti-bribery and corruption, including insider trading; relationships with suppliers and customers; relationships with investors; and conflicts of interest.

Our commitment to fair operating practices includes the provision of functioning, non-biased and confidential channels for stakeholders, including employees, vendors and community members, to report and seek redress for suspected misconduct and other grievances. These include the Company's whistleblowing system (Berani Bicara), described in the Corporate Governance chapter of this report, and the other grievance mechanisms referred to in this chapter.

SCOPE OF RESPONSIBILITY FOR FAIR OPERATING PRACTICES

The commitment to fair and responsible operations applies throughout the ANJ Group. In addition, our contracts with suppliers and business partners require them to comply with our anti-bribery provisions and zero tolerance for child labor, trafficked labor and forced labor.

PLANNING FOR RESPONSIBILITY FOR FAIR OPERATING PRACTICES

The following commitments in our Sustainability Policy provide the basis for our activities related to fair operating practices:
- Compliance with local laws and regulations, and international conventions.
- Commitment to good corporate governance.
- Subscribe to a fair and ethical Code of Conduct.
- Compliance with the requirements of the RSPO Principles & Criteria.
- Traceability.
- Guaranteed good quality products.
- Reporting and disclosure.
- Commitment to continuous improvement.

INITIATIVES

- **Compliance with local laws and regulations, and international conventions**
  As a publicly listed company operating in Indonesia, ANJ complies with all Indonesian laws pertaining to our business, as described in the Corporate Governance chapter. Our commitments to international conventions on human rights, labor rights and biodiversity conservation are described elsewhere in this chapter.

- **Commitment to good corporate governance**
  Activities implemented in relation to our good corporate governance commitment are described in the Corporate Governance chapter of this report.

- **Subscribe to a fair and ethical Code of Conduct**
  The Company's Code of Conduct and actions taken to implement it, as well as disciplinary measures for breaches, are described in the Corporate Governance chapter of this report.

- **Compliance with the requirements of the RSPO Principles & Criteria**
  The Company has consistently maintained RSPO certification for its three older producing estates and our remaining producing estate, operated by KAL, was certified in November 2019. Four of our smallholder suppliers are also RSPO certified, and we are currently preparing to apply for certification for our two West Papua estates, operated by PMP and PPM, which will begin commercial operations in 2020.

- **Traceability**
  Discussed under 'Social Responsibility to Customers', below.

- **Guaranteed Good Quality Products**
  Discussed under 'Social Responsibility to Customers', below.

- **Reporting and Disclosure**
  Fulfilling our accountability and transparency commitments to stakeholders, the Company has now published three annual sustainability reports detailing the progress towards our sustainability objectives. All of these reports refer to the Global Reporting Initiative (GRI) standards. Both the 2018 and 2017 reports won awards (see below).

- **Commitment to continuous improvement**
  The Company's commitment to continuous improvement is manifested throughout our operations in the targets we set for financial and operational performance, the individual and departmental key performance indicators that every employee works towards, our actions to improve environmental and conservation performance and our active R&D program to improve agronomic practices. In our social and community empowerment programs, we undertake continuous monitoring and regular evaluation to ensure that desired outcomes are being met, and make changes if performance is falling below expectations.

ACHIEVEMENTS AND AWARDS FOR FAIR OPERATING PRACTICES

ANJ received a score of 66.6% on the Sustainability Policy Transparency Toolkit (SPOTT) Assessment, which evaluates the transparency of palm oil companies' sustainability policies and practices. The assessment covers the public disclosure of policies, commitments, operational data, and activities to meet sustainability targets. The average score for the 99 companies assessed worldwide in 2019 was 35.2%. SPOTT is an initiative of the Zoological Society of London (ZSL). ANJ's score represents an improvement on its 2018 score of 62.7%.

ANJ was awarded the Gold Rank on the 2019 Asia Sustainability Reporting Rating (ASRRAT) for its 2018 Sustainability Report. The previous year's report also received the Gold ranking in this regional assessment of sustainability reports. The award is based on fulfillment of the Global Reporting Initiative (GRI) standards.

07.

CONSOLIDATED FINANCIAL STATEMENTS

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PT AUSTINDO NUSANTARA JAYA Tbk
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2019

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

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THE DIRECTORS' STATEMENT OF RESPONSIBILITY

CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019:

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT

ANJ

THE DIRECTORS' STATEMENT OF RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019 PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

We, the undersigned:

1.	Name	:	Istini Tatiek Siddharta
	Office address	:	Menara BTPN 40th Floor, Jalan. Dr. Ide Anak Agung Gde Agung Kav. 5.5 – 5.6, Kawasan Mega Kuningan, Jakarta 12950
	Domicile as in ID Card	:	Jl. Gunung Sahari VII B/11
	Office telephone	:	(021) 29651777
	Function	:	President Director
2.	Name	:	Lucas Kurniawan
	Office address	:	Menara BTPN 40th Floor, Jalan. Dr. Ide Anak Agung Gde Agung Kav. 5.5 – 5.6, Kawasan Mega Kuningan, Jakarta 12950
	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, 11 March 2020

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Istini Tatiek Siddharta	Lucas Kurniawan
President Director	Director

PT Austindo Nusantara Jaya Tbk.
Menara BTPN Lantai 40
Jalan Dr. Ide Anak Agung Gde Agung Kav. 5.5 - 5.6
Kawasan Mega Kuningan, Jakarta 12950
T (62 21) 2965 1777 **F** (62 21) 2965 1788
www.anj-group.com

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019 AND 2018

	Notes	31 December 2019	31 December 2018
		US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	18,484,660	29,234,164
Investment in available-for-sale financial asset	13	-	10,271,880
Investments in marketable securities	6	2,290,209	290,209
Receivable from service concession arrangement	45	57,266	48,104
Trade accounts receivable	7	5,084,254	9,740,872
Other receivables	8	790,073	548,531
Inventories	9	11,734,226	10,072,829
Biological assets	12	3,050,900	1,573,973
Prepayments and advances	10	25,345,421	27,397,717
Other current assets	20	-	4,294,470
TOTAL CURRENT ASSETS		**66,837,009**	**93,472,749**
NON-CURRENT ASSETS			
Receivable from service concession arrangement	45	856,194	873,227
Investments in associates	11	-	19,602,345
Investments in available-for-sale financial assets	13	6,069,127	8,685,517
Deferred tax assets	39	11,164,151	13,026,841
Bearer plants	14	271,885,314	228,812,801
Property, plant and equipment	15	217,237,259	193,309,303
Intangible assets	16	1,557,757	1,945,608
Advances	17	14,603,107	13,383,347
Goodwill	18	4,967,256	4,967,256
Claims for tax refund	19	8,880,345	5,790,109
Other non-current assets	20	21,650,585	18,335,813
TOTAL NON-CURRENT ASSETS		**558,871,095**	**508,732,167**
TOTAL ASSETS		**625,708,104**	**602,204,916**

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 STATEMENT OF FINANCIAL POSITION (Continued)
31 DECEMBER 2019 AND 2018

	Notes	31 December 2019 US$	31 December 2018 US$
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	21	2,473,635	24,981,911
Trade accounts payable	22	3,035,247	5,432,526
Taxes payable	23	5,078,363	867,475
Derivative payable	42b	4,029,641	-
Other payables	24	11,925,791	11,829,441
Accrued expenses	25	3,939,500	6,362,351
Long-term bank loan-current maturities	21	958,761	6,595,726
TOTAL CURRENT LIABILITIES		**31,440,938**	**56,069,430**
NON-CURRENT LIABILITIES			
Long-term bank loans-net of current maturities	21	187,024,157	139,838,445
Provision for service concession arrangement-net of current maturities	45	432,737	383,034
Deferred tax liabilities	39	373,587	120,302
Employee benefits obligation	26	17,715,336	16,521,461
Other non-current liabilities		13,288	2,883,031
TOTAL NON-CURRENT LIABILITIES		**205,559,105**	**159,746,273**
TOTAL LIABILITIES		**237,000,043**	**215,815,703**
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 2019 and 2018	27	46,735,308	46,735,308
Additional paid in capital	28	50,307,877	50,307,877
Treasury stock	1c,27	(3,926,668)	(3,926,668)
Difference in value due to changes in equity of subsidiaries	30	30,706,366	30,706,366
Other reserves	13,30	(33,473,743)	(39,674,986)
Retained earnings			
Appropriated		6,824,453	6,824,453
Unappropriated		290,745,669	294,432,452
Equity attributable to the owners of the Company		387,919,262	385,404,802
Non-controlling interests	31	788,799	984,411
TOTAL EQUITY		**388,708,061**	**386,389,213**
TOTAL LIABILITIES AND EQUITY		**625,708,104**	**602,204,916**

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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEARS ENDED 31 DECEMBER 2019 AND 2018

	Notes	Year ended 31 December 2019 US$	2018 US$
Revenue	32	130,355,274	151,701,360
Cost of revenue	33	(106,590,252)	(110,786,077)
GROSS PROFIT		**23,765,022**	**40,915,283**
Dividend income	36	109,803	1,235,798
Foreign exchange loss, net	47	(564,928)	(2,116,342)
Selling expenses		(7,706,111)	(11,635,291)
Personnel expenses	34	(10,679,347)	(13,860,249)
General and administrative expenses	35	(12,658,650)	(10,346,239)
Other income, net	38	14,539,474	799,069
OPERATING PROFIT		**6,805,263**	**4,992,029**
Share of profit of equity-accounted investees	11	811,801	2,001,472
Finance costs, net	37	(140,101)	(354,783)
PROFIT BEFORE TAX		**7,476,963**	**6,638,718**
Income tax expense	39	(12,035,155)	(7,130,330)
LOSS FOR THE YEAR		**(4,558,192)**	**(491,612)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Changes resulting from actuarial remeasurements of post-employment benefits obligation	26	673,813	2,734,109
Income tax on items that will not be reclassified to profit or loss	39	(168,454)	(683,527)
		505,359	2,050,582

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 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Continued)
YEARS ENDED 31 DECEMBER 2019 AND 2018

	Notes	Year ended 31 December 2019 US$	2018 US$
Items that will be reclassified subsequently to profit or loss:			
Changes in fair value of investments in available-for-sale financial assets	13,30	1,747	(3,224)
Difference in translation of subsidiaries' financial statements in foreign currencies		6,247,934	(8,686,898)
		6,249,681	(8,690,122)
OTHER COMPREHENSIVE INCOME, NET OF TAX		**6,755,040**	**(6,639,540)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**2,196,848**	**(7,131,152)**
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		(4,196,839)	(310,437)
Non-controlling interests		(361,353)	(181,175)
		(4,558,192)	**(491,612)**
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		2,514,460	(6,935,538)
Non-controlling interests	31	(317,612)	(195,614)
		2,196,848	**(7,131,152)**
LOSS PER SHARE	40		
Basic loss per share		(0.001267)	(0.000094)
Diluted loss per share		(0.001267)	(0.000094)

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 STATEMENT OF CHANGES IN EQUITY
YEARS ENDED 31 DECEMBER 2019 AND 2018

		2019										
						Other reserves						
	Notes	Capital stock	Additional paid in capital	Treasury stock	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 Appropriated	Retained earnings Unappropriated	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
Balance as of 31 December 2018		46,735,308	50,307,877	(3,926,668)	30,706,366	2,277,552	(41,952,538)	6,824,453	294,432,452	385,404,802	984,411	386,389,213
Changes in equity due to capital paid in advance from non-controlling interests in subsidiary	1d, 31	-	-	-	-	-	-	-	-	-	122,000	122,000
Loss for the year		-	-	-	-	-	-	-	(4,196,839)	(4,196,839)	(361,353)	(4,558,192)
Other comprehensive income:												
Changes resulting from actuarial remeasurements of post-employment benefits obligation, net of tax		-	-	-	-	-	-	-	510,056	510,056	(4,697)	505,359
Changes in fair value of investments in available-for-sale financial assets	13, 30	-	-	-	-	1,747	-	-	-	1,747	-	1,747
Difference in translation of subsidiaries' financial statements in foreign currencies	30	-	-	-	-	-	6,199,496	-	-	6,199,496	48,438	6,247,934
Balance as of 31 December 2019		**46,735,308**	**50,307,877**	**(3,926,668)**	**30,706,366**	**2,279,299**	**(35,753,042)**	**6,824,453**	**290,745,669**	**387,919,262**	**788,799**	**388,708,061**

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 STATEMENT OF CHANGES IN EQUITY (Continued)
YEARS ENDED 31 DECEMBER 2019 AND 2018

		2018										
						Other reserves		Retained earnings				
	Notes	Capital stock	Additional paid in capital	Treasury stock	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	Appropriated	Unappropriated	Equity attributable to the owners of the Company	Non-controlling interests	Total equity
		US$	US$	US$	US$	US$	US$	US$	US$	US$	US$	US$
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**	**295,537,097**	**394,870,826**	**483,594**	**395,354,420**
Changes in equity due to the increase of ownership in subsidiary	1d, 31	-	-	-	266,984	-	-	-	-	266,984	696,431	963,415
Loss for the year		-	-	-	-	-	-	-	(310,437)	(310,437)	(181,175)	(491,612)
Other comprehensive income:												
Changes resulting from actuarial remeasurements of post-employment benefits obligation, net of tax		-	-	-	-	-	-	-	2,003,262	2,003,262	47,320	2,050,582
Changes in fair value of investments in available-for-sale financial assets	13, 30	-	-	-	-	(3,224)	-	-	-	(3,224)	-	(3,224)
Difference in translation of subsidiaries' financial statements in foreign currencies	30	-	-	-	-	-	(8,625,139)	-	-	(8,625,139)	(61,759)	(8,686,898)
Cash dividends	41	-	-	-	-	-	-	-	(2,797,470)	(2,797,470)	-	(2,797,470)
Balance as of 31 December 2018		**46,735,308**	**50,307,877**	**(3,926,668)**	**30,706,366**	**2,277,552**	**(41,952,538)**	**6,824,453**	**294,432,452**	**385,404,802**	**984,411**	**386,389,213**

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 STATEMENT OF CASH FLOWS
YEARS ENDED 31 DECEMBER 2019 AND 2018

	Year ended 31 December	
	2019	**2018**
	US$	**US$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	134,827,305	144,991,396
Cash received from interest income	333,275	849,419
Cash received from income tax restitution	1,255,954	1,878,700
Cash received from VAT refund	10,659,262	2,086,108
Payments of employee benefits	(422,278)	(1,096,058)
Payments of contribution to pension fund	(3,010,915)	(193,357)
Income taxes paid	(8,177,590)	(26,212,869)
Payments to employees	(31,627,328)	(35,233,508)
Payments to suppliers	(76,464,880)	(76,526,519)
Payments for other operating activities	(18,679,749)	(16,928,608)
Net cash provided by (used in) operating activities	**8,693,056**	**(6,385,296)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	97,161	7,767,937
Proceeds from sale of property, plant and equipment	258,021	171,178
Additional investment in marketable securities	(2,000,000)	-
Proceeds from sale/winding up of investments in associates and available-for-sale financial assets	47,270,961	12,481
Acquisitions of property, plant and equipment	(25,596,213)	(29,191,934)
Additions of bearer plants	(44,768,897)	(42,069,283)
Additions of advances	(2,676,398)	(3,545,964)
Acquisitions of intangible assets	(51,653)	(275,248)
Acquisitions of other non-current assets	(3,094,595)	(3,284,410)
Net cash used in investing activities	**(30,561,613)**	**(70,415,243)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additional capital by non-controlling interests of a subsidiary	122,000	964,567
Payments for interest expenses	(1,552,680)	(1,963,126)
Payments of cash dividends	-	(2,742,619)
Proceeds from short-term bank loans	100,677,772	83,577,701
Payments of short-term bank loans	(123,701,956)	(67,817,015)
Proceeds from long-term bank loans	52,867,062	52,170,860
Payments of long-term bank loans	(16,155,052)	(4,185,279)
Payments for deferred financing costs	(1,138,093)	(375,327)
Net cash provided by financing activities	**11,119,053**	**59,629,762**
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(10,749,504)**	**(17,170,777)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	**29,234,164**	**46,404,941**
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**18,484,660**	**29,234,164**

See Notes to the Consolidated Financial Statements, which form an integral part of these consolidated financial statements.

1. GENERAL

a. Establishment and General Information

PT Austindo Nusantara Jaya Tbk (the Company), formerly PT Austindo Teguh Jaya, was established by Deed No. 72 of Notary Mr. Sutjipto, S.H., dated 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 2019 and 2018, the Company and its subsidiaries (the Group) had 7,089 and 7,167 permanent employees (unaudited), respectively.

The Company is domiciled in Jakarta and its head office is located at Menara BTPN 40th floor, Jl. Dr. Ide Anak Agung Gde Agung Kav. 5.5 – 5.6, Kawasan Mega Kuningan, Jakarta 12950.

Based on Deed No. 143 of Notary Christina Dwi Utami, S.H., M.Hum., M.Kn., dated 15 May 2019, the Company's shareholders approved the appointment of Mr. Fakri Karim as the Company's Director effective from 15 May 2019. The deed was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia and accepted in its Decision Letter No. AHU-AH.01.03-0285424 dated 10 June 2019.

1. GENERAL (Continued)

a. Establishment and General Information (Continued)

As of 31 December 2019 and 2018, the composition of the Company's Board of Commissioners and Board of Directors are as follows:

	2019	2018
President Commissioner	Mr. Adrianto Machribie Reksohadiprodjo	Mr. Adrianto Machribie Reksohadiprodjo
Commissioners	Mr. George Santosa Tahija Mr. Sjakon George Tahija Mr. Istama Tatang Siddharta Mr. Anastasius Wahyuhadi Mr. Josep Kristiadi Mr. Darwin Cyril Noerhadi	Mr. George Santosa Tahija Mr. Sjakon George Tahija Mr. Arifin Mohamed Siregar Mr. Istama Tatang Siddharta Mr. Anastasius Wahyuhadi Mr. Josep Kristiadi Mr. Darwin Cyril Noerhadi
President Director	Mrs. Istini Tatiek Siddharta	Mrs. Istini Tatiek Siddharta
Directors	Mr. Lucas Kurniawan Mr. Geetha Govindan Kunnath Gopalakrishnan Mr. Naga Waskita Mr. Fakri Karim	Mr. Lucas Kurniawan Mr. Geetha Govindan Kunnath Gopalakrishnan Mr. Naga Waskita

On 23 September 2019, Mr. Arifin Mohamed Siregar, the Independent Commissioner of the Company, passed away.

The Company paid benefits to its Commissioners and Directors as follows:

	2019 US$	2018 US$
Short-term benefits	4,206,269	3,333,849

The members of the Audit Committee as of 31 December 2019 and 2018 were as follows:

	2019 and 2018
Chairman	Mr. Darwin Cyril Noerhadi
Members	Mr. Danrivanto Budhijanto Mrs. Muljawati Chitro

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.

1. GENERAL (Continued)

b. Initial Public Offering (Continued)

As of 31 December 2019, 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.

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	
			2019	2018	2019	2018
			%	%	US$	US$
Direct Subsidiaries						
Renewable Energy						
PT Austindo Aufwind New Energy (AANE)	Belitung, Bangka Belitung	2013	99.22	99.22	1,179,882	1,149,721
Agribusiness						
PT Austindo Nusantara Jaya Agri (ANJA)	Binanga, North Sumatera	1995	99.99	99.99	500,068,319	391,018,370
PT ANJ Agri Papua (ANJAP)	South Sorong, Papua	2017	99.99	99.99	16,707,031	16,800,286
PT Gading Mas Indonesia Teguh (GMIT)	Jember	2000	79.99	79.99	11,273,004	10,486,917
Consumer Products						
PT Austindo Nusantara Jaya Boga (ANJB)	Jakarta	2014	99.99	99.99	142,731	95,952

1. GENERAL (Continued)

d. Subsidiaries (Continued)

i. Details of the Group's subsidiaries at the end of the reporting periods are as follows (Continued):

Subsidiaries' name and principal activities	Location	Year of commercial operation	Percentage of Group's ownership 2019	Percentage of Group's ownership 2018	Total assets before elimination 2019	Total assets before elimination 2018
			%	%	US$	US$
Indirect Subsidiaries						
Agribusiness						
PT Sahabat Mewah dan Makmur (SMM) (1)	Belitung, Bangka Belitung	1994	99.99	99.99	50,502,321	43,636,107
PT Austindo Nusantara Jaya Agri Siais (ANJAS) (1)	South Angkola, North Sumatera	2009	99.99	99.99	57,544,711	54,897,653
PT Kayung Agro Lestari (KAL) (1)	Ketapang, West Kalimantan	2014	99.99	99.99	90,129,979	93,309,878
PT Galempa Sejahtera Bersama (GSB) (3)	South Sumatera	Pre-operating	99.99	99.99	10,233,828	9,617,734
PT Putera Manunggal Perkasa (PMP) (3)	South Sorong and Maybrat, Papua	Pre-operating	99.99	99.99	134,935,035	101,415,433
PT Permata Putera Mandiri (PPM) (3)	South Sorong, Papua	Pre-operating	99.99	99.99	99,483,865	83,464,974
PT Lestari Sagu Papua (LSP) (2)	South Sorong, Papua	Pre-operating	51.00	51.00	260,829	253,727

(1) Owned by ANJA
(2) Owned by ANJAP
(3) 75.00% is owned by ANJA and 25.00% is owned by the Company

PT ANJ Agri Papua (ANJAP)

Based on Deed No. 1767 of Notary Kartika, S.H., M.Kn. dated 13 November 2018, the shareholders of ANJAP approved the increase of issued and paid up capital from Rp 742,292,000,000 to Rp 798,092,000,000 by issuing 55,800 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.01.03-0264582 dated 15 November 2018. The Company's direct ownership in ANJAP increased from 99.779% to 99.794%.

Based on Deed No. 1789 of Notary Kartika, S.H., M.Kn. dated 19 November 2019, the shareholders of ANJAP approved the increase of issued and paid up capital from Rp 798,092,000,000 to Rp 865,102,000,000 by issuing 67,010 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.01.03-0362648 dated 21 November 2019. The Company's direct ownership in ANJAP increased from 99.794% to 99.810%.

PT Galempa Sejahtera Bersama (GSB)

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.

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. 1768 of Notary Kartika, S.H., M.Kn. dated 13 November 2018, the shareholders of GSB approved the increase of issued and paid up capital from Rp 160,500,000,000 to Rp 197,200,000,000 by issuing 367,000 new shares, of which 348,650 shares were subscribed and paid by ANJA and 18,350 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.01.03-0264585 dated 15 November 2018.

PT Putera Manunggal Perkasa (PMP)

Based on Deed No. 760 of Notary Kartika, S.H., M.Kn. dated 4 April 2018, the shareholders of PMP approved the increase of issued and paid up capital from Rp 275,824,000,000 to Rp 412,497,040,000 by issuing 136,673,040 new shares, of which 47,339,980 shares were subscribed and paid by ANJA and 89,333,060 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.01.03-0178207 dated 4 May 2018.

Based on Deed No. 1770 of Notary Kartika, S.H., M.Kn. dated 13 November 2018, the shareholders of PMP approved the increase of issued and paid up capital from Rp 412,497,040,000 to Rp 511,722,000,000 by issuing 99,224,960 new shares, of which 74,418,720 shares were subscribed and paid by ANJA and 24,806,240 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.01.03-0264595 dated 15 November 2018.

PT Permata Putera Mandiri (PPM)

Based on Deed No. 759 of Notary Kartika, S.H., M.Kn. dated 4 April 2018, the shareholders of PPM approved the increase of issued and paid up capital from Rp 262,670,000,000 to Rp 387,134,700,000 by issuing 124,464,700 new shares, of which 40,814,525 shares were subscribed and paid by ANJA and 83,650,175 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.01.03-0160668 dated 24 April 2018.

Based on Deed No. 1769 of Notary Kartika, S.H., M.Kn. dated 13 November 2018, the shareholders of PPM approved the increase of issued and paid up capital from Rp 387,134,700,000 to Rp 464,160,000,000 by issuing 77,025,300 new shares, of which 57,768,975 shares were subscribed and paid by ANJA and 19,256,325 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.01.03-0264588 dated 15 November 2018.

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 Gading Mas Indonesia Teguh (GMIT)

Based on Deed No. 1055 of Notary Kartika, S.H., M.Kn. dated 5 July 2018, the shareholders of GMIT approved the increase of authorized capital from Rp 40,750,000,000 to Rp 285,250,000,000 and issued and paid up capital from Rp 35,073,525,000 to Rp 78,334,377,000 by issuing 265,404 new shares. The Company subscribed for 212,323 shares and paid for Rp 34,608,649,000; AJI HK Limited subscribed for 53,081 shares and paid for Rp 8,652,203,000 as paid up capital and for Rp 4,514,099,703 as additional paid in capital. The increase in authorized, issued 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-AH.01.03-0225092 dated 24 July 2018. The Company's direct ownership in GMIT increased from 79.97% to 79.99%.

PT Austindo Aufwind New Energy (AANE)

Based on Deed No. 2204 of Notary Kartika, S.H., M.Kn. dated 12 July 2018, the shareholders of AANE approved the increase of issued and paid up capital from US$ 5,350,000 or equal to Rp 48,610,100,000, to US$ 5,651,000 or equal to Rp 51,344,986,000 by issuing 301 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.01.03-0223517 dated 19 July 2018. The Company's direct ownership in AANE increased from 99.18% to 99.22%.

PT Austindo Nusantara Jaya Boga (ANJB)

Based on Deed No. 1788 of Notary Kartika, S.H., M.Kn. dated 19 November 2019, the shareholders of ANJB approved the increase of issued and paid up capital from Rp 5,000,000,000 to Rp 6,365,000,000 by issuing 1,365,000 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.01.03-0362624 dated 21 November 2019. The Company's direct ownership in ANJB is 99.99%.

ii. Details of non-wholly owned subsidiaries that have non-controlling interests to the Group are further disclosed in Note 31.

2. ADOPTION OF NEW STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK")

a. ISAK effective in the current year

In the current year, the Group has applied a number of ISAK 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 2019, as follows:

- ISAK 33, "Foreign Currency Transaction and Advance Consideration"
- ISAK 34, "Uncertainty over Income Tax Treatments".

The above mentioned ISAK have been adopted, 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.

2. ADOPTION OF NEW STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATIONS OF PSAK ("ISAK") (Continued)

b. Standards issued, but not yet adopted

The following standards were issued, but are not yet effective in 2019:

- PSAK 71, "Financial Instruments"
- PSAK 72, "Revenue from Contracts with Customers"
- PSAK 73, "Leases".

The above standards will be effective for accounting period beginning on 1 January 2020. Management assess that the adoption of the above standards will result in a change in the Group's accounting policies. Management also assess that the adoption of PSAK 71 and PSAK 72 will not have material effect on the amounts reported for the current or prior financial periods.

As of the issuance date of the consolidated financial statements, management is still evaluating the effect of adoption of PSAK 73 on the 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.

b. Basis of Preparation

The Company's directors approved the consolidated financial statements for issuance on 11 March 2020.

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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Business Combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except for certain assets and liabilities that are measured in accordance with the relevant standards.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after the reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase option.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another accounting standard.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured subsequent to reporting dates at fair value, with changes in fair value recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if the interests were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amount recognized as of that date.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Transactions with Related Parties (Continued)

(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

<u>Financial Assets at Fair Value Through Profit or Loss (FVTPL)</u>

Financial assets are classified as at FVTPL when the financial asset is either held for trading or designated as at FVTPL.

A financial asset is classified as held for trading, if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is part of an identified portfolio of financial instruments that the entity manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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) (Continued)

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 banks 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.

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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

Effective interest method (Continued)

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 financial asset have been affected.

For listed and unlisted equity investments classified as AFS, a significant or prolonged decline in the fair value of the security below its cost is considered to be an objective evidence of impairment.

For all other financial assets, an objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it is becoming probable that the borrower will enter bankruptcy or financial re-organization.

For financial asset that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experiences of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the assets's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced directly by the impairment loss for all financial assets, except for receivables, which the carrying amount is reduced by impairment loss through the use of an allowance account. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in equity are reclassified to profit or loss.

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been, had the impairment not been recognized.

In respect of AFS equity investments, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized directly in other comprehensive income.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfer nor retain substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognize a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an equity after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments (treasury shares), the consideration paid, including any directly attributable incremental costs is recognized and deducted directly in equity until the shares are cancelled or reissued. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

Financial liabilities at amortized cost

Trade and other payables, 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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

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.

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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 fair value less costs to sell of fresh fruit bunch at the date of harvest and processing cost. Cost of edamame transferred from biological assets is at its fair value less costs to sell at the date of harvest. 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 its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. Any excess of the cost of acquisition over the Group's share of the net fair value of identifiable assets, liabilities and contingent liabilities of the associate or a joint venture recognized at the date of acquisition, is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Investment in Associates and Joint Ventures (Continued)

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 investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain that had previously been recognized in other comprehensive income relating to that reduction in ownership interest (if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities).

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of its interest in the associate or joint venture that are not related to the Group.

n. Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Interests in Joint Operations (Continued)

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	
	2019	2018
Buildings, roads and bridges	4 - 20	4 - 20
Machinery and equipment	4 - 20	4 - 8
Computer and communication equipment	4	4
Office equipment, furniture and fixtures	4 - 8	4 - 8
Motor vehicles	4 - 8	4 - 8

The estimated useful lives and depreciation method are reviewed at each year end. In 2019, the Group changed the estimated remaining useful lives of certain machinery and equipment. The effect of change in this estimate was accounted for on a prospective basis from 1 January 2019.

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.

<u>Land</u>

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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

q. Bearer Plants

Bearer plants (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. Biological Assets

Biological assets comprise of agricultural produce growing on bearer plants up to the point to be harvested, which are referred as Fresh Fruit Bunches (“FFB”) that grows on mature palm plantations and edamame plants. Biological assets measured at fair value less costs to sell. Gains or losses arising from the initial recognition and changes in fair value are recognised in the profit or loss for the period when they arise.

The fair value of FFB biological assets is estimated by reference to the projected harvest quantities and market price of FFB as at the financial position date, net of depreciation, maintenance and harvesting costs and estimated costs to sell. The fair value of edamame plants biological assets is estimated by reference to the estimated harvesting yields and market price of edamame as at the financial position date, net of maintenance and harvesting costs and estimated cost to sell. FFB and edamame plants biological assets are presented as part of current assets in the consolidated statement of financial position.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. 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.

t. 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.

u. 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

<u>Operating Lease</u>

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.

v. Provisions

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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

v. Provisions (Continued)

Provision for Service Concession Arrangements

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 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.

w. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets including development of immature plantations, 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.

x. 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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x. Revenue and Expense Recognition (Continued)

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, AANE received only one consideration for its 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. 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.

Expenses

Expenses are recognized when incurred.

y. Employee 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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y. Employee Benefits (Continued)

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. Gains or losses arising from actuarial remeasurements of the net defined benefit liability are recognized immediately in other comprehensive income.

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.

z. 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.

aa. 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.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

aa. Income Tax (Continued)

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.

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.

ab. 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.

ac. 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:

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 judgment as to whether there is objective evidence that loss event has occurred (Note 3h on impairment of financial assets). Management also makes judgment 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, 20 and 45.

ii. Estimated Useful Lives of Bearer Plants 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.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

ii. Estimated Useful Lives of Bearer Plants and Property, Plant and Equipment (Continued)

In 2019, the Group changed the estimated remaining useful lives of certain machinery and equipment assets after evaluating the historical evidences on the usage, observation to the physical condition and maintenance patterns of those assets. This change in estimated useful lives is a change in accounting estimate which is accounted for on a prospective basis from 1 January 2019. As a result of this change in estimate, depreciation expense for the year ended 31 December 2019 decreased by US$ 2,473,930.

The carrying amount of bearer plants and property, plant and equipment are disclosed in Notes 14 and 15.

iii. Biological Assets Valuation

As described in Note 3r, the fair value of FFB biological assets is estimated by reference to the projected harvest quantities and market price of FFB as at the financial position date, net of depreciation, upkeep and harvesting costs and estimated costs to sell. The estimation of fair value of biological assets is highly dependent on the weather, price and the related cost at the time of harvesting. The carrying amount of biological assets is disclosed in Note 12.

iv. 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 the consolidated statement of financial position and Note 18.

v. 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.

vi. 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 39.

vii. Employment Benefits

The cost of defined benefit plan and present value of the pension obligation are determined based on actuarial valuation which makes use of various assumptions such as discount rates, expected rates of return on plan assets, rates of compensation increases and mortality rates. The defined benefit obligation is highly sensitive to changes in the assumptions.

The carrying amount of the obligation is disclosed in Note 26.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

viii. 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.

ix. 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 2019	31 December 2018
	US$	US$
Cash on hand	104,412	53,746
Bank - third parties		
Rupiah		
PT Bank Mandiri (Persero) Tbk	2,107,785	3,690,013
PT Bank OCBC NISP Tbk	1,776,919	924,268
PT Bank CIMB Niaga Tbk	405,859	723,554
PT Bank Rakyat Indonesia Tbk	244,192	267,067
PT Bank Syariah Mandiri	241,787	371,024
PT Bank Negara Indonesia (Persero) Tbk	132,822	889
PT Bank Central Asia Tbk	116,203	69,523
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung	22,117	71,308
PT Bank UOB Indonesia	689	-
Citibank N.A.	-	14,606
PT Bank DBS Indonesia	-	1,279
U.S. Dollar		
PT Bank OCBC NISP Tbk	2,071,874	668,165
PT Bank Mandiri (Persero) Tbk	1,820,005	548,561
Bank OCBC Singapore	197,802	198,675
PT Bank CIMB Niaga Tbk	114,285	711,151
J.P. Morgan International Bank Ltd.	23,631	1,996,975
PT Bank Central Asia Tbk	4,408	4,420
PT Bank UOB Indonesia	1,592	-
Credit Suisse Singapore	68	54,857
PT Bank DBS Indonesia	-	96,582
Citibank N.A.	-	26,574
PT Bank Negara Indonesia (Persero) Tbk	-	470

5. CASH AND CASH EQUIVALENTS (Continued)

	31 December 2019	31 December 2018
	US$	US$
Euro		
PT Bank Mandiri (Persero) Tbk	573	1,344
Time deposits - third parties		
Rupiah		
PT Bank OCBC NISP Tbk	2,198,715	-
PT Bank Mandiri (Persero) Tbk	114,745	170,568
U.S. Dollar		
PT Bank CIMB Niaga Tbk	4,500,000	-
Credit Suisse Singapore	1,984,177	1,868,545
PT Bank OCBC NISP Tbk	300,000	16,700,000
Total	18,484,660	29,234,164
Interest rate per annum of time deposits		
Rupiah	4.25%-6.30%	4.25%
U.S. Dollar	1.23%-2.75%	2.00%-2.75%

As of 31 December 2019 and 2018, all of the Company’s, ANJA’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 21).

6. INVESTMENTS IN MARKETABLE SECURITIES

The fair value of the investments in money market fund and bonds is based on market value at the end of reporting period.

	31 December 2019		
	Acquisition cost	Unrealized loss	Fair value
	US$	US$	US$
Money market fund	2,290,209	-	2,290,209
Bonds	65,000	(65,000)	-
Total	2,355,209	(65,000)	2,290,209

	31 December 2018		
	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

All investments in marketable securities are placed with third parties.

7. TRADE ACCOUNTS RECEIVABLE

	31 December 2019 US$	31 December 2018 US$
Third parties		
Palm oil	4,706,042	9,483,833
Sago starch	277,434	125,979
Electricity power	70,516	111,473
Others	30,262	19,587
Total	5,084,254	9,740,872

Details of trade accounts receivable based on their currencies are as follows:

	31 December 2019 US$	31 December 2018 US$
U.S. Dollar	3,291,667	9,303,002
Rupiah	1,792,587	437,870
Total	5,084,254	9,740,872

The summary of the aging profile of trade accounts receivable not impaired is as follows:

	31 December 2019 US$	31 December 2018 US$
Not yet due	263,376	641,584
Overdue < 30 days	4,491,047	8,852,141
Overdue 31 – 60 days	329,831	128,474
Overdue > 60 days	-	118,673
Total	5,084,254	9,740,872

Management believes that no allowance for impairment losses on trade accounts receivable is necessary.

8. OTHER RECEIVABLES

As of 31 December 2019 and 2018, this account mainly consisted of receivables from employees.

Management believes that the allowance for impairment losses as of 31 December 2019 dan 2018 of US$ 244,888 and US$ 235,079, respectively are adequate to cover any possible losses from uncollectible other receivables.

9. INVENTORIES

	31 December 2019 US$	31 December 2018 US$
Palm oil	6,218,842	3,609,596
Sago starch	1,316,194	893,538
Supplementary materials, spareparts and others	5,487,625	6,545,180
Total	13,022,661	11,048,314
Allowance for decline in value of inventories	(1,288,435)	(975,485)
Net	11,734,226	10,072,829

	2019 US$	2018 US$
Changes in the allowance for decline in value of inventories:		
Beginning balance	975,485	1,350,164
Addition	842,871	63,761
Write-off	(529,921)	(438,440)
Ending balance	1,288,435	975,485

Management believes that the allowance for decline in value of inventories is adequate.

As of 31 December 2019 and 2018, ANJA's palm oil inventories amounting to US$ 4.5 million were used as collateral for the bank loan obtained from PT Bank OCBC NISP Tbk (Note 21).

Palm oil inventories were insured against losses from fire and other risks under a blanket policy amounting to US$ 13.1 million and Rp 15 billion as of 31 December 2019 and US$ 16.9 million and Rp 17 billion as of 31 December 2018. Management believes that the insurance coverage is adequate to cover possible losses to the Group.

10. PREPAYMENTS AND ADVANCES

	31 December 2019 US$	31 December 2018 US$
Prepayments:		
Insurance	230,960	345,454
Rent	362,812	314,671
Other	84,960	93,554
Value added taxes	23,670,324	25,086,718
Advances	996,365	1,557,320
Total	25,345,421	27,397,717

11. INVESTMENTS IN ASSOCIATES

	31 December 2019			
	Acquisition cost	Accumulated share of profit less dividends received	Sale of investment	Carrying amount
	US$	US$	US$	US$
PT Pangkatan Indonesia	2,959,700	9,043,503	(12,003,203)	-
PT Aceh Timur Indonesia	3,769,075	(188,055)	(3,581,020)	-
PT Surya Makmur	4,915,445	(85,522)	(4,829,923)	-
PT Evans Lestari	488,998	(488,998)	-	-
Total	12,133,218	8,280,928	(20,414,146)	-

	31 December 2018		
	Acquisition cost	Accumulated share of profit less dividends received	Carrying amount
	US$	US$	US$
PT Pangkatan Indonesia	2,959,700	8,367,224	11,326,924
PT Aceh Timur Indonesia	3,769,075	(290,486)	3,478,589
PT Surya Makmur	4,915,445	(299,757)	4,615,688
PT Evans Lestari	488,998	(307,854)	181,144
Total	12,133,218	7,469,127	19,602,345

As of 31 December 2019 and 2018, details of the Group’s associates and their principal activities are as follows:

			Percentage of ownership interest	
Associates name	Principal activities	Domicile	31 December 2019	31 December 2018
PT Pangkatan Indonesia	Agribusiness	Pangkatan, Labuhanbatu, North Sumatera	-	20%
PT Aceh Timur Indonesia	Agribusiness	Jakarta	-	25%
PT Surya Makmur	Agribusiness	Medan	-	25%
PT Evans Lestari	Agribusiness	Musi Rawas, South Sumatera	-	20%

Changes in investments in associates:

	2019	2018
	US$	US$
<u>PT Pangkatan Indonesia</u>		
Balance at beginning of year	11,326,924	13,994,104
Share of profit	676,279	1,390,152
Cash dividend for the year	-	(4,057,332)
Sale of investment	(12,003,203)	-
Balance at end of year	-	11,326,924

11. INVESTMENTS IN ASSOCIATES (Continued)

Changes in investments in associates (Continued):

	2019	2018
	US$	US$
PT Aceh Timur Indonesia		
Balance at beginning of year	3,478,589	4,319,019
Share of profit	102,431	233,862
Cash dividend for the year	-	(1,074,292)
Sale of investment	(3,581,020)	-
Balance at end of year	-	3,478,589
PT Surya Makmur		
Balance at beginning of year	4,615,688	5,722,574
Share of profit	214,235	478,193
Cash dividend for the year	-	(1,585,079)
Sale of investment	(4,829,923)	-
Balance at end of year	-	4,615,688
PT Evans Lestari		
Balance at beginning of year	181,144	281,879
Share of loss	(181,144)	(100,735)
Balance at end of year	-	181,144

On 13 September 2019, the Company sold its investments in PT Pangkatan Indonesia, PT Aceh Timur Indonesia, PT Surya Makmur, PT Evans Lestari and some of investments in available-for-sale financial assets (Note 13) to PT Evans Indonesia and Mr. Praba Madhavan P A Madhavan for a total cash consideration of US$ 35.1 million.

12. BIOLOGICAL ASSETS

The following is the carrying value movements of biological assets:

	2019	2018
	US$	US$
Fair value		
Beginning balance	1,573,973	2,618,428
Addition	-	286,591
Net changes in the fair values of biological assets and harvested agriculture produce transferred to inventories during the year (Note 33)	1,467,337	(1,331,046)
Translation adjusments	9,590	-
Ending balance	3,050,900	1,573,973

The fair value technique as explained in Note 3r is included in fair value measurement hierarchy level 3. The estimated fair value of biological assets would increase (decrease) if:

- The estimated prices for FFB and edamame were higher (lower);
- The estimated yields per hectare were higher (lower);
- The estimated maintenance, harvesting and transportation costs were lower (higher);
- The estimated discount rate were higher (lower).

13. 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 2019			
	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 Moon Lion Industries Indonesia	1,026,225	643,164	-	643,164
Cyprium Australia Pty Ltd. (CYM) (formerly ARC Exploration Ltd. (ARC))	2,911,153	111,913	(104,636)	7,277
Others	41,964	-	-	-
Total (classified as non-current assets)	6,219,450	2,995,185	3,073,942	6,069,127

	31 December 2018			
	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	(106,383)	5,530
PT Simpang Kiri Plantation Indonesia	636,729	636,729	-	636,729
PT Bilah Plantindo	832,522	832,522	-	832,522
Others	41,964	-	-	-
Total	19,109,467	15,885,202	3,072,195	18,957,397
Classified as current assets				(10,271,880)
Classified as non-current assets				8,685,517

Except for PT Agro Muko and Cyprium Australia Pty Ltd. (formerly 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.

Cyprium Australia Pty Ltd. (CYM) (formerly ARC Exploration Ltd.)

For the years ended 31 December 2019 and 2018, based on the quoted market price of CYM shares, the increase (decrease) in the fair value of CYM amounted to US$ 1,747 and (US$ 3,244), respectively, was recognized in other comprehensive income.

PT Puncakjaya Power

In November 2018, the Company entered into a conditional sale and purchase agreement (CSPA) to sell all of the Company's investment in shares of PT Puncakjaya Power. As of 31 December 2018, certain conditions required in the CSPA have not been met and therefore, the Company has not recognized the sale of the investment.

13. INVESTMENTS IN AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

PT Puncakjaya Power (Continued)

In January 2019, the shareholders of PT Puncakjaya Power approved to reduce the par value of PT Puncakjaya Power's shares so that the Company's investment in PT Puncakjaya Power was reduced by US$ 9.2 million. On 22 March 2019, the Company has received cash amounted to US$ 9.2 million from this transaction.

On 22 March 2019, the Company completed the sale of investment in PT Puncakjaya Power to Freeport-McMoran Inc. and PT Jaya Tata Jasa for a total cash consideration of US$ 2.9 million.

PT Sembada Sennah Maju, PT Simpang Kiri Plantation Indonesia, PT Bilah Plantindo, PT Prima Mitrajaya Mandiri and PT Teguh Jaya Prima Abadi

On 13 September 2019, the Company sold its investments in PT Sembada Sennah Maju, PT Simpang Kiri Plantation Indonesia, PT Bilah Plantindo, PT Prima Mitrajaya Mandiri, PT Teguh Jaya Prima Abadi and all investments in associates (Note 11) to PT Evans Indonesia and Mr. Praba Madhavan P A Madhavan.

14. BEARER PLANTS

	1 January 2019	Additions	Deductions	Reclassification	Translation adjustments	31 December 2019
	US$	US$	US$	US$	US$	US$
Mature plantation						
Cost	203,134,786	-	(7,594,005)	11,018,392	1,454,196	208,013,369
Accumulated depreciation	(107,562,854)	(7,418,732)	5,915,578	-	(263,860)	(109,329,868)
	95,571,932	(7,418,732)	(1,678,427)	11,018,392	1,190,336	98,683,501
Immature plantation - at cost	133,240,869	45,912,406	(297,064)	(11,018,392)	5,363,994	173,201,813
	228,812,801					**271,885,314**

	1 January 2018	Additions	Deductions	Reclassification	Translation adjustments	31 December 2018
	US$	US$	US$	US$	US$	US$
Mature plantation						
Cost	212,221,741	-	(9,235,712)	2,238,003	(2,089,246)	203,134,786
Accumulated depreciation	(109,344,089)	(7,105,563)	8,605,952	-	280,846	(107,562,854)
	102,877,652	(7,105,563)	(629,760)	2,238,003	(1,808,400)	95,571,932
Immature plantation - at cost	100,016,193	43,058,621	(1,128,828)	(2,238,003)	(6,467,114)	133,240,869
	202,893,845					**228,812,801**

Depreciation expense allocated to cost of revenue for the years ended 31 December 2019 and 2018 amounted to US$ 7,418,732 and US$ 7,105,563, respectively (Note 33).

Borrowing cost capitalized to the acquisition cost of immature plantations for the years ended 31 December 2019 and 2018 amounted to US$ 12,795,211 and US$ 10,418,345, respectively.

14. BEARER PLANTS (Continued)

The area of mature and immature plantations (unaudited) based on location are as follows:

	31 December 2019		
	Mature plantation (hectare)	Immature plantation (hectare)	Total planted area (hectare)
Binanga, North Sumatera	8,348	1,406	9,754
Belitung, Bangka Belitung	9,926	4,344	14,270
Batang Angkola, North Sumatera	7,752	-	7,752
Ketapang, West Kalimantan	9,107	476	9,583
Empat Lawang, South Sumatera	-	754	754
South Sorong, West Papua	-	7,908	7,908
Total	35,133	14,888	50,021

	31 December 2018		
	Mature plantation (hectare)	Immature plantation (hectare)	Total planted area (hectare)
Binanga, North Sumatera	9,035	719	9,754
Belitung, Bangka Belitung	10,294	3,960	14,254
Batang Angkola, North Sumatera	7,754	-	7,754
Ketapang, West Kalimantan	8,405	1,178	9,583
Empat Lawang, South Sumatera	-	754	754
South Sorong, West Papua	-	7,709	7,709
Total	35,488	14,320	49,808

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 2019 and 2018.

The Group has insurance policies to cover certain business and operation risks with regards to its plantation operational activities (see Note 15).

15. PROPERTY, PLANT AND EQUIPMENT

	1 January 2019	Additions	Deductions	Reclassifications	Translation adjustments	31 December 2019
	US$	US$	US$	US$	US$	US$
Cost						
Direct acquisitions						
Land	78,149,198	-	-	-	768,799	78,917,997
Buildings, roads and bridges	81,645,307	3,781,397	(144,307)	2,359,175	1,220,145	88,861,717
Machinery and equipment	83,839,929	1,193,231	(1,333,746)	402,494	1,493,650	85,595,558
Computer and communication equipment	474,676	39,346	(32,777)	236,257	99,210	816,712
Office equipment, furniture and fixtures	4,492,209	326,330	(401,650)	674,250	51,273	5,142,412
Motor vehicles	9,153,216	150,425	(401,398)	3,777	189,665	9,095,685
Construction in progress	35,032,127	23,141,434	-	(3,675,953)	1,746,156	56,243,764
Total cost	292,786,662	28,632,163	(2,313,878)	-	5,568,898	324,673,845
Accumulated depreciation						
Direct acquisitions						
Buildings, roads and bridges	(29,981,546)	(4,119,162)	41,420	-	(230,083)	(34,289,371)
Machinery and equipment	(46,060,314)	(2,517,388)	1,099,197	-	(340,620)	(47,819,125)
Computer and communication equipment	(340,439)	(158,542)	30,478	-	(173,585)	(642,088)
Office equipment, furniture and fixtures	(3,760,587)	(388,148)	392,606	-	120,434	(3,635,695)
Motor vehicles	(5,761,329)	(847,601)	357,134	-	(98,346)	(6,350,142)
Total accumulated depreciation	(85,904,215)	(8,030,841)	1,920,835	-	(722,200)	(92,736,421)
Impairment provision	(13,573,144)	(550,990)	-	-	(576,031)	(14,700,165)
Net carrying amount	**193,309,303**					**217,237,259**

	1 January 2018	Additions	Deductions	Reclassifications	Translation adjustments	31 December 2018
	US$	US$	US$	US$	US$	US$
Cost						
Direct acquisitions						
Land	79,121,771	283,582	-	-	(1,256,155)	78,149,198
Buildings, roads and bridges	78,894,742	1,659,539	(329,491)	2,038,081	(617,564)	81,645,307
Machinery and equipment	83,376,869	1,931,023	(540,446)	5,434,644	(6,362,161)	83,839,929
Computer and communication equipment	562,679	200,113	(95,919)	22,611	(214,808)	474,676
Office equipment, furniture and fixtures	5,372,019	247,091	(27,595)	48,850	(1,148,156)	4,492,209
Motor vehicles	9,231,555	713,015	(510,576)	2,244	(283,022)	9,153,216
Construction in progress	11,264,680	28,818,829	(96)	(7,546,430)	2,495,144	35,032,127
Total cost	267,824,315	33,853,192	(1,504,123)	-	(7,386,722)	292,786,662
Accumulated depreciation						
Direct acquisitions						
Buildings, roads and bridges	(25,607,067)	(3,773,998)	113,048	-	(713,529)	(29,981,546)
Machinery and equipment	(41,633,938)	(5,138,853)	508,582	-	203,895	(46,060,314)
Computer and communication equipment	(404,434)	(144,975)	16,122	-	192,848	(340,439)
Office equipment, furniture and fixtures	(4,306,576)	(293,499)	29,384	-	810,104	(3,760,587)
Motor vehicles	(5,681,546)	(873,971)	467,653	-	326,535	(5,761,329)
Total accumulated depreciation	(77,633,561)	(10,225,296)	1,134,789	-	819,853	(85,904,215)
Impairment provision	(14,507,873)	-	-	-	934,729	(13,573,144)
Net carrying amount	**175,682,881**					**193,309,303**

In 2019, management changed the estimated remaining useful lives of certain machinery and equipment. The effect of change in this estimate was accounted for on a prospective basis from 1 January 2019.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

As of 31 December 2019, management believes 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$ 367,167,269 (as of 31 December 2019, the carrying amount of these certain land is US$ 21,084,179). 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.

Depreciation expense for the years ended 31 December 2019 and 2018 were allocated as follows:

	2019 US$	2018 US$
Cost of revenue	6,445,828	8,157,575
General and administrative expenses (Note 35)	441,504	293,131
Capitalized to immature plantation	1,143,509	1,774,590
Total	8,030,841	10,225,296

Borrowing cost capitalized to the acquisition cost of property, plant and equipment for the years ended 31 December 2019 and 2018 amounted to US$ 592,685 and US$ 361,410, 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 189 hectares in Dendang and Laman Satong. Those HGU and HGB will expire between 2035 and 2091.

GMIT and LSP own 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 2019, construction in progress represents buildings, roads and bridges under construction as well as machinery and equipment under installation which belong to the subsidiaries. These construction in progress are estimated to be completed between 2020 - 2021.

Property, plant and equipment, except land, were insured against fire, theft, earthquake, flood and other possible risks for a total coverage of US$ 71,952 thousand and Rp 1,935 billion as of 31 December 2019 and US$ 77,662 thousand and Rp 521 billion as of 31 December 2018. 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 2019 and 2018 amounted to US$ 45,832,918 and US$ 45,483,287, respectively.

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

Certain property, plant and equipment were sold and disposed in 2019 and 2018. 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:

	2019	2018
	US$	US$
Proceeds from sale of property, plant and equipment	258,021	171,178
Net carrying amount of property, plant and equipment sold and disposed	(393,043)	(369,334)
Loss on sale and disposal of property, plant and equipment (Note 38)	(135,022)	(198,156)

16. INTANGIBLE ASSETS

	1 January 2019	Additions	Deductions	Reclassification	Translation adjustments	31 December 2019
	US$	US$	US$	US$	US$	US$
Landrights						
Cost	1,057,676	-	-	-	17,634	1,075,310
Accumulated amortization	(162,877)	(16,241)	-	-	(7,082)	(186,200)
	894,799					889,110
Software and implementation						
Cost	2,231,283	51,653	-	-	(59,694)	2,223,242
Accumulated amortization	(1,180,474)	(370,545)	-	-	(3,576)	(1,554,595)
	1,050,809					668,647
	1,945,608					**1,557,757**

	1 January 2018	Additions	Deductions	Reclassification	Translation adjustments	31 December 2018
	US$	US$	US$	US$	US$	US$
Landrights						
Cost	804,443	262,447	-	-	(9,214)	1,057,676
Accumulated amortization	(152,318)	(20,052)	-	-	9,493	(162,877)
	652,125					894,799
Software and implementation						
Cost	2,172,954	12,801	-	-	45,528	2,231,283
Accumulated amortization	(814,359)	(368,623)	-	-	2,508	(1,180,474)
	1,358,595					1,050,809
	2,010,720					**1,945,608**

Amortization expense charged to cost of revenue and general and administrative expenses amounted to US$ 386,786 and US$ 388,675 for the years ended 31 December 2019 and 2018, respectively.

17. ADVANCES

	31 December 2019	31 December 2018
	US$	US$
Third parties:		
Advances for legal processing of landrights	7,645,525	8,999,306
Advances for palm plantation	4,050,421	1,825,030
Advances for purchase of property, plant and equipment	2,742,350	2,013,633
Other advances	164,811	545,378
Total	14,603,107	13,383,347

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.

18. GOODWILL

Goodwill represents the excess of acquisition cost over the Company's interest in the fair value of the net assets of ANJA and its subsidiaries at the acquisition date.

Management believes that there is no impairment loss on goodwill as of 31 December 2019 and 2018.

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 2019	31 December 2018
Discount rate	6.00%	7.30%
Terminal value multiple	10	10
Budgeted revenue growth rate (average of next ten years)	4.65%	6.37%

The discount rate was a post-tax measure estimated based on past experience, and the relevant CGU's weighted average cost of capital.

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.

19. CLAIMS FOR TAX REFUND

	31 December 2019	31 December 2018
	US$	US$
Claims for tax refund	875,012	796,726
Overpayment of corporate income tax	8,005,333	4,993,383
Total	8,880,345	5,790,109

As of 31 December 2019, claims for tax refund balance represent ANJA's claim on prepaid VAT for fiscal year 2013 and 2017, and ANJAS' claim on prepaid VAT for fiscal year 2016 and fiscal period January-July 2017. As of 31 December 2019, ANJA's claim on prepaid VAT for fiscal year 2013 is in judicial review stage at the Supreme Court. Up to the date of the issuance of these consolidated financial statements, ANJA has not received the decision of this judicial review. As of 31 December 2019, ANJA's claim on prepaid VAT for fiscal year 2017 is still in objection stage at Directorate General of Taxation. Up to the date of the issuance of these consolidated financial statements, ANJA has not received the decision of this tax objection. As of 31 December 2019, ANJAS' claim on prepaid VAT for fiscal year 2016 and fiscal period January-July 2017 is in the process for appeal to the Tax Court.

As of 31 December 2019, overpayment of corporate income tax balance represent corporate income tax overpayments of ANJA, ANJAS, KAL and SMM for fisal year 2019, and corporate income tax overpayments of the Company, ANJAS and SMM for fiscal year 2018.

As of 31 December 2018, claims for tax refund balance represent ANJA's claim on prepaid VAT for fiscal year 2013 and ANJAS' claim on prepaid VAT for fiscal year 2016 and fiscal period January-July 2017.

As of 31 December 2018, overpayment of the corporate income tax balance represent corporate income tax overpayments of the Company, ANJAS and SMM for fiscal year 2018, and corporate income tax overpayment of ANJA for fiscal year 2017.

In December 2019, ANJA has received the refund on corporate income tax overpayment for fiscal year 2017 amounted to US$ 1,255,954 from the total overpayment amount of US$ 1,612,555 (the remaining amount was recognized in the current year's consolidated profit or loss).

20. OTHER NON-CURRENT ASSETS

	31 December 2019	31 December 2018
	US$	US$
Security deposits	194,838	315,206
Advances for plasma and partnership plantation projects - net	10,427,420	8,722,667
Plasma receivables - net	7,597,692	5,911,559
MSOP and ESPP receivables	3,227,352	3,144,685
Others	203,283	241,696
Total	21,650,585	18,335,813

As of 31 December 2019 and 2018, security deposits mainly represent security deposits relating to the office lease agreement with PT Bahanasemesta Citranusantara (Note 44b) and PT Bumi Mulia Perkasa Development, respectively.

20. OTHER NON-CURRENT ASSETS (Continued)

As of 31 December 2018, security deposit for the aircraft charter agreement with PT Airfast Indonesia was presented at amortized cost of Rp 62 billion (equivalent to US$ 4.3 million) that will be refunded within a year and has been classified as part of current assets. In 2019, ANJA, ANJAP, PPM and PMP have received refund of the security deposit.

Advances for plasma and partnership plantation projects represent payments made to develop palm oil plantation partnership by SMM and ANJAS and plasma palm oil plantation by PPM and PMP. 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 44e).

For the years ended 31 December 2019 and 2018, 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.

21. BANK LOANS

	31 December 2019	31 December 2018
	US$	US$
Short-term bank loans		
Rupiah		
PT Bank CIMB Niaga Tbk		
Subsidiaries	-	16,366,273
PT Bank OCBC NISP Tbk		
Subsidiaries	1,473,635	880,846
U.S. Dollar		
PT Bank CIMB Niaga Tbk		
The Company	-	5,500,000
PT Bank OCBC NISP Tbk		
The Company	-	1,484,179
Subsidiaries	1,000,000	750,613
Total	2,473,635	24,981,911
Long-term bank loans		
Rupiah		
PT Bank OCBC NISP Tbk		
Subsidiaries	175,027,337	113,783,743
PT Bank CIMB Niaga Tbk		
Subsidiaries	8,272,781	10,130,212
U.S. Dollar		
PT Bank OCBC NISP Tbk		
Subsidiaries	7,000,000	23,700,000
Total	190,300,118	147,613,955
Less: deferred financing cost	(2,317,200)	(1,179,784)
Total	187,982,918	146,434,171
Long-term bank loan current maturities	(958,761)	(6,595,726)
Long-term bank loans - net of current maturities	187,024,157	139,838,445

21. BANK LOANS (Continued)

	31 December 2019	31 December 2018
	US$	US$
Effective interest rates per annum		
Short-term bank loans		
Rupiah	9.25% - 9.50%	9.81% - 10.08%
U.S. Dollar	4.26%	4.81% - 5.26%
Long-term bank loans		
Rupiah	9.25% - 9.75%	10%
U.S. Dollar	4.26%	5.82% - 6.01%

The following table summarizes the repayment schedule for principal balance of long-term bank loans as of 31 December 2019 and 2018:

	31 December 2019	31 December 2018
	US$	US$
Due:		
Within one year	958,761	6,595,726
1 - 5 years	78,546,675	36,364,392
> 5 years	110,794,682	104,653,837
Total	190,300,118	147,613,955

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. On 28 October 2018, the loan agreement was amended where GSB was no longer the party in the loan agreement. On 16 October 2019, the loan agreement was further amended where KAL was no longer the party in the loan agreement and the total facility was decreased to become US$ 30 million. The loan facility will expire on 28 July 2020. The loan bears annual interest rate at 2.5% to 3% above LIBOR for borrowings in U.S. Dollar and 2.25% to 3% above JIBOR for borrowings in Rupiah. The loan facility is secured with corporate guarantee from ANJA, ANJAS and SMM.

On 19 December 2016, ANJA and KAL entered into a long-term loan agreement with PT Bank CIMB Niaga Tbk. On 17 October 2019, the loan agreement was amended and therefore the credit facilities in ANJA and KAL were as follows:

- Credit facility of US$ 25 million or equivalent to Rp 337.5 billion. The facility bears annual interest rate at 3.5% above LIBOR for the U.S. Dollar withdrawal and annual interest rate at 3.5% above JIBOR for the Rupiah withdrawal. This facility is available until the due date of 19 December 2020.
- Credit facility of Rp 115 billion. The facility bears floating annual interest rate at 9.5%. This facility is available until the due date of 31 December 2026.

The credit facilities are guaranteed with the fiduciary of machinery and equipment in KAL's mill and bulking amounting to Rp 390.9 billion, assignment of insurance proceeds of machinery and equipment in KAL's mill and bulking amounting to Rp 390.9 billion and corporate guarantee from ANJA, ANJAS and SMM.

The Company, KAL 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 6.5x and 4.5x for financial year 2016-2020 and 2021 and afterwards, respectively, interest service coverage ratio of not less than 2x and debt service coverage ratio of not less than 1.25x.

As of 31 December 2019 and 2018, the Company, KAL and ANJA is in compliance with the terms and conditions of the loan agreement.

21. BANK LOANS (Continued)

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. This loan agreement has been amended several times until 25 September 2018 where ANJAP was no longer the party in the loan agreement. On 27 February 2019, the loan agreement was further amended and therefore the credit facilities in the Company, ANJA, PPM, PMP, ANJAS and SMM were as follows:

- Overdraft credit facility of US$ 5 million with the allocation limit to the Company, ANJA, PMP and PPM of US$ 2 million, US$ 2 million, US$ 0.5 million and US$ 0.5 million, respectively. The credit facility is available until the due date of 19 March 2020.
- Demand Loan 1 credit facility of US$ 3 million or its equivalent in Rupiah and available until the due date of 19 March 2020.
- Demand Loan 2 credit facility of Rp 10 billion available only in Rupiah and US$ 5.6 million and available until the due date of 19 March 2020.
- Term Loan A credit facility of US$ 222 million or its equivalent in Rupiah for the Company, SMM, PPM and PMP. The credit facility is available until the due date of 19 March 2025 and can be extended until 19 March 2028.
- Term Loan B credit facility of US$ 20 million or its equivalent in Rupiah for the Company, PPM and PMP and available until the due date of 19 March 2025 and can be extended until 19 March 2028.
- Foreign exchange transaction facility of US$ 10 million which is available until the due date of 19 March 2020.

Effective on 26 December 2019, the loan facilities bear annual interest rate at 2.5% above LIBOR for the U.S. Dollar withdrawal and floating annual interest rate at 1.25% below OCBC NISP’s Prime Lending rate for the Rupiah withdrawal.

The loan facilities are guaranteed with:

- Pledges of ANJA’s shares in ANJAS of 225,760 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;
- Pledges of ANJA’s shares in PMP of 262,032,800 shares with the right to sell and set off;
- Pledges of ANJA’s shares in PPM of 249,536,500 shares with the right to sell and set off;
- Pledges of the Company’s shares in PMP of 13,791,200 shares with the right to sell and set off;
- Pledges of the Company's shares in PPM of 13,133,500 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 and PMP at OCBC NISP; and
- Assignment of insurance proceeds of inventory in the amount of US$ 4.5 million from ANJA.

The Company, ANJA, PPM, PMP, 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 ratio of not more than 3.5x, 4.5x, 5x, 5.5x, 4x and 3x for the financial year 2018 until 2023 and afterwards, respectively.

21. BANK LOANS (Continued)

OCBC NISP with the Company, ANJA, PPM, PMP, ANJAP, ANJAS and SMM (Continued)

The Company, ANJA, PPM, PMP, 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 2019 and 2018, the Company, ANJA, PPM, PMP, 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 which has been amended on 31 July 2019 for the following loan facilities:

- Term Loan 1 credit facility of Rp 225 billion bearing annual interest rate at 0.75% below OCBC NISP's Prime Lending rate. The loan facility will be due in 72 months after 29 January 2016.
- Term Loan 2 credit facility of Rp 75 billion, bearing annual interest rate at 0.75% below OCBC NISP's Prime Lending rate. The loan facility will be due in 60 months after 31 July 2019.
- Term Loan 3 credit facility of US$ 5 million with sub-limit facility Letter of Credit (LC) Sight/Usance of US$ 2.5 million, bearing annual interest rate at 3.25% above LIBOR for the U.S. Dollar withdrawal and annual interest rate at 0.75% below OCBC NISP's Prime Lending rate for the Rupiah withdrawal. The loan facility will be due in 84 months after 31 July 2019.
- Demand Loan facility amounting to US$ 4 million, bearing annual interest rate at 2.5% above LIBOR for the U.S. Dollar withdrawal and annual interest rate at 1% below OCBC NISP's Prime Lending rate for the Rupiah withdrawal. The loan facility will be due on 31 July 2020.
- Foreign exchange transaction facility of US$ 4.5 million. The loan facility will be due on 29 July 2020.

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 and current ratio of not less than 1x.

The credit facilities are guaranteed with the fiduciary of machinery and equipment in KAL's mill and bulking amounting to Rp 390.9 billion, assignment of insurance proceeds of machinery and equipment in KAL's mill and bulking amounting to Rp 390.9 billion and corporate guarantee from ANJA, ANJAS and SMM.

As of 31 December 2019 and 2018, 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. The loan agreement has been amended several times until 30 May 2019 and therefore the credit facilities in GMIT were as follows:

- Demand Loan credit facility of Rp 10.5 billion and available until the due date of 30 May 2020.
- Term Loan B and C credit facilities of Rp 63 billion and Rp 7 billion, respectively, and available until the due date of 5 June 2024.

21. BANK LOANS (Continued)

OCBC NISP with GMIT (Continued)

Effective on 26 December 2019, the loan facilities bear annual interest rate at 1% below OCBC NISP's Prime Lending rate.

The credit facilities are mainly used for financing the operation of edamame business as well as the construction of frozen line facilities for edamame and other vegetables.

GMIT should fulfill certain financial covenants which among others:

- Debt to equity ratio at maximum 3x for year 2018 and 2019, 2x for year 2020 and 1x for year 2021 and afterwards.
- Debt service coverage ratio of not less than 1.25x as of March 2020 and afterwards.
- Current ratio of not less than 1x.

The credit facilities are guaranteed with GMIT's frozen line factory facilities along with its insurance claim, corporate guarantee from SMM and letter of awareness from Asia Frozen Food Corp.

As of 31 December 2019 and 2018, GMIT is in compliance with the terms and conditions of the loan agreement.

22. TRADE ACCOUNTS PAYABLE

	31 December 2019	31 December 2018
	US$	US$
Third parties		
Palm oil	2,834,111	5,294,283
Sago	65,656	35,257
Other	135,480	102,986
Total	3,035,247	5,432,526

Based on currencies:

	31 December 2019	31 December 2018
	US$	US$
Rupiah	3,035,247	5,432,526
Total	3,035,247	5,432,526

23. TAXES PAYABLE

	31 December 2019	31 December 2018
	US$	US$
Corporate income tax		
The Company	3,892,008	-
Subsidiaries	652,587	323,907
Income taxes		
Article 4 (2)	113,120	27,609
Article 15	6,494	94,164
Article 21	333,598	365,961
Article 22	10,377	4,232
Article 23/26	68,513	44,430
Value Added Tax	1,666	7,172
Total	5,078,363	867,475

24. OTHER PAYABLES

	31 December 2019	31 December 2018
	US$	US$
Payable to third parties	11,910,843	11,636,021
Advances received from customers	14,948	193,420
Total	11,925,791	11,829,441

Advances received from customers mainly represent receipt of cash from several customers for the sale of crude palm oil whose deliveries will be made based on further instructions from those customers.

All other payable is payable to third parties.

25. ACCRUED EXPENSES

	31 December 2019	31 December 2018
	US$	US$
Salaries, bonuses and allowances	1,910,426	3,351,653
Professional fees	540,713	158,783
Interest	234,854	40,900
Others	1,253,507	2,811,015
Total	3,939,500	6,362,351

26. EMPLOYEE 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 its 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.

26. EMPLOYEE BENEFITS OBLIGATION (Continued)

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.

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:

	2019	2018
	US$	US$
Recognized in profit or loss:		
Current service cost	3,524,743	2,957,188
Past service cost	52,240	12,191
Termination cost, curtailment and settlement	318,613	274,167
Interest cost	1,334,183	1,149,422
Interest income on plan assets	(202,654)	(96,606)
Components of defined benefit costs recognized in profit or loss	5,027,125	4,296,362
Recognized in other comprehensive income:		
Remeasurement on the net defined benefit asset/liability:		
Return on plan assets	121,857	33,009
Actuarial gains	(795,670)	(2,767,118)
Components of defined benefit costs recognized in other comprehensive income	(673,813)	(2,734,109)
Total	4,353,312	1,562,253

All the expenses for the years ended 31 December 2019 and 2018 amounted to US$ 5,027,125 and US$ 4,296,362, respectively, are recorded as part of personnel expenses and cost of revenue.

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 2019	31 December 2018
	US$	US$
Present value of funded obligations	21,549,023	17,775,220
Fair value of plan assets	(3,833,687)	(1,253,759)
Net liability	17,715,336	16,521,461

26. EMPLOYEE BENEFITS OBLIGATION (Continued)

Movements in the present value of the defined benefit obligation were as follows:

	2019	2018
	US$	US$
Opening balance of defined benefit obligation	17,775,220	18,671,471
Current service cost	3,524,743	2,957,188
Past service cost	52,240	12,191
Interest cost	1,334,183	1,149,422
Benefits paid	(1,030,146)	(1,096,058)
Remeasurement on the net defined benefit liability:		
Actuarial gains arising from changes in financial assumptions	(879,504)	(2,138,534)
Actuarial losses (gains) from experience adjustments	83,834	(628,584)
Foreign exchange differential	688,453	(1,151,876)
Ending balance of defined benefit obligation	21,549,023	17,775,220

Movements in the fair value of the plan assets were as follows:

	2019	2018
	US$	US$
Opening balance of fair value of plan assets	1,253,759	1,707,400
Interest income	202,654	96,606
Remeasurement loss:		
Return on plan assets	(121,857)	(33,009)
Contributions from the employer	3,010,915	193,357
Foreign exchange differences on plans	96,084	(243,770)
Benefits paid	(607,868)	(466,825)
Ending balance of fair value of plan assets	3,833,687	1,253,759

Cumulative actuarial gain recognized in other comprehensive income are as follows:

	2019	2018
	US$	US$
Cumulative amounts at beginning of year	3,013,801	279,692
Actuarial gain for the year	673,813	2,734,109
Cumulative amounts at end of year	3,687,614	3,013,801

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 2019	31 December 2018	31 December 2019	31 December 2018
	%	%	US$	US$
Investment in money market	7.60%	8.45%	3,833,687	1,253,759
Fair value of plan assets			3,833,687	1,253,759

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.

26. EMPLOYEE BENEFITS OBLIGATION (Continued)

The cost of providing employee benefits is calculated annually by a qualified actuary, PT Dayamandiri Dharmakonsilindo. The actuarial valuation was carried out using the following key assumptions:

	31 December 2019	31 December 2018
Mortality rate	TMI 3 2011	TMI 3 2011
Normal pension age	56-60 years	55-60 years
Salary increment rate per annum	In 2020 is 2%, and then 8% thereafter	8.00% - 9.00%
Discount rate per annum	7.00% - 8.20%	8.15% - 8.85%

Historical information:	31 December 2019 US$	31 December 2018 US$	31 December 2017 US$	31 December 2016 US$	31 December 2015 US$
Present value of defined benefit obligation	21,549,023	17,775,220	18,671,471	14,821,094	11,159,702
Experience adjustments	83,834	628,584	368,753	187,370	699,473

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$ 20,162,789 (increase to US$ 23,124,152) in 2019 and would decrease to US$ 16,586,295 (increase to US$ 19,133,323) in 2018.
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase to US$ 23,177,425 (decrease to US$ 20,115,938) in 2019 and increase to US$ 19,393,323 (decrease to US$ 16,347,897) in 2018.

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.

Defined benefit pension plan of the Company, ANJA, ANJAS, PMP, PPM and GMIT are funded through DPLK Manulife Indonesia. There is no minimum funding requirement under the arrangement with DPLK Manulife Indonesia nor is there a minimum funding requirement under the prevailing regulations. As of 31 December 2019, the subsidiaries' (excluding the Company, ANJA, ANJAS, PMP, PPM and GMIT) defined benefit pension plan is unfunded.

The average duration of the benefit obligation as of 31 December 2019 is 6.78 – 21.68 years (2018: 7.79 – 18.49 years). This number can be analysed from average expected future service of active members: 8.22 – 12.70 years for 2019 and 8.41 – 11.43 years for 2018.

27. CAPITAL STOCK AND TREASURY STOCK

The composition of the Company's shareholders is as follows:

	31 December 2019 and 2018			
			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 2019 and 2018, the total Company's public shares owned by the Company's Directors is amounted to 12,779,563 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 2019 and 2018, 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.

28. ADDITIONAL PAID IN CAPITAL

	31 December 2019	31 December 2018
	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	370,964
Sale of treasury stock	2,605,608	2,605,608
Subtotal	37,303,544	37,303,544
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	50,307,877

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.

28. 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.

29. MANAGEMENT STOCK OPTIONS

The Company provides a management stock option plan (MSOP) for eligible management within the Group. The option in MSOP program can be used to buy the Company's new shares up to 1.5% of paid in capital after the Initial Public Offering or at a maximum of 50,000,000 (fifty million) common shares.

The 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 are 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.

29. 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. As of 31 December 2017, there was no more outstanding stock options and all the stock options lapsed amounted to US$ 55,939 was reclassified to additional paid in capital (Note 28).

30. 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 2019	31 December 2018
	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 from share ownership in GMIT	98,775	98,775
Total	30,706,366	30,706,366

Other Reserves

	2019	2018
	US$	US$
Unrealized gain (loss) on investments in available-for-sale financial assets		
Beginning balance	2,277,552	2,280,776
Changes in fair value of investments in available-for-sale financial assets	1,747	(3,224)
Subtotal	2,279,299	2,277,552
Difference in translation of subsidiaries' financial statements in foreign currencies		
Beginning balance	(41,952,538)	(33,327,399)
Difference in translation of subsidiaries' financial statements in foreign currencies	6,199,496	(8,625,139)
Subtotal	(35,753,042)	(41,952,538)
Total	(33,473,743)	(39,674,986)

31. NON-CONTROLLING INTERESTS

	31 December 2019	31 December 2018
	US$	US$
PT Gading Mas Indonesia Teguh	652,243	847,700
PT Lestari Sagu Papua	125,091	123,637
PT Austindo Nusantara Jaya Agri	8,616	8,726
PT Austindo Aufwind New Energy	2,849	4,348
Total	788,799	984,411

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.

	2019	2018
	US$	US$
PT Gading Mas Indonesia Teguh		
Balance at beginning of year	847,700	340,348
Addition from capital injection	122,000	964,567
Share of loss for the year	(356,232)	(181,556)
Share of other comprehensive income	(4,796)	47,252
Changes due to shares ownership	-	(268,136)
Translation adjustments	43,571	(54,775)
Total	652,243	847,700
PT Lestari Sagu Papua		
Balance at beginning of year	123,637	131,866
Share of (loss) profit for the year	(3,641)	271
Translation adjustments	5,095	(8,500)
Total	125,091	123,637

31 December 2019	PT Lestari Sagu Papua	PT Gading Mas Indonesia Teguh	Other subsidiaries with immaterial non-controlling interests	Total
Non-controlling interests' percentage of ownership	49%	20.01%		
Current assets	171,236	553,904		
Non-current assets	89,593	11,130,499		
Current liabilities	(5,542)	(186,153)		
Non-current liabilities	-	(6,124,447)		
Capital paid in advance	-	(2,723,915)		
Net assets attributable to owners of the Company	255,287	2,649,888		
Capital paid in advance from non-controlling interests	-	122,000		
Net assets attributable to non-controlling interests	125,091	652,243	11,465	788,799
Revenue	-	332,031		
Expenses	(7,430)	(2,112,301)		
Loss for the year	(7,430)	(1,780,270)		
Total comprehensive loss attributable to owners of the Company	(7,430)	(1,804,237)		
Total comprehensive loss attributable to non-controlling interests	(3,641)	(361,028)	47,057	(317,612)
Cash flows used in operating activities	(3,424)	(1,276,244)		
Cash flows used in investing activities	-	(2,506,774)		
Cash flows from financing activities	-	3,725,661		
Net decrease in cash and cash equivalents	(3,424)	(57,357)		

31. NON-CONTROLLING INTERESTS (Continued)

31 December 2018	PT Lestari Sagu Papua	PT Gading Mas Indonesia Teguh	Other subsidiaries with immaterial non-controlling interests	Total
Non-controlling interests' percentage of ownership	49%	20.01%		
Current assets	167,723	1,230,270		
Non-current assets	86,005	9,256,650		
Current liabilities	(1,407)	(1,925,064)		
Non-current liabilities	-	(4,325,475)		
Net assets attributable to owners of the Company	252,321	4,236,381		
Net assets attributable to non-controlling interests	123,637	847,700	13,074	984,411
Revenue	552	445,685		
Expenses	-	(1,353,011)		
Profit (loss) for the year	552	(907,326)		
Total comprehensive income (loss) attributable to owners of the Company	552	(671,187)		
Total comprehensive income (loss) attributable to non-controlling interests	271	(134,304)	(61,581)	(195,614)
Cash flows from (used in) operating activities	1,442	(217,191)		
Cash flows used in investing activities	-	(7,095,795)		
Cash flows from financing activities	-	7,009,609		
Net increase (decrease) in cash and cash equivalents	1,442	(303,377)		

32. REVENUE

Revenue consists of revenue from sales and service concession revenue.

	2019	2018
	US$	US$
Revenue from sales	129,910,970	151,145,888
Service concession revenue	444,304	555,472
Total	130,355,274	151,701,360

a. Revenue from Sales

	2019	2018
	US$	US$
Crude palm oil and palm kernel	128,538,891	149,951,541
Sago starch	1,019,630	748,662
Others	352,449	445,685
Total	129,910,970	151,145,888

b. Service Concession Revenue

	2019	2018
	US$	US$
Service concession revenue	328,056	430,725
Financing revenue from service concession	116,248	124,747
Total	444,304	555,472

33. COST OF REVENUE

Cost of revenue consists of cost of sales and cost of service concession.

	2019	2018
	US$	US$
Cost of sales	106,150,462	110,450,209
Cost of service concession	439,790	335,868
Total	106,590,252	110,786,077

a. Cost of Sales

	2019	2018
	US$	US$
Crude palm oil and palm kernel	100,480,574	105,699,927
Sago starch	4,471,272	4,191,653
Others	1,198,616	558,629
Total	106,150,462	110,450,209

	2019	2018
	US$	US$
Palm oil production costs		
Harvesting expenses	13,265,764	13,183,071
Maintenance costs of mature plantation	16,797,903	16,953,434
Factory overhead and indirect costs	20,929,057	21,705,015
Depreciation of mature plantation (Note 14)	7,418,732	7,105,563
Depreciation of property, plant and equipment	5,399,504	6,744,796
Purchases of Fresh Fruit Bunches	36,720,076	38,420,580
Fair value adjustments on derivative instruments	4,029,641	-
Realized loss from derivative transactions, net	172,863	-
Total palm oil production costs	104,733,540	104,112,459
Sago starch production costs		
Tual harvesting costs	793,958	653,550
Sago processing costs	2,838,866	2,180,169
Impairment loss (reversal) for decline in value of sago inventories	184,447	(350,864)
Depreciation of property, plant and equipment	1,033,102	1,412,779
Total sago starch production costs	4,850,373	3,895,634
Others	951,883	494,255
Finished goods:		
Beginning of year		
Palm oil	3,609,596	3,966,272
Sago starch	893,538	1,266,011
End of year		
Palm oil	(6,218,842)	(3,609,596)
Sago starch	(1,316,194)	(893,538)
Others	10,324	-
Translation adjustments of inventories	103,581	(112,334)
Net changes in the fair values of biological assets and harvested agriculture produce transferred to inventories during the year (Note 12)	(1,467,337)	1,331,046
Cost of sales	106,150,462	110,450,209

33. COST OF REVENUE (Continued)

a. Cost of Sales (Continued)

The details of suppliers with purchases exceeding 10% of the total consolidated net fresh fruit bunches (FFB) purchases are as follows:

	2019		2018	
Name	Amount	Percentage of net purchases	Amount	Percentage of net purchases
	US$	%	US$	%
Haji Sati Rambe	6,325,903	17	6,648,001	17

b. Cost of Service Concession

For the years ended 31 December 2019 and 2018, this account mainly represents expenses in order to maintain production capacity according to the service concession contract, which amounted to US$ 439,790 and US$ 335,868, respectively.

34. PERSONNEL EXPENSES

This account represents salaries, allowances, bonuses and employee benefit expenses (Note 26).

35. GENERAL AND ADMINISTRATIVE EXPENSES

	2019	2018
	US$	US$
Travel and transportation	4,646,776	2,715,043
Professional fees	2,502,136	3,477,692
Tax penalty expenses	1,115,803	-
Impairment losses on financial assets	947,486	218,860
Rent	917,408	970,717
Depreciation of property, plant and equipment (Note 15)	441,504	293,131
Amortization of intangible assets	371,641	388,675
Office expenses	264,217	346,939
Training, seminars and meeting	238,601	402,330
Communication and electricity	191,902	199,460
Insurance	142,101	173,545
Membership and subscription fees	141,970	239,825
Donation	137,899	238,597
Repairs and maintenance	129,247	107,095
Custodian fees and bank charges	92,057	296,628
Others	377,902	277,702
Total	12,658,650	10,346,239

36. DIVIDEND INCOME

	2019	2018
	US$	US$
Investments in stocks	84,280	1,230,426
Money market funds	25,523	5,372
Total	109,803	1,235,798

37. FINANCE COSTS, NET

	2019	2018
	US$	US$
Finance income:		
Amortized cost adjustment of the security deposit	50,680	658,039
Interest income from time deposits and current accounts	333,275	432,702
Interest income from plasma receivables	1,304,821	413,274
Others	-	123,866
Total	1,688,776	1,627,881
Finance costs:		
Loan interest expense	(1,746,634)	(1,982,664)
Amortization of financing cost	(82,243)	-
Total	(1,828,877)	(1,982,664)
Total, net	(140,101)	(354,783)

38. OTHER INCOME, NET

	2019	2018
	US$	US$
Other income:		
Gain on sale of investments in associates and available-for-sale financial assets (Notes 11 and 13)	13,966,798	-
Management service income from plasma and other third parties	387,916	201,884
Gain from sale of RSPO certificate	249,121	372,175
Insurance claim	247,402	-
Others	489,534	825,916
Total	15,340,771	1,399,975
Other expenses:		
Loss on sale and disposal of property, plant and equipment (Note 15)	(135,022)	(198,156)
Others	(666,275)	(402,750)
Total	(801,297)	(600,906)
Total, net	14,539,474	799,069

39. INCOME TAXES

Income tax expense of the Group consists of the following:

	2019	2018
	US$	US$
Current tax	9,728,661	9,241,396
Deferred tax:		
Origination and reversal of temporary differences	2,244,901	(2,111,066)
Other adjustment	61,593	-
Total income tax expense of the Group	12,035,155	7,130,330

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:

	2019	2018
	US$	US$
Consolidated profit before tax	7,476,963	6,638,718
Profit before tax of subsidiaries	16,283,210	(10,404,220)
Profit adjustment based on cost method	(811,801)	4,785,285
Profit before tax of the Company	22,948,372	1,019,783
Temporary differences:		
Bonus	(549,760)	647,515
Employee benefits (including foreign exchange effects)	(2,982,100)	489,985
Depreciation and amortization	24,110	(169,352)
Subtotal	(3,507,750)	968,148
Non-tax-deductible expenses (non-taxable income/subject to final tax):		
Dividend income from associates	-	(2,659,371)
Interest income	(43,986)	(74,245)
Personnel expenses	1,292,444	1,089,231
Interest expense	107,161	163,760
Donation	14,438	14,663
Others	805,967	336,584
Subtotal	2,176,024	(1,129,378)
Total taxable income of the Company	21,616,646	858,553

	2019	2018
	US$	US$
Current income tax expense - the Company		
Current year	5,404,162	214,639
Adjustment to prior years' current income tax expense	(23,544)	207,772
Current income tax expense - subsidiaries		
PT Austindo Nusantara Jaya Agri and its subsidiaries	4,329,273	8,818,985
PT Gading Mas Indonesia Teguh	18,770	-
Total income tax expense - current	9,728,661	9,241,396

39. INCOME TAXES (Continued)

The Company has submitted its corporate income tax return for fiscal year 2018 in April 2019. As of the issuance date of these consolidated financial statements, the Company has not submitted its corporate income tax return for fiscal year 2019.

Deferred Tax

As of 31 December 2019 and 2018, the Company had temporary differences from bonus accrual, employee 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 2019	31 December 2018
	US$	US$
Tax loss carry forwards	13,649,101	13,663,064
Impairment provision of property, plant and equipment	3,180,924	3,049,519
Allowance for impairment of receivable from service concession arrangement	274,301	262,969
Allowance for decline in value of inventories	243,625	188,575
Provision for service concession arrangement	108,184	95,633
Bonus accrual	3,233	4,793
Total	17,459,368	17,264,553

The Group's tax loss carry forwards, which as of 31 December 2019 and 2018 amounted to US$ 87,169,455 and US$ 87,563,692, respectively, will expire within 2020 and 2024 (2018: will expire within 2019 and 2023) 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 2019 amounted to US$ 54,596,404 (2018: US$ 54,652,256), impairment provision of property, plant and equipment, allowance for decline in value of inventories, allowance for impairment of receivable from service concession arrangement, provision for 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 2019	Credited (charged) to profit or loss	Credited (charged) to other comprehensive income	Other adjustment	Translation adjustments	31 December 2019
	US$	US$	US$	US$	US$	US$
Deferred tax assets						
The Company	1,016,745	(876,937)	570,553	-	-	710,361
GMIT	900,988	(29,233)	7,989	-	31,551	911,295
ANJA	11,023,595	(1,160,899)	(644,957)	(111,637)	329,854	9,435,956
ANJAP	85,513	18,842	(1,686)	-	3,870	106,539
Total	13,026,841	(2,048,227)	(68,101)	(111,637)	365,275	11,164,151
Deferred tax liabilities						
AANE	(120,302)	(71,386)	(1,375)	-	(6,302)	(199,365)
ANJA	-	(125,288)	(98,978)	50,044	-	(174,222)
Total	(120,302)	(196,674)	(100,353)	50,044	(6,302)	(373,587)
Net		(2,244,901)	(168,454)	(61,593)		

39. INCOME TAXES (Continued)

The details of deferred tax assets and liabilities of the Group are as follows (Continued):

	1 January 2018	Credited (charged) to profit or loss	Credited (charged) to other comprehensive income	Other adjustment	Translation adjustments	31 December 2018
	US$	US$	US$	US$	US$	US$
Deferred tax assets						
The Company	794,004	242,037	(19,296)	-	-	1,016,745
GMIT	640,687	385,180	(78,713)	-	(46,166)	900,988
ANJA	10,417,003	1,697,444	(570,604)	486,410	(1,006,658)	11,023,595
ANJAP	149,940	(41,417)	(14,237)	-	(8,773)	85,513
AANE	46,768	(46,768)	-	-	-	-
Total	12,048,402	2,236,476	(682,850)	486,410	(1,061,597)	13,026,841
Deferred tax liability						
AANE	-	(125,410)	(677)	-	5,785	(120,302)
Total	-	(125,410)	(677)	-	5,785	(120,302)
Net		2,111,066	(683,527)			

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:

	2019	2018
	US$	US$
Profit before tax of the Company	22,948,372	1,019,783
Tax expense at prevailing tax rates	(5,737,093)	(254,946)
Effect of non-tax deductible expenses (non-taxable income/subject to final tax):		
Dividend income from associates	-	664,843
Personnel expenses	(323,111)	(272,308)
Interest expense	(26,790)	(40,940)
Interest income	10,996	18,561
Donation	(3,609)	(3,666)
Others	(201,492)	(84,146)
Total	(544,006)	282,344
Adjustment to prior years' current income tax	23,544	(207,772)
Income tax expense of the Company	(6,257,555)	(180,374)
Total income tax expense of subsidiaries	(5,777,600)	(6,949,956)
Total income tax expense of the Group	(12,035,155)	(7,130,330)

40. LOSS PER SHARE

The computation of loss per share attributable to the owners of the Company is based on the following data:

	2019	2018
	US$	US$
Loss		
Loss for the year attributable to owners of the Company	(4,196,839)	(310,437)
Number of shares		
Weighted average number of ordinary shares outstanding for basic loss per share computation	3,311,505,388	3,311,505,388
Weighted average number of ordinary shares outstanding for diluted loss per share computation	3,311,505,388	3,311,505,388
Loss per share		
Basic	(0.001267)	(0.000094)
Diluted	(0.001267)	(0.000094)

As of 31 December 2019 and 2018, the Company has no dilutive potential common shares resulting from stock options (Note 29).

41. CASH DIVIDENDS

In the Annual General Shareholders' Meeting held on 14 May 2018, the shareholders of the Company approved the distribution of cash dividends of Rp 39,738.06 million or Rp 12 (full amount) per share (equivalent to US$ 2,797,470 or US$ 0.001 per share) from the unappropriated retained earnings as of 31 December 2017 to the shareholders recorded on the shareholders register on 24 May 2018 (recording date). The dividend was paid to the shareholders in June 2018.

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 2019 and 2018, there was no outstanding balance of the facility.

b. As of 31 December 2019, ANJA has CPO commodity swap contracts with a financial institution for a notional amount of 27,250 metric tonnes and strike price at US$ 519 – US$ 652 per metric tonne. The commodity swap contracts will mature between January 2020 until July 2020.

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 in Jember 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 2020. 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 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 June 2018, the Company entered into a lease agreement with PT Bahanasemesta Citranusantara for leasing of 1,853.96 square meters office space at Menara BTPN. The office lease period is effective from 1 April 2019 until 31 March 2025. The rental fee will be charged to the Company, SMM, ANJAP, AANE, PPM, PMP and ANJB with certain office lease space. The rental fee is Rp 155,000/sqm for the period until 31 March 2022 and Rp 170,000/sqm for the period until 31 March 2025, and the service charges is Rp 85,000/sqm and should be paid quarterly in advance. The Group has paid Rp 1.4 billion (equivalent to US$ 0.1 million) security deposits, which is recorded as other non-current assets (Note 20).

c. 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.

44. COMMITMENTS AND CONTINGENCIES (Continued)

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 in 2018, PLN has declined AANE's request to adjust the electricity tariff.

d. 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. On 18 September 2019, the agreements have been extended until 8 January 2021. The total fees related to these security services is Rp 25.9 billion per year.

e. Based on the Ministry of Agriculture Regulation No. 26 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 and 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 made between bank and the Cooperatives.

   The period of the agreement is 30 years.

   Meanwhile, the bank loan agreements between the 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. The bank loan period is until 2025, bearing floating interest rate of 13% p.a.

f. ANJA, ANJAS, KAL and SMM has CPO sales commitments with several customers for delivery of CPO in 2020 maximum of 24,400 metric tonnes and for delivery of PK in 2020 maximum of 1,800 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.

44. COMMITMENTS AND CONTINGENCIES (Continued)

g. SMM entered into cooperation agreements related to development and management of palm oil plantation with Mitra Anugrah Cooperative and Mitra Lestari Cooperative on 30 October 2014 and with Lindong Raya Cooperative, Gunong Nyerundong Cooperative, Sambang Jaya Makmur Cooperative and Tiong Sejahtera Cooperative on 13 April 2018, 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 Cooperatives (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.

   The bank loan agreements between Mitra Anugrah Cooperative and Mitra Lestari Cooperative 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 Anugrah Cooperative and until 2024 for Mitra Lestari Cooperative, bearing floating interest rate of 11.5% p.a.

   Meanwhile, the bank loan agreements between Sambang Jaya Makmur Cooperative, Gunong Nyerundong Cooperative, Tiong Sejahtera Cooperative, Lindong Raya Cooperative and PT Bank CIMB Niaga Tbk were signed on 18 September 2018. The loan facility was Rp 3.9 billion, Rp 10.3 billion, Rp 3.7 billion and Rp 24.3 billion, respectively, and guaranteed by SMM. The bank loans' periods are until 2026 for Sambar Jaya Makmur Cooperative, Gunong Nyerundong Cooperative and Tiong Sejahtera Cooperative and until 2028 for Lindong Raya Cooperative, bearing floating interest rate of 11.5% p.a.

h. Based on the Ministry of Agriculture Regulation No. 26 year 2007, ANJAS has plasma obligation for a minimum 20% of hectares. In July 2018, ANJAS allocate 158 hectares for plasma plantation that are owned by Tani Binasari Cooperative. Management cooperation agreements between ANJAS and Tani Binasari Cooperative were signed on 12 July 2018, whereas ANJAS (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 North Sumatera Province.

   The period of the agreement is 30 years.

i. 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.

   On 27 July 2018, the agreement was amended whereas the Company is no longer part of the consulting agreement.

j. 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 each 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 2022 and 4 May 2023, respectively.

44. COMMITMENTS AND CONTINGENCIES (Continued)

k. On 16 August 2017, PMP has awarded PT Sumber Abadi Indonesia an EPC contract for the construction of palm oil factory with capacity 2x45 TPH. The total contract value was Rp 208 billion. Up to 31 December 2019, PMP has paid Rp 197.6 billion or equivalent to US$ 14.2 million.

l. 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 2019 or 2020, but may be extended with agreements from both parties. The total significant contracts commitment as of 31 December 2019 is as follows:

	Contract value	Total amount have been paid
USD	US$ 4.5 million	US$ 4.3 million
IDR	Rp 240 billion	Rp 101 billion

CONTINGENCIES

As of 31 December 2019 and 2018, 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

Energy Sales Contract (ESC) of AANE (Note 44c) 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:

	2019	2018
	US$	US$
Balance at beginning of year	921,331	1,029,109
Repayment	(45,510)	(42,146)
Translation adjustments	37,639	(65,632)
Balance at end of year	913,460	921,331
Less:		
Current maturity	(57,266)	(48,104)
Non-current portion	856,194	873,227

AANE have used an implicit interest rate of 13%.

45. SERVICE CONCESSION ARRANGEMENT (Continued)

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:

	2019	2018
	US$	US$
Balance at beginning of year	383,034	397,292
Provision during the year	33,138	112,017
Realization during the year	-	(100,494)
Translation adjustment	16,565	(25,781)
Balance at end of year	432,737	383,034

The discount rate used in calculating the present value of the AANE's provision is 3.35% for 2019 (2018: 6%).

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 2019 and 2018, total revenue to external customers by geographical areas are as follows:

	2019	2018
	US$	US$
Domestic	96,579,910	62,964,641
Offshore countries	33,775,364	88,736,719
	130,355,274	151,701,360

46. SEGMENT INFORMATION (Continued)

As of 31 December 2019 and 2018, 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$ 519,031,796 and US$ 467,810,769, respectively, and all is located in Indonesia.

Below is the operating segment information:

a. Segment Results

	2019						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
COMPREHENSIVE INCOME							
Revenue	128,538,891	444,304	1,019,630	352,449	130,355,274	-	130,355,274
Cost of revenue	(100,480,574)	(439,790)	(4,471,272)	(1,198,616)	(106,590,252)	-	(106,590,252)
Gross profit	28,058,317	4,514	(3,451,642)	(846,167)	23,765,022	-	23,765,022
Foreign exchange (loss) gain, net	(494,261)	13	12,141	(1,892)	(483,999)	-	(483,999)
Selling expenses	(7,491,841)	-	(209,562)	(4,708)	(7,706,111)	-	(7,706,111)
Personnel expenses	(3,658,126)	(61,168)	(204,516)	(612,008)	(4,535,818)	-	(4,535,818)
General & administrative expenses	(12,484,175)	(61,348)	(737,472)	(332,976)	(13,615,971)	4,447,696	(9,168,275)
Other income, net	1,249,158	-	4,686	(11,721)	1,242,123	(20,689)	1,221,434
Operating profit	5,179,072	(117,989)	(4,586,365)	(1,809,472)	(1,334,754)	4,427,007	3,092,253
Share of profit of equity-accounted investees	811,801	-	-	-	811,801	-	811,801
Finance costs, net	(146,604)	1,619	26,340	1,365	(117,280)	-	(117,280)
Segment profit before tax	5,844,269	(116,370)	(4,560,025)	(1,808,107)	(640,233)	4,427,007	3,786,774
Unallocated profit before tax					(774,239)	4,464,428	3,690,189
Profit before tax					(1,414,472)	8,891,435	7,476,963
Income tax expense:							
Segment	(5,677,053)	(71,386)	18,842	(48,003)	(5,777,600)	-	(5,777,600)
Unallocated					(6,257,555)	-	(6,257,555)
Total income tax expense					(12,035,155)	-	(12,035,155)
Loss for the year					(13,449,627)	8,891,435	(4,558,192)
Loss for the year attributable to:							
Owners of the Company					(13,088,274)	8,891,435	(4,196,839)
Non-controlling interests					(361,353)	-	(361,353)
Loss for the year					(13,449,627)	8,891,435	(4,558,192)
Total comprehensive income attributable to:							
Owners of the Company					(6,376,975)	8,891,435	2,514,460
Non-controlling interests					(317,612)	-	(317,612)
Total comprehensive income					(6,694,587)	8,891,435	2,196,848

46. SEGMENT INFORMATION (Continued)

a. Segment Results (Continued)

	2018						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
COMPREHENSIVE INCOME							
Revenue	149,951,541	555,472	748,662	445,685	151,701,360	-	151,701,360
Cost of revenue	(105,699,927)	(335,868)	(4,191,653)	(558,629)	(110,786,077)	-	(110,786,077)
Gross profit	44,251,614	219,604	(3,442,991)	(112,944)	40,915,283	-	40,915,283
Dividend income	1,152,215	-	-	83,583	1,235,798	-	1,235,798
Foreign exchange (loss) gain, net	(1,668,011)	(8,262)	13,229	24,526	(1,638,518)	-	(1,638,518)
Selling expenses	(11,381,165)	-	(240,761)	(13,365)	(11,635,291)	-	(11,635,291)
Personnel expenses	(5,567,250)	(70,338)	(158,116)	(615,527)	(6,411,231)	-	(6,411,231)
General & administrative expenses	(9,443,337)	(83,274)	(1,300,923)	(571,621)	(11,399,155)	4,445,791	(6,953,364)
Other income (expenses), net	806,912	(15)	(1,275)	-	805,622	(17,267)	788,355
Operating profit	18,150,978	57,715	(5,130,837)	(1,205,348)	11,872,508	4,428,524	16,301,032
Share of profit of equity-accounted investees	2,001,472	-	-	-	2,001,472	-	2,001,472
Finance (costs) income, net	(564,936)	(7,151)	230,026	(15,253)	(357,314)	8,249	(349,065)
Segment profit before tax	19,587,514	50,564	(4,900,811)	(1,220,601)	13,516,666	4,436,773	17,953,439
Unallocated loss before tax					(15,711,872)	4,397,151	(11,314,721)
Profit before tax					(2,195,206)	8,833,924	6,638,718
Income tax expense:							
Segment	(7,121,541)	(172,178)	(41,417)	385,180	(6,949,956)	-	(6,949,956)
Unallocated					(180,374)	-	(180,374)
Total income tax expense					(7,130,330)	-	(7,130,330)
Loss for the year					(9,325,536)	8,833,924	(491,612)
Loss for the year attributable to:							
Owners of the Company					(9,144,361)	8,833,924	(310,437)
Non-controlling interests					(181,175)	-	(181,175)
Loss for the year					(9,325,536)	8,833,924	(491,612)
Total comprehensive loss attributable to:							
Owners of the Company					(15,769,462)	8,833,924	(6,935,538)
Non-controlling interests					(195,614)	-	(195,614)
Total comprehensive loss					(15,965,076)	8,833,924	(7,131,152)

b. Segment Assets and Liabilities

	31 December 2019						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
CONSOLIDATED FINANCIAL POSITION							
ASSETS							
Segment assets	554,865,936	1,179,882	16,849,762	11,684,403	584,579,983	1,807,288	586,387,271
Unallocated assets					346,655,630	(307,334,797)	39,320,833
Total consolidated assets							625,708,104
LIABILITIES							
Segment liabilities	229,762,872	814,419	1,083,413	6,310,600	237,971,304	(9,132,267)	228,839,037
Unallocated liabilities					8,471,558	(310,552)	8,161,006
Total consolidated liabilities							237,000,043
Capital expenditure							
Segment	71,891,671	-	845,941	1,449,480	74,187,092	-	74,187,092
Unallocated					409,130	-	409,130
Total capital expenditure							74,596,222
Depreciation and amortization							
Segment	14,325,500	947	1,056,021	39,949	15,422,417	-	15,422,417
Unallocated					413,942	-	413,942
Total depreciation and amortization							15,836,359

46. SEGMENT INFORMATION (Continued)

b. Segment Assets and Liabilities (Continued)

	31 December 2018						
	Palm oil	Energy	Sago	Others	Total	Elimination	Consolidated
	US$	US$	US$	US$	US$	US$	US$
CONSOLIDATED FINANCIAL POSITION							
ASSETS							
Segment assets	499,996,609	1,149,721	16,666,301	10,486,917	528,299,548	-	528,299,548
Unallocated assets					346,495,032	(272,589,664)	73,905,368
Total consolidated assets							602,204,916
LIABILITIES							
Segment liabilities	197,829,704	619,512	770,591	6,250,546	205,470,353	-	205,470,353
Unallocated Liabilities					11,683,941	(1,338,591)	10,345,350
Total consolidated liabilities							215,815,703
Capital expenditure							
Segment	68,206,295	-	700,744	7,731,971	76,639,010	-	76,639,010
Unallocated					548,051	-	548,051
Total capital expenditure							77,187,061
Depreciation and amortization							
Segment	15,960,928	1,354	1,417,617	36,577	17,416,476	-	17,416,476
Unallocated					303,058	-	303,058
Total depreciation and amortization							17,719,534

47. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN U.S. DOLLARS

As of 31 December 2019 and 2018, the Group had monetary assets and liabilities in currencies other than U.S. Dollars as follows:

	31 December 2019		31 December 2018	
	Foreign currencies	Equivalent to	Foreign currencies	Equivalent to
		US$		US$
Assets				
Cash and cash equivalents				
Rupiah	103,788,271,745	7,466,245	92,067,972,718	6,357,845
Euro	511	573	1,175	1,344
Trade accounts receivable				
Rupiah	24,918,751,887	1,792,587	6,340,795,470	437,870
Other receivables				
Rupiah	10,982,804,773	790,073	7,943,277,411	548,531
Receivable from service concession arrangement				
Rupiah	12,698,007,460	913,460	13,341,794,211	921,331
Prepayments – Value Added Taxes				
Rupiah	329,041,173,924	23,670,324	363,280,763,350	25,086,718
Other current assets				
Rupiah	-	-	62,188,220,070	4,294,470
Claims for tax refund				
Rupiah	12,163,541,812	875,012	11,537,389,206	796,726
Other non-current assets				
Rupiah	300,583,894,685	21,623,185	265,124,128,653	18,308,413
Total		57,131,459		56,753,248

47. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN U.S. DOLLARS (Continued)

	31 December 2019		31 December 2018	
	Foreign currencies	Equivalent to US$	Foreign currencies	Equivalent to US$
Liabilities				
Short-term bank loans				
Rupiah	20,485,000,000	1,473,635	249,755,530,239	17,247,119
Trade accounts payable				
Rupiah	42,192,968,547	3,035,247	78,668,409,006	5,432,526
Taxes payable				
Rupiah	7,419,908,968	533,768	7,871,408,208	543,568
Long-term bank loans				
Rupiah	2,548,054,940,318	183,300,118	1,794,397,982,355	123,913,955
Other payables				
Rupiah	165,572,628,543	11,910,843	168,501,220,101	11,636,021
Accruals				
Rupiah	54,762,989,500	3,939,500	69,066,940,818	4,769,487
Provision for service concession arrangement				
Rupiah	6,015,477,037	432,737	5,546,715,354	383,034
Employee benefits obligation				
Rupiah	246,260,885,736	17,715,336	239,247,276,741	16,521,461
Total		222,341,184		180,447,171
Total liabilities, net		(165,209,725)		(123,693,923)

As of 31 December 2019 and 2018, the conversion rates used by the Group were as follows:

	31 December 2019	31 December 2018
	US$	US$
Currencies:		
1 Rupiah	0.000072	0.000069
1 Euro	0.891741	0.874470

In relation to the fluctuation of the U.S. Dollar exchange rate against foreign currencies, the Group recorded the foreign exchange net loss of US$ 564,928 and US$ 2,116,342, respectively for the years ended 31 December 2019 and 2018.

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.

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

The debt to equity ratio as of 31 December 2019 and 2018 were as follows:

	31 December 2019	31 December 2018
	US$	US$
Debts		
Short term bank loans	2,473,635	24,981,911
Long-term bank loan - current maturities	958,761	6,595,726
Long-term bank loans - net of current maturities	187,024,157	139,838,445
Total debt	190,456,553	171,416,082
Equity attributable to the owners of the Company	387,919,262	385,404,802
Debt to equity ratio	49.10%	44.48%

Categories and classes of financial instruments

	Loans and receivable	Available-for-sale financial assets	Assets/liabilities at fair value through profit or loss (FVTPL)	Financial liabilities at amortized cost
	US$	US$	US$	US$
31 December 2019				
Current financial assets				
Cash in banks and cash equivalents	18,380,249	-	-	-
Investment in trading securities	-	-	2,290,209	-
Receivable from service concession arrangement	57,266	-	-	-
Trade accounts receivable	5,084,254	-	-	-
Other receivables	790,073	-	-	-
Non-current financial assets				
Long-term receivable from service concession arrangement	856,194	-	-	-
Investments in available-for-sale financial assets	-	6,069,127	-	-
Other non-current assets	21,650,585	-	-	-
Current financial liabilities				
Short-term bank loans	-	-	-	(2,473,635)
Trade accounts payable	-	-	-	(3,035,247)
Derivative payable	-	-	(4,029,641)	-
Other payables	-	-	-	(11,910,843)
Accruals	-	-	-	(3,939,500)
Long term bank loan - current maturities	-	-	-	(958,761)
Non-current financial liabilities				
Long-term bank loans - net of current maturities	-	-	-	(187,024,157)
Provision for service concession arrangement - net of current maturities	-	-	-	(432,737)
Other non-current liabilities	-	-	-	(13,288)
Total	46,818,621	6,069,127	(1,739,432)	(209,788,168)

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

	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 2018				
Current financial assets				
Cash in banks and cash equivalents	29,180,418	-	-	-
Investment in available-for-sale financial asset	-	10,271,880	-	-
Investments in marketable securities	-	-	290,209	-
Receivable from service concession arrangement	48,104	-	-	-
Trade accounts receivable	9,740,872	-	-	-
Other receivables	548,531	-	-	-
Other current assets	4,294,470	-	-	-
Non-current financial assets				
Receivable from service concession arrangement	873,227	-	-	-
Investments in available-for-sale financial assets	-	8,685,517	-	-
Other non-current assets	18,335,813	-	-	-
Current financial liabilities				
Short-term bank loans	-	-	-	(24,981,911)
Trade accounts payable	-	-	-	(5,432,526)
Other payables	-	-	-	(11,636,021)
Accruals	-	-	-	(6,362,351)
Long term bank loan – current maturities	-	-	-	(6,595,726)
Non-current financial liabilities				
Long-term bank loans - net of current maturities	-	-	-	(139,838,445)
Provision for service concession arrangement - net of current maturities	-	-	-	(383,034)
Other non-current liabilities	-	-	-	(2,883,031)
Total	63,021,435	18,957,397	290,209	(198,113,045)

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.

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial Risk Management Objectives and Policies (Continued)

i. Foreign Currency Risk (Continued)

Foreign currency sensitivity

The following table details the Group's sensitivity to 2%, as well as 5% increase and decrease in U.S. Dollar rate against Rupiah in 2019 and 2018, respectively 2% (2018: 5%) 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 2% change in the foreign currency rates of Rupiah at 31 December 2019.

	31 December 2019	
	Impact from Rupiah	
	2%	-2%
	US$	US$
Assets		
Cash and cash equivalents	(149,325)	149,325
Trade accounts receivable	(35,852)	35,852
Other receivables	(15,801)	15,801
Receivable from service concession arrangement	(18,269)	18,269
Prepayments – Value Added Taxes	(473,406)	473,406
Claims for tax refund	(17,500)	17,500
Other non-current assets	(432,464)	432,464
Total *)	(1,142,617)	1,142,617
Liabilities		
Short-term bank loans	29,473	(29,473)
Trade accounts payable	60,705	(60,705)
Taxes payable	10,675	(10,675)
Long-term bank loans	3,666,002	(3,666,002)
Other payables	238,217	(238,217)
Accruals	78,790	(78,790)
Provision for service concession arrangement	8,655	(8,655)
Employee benefits obligation	354,307	(354,307)
Total *)	4,446,824	(4,446,824)
Total assets (liabilities) net	3,304,207	(3,304,207)

	31 December 2018	
	Impact from Rupiah	
	5%	-5%
	US$	US$
Assets		
Cash and cash equivalents	(317,892)	317,892
Trade accounts receivable	(21,894)	21,894
Other receivables	(27,427)	27,427
Receivable from service concession arrangement	(46,067)	46,067
Prepayments – Value Added Taxes	(1,254,337)	1,254,337
Other current assets	(214,723)	214,723
Claims for tax refund	(39,836)	39,836
Other non-current assets	(915,421)	915,421
Total *)	(2,837,597)	2,837,597

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial Risk Management Objectives and Policies (Continued)

i. Foreign Currency Risk (Continued)

	31 December 2018	
	Impact from Rupiah	
	5%	-5%
	US$	US$
Liabilities		
Short-term bank loans	862,356	(862,356)
Trade accounts payable	271,626	(271,626)
Taxes payable	27,178	(27,178)
Long-term bank loans	6,195,698	(6,195,698)
Other payables	591,472	(591,472)
Accruals	271,570	(271,570)
Provision for service concession arrangement	19,152	(19,152)
Employee benefits obligation	826,073	(826,073)
Total *)	9,065,125	(9,065,125)
Total assets (liabilities) net	6,227,528	(6,227,528)

*) included the 2019 translation effect of assets and liabilities amounted to Rp 538.6 billion and Rp 2,785.2 billion (2018: Rp 821.8 billion and Rp 1,459.2 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).

The following table shows impact to other comprehensive income from the translation adjustments, if the U.S. Dollar increases or decreases by 2% and 5% against Rupiah, respectively for the years ended 31 December 2019 and 2018:

	2019		2018	
	2%	-2%	5%	-5%
	US$	US$	US$	US$
Translation adjustments	3,184,349	(3,184,349)	7,921,632	(7,921,632)

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 2019	31 December 2018
	US$	US$
Financial assets:		
Floating rate		
Cash in banks	9,282,612	10,441,305
Investments in marketable securities	2,290,209	290,209
Total	11,572,821	10,731,514

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial Risk Management Objectives and Policies (Continued)

ii. Interest Rate Risk (Continued)

	Carrying amount	
	31 December 2019	31 December 2018
	US$	US$
Fixed rate		
Cash equivalents	9,097,637	18,739,113
Receivable from service concession arrangement	913,460	921,331
Total	10,011,097	19,660,444
Financial liabilities:		
Floating rate		
Provision for service concession arrangement	432,737	383,034
Short-term bank loans	2,473,635	24,981,911
Long-term bank loans	190,300,118	147,613,955
Total	193,206,490	172,978,900

The Group accounts for the fixed interest rate bearing financial instruments using amortized cost method. Therefore, changes in interest rate do not have any impact to profit or loss and equity of the Group.

Sensitivity analysis for floating rate financial instruments

The following 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 2019	
	+ 50 Basis points	- 50 Basis points
	US$	US$
Financial assets		
Cash and cash equivalents	46,413	(25,217)
Investments in marketable securities	11,451	(11,451)
Financial liabilities		
Provision for service concession arrangement	(2,164)	2,164
Short-term bank loans	(12,368)	12,368
Long-term bank loans	(951,501)	951,501
Total	(908,169)	929,365

	31 December 2018	
	+ 50 Basis points	- 50 Basis points
	US$	US$
Financial assets		
Cash and cash equivalents	52,207	(30,726)
Investments in marketable securities	1,451	(1,451)
Financial liabilities		
Provision for service concession arrangement	(1,915)	1,915
Short-term bank loans	(124,910)	124,910
Long-term bank loans	(738,070)	738,070
Total	(811,237)	832,718

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial Risk Management Objectives and Policies (Continued)

iii. Price Risk

The Group is exposed to price risks arising from investments in marketable securities which are classified as financial assets at FVTPL. Investments in marketable securities is held for trading purposes. To manage price risk arising from investments in marketable securities, the Group diversifies its portfolio. Diversification of the portfolio is performed within the limits set by the Board of Directors.

The Group's investments in marketable securities (consisting of money market funds) is described in Note 6.

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.

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 sale of fresh fruit bunches by plasma plantations (Notes 44e, g and h).

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.

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial Risk Management Objectives and Policies (Continued)

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 2019 and 2018. The tables represent the undiscounted cash flows and carrying amount of financial assets and liabilities based on the earliest required payment date:

	31 December 2019				
	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	18,484,660	-	-	18,484,660	18,484,660
Investments in marketable securities	2,290,209	-	-	2,290,209	2,290,209
Receivable from service concession arrangement	172,683	690,733	733,904	1,597,320	913,460
Trade accounts receivable	5,084,254	-	-	5,084,254	5,084,254
Other receivables	790,073	-	-	790,073	790,073
Other non-current assets	-	21,650,585	-	21,650,585	21,650,585
Total financial assets	26,821,879	22,341,318	733,904	49,897,101	49,213,241
Financial liabilities:					
Short-term bank loans					
Rupiah	1,517,681	-	-	1,517,681	1,473,635
U.S. Dollar	1,009,220	-	-	1,009,220	1,000,000
Trade accounts payable	3,035,247	-	-	3,035,247	3,035,247
Derivative payable	4,029,641	-	-	4,029,641	4,029,641
Provision for service concession arrangement	-	173,095	259,642	432,737	432,737
Long-term bank loans					
Rupiah	2,633,544	147,319,294	113,319,823	263,272,661	183,300,118
U.S. Dollar	-	3,971,191	4,424,018	8,395,209	7,000,000
Other payables	11,910,843	-	-	11,910,843	11,910,843
Accruals	3,939,500	-	-	3,939,500	3,939,500
Other non-current liabilities	-	13,288	-	13,288	13,288
Total financial liabilities	28,075,676	151,476,868	118,003,483	297,556,027	216,135,009
Total net assets (liabilities)	(1,253,797)	(129,135,550)	(117,269,579)	(247,658,926)	(166,921,768)

48. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial Risk Management Objectives and Policies (Continued)

v. Liquidity Risk (Continued)

	31 December 2018				
	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	29,234,164	-	-	29,234,164	29,234,164
Investments in marketable securities	290,209	-	-	290,209	290,209
Receivable from service concession arrangement	165,077	660,310	825,387	1,650,774	921,331
Trade accounts receivable	9,740,872	-	-	9,740,872	9,740,872
Other receivables	548,531	-	-	548,531	548,531
Other current assets	4,294,470	-	-	4,294,470	4,294,470
Other non-current assets	-	18,335,813	-	18,335,813	18,335,813
Total financial assets	44,273,323	18,996,123	825,387	64,094,833	63,365,390
Financial liabilities:					
Short-term bank loans					
Rupiah	17,585,171	-	-	17,585,171	17,247,119
U.S. Dollar	7,790,438	-	-	7,790,438	7,734,792
Trade accounts payable	5,432,526	-	-	5,432,526	5,432,526
Provision for service concession arrangement	-	153,214	229,820	383,034	383,034
Long-term bank loans					
Rupiah	1,616,927	80,910,526	96,465,254	178,992,707	123,913,955
U.S. Dollar	1,722,656	13,294,140	19,972,785	34,989,581	23,700,000
Other payables	11,636,021	-	-	11,636,021	11,636,021
Accruals	6,362,351	-	-	6,362,351	6,362,351
Other non-current liabilities	-	2,883,031	-	2,883,031	2,883,031
Total financial liabilities	52,146,090	97,240,911	116,667,859	266,054,860	199,292,829
Total net liabilities	(7,872,767)	(78,244,788)	(115,842,472)	(201,960,027)	(135,927,439)

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.

Valuation techniques and assumptions applied for the purposes of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair values of derivative instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

49. FAIR VALUE MEASUREMENTS (Continued)

Valuation techniques and assumptions applied for the purposes of measuring fair value (Continued)

- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Fair value measurement hierarchy of the Group's assets and liabilities

The following tables summarize the carrying amounts and fair values of the assets and liabilities, analyzed among those whose fair value is based on:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are 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 2019	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	2,290,209	-	-	2,290,209
Available-for-sale financial assets (AFS)				
Other investment	7,277	5,418,686	-	5,425,963
Non-financial assets				
Biological assets	-	-	3,050,900	3,050,900
Total	2,297,486	5,418,686	3,050,900	10,767,072
Financial liability				
Financial liability at FVTPL				
Derivative payable	-	4,029,641	-	4,029,641
Total	-	4,029,641	-	4,029,641

31 December 2018	Level 1	Level 2	Level 3	Total
	US$	US$	US$	US$
Financial assets				
Financial assets at FVTPL				
Investments in marketable securities				
Investments in money market fund	290,209	-	-	290,209
Available-for-sale financial assets (AFS)				
Investments in available-for-sale financial assets	5,530	5,418,686	-	5,424,216
Non-financial assets				
Biological assets	-	-	1,573,973	1,573,973
Total	295,739	5,418,686	1,573,973	7,288,398

There were no transfers between Level 1 and 2 during the period.

49. FAIR VALUE MEASUREMENTS (Continued)

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.
– Derivative payable	– The fair values are based on, either net present value and discounted cash flow models, comparison with similar instruments for which market observable price exist, or other valuation models. The following variables were taken into consideration: current underlying price of the CPO, strike price, time until expiration, implied volatility of the CPO, foreign currency exchange rates and interest rates used for discount rate estimation.

<u>Reconciliation of Level 2 fair value measurements of financial assets</u>

	Available-for-sale
	2019 and 2018
	US$
Beginning balance	5,418,686
Changes in fair value of investment in available-for-sale financial asset	-
Ending balance	5,418,686

50. NON-CASH FINANCING AND INVESTING ACTIVITIES

	2019	2018
	US$	US$
Non-cash financing and investing activities:		
Acquisitions of property, plant and equipment through:		
Reclassification from other advances	1,456,638	1,100,511
Other payables	6,370,094	4,795,540
Capitalization of loan provision amortization	4,758	303,203
Foreign exchange differences capitalization	-	75,562
Addition of bearer plants through:		
Capitalization of depreciation of property, plant and equipment	1,143,509	1,774,590
Foreign exchange differences capitalization	-	808,136
Capitalization of loan provision amortization	-	695,434
Addition of other non-current assets through the amortized cost adjustment	50,680	658,039

50. NON-CASH FINANCING AND INVESTING ACTIVITIES (Continued)

The following summarizes the components of change in the liabilities arising from financing activities during the year:

	2019	2018
	US$	US$
Beginning balance of short-term and long-term bank loans	171,416,082	111,980,879
Cash flows:		
Proceeds from short-term bank loans	100,677,772	83,577,701
Proceeds from long-term bank loans	52,867,062	52,170,860
Payments of short-term bank loans	(123,701,956)	(67,817,015)
Payments of long-term bank loans	(16,155,052)	(4,185,279)
Payments for deferred financing costs	(1,138,093)	(375,327)
Non-cash changes:		
Capitalization of loan provision amortization	4,758	998,637
Amortization of financing cost	82,243	-
Foreign exchange differences	6,403,737	(4,934,374)
Ending balance of short-term and long-term bank loans	190,456,553	171,416,082

51. SUPPLEMENTARY INFORMATION

The supplementary information on Appendices 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. The parent entity only financial statements, which exclude the balances of the Company's subsidiaries, have been prepared using the accounting policies that are consistent with those applied to the Group's consolidated financial statements, except for investments in subsidiaries, which have been presented at cost.

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF FINANCIAL POSITION
PARENT ENTITY ONLY
31 DECEMBER 2019 AND 2018

	Notes	31 December 2019	31 December 2018
		US$	US$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		7,417,303	4,518,958
Investment in available-for-sale financial asset		-	10,271,880
Investments in marketable securities		2,290,209	290,209
Other receivables		657,254	3,186,077
Loan to a subsidiary	3	7,800,000	-
Prepayments and advances		193,353	160,587
TOTAL CURRENT ASSETS		18,358,119	18,427,711
NON-CURRENT ASSETS			
Investments in subsidiaries		274,320,348	269,527,686
Investments in associates		-	5,560,384
Investments in available-for-sale financial assets		6,069,127	8,685,517
Advances		26,404,276	12,916,985
Deferred tax assets	2	710,361	1,016,745
Property and equipment		22,884,582	22,683,725
Overpayment of corporate income tax	2	670,172	639,370
Other non-current assets		2,657,339	847,677
TOTAL NON-CURRENT ASSETS		333,716,205	321,878,089
TOTAL ASSETS		**352,074,324**	**340,305,800**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loan		-	6,984,179
Taxes payable	1	4,182,615	200,429
Other payables		349,872	153,003
Accruals		1,144,004	851,372
TOTAL CURRENT LIABILITIES		5,676,491	8,188,983
NON-CURRENT LIABILITIES			
Employee benefits obligation		2,795,068	1,520,680
Other non-current liabilities		-	1,974,278
TOTAL NON-CURRENT LIABILITIES		2,795,068	3,494,958
TOTAL LIABILITIES		**8,471,559**	**11,683,941**
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 2019 and 2018		46,735,308	46,735,308
Additional paid in capital		41,136,732	41,136,732
Treasury stock		(3,926,668)	(3,926,668)
Other reserves		3,415,641	3,413,894
Retained earnings			
Appropriated		6,824,453	6,824,453
Unappropriated		249,417,299	234,438,140
TOTAL EQUITY		343,602,765	328,621,859
TOTAL LIABILITIES AND EQUITY		**352,074,324**	**340,305,800**

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
PARENT ENTITY ONLY
YEARS ENDED 31 DECEMBER 2019 AND 2018

	Notes	Year ended 31 December 2019 US$	Year ended 31 December 2018 US$
Dividend income		117,800	7,954,900
Revenue from management services	3	4,372,469	4,371,386
Interest income		205,813	250,801
Gain on sale of investments		28,820,560	-
Other income		-	15,409
TOTAL REVENUE		33,516,642	12,592,496
Personnel expenses		(6,142,332)	(7,443,375)
General and administrative expenses		(3,491,571)	(3,339,726)
Finance costs		(228,634)	(252,309)
Foreign exchange loss		(80,928)	(477,824)
Other expenses		(624,805)	(59,479)
TOTAL EXPENSES		(10,568,270)	(11,572,713)
PROFIT BEFORE TAX		**22,948,372**	**1,019,783**
Income tax expense	2	(6,257,555)	(180,374)
PROFIT FOR THE YEAR		**16,690,817**	**839,409**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Changes resulting from actuarial remeasurements of employee benefits obligation		(2,282,211)	77,185
Income tax on items that will not be reclassified to profit or loss	2	570,553	(19,296)
		(1,711,658)	57,889
Items that will be reclassified subsequently to profit or loss:			
Changes in fair value of investments in available-for-sale financial asset		1,747	(3,224)
		1,747	(3,224)
Other comprehensive income net of tax		**(1,709,911)**	**54,665**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**14,980,906**	**894,074**

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF CHANGES IN EQUITY
PARENT ENTITY ONLY
YEARS ENDED 31 DECEMBER 2019 AND 2018

	Capital stock	Additional paid in capital	Treasury stock	Other reserves: Unrealized gain (loss) on investments in available-for-sale financial assets	Other reserves: Translation adjustments	Retained earnings: Appropriated	Retained earnings: Unappropriated	Total equity
	US$	US$	US$	US$	US$	US$	US$	US$
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**
Profit for the year	-	-	-	-	-	-	839,409	839,409
Other comprehensive income:								
Changes in fair value of investments in available-for-sale financial assets	-	-	-	(3,224)	-	-	-	(3,224)
Changes resulting from actuarial remeasurements of employee benefits obligation, net of tax	-	-	-	-	-	-	57,889	57,889
Cash dividends	-	-	-	-	-	-	(2,797,470)	(2,797,470)
Balance as of 31 December 2018	**46,735,308**	**41,136,732**	**(3,926,668)**	**2,277,552**	**1,136,342**	**6,824,453**	**234,438,140**	**328,621,859**
Profit for the year	-	-	-	-	-	-	16,690,817	16,690,817
Other comprehensive income:								
Changes in fair value of investments in available-for-sale financial assets	-	-	-	1,747	-	-	-	1,747
Changes resulting from actuarial remeasurements of employee benefits obligation, net of tax	-	-	-	-	-	-	(1,711,658)	(1,711,658)
Balance as of 31 December 2019	**46,735,308**	**41,136,732**	**(3,926,668)**	**2,279,299**	**1,136,342**	**6,824,453**	**249,417,299**	**343,602,765**

PT AUSTINDO NUSANTARA JAYA Tbk

SUPPLEMENTARY INFORMATION
STATEMENTS OF CASH FLOWS
PARENT ENTITY ONLY
YEARS ENDED 31 DECEMBER 2019 AND 2018

	Year ended 31 December	
	2019	2018
	US$	US$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from rendering of services	5,126,198	4,630,369
Payments to employees	(6,427,680)	(6,338,113)
Income taxes paid	(1,512,154)	(14,744,881)
Payments of employee benefits	(2,955,345)	-
Interest received	205,813	179,824
Payments for operating activities	(3,251,351)	(3,539,565)
Net cash used in operating activities	**(8,814,519)**	**(19,812,366)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	117,800	7,954,900
Acquisition of property and equipment	(408,815)	(548,051)
Additions to other non-current assets	-	195
Acquisitions and additional investments in subsidiaries and investment in marketable securities	(20,260,790)	(24,325,497)
Proceeds from sale/winding up of investments in associates and available-for-sale financial assets	47,270,961	12,481
Acquisition of other non-current assets	(315)	-
Addition of advances	(19,162)	-
Net cash provided by (used in) investing activities	**26,699,679**	**(16,905,972)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan to subsidiaries	-	301,458
Proceeds from short-term bank loan	39,418,629	26,157,724
Payments of short-term bank loan	(46,402,808)	(19,173,545)
Disbursement of loan to a subsidiary	(31,200,000)	-
Payments of loan from a subsidiary	23,400,000	-
Payments of interest	(202,636)	(248,237)
Payments of dividends	-	(2,742,619)
Net cash (used in) provided by financing activities	**(14,986,815)**	**4,294,781**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**2,898,345**	**(32,423,557)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**4,518,958**	**36,942,515**
CASH AND CASH EQUIVALENTS AT END OF YEAR	**7,417,303**	**4,518,958**

1. TAXES PAYABLES

	31 December 2019	31 December 2018
	US$	US$
Corporate income tax Article 29 (Note 2)	3,892,008	-
Income tax:		
Article 4 (2)	4,013	7,061
Article 21	281,503	184,112
Article 23/26	1,949	3,155
Article 15	3,142	6
Value Added Taxes	-	6,095
Total	4,182,615	200,429

2. INCOME TAX

Income tax expense of the Company consists of the followings:

	2019	2018
	US$	US$
Current tax:		
Current year	5,404,162	214,639
Adjustment to prior years' current income tax	(23,544)	207,772
Deferred tax	876,937	(242,037)
Income tax expense of the Company	6,257,555	180,374

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:

	2019	2018
	US$	US$
Profit before tax of the Company	22,948,372	1,019,783
Temporary differences:		
Bonus	(549,760)	647,515
Employee benefits (including foreign exchange effects)	(2,982,100)	489,985
Depreciation	24,110	(169,352)
Subtotal	(3,507,750)	968,148

2. INCOME TAX (Continued)

	2019	2018
	US$	US$
Non-tax-deductible expenses (non-taxable income/subject to final tax):		
Dividend income from associates	-	(2,659,371)
Interest income	(43,986)	(74,245)
Personnel expenses	1,292,444	1,089,231
Interest expense	107,161	163,760
Donation	14,438	14,663
Others	805,967	336,584
Subtotal	2,176,024	(1,129,378)
Total taxable income of the Company	21,616,646	858,553

Current corporate income tax expense and payable (overpayment) of the Company are computed as follows:

	2019	2018
	US$	US$
Current tax expense - the Company	5,404,162	214,639
Less: prepaid taxes		
Article 23 - the Company	(112,154)	(854,009)
Article 25 - the Company	(1,400,000)	-
Corporate income tax payable (overpayment)	3,892,008	(639,370)

Deferred Tax

As of 31 December 2019 and 2018, the Company has temporary differences from employee benefits, 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.

2. INCOME TAX (Continued)

The details of deferred tax assets of the Company are as follows:

	1 January 2019	Credited (charged) to profit or loss	Credited to other comprehensive income	Other adjustment	31 December 2019
	US$	US$	US$	US$	US$
Employee benefits obligation	380,171	(745,525)	570,553	493,568	698,767
Security deposits	31,000	-	-	-	31,000
Investments in available-for-sale financial assets	14,546	-	-	-	14,546
Fixed assets	(39,981)	6,029	-	-	(33,952)
Bonus	631,009	(137,441)	-	(493,568)	-
Total	1,016,745	(876,937)	570,553	-	710,361

	1 January 2018	Credited (charged) to profit or loss	Charged to other comprehensive income	31 December 2018
	US$	US$	US$	US$
Employee benefits obligation	276,970	122,497	(19,296)	380,171
Security deposits	31,000	-	-	31,000
Investments in available-for-sale financial assets	14,546	-	-	14,546
Fixed assets	2,357	(42,338)	-	(39,981)
Bonus	469,131	161,878	-	631,009
Total	794,004	242,037	(19,296)	1,016,745

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:

	2019	2018
	US$	US$
Profit before tax of the Company	22,948,372	1,019,783
Tax expense at prevailing tax rates	(5,737,093)	(254,946)

2. INCOME TAX (Continued)

	2019	2018
	US$	US$
Effect of non-tax deductible expenses (non-taxable income/subject to final tax):		
Dividend income from associates	-	664,843
Interest income	10,996	18,561
Personnel expenses	(323,111)	(272,308)
Interest expense	(26,790)	(40,940)
Donation	(3,609)	(3,666)
Others	(201,492)	(84,146)
Total	(544,006)	282,344
Adjustment to prior years' current income tax expense	23,544	(207,772)
Income tax expense of the Company	(6,257,555)	(180,374)

3. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

Nature of relationship

During 2019 and 2018, 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 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 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 Bilah Plantindo*
- PT Simpang Kiri Plantation Indonesia*

*) Related party only until 13 September 2019.

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 2018 for the period until 31 December 2019 and is extendable. Management fee charged to subsidiaries is amounted to US$ 4,372,469 and US$ 4,371,386 for the years ended 31 December 2019 and 2018, 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 2019 and 2018, the outstanding loan to AANE is amounted to nil.
- On 8 October 2019, the Company provided loan facility to ANJA amounting to US$ 15,000,000 with interest rate at 2.5% above LIBOR p.a to finance ANJA's operation and working capital. On 25 November 2019, both parties agreed to amend the loan facility to become US$ 50,000,000. This facility will be available for one year from agreement date and will be automatically extended for another one year period. As of 31 December 2019, the outstanding loan to ANJA is amounted to US$ 7,800,000.

3. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES (Continued)

Transaction with related parties (Continued)

- For the years ended 31 December 2019 and 2018, the Company received dividend distributions from the following related parties:

	2019	2018
	US$	US$
PT Moon Lion Industries Indonesia	84,280	78,211
PT Sahabat Mewah dan Makmur	7,997	2,399
PT Pangkatan Indonesia	-	4,057,332
PT Surya Makmur	-	1,585,079
PT Aceh Timur Indonesia	-	1,074,292
PT Bilah Plantindo	-	676,239
PT Simpang Kiri Plantation Indonesia	-	405,921
PT Sembada Sennah Maju	-	70,055
Total	92,277	7,949,528

- The Company paid benefits to its Commissioners and Directors as follows:

	2019	2018
	US$	US$
Short-term employee benefits	4,206,269	3,333,849

INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES

As of 31 December 2019 and 2018, 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	
			2019	2018	2019	2018
			%	%	%	%
Direct Subsidiaries						
PT Austindo Aufwind New Energy (AANE)	Belitung, Bangka Belitung	Renewable energy	99.22	99.22	99.22	99.22
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	Consumer products	99.99	99.99	99.99	99.99
PT Gading Mas Indonesia Teguh (GMIT)	Jember	Agribusiness	79.99	79.99	79.99	79.99
PT ANJ Agri Papua (ANJAP)	South Sorong, Papua	Agribusiness	99.81	99.79	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	25.00	25.00	99.99	99.99
PT Permata Putera Mandiri (PPM)	South Sorong, Papua	Agribusiness	25.00	25.00	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
PT Evans Lestari*	Musi Rawas, South Sumatera	Agribusiness	-	20.00	-	20.00
PT Aceh Timur Indonesia (ATI)*	Jakarta	Agribusiness	-	25.00	-	25.00
PT Surya Makmur (SM)*	Medan	Agribusiness	-	25.00	-	25.00

*) Associates entity only until 13 September 2019.

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Independent Auditors' Report

No.: 00069/2.1005/AU.1/01/0302-3/1/III/2020

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 2019, 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 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Other matter

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information included in Appendices 1 to 11, which comprises the statement of financial position of PT Austindo Nusantara Jaya Tbk (parent entity only) as of 31 December 2019, 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. The 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 as a whole.

Siddharta Widjaja & Rekan
Registered Public Accountants

Budi Susanto, S.E., M.B.A, CPA
Public Accountant License No. AP. 0302

11 March 2020

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