

**PT AUSTINDO NUSANTARA JAYA Tbk
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT



ANJ

**THE DIRECTORS' STATEMENT OF RESPONSIBILITY
FOR THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES**

We, the undersigned:

- | | | |
|------------------------|---|--|
| 1. Name | : | Lucas Kurniawan |
| Office address | : | Menara BTPN 40 th 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 | : | President Director |
| 2. Name | : | Nopri Pitoy |
| Office address | : | Sinar Mas Plaza 7 th floor, Jl. Diponegoro No.18, Medan, Sumatera Utara |
| Domicile as in ID Card | : | Jl. Supeno No. 8, Medan Maimun, Jati |
| Office telephone | : | (061) 4537480 |
| Function | : | Director |

declare that:

1. We are responsible for the preparation and presentation of the consolidated financial statements of the Company and subsidiaries;
2. The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards;
3. a. The disclosures we have made in the consolidated financial statements are complete and accurate;
b. The consolidated financial statements do not contain misleading information, and we have not omitted any information or facts that would be material to the consolidated financial statements;
4. We are responsible for the internal control.

This statement is made truthfully.

16 March 2022



Lucas Kurniawan
President Director

Nopri Pitoy
Director

PT Austindo Nusantara Jaya Tbk.

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PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF FINANCIAL POSITION
31 DECEMBER 2021 AND 2020

	Notes	31 December	
		2021	2020
		US\$	US\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	27,141,425	15,887,126
Investments in marketable securities	6	490,209	490,209
Receivable from service concession arrangement	44	72,253	64,228
Trade accounts receivable	7	3,131,655	1,136,353
Other receivables	8	397,065	3,509,421
Inventories	9	18,992,054	17,132,182
Biological assets	11	7,028,766	3,234,440
Prepayments and advances	10	20,975,111	25,054,621
TOTAL CURRENT ASSETS		78,228,538	66,508,580
NON-CURRENT ASSETS			
Long term - receivable from service concession arrangement	44	698,370	779,583
Investments in equity securities	12	6,554,471	6,068,486
Deferred tax assets	38	974,832	5,013,408
Bearer plants	13	310,596,108	304,820,634
Property, plant and equipment	14	209,418,273	206,861,002
Intangible assets	15	894,054	1,184,641
Right-of-use assets	16	1,849,060	1,147,272
Advances	17	11,231,079	11,876,003
Goodwill	18	4,967,256	4,967,256
Claims for tax refund	19	5,176,638	5,914,581
Other non-current assets	20	22,061,683	21,002,366
TOTAL NON-CURRENT ASSETS		574,421,824	569,635,232
TOTAL ASSETS		652,650,362	636,143,812

See accompanying Notes to the Consolidated Financial Statements, which are an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (Continued)
31 DECEMBER 2021 AND 2020

	Notes	31 December	
		2021 US\$	2020 US\$
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	21	2,000,000	3,142,999
Trade accounts payable	22	5,939,443	5,661,890
Taxes payable	23	8,748,220	3,404,812
Derivative liabilities	41b	50,134	2,037,319
Other payables	24	10,851,940	4,912,646
Accrued expenses	25	7,511,706	6,082,689
Long-term bank loan-current maturities	21	12,744,759	2,665,668
Lease liabilities-current maturities	16	897,863	430,258
Provision for service concession arrangement-current maturities	44	34,118	67,848
TOTAL CURRENT LIABILITIES		48,778,183	28,406,129
NON-CURRENT LIABILITIES			
Long-term bank loans-net of current maturities	21	154,501,272	190,114,005
Lease liabilities-net of current maturities	16	1,027,382	751,360
Provision for service concession arrangement-net of current maturities	44	452,495	366,891
Deferred tax liabilities	38	770,444	427,697
Employee benefits obligation	26	13,844,321	20,319,686
Other non-current liabilities		-	689
TOTAL NON-CURRENT LIABILITIES		170,595,914	211,980,328
TOTAL LIABILITIES		219,374,097	240,386,457
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 2021 and 2020	27	46,735,308	46,735,308
Additional paid in capital	28	50,223,609	50,307,877
Treasury stock	1c,27	(3,668,309)	(3,926,668)
Difference in value due to changes in equity of subsidiaries	29	30,706,366	30,706,366
Other reserves	12,29	(31,360,972)	(29,173,010)
Retained earnings			
Appropriated		6,824,453	6,824,453
Unappropriated		331,158,488	292,289,905
Equity attributable to the owners of the Company		430,618,943	393,764,231
Non-controlling interests	30	2,657,322	1,993,124
TOTAL EQUITY		433,276,265	395,757,355
TOTAL LIABILITIES AND EQUITY		652,650,362	636,143,812

See accompanying Notes to the Consolidated Financial Statements, which are an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
YEARS ENDED 31 DECEMBER 2021 AND 2020

	Notes	Year ended 31 December	
		2021	2020
		US\$	US\$
Revenue	31	266,792,377	164,099,644
Cost of revenue	32	(166,045,987)	(124,010,517)
GROSS PROFIT		100,746,390	40,089,127
Dividend income	35	278,883	97,177
Foreign exchange (loss) gain, net	46	(431,820)	3,137,837
Selling expenses		(19,985,362)	(9,642,430)
Personnel expenses	33	(12,318,859)	(12,176,581)
General and administrative expenses	34	(6,726,938)	(5,454,095)
Other income, net	37	942,878	1,532,188
OPERATING PROFIT		62,505,172	17,583,223
Finance costs, net	36	(4,119,003)	(2,559,606)
PROFIT BEFORE TAX		58,386,169	15,023,617
Income tax expense	38	(18,704,709)	(12,812,792)
PROFIT FOR THE YEAR		39,681,460	2,210,825
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss:			
Change in fair value of other investments	12	485,985	(641)
Changes resulting from actuarial remeasurements of post-employment benefits obligation	26	(293,490)	(1,017,748)
Income tax on items that will not be reclassified to profit or loss	39	(20,774)	216,314
		<u>171,721</u>	<u>(802,075)</u>

See accompanying Notes to the Consolidated Financial Statements, which are an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

	Notes	Year ended 31 December	
		2021	2020
		US\$	US\$
Items that will be reclassified subsequently to profit or loss:			
Foreign exchange differentials from translation of subsidiaries' financial statements		(2,902,304)	4,431,544
		<u>(2,902,304)</u>	<u>4,431,544</u>
OTHER COMPREHENSIVE INCOME, NET OF TAX		(2,730,583)	3,629,469
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		36,950,877	5,840,294
PROFIT FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		40,025,789	2,347,918
Non-controlling interests	30	(344,329)	(137,093)
		<u>39,681,460</u>	<u>2,210,825</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Company		37,608,901	5,844,969
Non-controlling interests	30	(658,024)	(4,675)
		<u>36,950,877</u>	<u>5,840,294</u>
EARNINGS PER SHARE	39		
Basic earning (loss) per share		0.012084	0.000709
Diluted earning (loss) per share		0.012084	0.000709

See accompanying Notes to the Consolidated Financial Statements, which are an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED 31 DECEMBER 2021 AND 2020

Notes	Other comprehensive income										
	Capital stock	Additional paid in capital	Treasury stock	Difference in value due to changes in equity of subsidiaries	Unrealized gain (loss) on investments in equity securities	Translation adjustment	Retained earnings		Equity attributable to the owners of the Company	Non-controlling interests	Total equity
							Appropriated	Unappropriated			
US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	
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
Changes in equity due to capital paid in advance from non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	-	1,209,000	1,209,000
Profit for the year	-	-	-	-	-	-	-	2,347,918	2,347,918	(137,093)	2,210,825
Other comprehensive income:											
Changes resulting from actuarial remeasurements of post-employment benefits obligation, net of tax	-	-	-	-	-	-	-	(803,682)	(803,682)	2,248	(801,434)
Changes in fair value of investments in equity securities	-	-	-	-	(641)	-	-	-	(641)	-	(641)
Difference in translation of subsidiaries' financial statements in foreign currencies	-	-	-	-	-	4,301,374	-	-	4,301,374	130,170	4,431,544
Balance as of 31 December 2020	<u>46,735,308</u>	<u>50,307,877</u>	<u>(3,926,668)</u>	<u>30,706,366</u>	<u>2,278,658</u>	<u>(31,451,668)</u>	<u>6,824,453</u>	<u>292,289,905</u>	<u>393,764,231</u>	<u>1,993,124</u>	<u>395,757,355</u>
Changes in equity due to capital paid in advance from non-controlling interests in subsidiary	-	-	-	-	-	-	-	-	-	1,322,222	1,322,222
Sales of treasury stock	-	(84,268)	258,359	-	-	-	-	-	174,091	-	174,091
Profit for the year	-	-	-	-	-	-	-	40,025,789	40,025,789	(344,329)	39,681,460
Other comprehensive income:											
Changes resulting from actuarial remeasurements of post-employment benefits obligation	-	-	-	-	-	-	-	(293,493)	(293,493)	3	(293,490)
Changes in fair value of investments in equity securities	-	-	-	-	485,985	-	-	-	485,985	-	485,985
Income tax on items that will not be reclassified to profit or loss	-	-	-	-	(85,342)	-	-	64,567	(20,775)	1	(20,774)
Difference in translation of subsidiaries' financial statements in foreign currencies	-	-	-	-	-	(2,588,605)	-	-	(2,588,605)	(313,699)	(2,902,304)
Cash dividends	-	-	-	-	-	-	-	(928,280)	(928,280)	-	(928,280)
Balance as of 31 December 2021	<u>46,735,308</u>	<u>50,223,609</u>	<u>(3,668,309)</u>	<u>30,706,366</u>	<u>2,679,301</u>	<u>(34,040,273)</u>	<u>6,824,453</u>	<u>331,158,488</u>	<u>430,618,943</u>	<u>2,657,322</u>	<u>433,276,265</u>

See accompanying Notes to the Consolidated Financial Statements, which are an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED 31 DECEMBER 2021 AND 2020

	Year ended 31 December	
	2021	2020
	US\$	US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	270,470,118	168,372,619
Cash received from interest income	234,945	199,134
Cash received from income tax fund	715,923	2,769,115
Cash received from VAT refund	12,401,746	7,133,133
Payments of employee benefits	(391,350)	(238,809)
Payments of contribution to pension fund	(8,299,748)	(2,960,845)
Income taxes paid	(7,677,879)	(5,250,166)
Payments to employees	(38,573,694)	(35,624,616)
Payments to suppliers	(107,534,294)	(82,283,182)
Payments for other operating activities	(35,564,565)	(17,062,131)
Net cash provided by operating activities	85,781,202	35,054,252
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	278,883	85,162
Proceeds from sale/deduction of property, plant and equipment	620,884	155,272
Proceeds from sale deduction investment in marketable securities	-	1,800,000
Acquisitions of property, plant and equipment	(15,431,183)	(16,413,621)
Additions of bearer plants	(21,503,170)	(29,370,778)
Additions of advances	(406,998)	(4,976,312)
Acquisitions of intangible assets	(4,862)	(38,978)
Acquisitions of other non-current assets	(6,486,457)	(1,961,359)
Net cash used in investing activities	(42,932,903)	(50,720,614)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from additional capital by non-controlling interests of a subsidiary	-	1,209,000
Payments for loan interest expenses	(4,507,477)	(3,171,043)
Payment of cash dividends	(928,280)	-
Reissuance of treasury stock	174,091	-
Lease liabilities payment	(619,075)	(542,553)
Proceeds from short-term bank loans	9,028,550	104,583,764
Payments of short-term bank loans	(10,199,611)	(101,165,161)
Proceeds from long-term bank loans	7,453,187	175,853,400
Payments of long-term bank loans	(31,763,090)	(163,355,744)
Payments for deferred financing costs	(232,295)	(342,835)
Net cash (used in)/provided by financing activities	(31,594,000)	13,068,828
NET DECREASE IN CASH AND CASH EQUIVALENTS	11,254,299	(2,597,534)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	15,887,126	18,484,660
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	27,141,425	15,887,126

See accompanying Notes to the Consolidated Financial Statements, which are an integral part of these consolidated financial statements.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED 31 DECEMBER 2021 AND 2020

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 2021 and 2020, the Company and its subsidiaries (the Group) had 7,755 and 6,981 permanent employees (unaudited), respectively.

The Company is majority owned by PT Austindo Kencana Jaya and PT Memimpin dengan Nurani. 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

1. GENERAL (Continued)

a. Establishment and General Information (Continued)

Based on Deed No. 23 of Notary Christina Dwi Utami, S.H., M.Hum., M.Kn., dated 2 November 2021, the Company's shareholders approved the changes in the composition of the Company's Board of Commissioners and Board of Directors as the following:

- The resignation of Mrs. Istini Tatiek Siddharta as the Company's President Director and appointed as the Company's Commissioner.
- the resignation of Mr. Lucas Kurniawan as the Company's Vice President Director and appointed as the Company's President Director.
- the resignation of Mr. Geetha Govindan Kunnath Gopalakrishnan as the Company's Director and appointed as the Company's Vice President Director.
- The appointment of Mr. Aloysius D'Cruz and Ms. Nopri Pitoy as the Company's Directors.

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.01.03-0469942 dated 5 November 2021.

As of 31 December 2021 and 2020, the composition of the Company's Board of Commissioners and Board of Directors are as follows:

	31 December 2021	31 December 2020
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 Mrs. Istini Tatiek Siddharta	Mr. George Santosa Tahija Mr. Sjakon George Tahija Mr. Istama Tatang Siddharta Mr. Anastasius Wahyuhadi Mr. Josep Kristiadi Mr. Darwin Cyril Noerhadi
President Director	Mr. Lucas Kurniawan	Mrs. Istini Tatiek Siddharta
Vice President Director	Mr. Geetha Govindan Kunnath Gopalakrishnan	-
Directors	Mr. Naga Waskita Mr. Aloysius D'Cruz Ms. Nopri Pitoy	Mr. Lucas Kurniawan Mr. Geetha Govindan Kunnath Gopalakrishnan Mr. Naga Waskita Mr. Fakri Karim

The Company paid benefits to its Commissioners and Directors as follows:

	2021	2020
	US\$	US\$
Short-term benefits	6,370,679	3,193,699

The members of the Audit Committee as of 31 December 2021 and 2020 were as follows:

	31 December 2021 and 2020
Chairman	Mr. Darwin Cyril Noerhadi
Members	Mr. Irawan Soerodjo Mr. Osman Sitorus

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

1. GENERAL (Continued)

b. Initial Public Offering

On 1 May 2013, the Company obtained an effective statement from Otoritas Jasa Keuangan (OJK) by virtue of its letter No. S-101/D.04/2013 for its initial offering of 333,350,000 shares to the public at par value of Rp 100 per share on the Indonesia Stock Exchange at an initial offering price of Rp 1,200 per share. On 8 May 2013, all of these shares were listed on the Indonesia Stock Exchange.

Based on Deed No. 100 of Notary Dr. Irawan Soerodjo, S.H., M.Si., dated 14 June 2013, in accordance with the shareholders register dated 31 May 2013, the shares issued by the Company to the public in the Initial Public Offering were 333,350,000 shares, representing 10% of the outstanding shares. The deed was reported to the Minister of Law and Human Rights of the Republic Indonesia and accepted in its Decision Letter No. AHU-AH.01.10-25577 dated 24 June 2013.

As of 31 December 2021, 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 Liability Company ("PP 27/1998"), the shareholders of the Company who disagreed with the EGMS resolution as discussed above can exercise their rights to have their shares purchased by the Company at a fair price determined by the Company which is Rp 1,224 per share. On 30 June 2015, the Company completed the purchase of 115,651,300 shares from the shareholders who disagreed with the EGMS resolution for total acquisition cost of Rp 141,840 million (including other direct acquisition costs of Rp 283 million) or equivalent to US\$ 10.6 million.

In December 2015, the Company submitted its application to use the book value in relation with this merger to the Directorate General of Taxation (DGT). On 19 February 2016, DGT issued the approval letter No. KEP-563/WPJ.07/2016 for using the net book value in the merger between the Company and PAM.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

1. GENERAL (Continued)

d. Subsidiaries

i. Details of the Group's subsidiaries at the end of the reporting periods are as follows:

Subsidiaries' name and principal activities	Location	Year of commercial operation	Percentage of Group's ownership		Total assets before elimination	
			31 December 2021	31 December 2020	31 December 2021	31 December 2020
			%	%	US\$	US\$
Direct Subsidiaries						
Renewable Energy						
PT Austindo Aufwind New Energy (AANE)	Belitung, Bangka Belitung	2013	99.22	99.22	1,269,808	1,154,166
Agribusiness						
PT Austindo Nusantara Jaya Agri (ANJA)	Binanga, North Sumatera	1995	99.99	99.99	545,360,468	522,916,110
PT ANJ Agri Papua (ANJAP)	South Sorong, Papua	2017	99.99	99.99	14,922,992	14,769,204
PT Gading Mas Indonesia Teguh (GMIT)	Jember	2000	80.00	80.00	12,846,624	11,820,746
Consumer Products						
PT Austindo Nusantara Jaya Boga (ANJB)	Jakarta	2014	99.99	99.99	139,825	160,865
Indirect Subsidiaries						
Agribusiness						
PT Sahabat Mewah dan Makmur (SMM)	Belitung, Bangka Belitung	1994	99.99	99.99	65,497,835	58,305,519
PT Austindo Nusantara Jaya Agri Siais (ANJAS)	South Angkola, North Sumatera	2009	99.99	99.99	47,495,997	55,158,474
PT Kayung Agro Lestari (KAL)	Ketapang, West Kalimantan	2014	99.99	99.99	82,757,762	90,045,190
PT Galempa Sejahtera Bersama (GSB)	South Sumatera	Pre-operating	99.99	99.99	10,141,600	10,069,048
PT Putera Manunggal Perkasa (PMP)	South Sorong and Maybrat, Papua	2020	99.99	99.99	152,341,652	146,255,873
PT Permata Putera Mandiri (PPM)	South Sorong, Papua	2020	99.99	99.99	119,228,166	106,822,361
PT Lestari Sagu Papua (LSP)	South Sorong, Papua	Pre-operating	51.00	51.00	274,617	271,861

PT Austindo Nusantara Jaya Agri (ANJA)

Based on Deed No. 1423 of Notary Kartika, S.H., M.Kn. dated 15 November 2019, the shareholders of ANJA approved the decrease of authorized capital from Rp 1,000,000,000,000 to Rp 581,461,877,600 and the decrease of issued and paid up capital from Rp 472,896,142,400 to Rp 145,365,469,400 by retiring of 3,275,306,730 shares, all of which was owned by the Company. The decrease in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0004959.AH.01.02 dated 18 January 2020. The Company's direct ownership in ANJA remains at 99.99%.

Based on Deed No. 6 of Notary Mala Mukti, S.H., LL.M. dated 1 December 2020, the shareholders of ANJA approved the transfer of all 100,000 shares held by Mr. Thomas Andrew Marshall to ANJB for total cash consideration of US\$ 21,000. The change in the shareholders composition was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0204035.AH.01.011 dated 3 December 2020. The Company's direct ownership in ANJA remains at 99.99%.

PT Austindo Nusantara Jaya Agri SIAIS (ANJAS)

Based on Deed No. 2884 of Notary Kartika, S.H., M.Kn. dated 27 November 2019, the shareholders of ANJAS approved the decrease of authorized capital from Rp 800,000,000,000 to Rp 380,840,000,000 and the decrease of issued and paid up capital from Rp 225,770,000,000 to Rp 95,210,000,000 by retiring 130,560 shares owned by ANJA. The decrease in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0007408.AH.01.02 dated 28 January 2020. ANJA's direct ownership in ANJAS remains at 99.99%.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

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 Austindo Nusantara Jaya Agri SIAIS (ANJAS) (Continued)

Based on Deed No. 1994 of Notary Kartika, S.H., M.Kn. dated 13 February 2020, the shareholders of ANJAS approved the decrease of authorized capital from Rp 380,840,000,000 to Rp 232,840,000,000 and the decrease of issued and paid up capital from Rp 95,210,000,000 to Rp 58,210,000,000 by retiring 37,000 shares owned by ANJA.

The decrease in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU- 0029730.AH.01.02 dated 15 April 2020. ANJA's direct ownership in ANJAS decreased from 99.99% to 99.98%.

Based on Deed No. 1073 of Notary Kartika, S.H., M.Kn. dated 17 September 2020, the shareholders of ANJAS approved the increase of authorized capital from Rp 232,840,000,000 to Rp 400,000,000,000 and the increase of issued and paid up capital from Rp 58,210,000,000 to Rp 214,527,000,000 through the conversion of additional paid in capital (APIC) of US\$ 10,695,615 to capital which were proportionally distributed to the shareholders. The increase in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU- 0064610.AH.01.02 dated 18 September 2020.

Based on Deed No. 1371 of Notary Kartika, S.H., M.Kn. dated 25 February 2021, the shareholders of ANJAS approved the decrease of authorized capital from Rp 400,000,000,000 to Rp 200,000,000,000 and the decrease of issued and paid up capital from Rp 214,527,000,000 to Rp 78,027,000,000 by retiring 136,477 shares and 23 shares owned by ANJA and SMM, respectively. The decrease in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU- 0025734.AH.01.02 dated 28 April 2021. ANJA's direct ownership in ANJAS remains the same at 99.98%.

PT ANJ Agri Papua (ANJAP)

Based on Deed No. 1401 of Notary Kartika, S.H., M.Kn. dated 23 October 2020 the shareholders of ANJAP approved the increase of issued and paid up capital from Rp 865,102,000,000 to Rp 890,452,000,000 by issuing 25,350 new shares, of which 20,950 shares were subscribed and paid by the Company and 4,400 shares were subscribed and paid by SMM. The increase in paid up capital was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03-0401341 dated 23 October 2020. The Company's direct ownership in ANJAP decreased from 99.81% to 99.32%.

Based on Deed No. 431 of Notary Kartika, S.H., M.Kn. dated 6 December 2021 the shareholders of ANJAP approved the increase of authorized capital from Rp 1,000,000,000,000 to Rp 1,500,000,000,000 issued and paid up capital from Rp 890,452,000,000 to Rp 962,152,000,000 by issuing 71,700 new shares which were subscribed and paid by SMM. The increase in paid up capital was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03-0483801 dated 10 December 2021. The Company's direct ownership in ANJAP decreased from 99.32% to 91.92%.

PT Galempa Sejahtera Bersama (GSB)

Based on Deed No. 343 of Notary Kartika, S.H., M.Kn. dated 15 December 2020, the shareholders of GSB approved the increase of issued and paid up capital from Rp 197,200,000,000 to Rp 231,770,000,000 by issuing 345,700 new shares, of which 328,415 shares were subscribed and paid by ANJA and 17,285 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.01.03-0419429 dated 15 December 2020.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

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 Putera Manunggal Perkasa (PMP)

Based on Deed No. 504 of Notary Kartika, S.H., M.Kn. dated 8 September 2020, the shareholders of PMP approved the increase of authorized capital from Rp 600,000,000,000 to Rp 1,500,000,000,000 and the increase of issued and paid up capital from Rp 511,722,000,000 to Rp 1,197,680,000,000 by issuing 685,958,000 new shares, of which 394,700,500 shares were subscribed and paid by ANJA and 291,257,500 shares were subscribed and paid by the Company. The increase in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0062352.AH.01.02 dated 10 September 2020.

ANJA's direct ownership in PMP decreased from 75.00% to 65.00% and Company's direct ownership increased from 25.00% to 35.00%.

Based on Deed No. 433 of Notary Kartika, S.H., M.Kn. dated 6 December 2021, the shareholders of PMP approved the increase of authorized capital from Rp 1,500,000,000,000 to Rp 2,000,000,000,000 and the increase of issued and paid up capital from Rp 1,197,680,000,000 to Rp 1,659,515,000,000 by issuing 461,835,000 new shares, of which 217,217,000 shares were subscribed and paid by ANJA and 244,618,500 shares were subscribed and paid by the Company. The increase in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0071073.AH.01.02 dated 10 December 2021.

ANJA's direct ownership in PMP decreased from 65.00% to 60.00% and Company's direct ownership increased from 35.00% to 40.00%.

PT Permata Putera Mandiri (PPM)

Based on Deed No. 506 of Notary Kartika, S.H., M.Kn. dated 8 September 2020, the shareholders of PPM approved the increase of authorized capital from Rp 600,000,000,000 to Rp 1,500,000,000,000 and the increase of issued and paid up capital from Rp 464,160,000,000 to Rp 1,034,740,000,000 by issuing 570,580,000 new shares, of which 324,461,000 shares were subscribed and paid by ANJA and 246,119,000 shares were subscribed and paid by the Company. The increase in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-062355.AH.01.02 dated 10 September 2020. ANJA's direct ownership in PPM decreased from 75.00% to 65.00% and Company's direct ownership increased from 25.00% to 35.00%.

Based on Deed No. 432 of Notary Kartika, S.H., M.Kn. dated 6 December 2021, the shareholders of PPM approved the increase of authorized capital from Rp 1,500,000,000,000 to Rp 2,000,000,000,000 and the increase of issued and paid up capital from Rp 1,034,740,000,000 to Rp 1,373,482,000,000 by issuing 338,742,000 new shares, of which 151,508,000 shares were subscribed and paid by ANJA and 187,234,000 shares were subscribed and paid by the Company. The increase in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0071047.AH.01.02 dated 10 December 2021. ANJA's direct ownership in PPM decreased from 65.00% to 60.00% and Company's direct ownership increased from 35.00% to 40.00%.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

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.8 of Notary Mala Mukti, S.H., LL.M. dated 1 December 2020, the shareholders of GMIT approved the transfer of all 62 shares held by Mr. Thomas Andrew Marshall to the Company for a total cash consideration of Rp 25,600,000. The change in shareholders composition was reported and accepted by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH.01.03-0415209 dated 3 December 2020. The Company's direct ownership in GMIT increased from 79.99% to 80.00%.

Based on Deed No. 1631 of Notary Kartika, S.H., M.Kn. dated 30 November 2021, the shareholders of GMIT approved the increase of authorized capital from Rp 285,250,000,000 to Rp 407,500,000,000 and the increase of issued and paid up capital from Rp 78,334,377,000 to Rp 254,621,648,000 by issuing 1,081,517 new shares, of which 865,214 shares were subscribed and paid by the Company and 216,303 shares were subscribed and paid by AJI HK Limited. The increase in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0071208.AH.01.02 dated 10 December 2021. The Company's direct ownership in GMIT remains at 80.00%.

PT Austindo Nusantara Jaya Boga (ANJB)

Based on Deed No. 505 of Notary Kartika, S.H., M.Kn. dated 8 September 2020, the shareholders of ANJB approved the increase of issued and paid up capital from Rp 6,365,000,000 to Rp 6,880,000,000 by issuing 515,000 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. 01.03-0384900 dated 10 September 2020. The Company's direct ownership in ANJB is 99.99%.

Based on Deed No. 430 of Notary Kartika, S.H., M.Kn. dated 6 December 2021, the shareholders of ANJB approved the increase of issued and paid up capital from Rp 6,880,000,000 to Rp 7,830,000,000 by issuing 950,000 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. 01.03-0483780 dated 10 December 2021. The Company's direct ownership in ANJB is 99.99%.

PT Kayung Agro Lestari (KAL)

Based on Deed No. 1400 of Notary Kartika, S.H., M.Kn., dated 23 October 2020, the shareholders of KAL approved the increase of issued and paid-up share capital from Rp 1,410,205,000,000 to Rp 1,550,285,000,000 by issuing 280,160 new shares, of which 280,000 shares were subscribed and paid by ANJA and 160 shares subscribed and paid by SMM. The increase in capital was approved by Ministry of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-AH. 01.03-0401330 dated 23 October 2020. ANJA's direct ownership in KAL remains at 99.95%.

Based on Deed No. 641 of Notary Kartika, S.H., M.Kn. dated 21 October 2021, the shareholders of KAL approved the decrease of issued and paid up capital from Rp 1,550,285,000,000 to Rp 1,408,285,000,000 by retiring 283,900 shares owned by ANJA and 100 shares owned by SMM. The decrease in capital was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its decision letter No. AHU-0074640.AH.01.02 dated 22 December 2021. ANJA's direct ownership in KAL decreased to 99.98%.

- ii. Details of non-wholly owned subsidiaries that have non-controlling interests to the Group are further disclosed in Note 30.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

2. ADOPTION OF NEW STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS (“PSAK”)

a. PSAK effective in the current year

In the current year, the Group has applied a number of PSAK issued by the Financial Accounting Standard Board of the Indonesian Institute of Accountants that are relevant and effective for accounting period beginning on 1 January 2021, as follows:

- Amendments to PSAK 71, PSAK 55, PSAK 60, PSAK 62 and PSAK 73: “Interest Rate Benchmark Reform – Phase 2”

The above amendments were issued in relation with the reform on the global interest rate benchmark from Interbank Offered Rate (IBOR) to an Alternative Benchmark Rate (ABR).

- Amendment PSAK 22: “Business Combination related to the definition of a business”

This amendment provides a framework on how to evaluate whether a transaction qualifies as a business combination or asset acquisition.

The adoption of those amendments does not have material effect to the consolidated financial statements.

b. Standards issued, but not yet adopted

The following standards were issued, but are not yet effective in 2021:

- Amendment to PSAK 16: “Fixed Assets – Proceeds before Intended Use”
- Amendment to PSAK 22: “Business Combination: Reference to the Conceptual Framework”
- Amendment to PSAK 57: “Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling the Contracts”

The above amendments will be effective for the financial reporting beginning on 1 January 2022, except for Amendment to PSAK 16: “Fixed Assets – Proceeds before Intended Use” which will be effective for the financial reporting beginning on 1 January 2023. Early adoption on the amendments is permitted.

As of the issuance date of the consolidated financial statements, management is still evaluating the effect of adoption of those amendments 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 16 March 2022.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Basis of Preparation (Continued)

The consolidated financial statements, have been prepared on the accrual basis using the historical cost concept, except where the accounting standards require fair value measurement at the end of each reporting period, as explained in the accounting policies below. These consolidated financial statements are presented in United States Dollar (US\$), which is the Company's functional currency.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The consolidated statements of cash flows are prepared using the direct method with classification of cash flows into operating, investing and financing activities.

c. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The accounting policies adopted in these consolidated financial statements are consistently applied by the Company and subsidiaries.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

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 71 or when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

d. Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value except for certain assets and liabilities that are measured in accordance with the relevant standards.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

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 States 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

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.

i. Financial Assets

On initial recognition, a financial asset is classified as measured at amortized cost; fair value through other comprehensive income ("FVOCI") - debt investment; FVOCI - equity investment; or, fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

The financial assets that are measured at amortized cost consist of cash in banks and cash equivalents, investments in marketable securities, receivable from service concession arrangement, trade accounts receivable, other receivables, refundable deposits and plasma receivable (recorded as other non-current assets). These financial assets are initially recognized at fair value plus directly attributable transaction costs, and subsequently are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Investments in equity securities are categorized as measured-at-FVOCI financial assets. These financial assets are recognized and measured at fair value. All gains or losses are recognized in other comprehensive income and are not reclassified to the income statement when the investments are sold or derecognized, aside from dividends which are recognized in the income statement when the right to receive payment is established.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

ii. Financial liabilities

Financial liabilities are classified as either measured at amortized cost, or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, if it is a derivative, or if it is designated as such on initial recognition.

Bank loans, trade accounts payable, derivative payable, provision for service concession arrangement, other payables, lease liabilities and accruals, are initially measured at fair value, plus transaction costs and subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derivative payables are classified as at FVTPL, and all gains or losses, and interest charges, are recognized in profit or loss.

iii. Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred: i.e. when control over the financial asset is relinquished.

In a transaction where a financial asset is transferred but the risks and rewards associated with ownership are somehow retained, the transferred asset is not derecognized.

Financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or otherwise extinguished. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability, based on the modified terms, is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

iv. Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, Group currently have legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

v. Impairment

The Group recognizes loss allowances for expected credit loss ("ECL") on financial assets measured at amortized cost.

Measurement of ECLs

ECLs are a probability-weighted estimates of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Financial Instruments (Continued)

v. Impairment (Continued)

Presentation of allowance for ECL in the consolidated statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The Group measures loss allowances at an amount equal to lifetime ECL, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured as 12-month ECL.

Loss allowances for trade and other receivables measured at amortized cost are always measured at an amount equal to lifetime ECL.

i. Cash and Cash Equivalents

For cash flow presentation purposes, cash and cash equivalents consists of cash on hand and in banks and investments which (i) have maturities of three months or less from the date of placement, (ii) are not pledged as collateral and (iii) are unrestricted.

j. Time Deposits

Time deposits with maturities of three months or less which are pledged as collateral or restricted and time deposits with maturities of more than three months that are realizable within one year from reporting period are presented separately.

k. Receivable from Service Concession Arrangement

Receivable due from concession project represents services provided in connection with the service concession arrangement for which guaranteed minimum payments have been agreed irrespective of the extent of use. Due to the length of the payment plans, receivables are measured at present value of amortized cost.

The annual accumulation of interest on these discounted values is presented as interest income under revenue. Customers' payments divided into a portion to be deducted from the receivable and interest on the unpaid amounts and a portion for the other concession services.

If collection is expected in one year or less, it is classified as current assets. Otherwise, it is presented as non-current assets.

l. Inventories

Inventories are stated at cost or net realizable value, whichever is lower.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated selling cost.

Cost of palm oil finished goods comprises 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and subject to the impairment test as part of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of PSAK 71, 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 71. 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

m. Investment in Associates and Joint Ventures (Continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain that had previously been recognized in other comprehensive income relating to that reduction in ownership interest (if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities).

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of its interest in the associate or joint venture that are not related to the Group.

n. Interests in Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognizes in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly.
- Its liabilities, including its share of any liabilities incurred jointly.
- Its revenue from the sale of its share of the output arising from the joint operation.
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the PSAKs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognize its share of the gains and losses until it resells those assets to a third party.

o. Property, plant and equipment – Direct Acquisitions

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation is recognized so as to write-off the cost of assets, computed on the cost of assets less estimated residual value using the straight-line method based on the estimated useful lives of the assets as follows:

	Years
Buildings, roads and bridges	4 - 20
Machinery and equipment	4 - 20
Computer and communication equipment	4
Office equipment, furniture and fixtures	4 - 8
Motor vehicles	4 - 8

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

o. Property, Plant and Equipment - Direct Acquisitions (Continued)

The estimated useful lives and depreciation method are reviewed at each year end.

The cost of maintenance and repairs is charged to profit or loss as incurred. Other costs incurred subsequently related to addition, replacement or service of property, plant and equipment are recognized as asset if, and only if, it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

When assets are retired or otherwise disposed of, their carrying values are removed from the accounts and any resulting gain or loss is reflected in profit or loss.

Construction in progress is stated at cost, which include borrowing costs during construction on debts incurred to finance the construction. Accumulated cost will be transferred to the respective property, plant and equipment account when the construction is completed and the asset is ready for use.

Land

Land is stated at cost and not depreciated.

Land cost consists of acquisition cost, land compensation cost and all legal processing cost of landrights.

During the process of obtaining legal landrights (i.e. Land Cultivation Rights or Hak Guna Usaha/HGU title), all relevant expenses incurred will be recognized as advances and will be reclassified as land cost when the HGU is obtained.

p. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Group cash-generating units expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in a subsequent periods.

On the disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

q. Bearer Plants (Continued)

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 recognized 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.

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The Group has the right to direct the use of the asset. The Company has this right when it has the decision making rights that are most relevant to changing how and for what purpose the asset is used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of fixed assets. In addition, the right-of-use asset is periodically reduced by impairment losses if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on the index or a rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an option renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

u. Leases (Continued)

When the lease liability is measured this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short term leases and leases of low-value assets

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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.

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, which varies every 12,000 hours (approximately 4 years) until 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 Recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognizes revenue when it transfers control over a product to a customer.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

x. Revenue Recognition (Continued)

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies, under PSAK 72:

- Revenue is recognized when the customer obtains control of the goods. Export sales are recognized when the control is transferred upon shipping in accordance with the sales term, while domestic sales are recognized when the control is transferred upon delivery of the goods to the customers because by that time the customer can direct the use of the goods and will obtain substantially all of the economic benefits from the goods.
- The Group does not provide shipping and handling services after control of the goods is transferred to the customers.

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 72 "Revenue from Contracts with Customers" (previously 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.

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 in Indonesia. 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

y. Employee Benefits (Continued)

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 earnings and will not be reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements).
- Net interest expense or income.
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss. Curtailment gains and losses are accounted for as past service costs. 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. 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 it 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 arise 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 arise from the initial recognition of goodwill.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

z. 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.

aa. Earnings per Share

Basic earnings per share is calculated by dividing net income attributable to the owners of the Company by the weighted average number of shares outstanding during the year.

Diluted earnings per share is calculated by dividing net income attributable to the owners of the Company by the weighted average number of shares outstanding which has taken into account all effects of all dilutive potential ordinary shares.

ab. Segment Information

Operating segments are identified based on internal reports on components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess their performances.

An operating segment is a component of an entity:

- a) That engages in business activities from which it may earn revenue and incur expenses (including revenue and expenses relating to the transaction with other components of the same entity);
- b) Whose operating results are reviewed regularly by the entity's chief operating decision maker responsible for resources allocation to the segments and assessment of its performance; and
- c) For which discrete financial information is available.

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of their performance is specifically focused on the category by industry.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

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 judgement as to whether there is objective evidence that loss event has occurred (Note 3h on impairment of financial assets). Management also makes judgement as to the methodology and assumptions for estimating the amount and timing of future cash flows which are reviewed regularly to reduce any difference between the estimated loss and actual loss. The carrying amount of loans and receivables are disclosed in Notes 5, 6, 7, 8, 20 and 44.

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.

The carrying amount of bearer plants and property, plant and equipment are disclosed in Notes 13 and 14.

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 11.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

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 38.

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.

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 48, 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 48 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

5. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
	US\$	US\$
Cash on hand	278,811	254,502
Bank - third parties		
Rupiah		
PT Bank OCBC NISP Tbk	19,252,564	3,234,362
PT Bank Mandiri (Persero) Tbk	1,665,054	3,502,697
PT Bank CIMB Niaga Tbk	640,402	527,284
PT Bank Syariah Mandiri	254,194	230,081
PT Bank Rakyat Indonesia Tbk	179,071	233,540
PT Bank Negara Indonesia (Persero) Tbk	261,653	225,940
PT Bank Pembangunan Daerah Sumatera Selatan dan Bangka Belitung	47,061	24,929
PT Bank Central Asia Tbk	30,682	30,203
PT Bank UOB Indonesia Tbk	20,460	58,786
U.S. Dollar		
PT Bank OCBC NISP Tbk	2,029,403	2,829,337
PT Bank Mandiri (Persero) Tbk	1,413,099	1,565,962
Credit Suisse Singapore	292,446	1,852
Bank OCBC Singapore	152,820	196,953
J.P. Morgan International Bank Ltd.	40,860	40,742
PT Bank CIMB Niaga Tbk	32,437	737,637
PT Bank UOB Indonesia Tbk	8,952	7,033
PT Bank BTPN Tbk	3,321	1,165
PT Bank Central Asia Tbk	189	308
Time deposits - third parties		
Rupiah		
PT Bank OCBC NISP Tbk	129,652	226,870
PT Bank Mandiri (Persero) Tbk	118,294	116,943
U.S. Dollar		
PT Bank OCBC NISP Tbk	290,000	1,550,000
Credit Suisse Singapore	-	290,000
Total	<u>27,141,425</u>	<u>15,887,126</u>
Interest rate per annum of time deposits		
Rupiah	2.50%-4.15%	2.40%-6.30%
U.S. Dollar	0.17%-0.65%	0.23%-2.45%

As of 31 December 2021 and 2020, all of the Company's, ANJA's, SMM's, ANJAS', 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 2021 and 2020		
	Acquisition cost	Unrealized loss	Fair value
	US\$	US\$	US\$
Money market fund	490,209	-	490,209
Bonds	65,000	(65,000)	-
Total	<u>555,209</u>	<u>(65,000)</u>	<u>490,209</u>

All investments in marketable securities are placed with third parties.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020**7. TRADE ACCOUNTS RECEIVABLE**

	31 December 2021 US\$	31 December 2020 US\$
Third parties		
Palm oil	2,858,947	870,742
Sago starch	173,579	114,617
Electricity power	61,327	116,987
Others	37,802	34,007
Net	<u>3,131,655</u>	<u>1,136,353</u>

Details of trade accounts receivable based on their currencies are as follows:

	31 December 2021 US\$	31 December 2020 US\$
Rupiah	<u>3,131,655</u>	<u>1,136,353</u>

The summary of the aging profile of trade accounts receivable not impaired is as follows:

	31 December 2021 US\$	31 December 2020 US\$
Not yet due	203,069	202,585
Overdue < 30 days	1,786,102	894,189
Overdue 31 - 60 days	1,142,484	39,579
Total	<u>3,131,655</u>	<u>1,136,353</u>

Management believes that no allowance for impairment losses on trade accounts receivable is necessary.

8. OTHER RECEIVABLES

	31 December 2021 US\$	31 December 2020 US\$
MSOP and ESPP loan (Note 20)	-	2,864,065
Employee receivables	145,134	172,052
Others	490,503	714,650
	635,637	3,750,767
Less: allowance for impairment losses	<u>(238,572)</u>	<u>(241,346)</u>
Total	<u>397,065</u>	<u>3,509,421</u>

Management believes that the allowance for impairment losses as of 31 December 2021 and 2020 of US\$ 238,572 and US\$ 241,346, respectively are adequate to cover any possible losses from uncollectible other receivables.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020**9. INVENTORIES**

	31 December 2021	31 December 2020
	US\$	US\$
Palm oil	10,944,378	11,576,081
Sago starch	1,190,820	660,944
Edamame	1,064,585	-
Supplementary materials, spareparts and others	7,677,130	5,876,433
Total	<u>20,876,913</u>	<u>18,113,458</u>
Allowance for decline in value of inventories	<u>(1,884,859)</u>	<u>(981,276)</u>
Net	<u>18,992,054</u>	<u>17,132,182</u>

	2021	2020
	US\$	US\$
Changes in the allowance for decline in value of inventories:		
Beginning balance	981,276	1,288,435
Addition (reversal)	1,063,785	(177,521)
Write-off	-	(129,638)
Translation adjustments	<u>(160,202)</u>	<u>-</u>
Ending balance	<u>1,884,859</u>	<u>981,276</u>

Management believes that the allowance for decline in value of inventories is adequate.

As of 31 December 2021 and 2020, 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 and sago starch inventories were insured against losses from fire and other risks under a blanket policy amounting to US\$ 18.6 million and Rp 29 billion as of 31 December 2021 and US\$ 12.9 million and Rp 15 billion as of 31 December 2020. Management believes that the insurance coverage is adequate to cover possible losses to the Group.

10. PREPAYMENTS AND ADVANCES

	31 December 2021	31 December 2020
	US\$	US\$
Prepayments:		
Insurance	310,175	222,874
Rent	122,741	145,649
Other	52,463	50,066
Value added taxes	19,969,325	23,716,581
Article 4 (2)	6,933	-
Advances	513,474	919,451
Total	<u>20,975,111</u>	<u>25,054,621</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

11. BIOLOGICAL ASSETS

The following is the carrying value movements of biological assets:

	31 December 2021	31 December 2020
	US\$	US\$
Fair value		
Beginning balance	3,234,440	3,050,900
Net changes in the fair values of biological assets and harvested agriculture produce transferred to inventories during the period (Note 32)	3,801,276	167,568
Translation adjustments	(6,950)	15,972
Ending balance	<u>7,028,766</u>	<u>3,234,440</u>

The fair value of biological assets FFB is estimated by reference to the projected harvest quantities of fruits for one month after the reporting period and market price of FFB as at the financial position date, net of maintenance and harvesting costs and estimated costs to sell. The fair value technique 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 were higher (lower);
- The estimated yields per hectare were higher (lower); and
- The estimated maintenance, harvesting and transportation costs were lower (higher).

12. INVESTMENTS IN EQUITY SECURITIES

This account represents the Group's investments in shares of other investees with ownership interest of less than 20%.

	31 December 2021			Fair value or acquisition cost after impairment
	Acquisition cost	Acquisition cost after impairment	Changes in fair value	US\$
	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	487,551	1,130,715
Cyprium Australia Pty Ltd. (CYM)	2,911,153	111,913	(106,843)	5,070
Others	41,964	-	-	-
Total	<u>6,219,450</u>	<u>2,995,185</u>	<u>3,559,286</u>	<u>6,554,471</u>

	31 December 2020			Fair value or acquisition cost after impairment
	Acquisition cost	Acquisition cost after impairment	Changes in fair value	US\$
	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)	2,911,153	111,913	(105,277)	6,636
Others	41,964	-	-	-
Total	<u>6,219,450</u>	<u>2,995,185</u>	<u>3,073,301</u>	<u>6,068,486</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

12. INVESTMENTS IN EQUITY SECURITIES (Continued)

Due to adoption PSAK 71, Financial Instruments, since 1 January 2020, the Group made an irrevocable election to present changes in the fair value of equity investments that are not held for trading in other comprehensive income. All gains or losses are recognized in other comprehensive income and are not reclassified to the income statement when the investments are disposed of, aside from dividends which are recognized in the income statement when the right to receive payment is established. Equity investments are recorded in non-current assets unless they are expected to be sold within one year.

PT Moon Lion Industries Indonesia

For the years ended 31 December 2021 and 2020, the fair value adjustment of investment in PT Moon Lion Industries Indonesia amounted to US\$ 487,551 and nil, respectively, was recognized in other comprehensive income.

Cyprium Australia Pty Ltd.

For the years ended 31 December 2021 and 2020, based on the quoted market price of CYM shares, the (decrease) increase in the fair value of CYM amounted US\$ 1,566 and US\$ 641, respectively, was recognized in other comprehensive income.

13. BEARER PLANTS

	1 January 2021	Additions	Deductions	Reclassification	Translation adjustments	31 December 2021
	US\$	US\$	US\$	US\$	US\$	US\$
Mature plantation						
Cost	270,909,737	-	(2,421,125)	68,480,050	(824,292)	336,144,370
Accumulated depreciation	(118,455,971)	(13,662,398)	1,997,752	-	(31,782)	(130,152,399)
	<u>152,453,766</u>	<u>(13,662,398)</u>	<u>(423,373)</u>	<u>68,480,050</u>	<u>(856,074)</u>	<u>205,991,971</u>
Immature plantation - at cost	<u>152,366,868</u>	<u>22,276,558</u>	<u>(304,604)</u>	<u>(68,174,836)</u>	<u>(1,559,849)</u>	<u>104,604,137</u>
	<u>304,820,634</u>					<u>310,596,108</u>
	1 January 2020	Additions	Deductions	Reclassification	Translation adjustments	31 December 2020
	US\$	US\$	US\$	US\$	US\$	US\$
Mature plantation						
Cost	208,013,369	-	(1,423,531)	62,907,957	1,411,942	270,909,737
Accumulated depreciation	(109,329,868)	(10,497,954)	1,423,531	-	(51,680)	(118,455,971)
	<u>98,683,501</u>	<u>(10,497,954)</u>	<u>-</u>	<u>62,907,957</u>	<u>1,360,262</u>	<u>152,453,766</u>
Immature plantation - at cost	<u>173,201,813</u>	<u>32,147,370</u>	<u>(129,987)</u>	<u>(49,875,204)</u>	<u>(2,977,124)</u>	<u>152,366,868</u>
	<u>271,885,314</u>					<u>304,820,634</u>

Depreciation expense allocated to cost of revenue for the years ended 31 December 2021 and 2020 amounted to US\$ 13,662,398 and US\$ 10,497,954, respectively (Note 32).

Borrowing cost capitalized to the acquisition cost of immature plantations for the years ended 31 December 2021 and 2020 amounted to US\$ 6,050,892 and US\$ 9,265,564, respectively.

As of 31 December 2021, an amount of US\$ 255,973 from ANJAS relating to estate infrastructure was reclassified from property, plant and equipment to bearer plants, whereas an amount of US\$ 49,241 from PMP and PPM was reclassification from contract liabilities.

As of 31 December 2020, an amount of US\$ 12,968,939 from KAL, PPM, and PMP relating to estate infrastructure was reclassified from property, plant and equipment to bearer plants, whereas an amount of US\$ 63,814 was reclassification from advance.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

13. BEARER PLANTS (Continued)

The area of mature and immature plantations (unaudited) based on location are as follows:

	31 December 2021		
	Mature plantation (hectare)	Immature plantation (hectare)	Total planted area (hectare)
Belitung, Bangka Belitung	11,430	2,931	14,361
Ketapang, West Kalimantan	8,784	799	9,583
Binanga, North Sumatera	7,283	2,232	9,515
Batang Angkola, North Sumatera	7,752	-	7,752
South Sorong, West Papua	5,022	3,085	8,107
Empat Lawang, South Sumatera	-	724	724
Total	40,271	9,771	50,042

	31 December 2020		
	Mature plantation (hectare)	Immature plantation (hectare)	Total planted area (hectare)
Belitung, Bangka Belitung	10,121	4,134	14,255
Ketapang, West Kalimantan	9,180	403	9,583
Binanga, North Sumatera	8,185	1,569	9,754
Batang Angkola, North Sumatera	7,752	-	7,752
South Sorong, West Papua	2,639	5,468	8,107
Empat Lawang, South Sumatera	-	724	724
Total	37,877	12,298	50,175

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 2021 and 2020.

The Group has insurance policies to cover certain business and operation risks with regards to its plantation operational activities (see Note 14).

14. PROPERTY, PLANT AND EQUIPMENT

	1 January 2021	Additions	Deductions	Reclassifications	Translation adjustments	31 December 2021
	US\$	US\$	US\$	US\$	US\$	US\$
Cost						
Direct acquisitions						
Land	78,661,259	-	(81,722)	(146,535)	(218,350)	78,214,652
Buildings, roads and bridges	104,921,814	1,785,783	(74,344)	10,896,663	(509,549)	117,020,367
Machinery and equipment	100,354,497	2,343,421	(465,420)	12,395,699	(555,792)	114,072,405
Computer and communication equipment	886,189	80,895	(23,315)	-	(16,894)	926,875
Office equipment, furniture and fixtures	5,267,333	187,992	(16,249)	345,648	(5,745)	5,778,979
Motor vehicles	8,974,563	628,442	(397,429)	29,216	(53,614)	9,181,178
Construction in progress	23,580,155	9,497,908	(64,287)	(23,734,321)	(303,427)	8,976,028
Total cost	322,645,810	14,524,441	(1,122,766)	(213,630)	(1,663,371)	334,170,484
Accumulated depreciation						
Direct acquisitions						
Buildings, roads and bridges	(39,105,775)	(5,462,474)	73,454	-	95,033	(44,399,762)
Machinery and equipment	(50,720,771)	3,679,960	447,586	-	120,437	(53,832,708)
Computer and communication equipment	(710,274)	(153,692)	22,941	-	273,650	(567,375)
Office equipment, furniture and fixtures	(4,052,201)	(437,917)	15,929	-	(253,510)	(4,727,699)
Motor vehicles	(6,887,457)	(645,532)	354,234	-	35,971	(7,142,784)
Total accumulated depreciation	(101,476,478)	(10,379,575)	914,144	-	271,581	(110,670,328)
Impairment provision	(14,308,330)	-	61,808	-	164,639	(14,081,883)
Net carrying amount	206,861,002					209,418,273

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	1 January 2020	Additions	Deductions	Reclassifications	Translation adjustments	31 December 2020
	US\$	US\$	US\$	US\$	US\$	US\$
Cost						
Direct acquisitions						
Land	78,917,997	95,366	(75,164)	-	(276,940)	78,661,259
Buildings, roads and bridges	88,861,717	563,083	(94,811)	15,554,007	37,818	104,921,814
Machinery and equipment	85,595,558	1,055,776	(346,408)	14,104,590	(55,019)	100,354,497
Computer and communication equipment	816,712	85,435	(6,941)	-	(9,017)	886,189
Office equipment, furniture and fixtures	5,142,412	147,229	(75,581)	67,826	(14,553)	5,267,333
Motor vehicles	9,095,685	90,673	(147,083)	1,310	(66,022)	8,974,563
Construction in progress	56,243,764	12,065,140	-	(42,696,672)	(2,032,077)	23,580,155
Total cost	<u>324,673,845</u>	<u>14,102,702</u>	<u>(745,988)</u>	<u>(12,968,939)</u>	<u>(2,415,810)</u>	<u>322,645,810</u>
Accumulated depreciation						
Direct acquisitions						
Buildings, roads and bridges	(34,289,371)	(4,904,746)	70,570	-	17,772	(39,105,775)
Machinery and equipment	(47,819,125)	(3,288,184)	336,672	-	49,866	(50,720,771)
Computer and communication equipment	(642,088)	(154,776)	6,897	-	79,693	(710,274)
Office equipment, furniture and fixtures	(3,635,695)	(427,632)	74,897	-	(63,771)	(4,052,201)
Motor vehicles	(6,350,142)	(707,071)	147,083	-	22,673	(6,887,457)
Total accumulated depreciation	<u>(92,736,421)</u>	<u>(9,482,409)</u>	<u>636,119</u>	<u>-</u>	<u>106,233</u>	<u>(101,476,478)</u>
Impairment provision	(14,700,165)	-	-	-	391,835	(14,308,330)
Net carrying amount	<u>217,237,259</u>					<u>206,861,002</u>

During 2021, property, plant and equipment amounted to US\$ 255,973 from ANJAS' estate infrastructure was reclassified as bearer plants, property, plant and equipment amounted to US\$ 600,804 from GMIT frozen line product was reclassified as inventory, and property, plant and equipment amounted to US\$ 162,402 from KAL's land and construction in progress were reclassified as advances for plasma plantations and plasma receivables. Amount of US\$ 527,647 and US\$ 277,903 were reclassified from advance for property, plant and equipment for PPM and PMP, respectively.

During 2020, there was reclassification from property, plant and equipment to bearer plants amounting of US\$ 12,968,939 from KAL, PPM, and PMP, relating to estate infrastructure.

As of 31 December 2021 and 2020, management believes that the fair value of the property, plant and equipment is not significantly different from its net carrying amount, except for land. As of 31 December 2021, the total estimated fair value of land is US\$ 416,470,572, (as of 31 December 2021, the carrying amount of these land is US\$ 78,214,652). The fair value of these assets is estimated by a 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 2021 and 2020 were allocated as follows:

	2021	2020
	US\$	US\$
Cost of revenue (Note 32)	9,262,830	8,120,084
General and administrative expenses (Note 34)	435,039	452,123
Capitalized to immature plantation	681,706	910,202
Total	<u>10,379,575</u>	<u>9,482,409</u>

Borrowing cost capitalized to the acquisition cost of property, plant and equipment for the years ended 31 December 2021 and 2020 amounted to US\$ 388,671 and US\$ 644,470, 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 Dandang (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 Dandang 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.

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14. PROPERTY, PLANT AND EQUIPMENT (Continued)

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 2021, 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 2022-2023.

Property, plant and equipment, except land, were insured against fire, theft, earthquake, flood and other possible risks for a total coverage of US\$ 74,762 thousand and Rp 1,098 billion as of 31 December 2021 and US\$ 71,501 thousand and Rp 1,021 billion as of 31 December 2020. 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 2021 and 2020 amounted to US\$ 48,050,050 and US\$ 46,449,942, respectively.

Certain property, plant and equipment were sold and disposed in the years ended 31 December 2021 and 2020. The reconciliation between gain (loss) on sale and disposal of property, plant and equipment and proceeds from sale of property, plant and equipment are as follows:

	2021	2020
	US\$	US\$
Proceeds from sale/deduction of property, plant and equipment	620,884	155,272
Net carrying amount of property, plant and equipment sold and disposed	(208,622)	(109,869)
Gain on sale and disposal of property, plant and equipment (Note 37)	<u>412,262</u>	<u>45,403</u>

15. INTANGIBLE ASSETS

	1 January 2021	Additions	Deductions	Reklasifikasi/ Reclassification	Translation adjustments	31 December 2021
	US\$	US\$	US\$	US\$	US\$	US\$
Landrights						
Cost	1,092,810	-	(6,009)	-	(5,279)	1,081,522
Accumulated amortization	(213,395)	(16,484)	3,180	-	2,413	(224,286)
	<u>879,415</u>	<u>(16,484)</u>	<u>(2,829)</u>	<u>-</u>	<u>(2,866)</u>	<u>857,236</u>
Software and implementation						
Cost	2,060,546	4,862	-	4,319	(4,684)	2,065,043
Accumulated amortization	(1,755,320)	(276,578)	-	-	3,673	(2,028,225)
	<u>305,226</u>					<u>36,818</u>
	<u>1,184,641</u>					<u>894,054</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

15. INTANGIBLE ASSETS (Continued)

	1 January 2020	Additions	Deductions	Translation adjustments	31 December 2020
	US\$	US\$	US\$	US\$	US\$
Landrights					
Cost	1,075,310	24,470	(1,372)	(5,598)	1,092,810
Accumulated amortization	(186,200)	(29,833)	909	1,729	(213,395)
	<u>889,110</u>				<u>879,415</u>
Software and implementation					
Cost	2,223,242	14,508	(171,262)	(5,942)	2,060,546
Accumulated amortization	(1,554,595)	(373,009)	171,262	1,022	(1,755,320)
	<u>668,647</u>				<u>305,226</u>
	<u>1,557,757</u>				<u>1,184,641</u>

Amortization expense for the years ended 31 December 2021 and 2020 were allocated as follows:

	2021	2020
	US\$	US\$
General and administrative expenses (Note 34)	277,391	374,009
Cost of revenue	15,671	28,833
Total	<u>293,062</u>	<u>402,842</u>

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The Group leases office space and machineries. The leases of office space run for a period of 5 years and the leases of machineries run for a period of 2 year. There is an option to renew the lease of office space and machineries after the end of the contract term.

Right-of-use assets

	1 January 2021	Additions	Deductions	Translation adjustments	31 December 2021
	US\$	US\$	US\$	US\$	US\$
Property					
Cost	1,235,579	143,806	(246,549)	(20,649)	1,112,187
Accumulated depreciation	(321,416)	(296,050)	246,549	4,371	(366,546)
	<u>914,163</u>	<u>(152,224)</u>	<u>-</u>	<u>(16,278)</u>	<u>745,641</u>
Machine					
Cost	433,618	1,167,010	(423,950)	(21,971)	1,154,707
Accumulated depreciation	(200,509)	(274,989)	423,950	260	(51,288)
	<u>233,109</u>	<u>892,021</u>	<u>-</u>	<u>(21,711)</u>	<u>1,103,419</u>
Total, net	<u>1,147,272</u>				<u>1,849,060</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

	1 January 2020	Adjustment to beginning balance	1 January 2020	Additions	Translation adjustments	31 December 2020
	US\$	US\$	US\$	US\$	US\$	US\$
Property						
Cost	-	1,244,534	1,244,534	-	(8,955)	1,235,579
Accumulated depreciation	-	-	-	(250,267)	(71,149)	(321,416)
		1,244,534	1,244,534	(250,267)	(80,104)	914,163
Machine						
Cost	-	5,174	5,174	428,444	-	433,618
Accumulated depreciation	-	-	-	(194,044)	(6,465)	(200,509)
	-	5,174	5,174	234,400	(6,465)	233,109
Total, net	-		1,249,708			1,147,272

Depreciation expense for the years ended 31 December 2021 and 2020 were allocated as follows:

	2021 US\$	2020 US\$
General and administrative expenses (Note 34)	571,039	386,518
Capitalized to construction in progress	-	57,793
Total	571,039	444,311

Lease liabilities

Future minimum lease payments for these leases as of 31 December 2021 and 2020 was as follows:

	31 December 2021 US\$	31 December 2020
Finance lease liabilities are payable as follows:		
2021	-	525,320
2022	1,029,249	324,096
2023	836,335	268,137
2024	265,056	268,137
Total future minimum lease payments	2,130,640	1,385,690
Interest portion of the lease payments	(205,395)	(204,072)
Present value of minimum lease payments	1,925,245	1,181,618
Lease liabilities-current maturities	(897,863)	(430,258)
Lease liabilities-net of current maturities	1,027,382	751,360
	31 December 2021 US\$	31 December 2020 US\$
Amount recognized in profit or loss:		
Depreciation of right-of-use assets (Note 34)	571,039	386,518
Interest on lease liabilities (Note 36)	95,825	127,694
Expense relating to short-term leases (Note 34)	423,725	121,489
Total	1,090,589	635,701

Some leases of offices contain extension option exercisable by the Group before the end of the non-cancellable contract period. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses this assessment if there is a significant event or significant change in circumstances within its control. The discount rate used in calculating the present value of the lease liabilities is 8.90%-9.25% as of 31 December 2021.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

16. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (Continued)

Lease liabilities (Continued)

The following summarizes the component of changes in the liabilities arising from leases:

	31 December 2021	31 December 2020
		US\$
Beginning balance	1,181,618	1,635,882
Addition	1,310,816	-
Non-cash changes: interest amortization	95,825	127,694
Cash flows: payment of lease liabilities	(619,075)	(542,553)
Translation adjustments	(43,939)	(39,405)
Ending balance	1,925,245	1,181,618

17. ADVANCES

	31 December 2021	31 December 2020
	US\$	US\$
Third parties:		
Advances for legal processing of landrights	7,816,876	7,602,055
Advances for palm plantation	2,247,003	2,208,509
Advances for purchase of property, plant and equipment	1,128,514	1,847,926
Other advances	38,686	217,513
Total	11,231,079	11,876,003

Advances for legal processing of landrights represent payments to obtain HGU in Empat lawing estate.

Advances for palm plantation represent down payments paid to third party contractors for land clearing and other activities related to the immature plantation.

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 2021 and 2020.

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 2021	31 December 2020
Discount rate	7.30%	4.80%
Terminal value multiple	14	10
Budgeted revenue growth rate (average of next ten years)	6.09%	5.06%

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

18. GOODWILL

Impairment test of goodwill (Continued)

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 2021	31 December 2020
	US\$	US\$
Claims for tax refund	2,112,078	1,126,174
Overpayment of corporate income tax	3,064,560	4,788,407
Total	<u>5,176,638</u>	<u>5,914,581</u>

Overpayment of corporate income tax

In May, June, and August 2020, the Company, ANJAS, and SMM have received the refund on corporate income tax overpayment for fiscal year 2018 amounting to US\$ 268,036, US\$ 1,704,583 and US\$ 796,496, respectively from the total overpayment amount of US\$ 670,172, US\$ 1,819,759, and US\$ 921,699, respectively.

As of 31 December 2020, overpayment of corporate income tax balance represents corporate income tax overpayments of the Company and KAL for fiscal year 2020, and ANJA, ANJAS, KAL and SMM for fiscal year 2019.

In April 2021, ANJA have received a Notice of Tax Underpayment Assessment for overpayment of corporate income tax for fiscal year 2019 wherein the underpayment amount is US\$ 184,126. ANJA partially agree to the correction from the tax office amounted to US\$ 914,954 and record it in the consolidated profit or loss. ANJA filed an objection letter for remaining amount of correction amounted to US\$ 1,214,112. Up to the date of the issuance of these consolidated financial statements, ANJA has not received the decision on the tax objection for overpayment of corporate income tax fiscal year 2019.

In May 2021, ANJAS and KAL have received the refund on corporate income tax overpayment for fiscal year 2019. ANJAS received US\$ 623,821 from the total overpayment amount of US\$ 695,149 (the remaining amount was recognized in the current year's consolidated profit or loss), and KAL fully received the total overpayment amounting to Rp 1.3 billion (equivalent to US\$ 93 thousand).

As of 31 December 2021, overpayment of corporate income tax balance represents ANJA and SMM's income tax overpayments for fiscal year 2019 and the Company's income tax overpayments for fiscal year 2020 and 2021.

Other claims for tax refund

As of 31 December 2020, claims for tax refund balance represent ANJA's claim on prepaid VAT for fiscal year 2013, and KAL's claim on prepaid VAT for fiscal period February-December 2018 and fiscal period April-May 2020.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

19. CLAIMS FOR TAX REFUND

Other claims for tax refund (Continued)

As of 31 December 2021, claims for tax refund balance represent ANJA's claim on prepaid VAT for fiscal year 2013 and 2019, ANJA and SMM's claim on withholding tax for fiscal year 2019, and KAL's claim on prepaid VAT for fiscal year 2019, fiscal period February-December 2018 and fiscal period February-May 2020.

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.

KAL's claim on prepaid VAT for fiscal period February-May 2020 is in objection stage at Directorate General of Taxation, meanwhile the tax objection for fiscal period February-December 2008 was rejected on 22 April 2021, and KAL has filed for a tax appeal to the Tax Court. Up to the date of the issuance of these consolidated financial statements, KAL has not received the decision on the tax objection for fiscal period February-May 2020 and tax appeal on VAT period February-December 2018.

ANJA and KAL's claim on prepaid VAT for fiscal period January-December 2019 is in objection stage at Directorate General of Taxation. Up to the date of the issuance of these consolidated financial statements, ANJA and KAL has not received the decision on the tax objection for prepaid VAT fiscal period January-December 2019.

ANJA and SMM's claim on withholding tax for fiscal year 2019 is in objection stage at Directorate General of Taxation. Up to the date of the issuance of these consolidated financial statements, ANJA and SMM has not received the decision on the tax objection for withholding tax fiscal year 2019.

20. OTHER NON-CURRENT ASSETS

	31 December 2021	31 December 2020
	US\$	US\$
Advances for plasma and partnership plantation projects - net	13,230,817	12,010,641
Plasma receivables - net	6,783,107	8,607,760
MSOP and ESPP loan	1,661,843	-
Others	385,916	383,965
Total	<u>22,061,683</u>	<u>21,002,366</u>

Advances for plasma and partnership plantation projects represent payments made to develop palm oil plantation partnership by SMM, KAL 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 43d).

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 until the due date on 15 May 2021 and in May 2021, the loan was extended until 15 May 2026 with interest rate at 3.5% per annum. As of 31 December 2021 and 2020, the balance of MSOP and ESPP loan amounting to Rp 23.7 billion (equivalent to US\$ 1.7 million) and Rp 40.4 billion (equivalent to US\$ 2.9 million), respectively. As of 31 December 2020, the MSOP and ESPP loan were presented as other receivable in current assets (Note 8).

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

21. BANK LOANS

	31 December 2021 US\$	31 December 2020 US\$
<u>Short-term bank loans</u>		
Rupiah		
PT Bank OCBC NISP Tbk Subsidiaries	-	742,999
U.S. Dollar		
PT Bank CIMB Niaga Tbk The Company	2,000,000	400,000
PT Bank CIMB Niaga Tbk Subsidiaries	-	2,000,000
Total	<u>2,000,000</u>	<u>3,142,999</u>
<u>Long-term bank loans</u>		
Rupiah		
PT Bank OCBC NISP Tbk Subsidiaries	90,389,396	94,617,957
PT Bank CIMB Niaga Tbk Subsidiaries	2,184,368	7,949,309
U.S. Dollar		
PT Bank OCBC NISP Tbk Subsidiaries	70,000,000	84,000,000
PT Bank BTPN Tbk Subsidiaries	5,200,000	6,800,000
Total	<u>167,773,764</u>	<u>193,367,266</u>
Less: deferred financing cost	<u>(527,733)</u>	<u>(587,593)</u>
Total	<u>167,246,031</u>	<u>192,779,673</u>
Long-term bank loan current maturities	<u>(12,744,759)</u>	<u>(2,665,668)</u>
Long-term bank loans - net of current maturities	<u>154,501,272</u>	<u>190,114,005</u>
<u>Effective interest rates per annum</u>		
<u>Short-term bank loans</u>		
Rupiah	6.00% - 8.75%	8.75% - 9.75%
U.S. Dollar	2.59% - 2.65%	2.64% - 4.28%
<u>Long-term bank loans</u>		
Rupiah	6.00% - 8.75%	8.75% - 10.00%
U.S. Dollar	2.58% - 3.50%	2.64% - 3.50%

The following table summarizes the repayment schedule for principal balance of long-term bank loans as of 31 December 2021 and 2020:

	31 December 2021 US\$	31 December 2020 US\$
Due in the year:		
Within one year	12,744,759	2,665,668
1 - 5 years	155,029,005	188,255,657
> 5 years	-	2,445,941
Total	<u>167,773,764</u>	<u>193,367,266</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

21. BANK LOANS (Continued)

PT Bank CIMB Niaga Tbk with the Company, KAL, and ANJA

On 28 July 2015, the Company, KAL, and ANJA entered into a short-term loan agreement with PT Bank CIMB Niaga Tbk for a total facility of US\$ 35 million. On 16 October 2019, KAL was no longer the party in the loan agreement. On 20 October 2020, the loan agreement was amended and the total facility is US\$ 30 million. The loan facility expires on 28 July 2021 and subsequently was extended until 28 July 2022. 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 as of 31 December 2021 and 2020 were 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. In August 2020, the interest rate was reduced to 8.75% p.a. Subsequently in February and June 2021, the interest rate was reduced to 8.5% and 8.0% p.a., respectively.

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, ANJA and KAL should fulfill certain financial covenants in ANJA's consolidated financial statements which among others maintaining a maximum leverage of 1.5x, interest bearing debt to EBITDA ratio of not more than 6.5x, 5.5x, 4.5x, and 3.5x for financial year 2020, 2021, 2022, and 2023 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 2021 and 2020, the Company, ANJA and KAL are in compliance with the terms and conditions of the loan agreement.

PT Bank OCBC NISP Tbk (OCBC NISP)

OCBC NISP with the Company, ANJA, PPM, PMP, ANJAS and SMM

On 20 March 2020, the Company, ANJA, PPM, PMP, ANJAS and SMM entered into a loan agreement with OCBC NISP. The loan agreement has been amended several times until 9 March 2021 and therefore the credit facilities were as follows:

- Overdraft credit facility of US\$ 5 million with the allocation limit to the Company, ANJA, PPM and PMP of US\$ 2 million, US\$ 2 million, US\$ 0.5 million and US\$ 0.5 million, respectively.
- Demand Loan 1 credit facility of US\$ 8.62 million or its equivalent in Rupiah.
- Demand Loan 2 credit facility of Rp 55 billion available only in Rupiah.
- Term Loan 1 credit facility of US\$ 38 million or its equivalent in Rupiah for ANJA.
- Term Loan 2 credit facility of US\$ 27 million or its equivalent in Rupiah for SMM.
- Term Loan 3 credit facility of US\$ 22 million or its equivalent in Rupiah for ANJAS.
- Term Loan 4 credit facility of Rp US\$ 85 million for PPM and PMP.
- Term Loan 5 credit facility of US\$ 52 million or its equivalent in Rupiah for the Company, PPM and PMP.
- Foreign exchange transaction facility of US\$ 20 million.
- Combined Trade Facility of US\$ 12 million or its equivalent in Rupiah.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

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21. BANK LOANS (Continued)

OCBC NISP with the Company, ANJA, PPM, PMP, ANJAS and SMM (Continued)

Term Loan facilities bear annual interest rate at LIBOR + 2.5% for the U.S. Dollar withdrawal and 8.0% for the Rupiah withdrawal. Combined Trade Facility and Demand Loan Facility bear annual interest rate at 3.5% for the U.S. Dollar withdrawal and 8.0% for the Rupiah withdrawal.

Effective from 26 August 2020, the loan facilities bear annual interest rate at 3.5% for the new U.S. Dollar withdrawal and annual interest rate at 8.5% for the new Rupiah withdrawal. Effective from 1 July 2021, the interest rate for the Rupiah loan facilities was reduced to 8.0% p.a.

Overdraft, demand loan credit facilities and foreign exchange transaction facility are due on 20 March 2022, while the Term loan credit facilities are due on 19 March 2025 and can be extended until 19 March 2028.

The loan facilities are guaranteed with:

- Pledges of ANJA's shares in SMM;
- Pledges of ANJA's shares in ANJAS;
- Pledges of the Company's shares in PMP;
- Pledges of the Company's shares in PPM;
- Pledges of ANJA's shares in PMP;
- Pledges of ANJA's shares in PPM;
- 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, SMM, SIAIS, PPM and PMP at OCBC NISP; and;
- Assignment of insurance proceeds of inventory in the amount of US\$ 4.5 million from ANJA.

Combined Trade Facilities are guaranteed with fiduciary of account receivable in the amount of US\$ 3 million each from ANJA, SMM, ANJAS; and US\$ 1.5 million each from PPM and PMP.

The Company, ANJA, PPM, PMP, ANJAS and SMM should fulfill certain financial covenants in the Group's consolidated financial statement 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 5.5x, 4.5x and 3.5x for the financial year 2021 until 2023 and afterwards, respectively.

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 at the latest 60 days after the year end.

As of 31 December 2021 and 2020, the Company, ANJA, PPM, PMP, ANJAS and SMM are 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. The loan agreement has been amended several times until 22 September 2020, therefore the credit facilities were as follows :

- Term Loan 2 credit facility of Rp 75 billion. The loan facility will be due on 31 July 2024.
- Term Loan 3 credit facility of US\$ 5 million with sub-limit facility Letter of Credit (LC) Sight/Usance of US\$ 2.5 million. The loan facility will be due on 31 July 2026.
- Demand Loan facility amounting to US\$ 4 million. The loan facility will be due on 31 July 2021.
- Foreign exchange transaction facility of US\$ 4.5 million. The loan facility will be due on 31 July 2021.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

21. BANK LOANS (Continued)

OCBC NISP with KAL (Continued)

Effective on 10 August 2020, the loan facilities bear annual interest rate at 3.5% for withdrawals denominated in U.S. Dollar and annual interest rate at 8.75% for withdrawals denominated in Rupiah. Effective from 26 February 2021, the interest rate for the loan facilities denominated in Rupiah was reduced to 8.5% p.a. Effective from 1 July 2021, the interest rate for loan facilities denominated in Rupiah was reduced to 8.0% p.a..

Subsequently in October 2021, the loan agreement was amended to be as follows :

- Term Loan 2 credit facility of Rp 25.7 billion. The loan facility will be due on 31 July 2024 with annual interest rate at 8%.
- Demand Loan facility amounting to US\$ 4 million. The loan facility will be due on 31 July 2022 with annual interest rate at 3.5% for withdrawals denominated in U.S. Dollar and annual interest rate at 8.0% for the withdrawals denominated in Rupiah.
- Foreign exchange transaction facility of US\$ 4.5 million. The loan facility will be due on 31 July 2022.

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 at 31 December 2021, the Company did not meet financial covenant from the banks, specifically current ratio of not less than 1x. KAL has received the waiver approval from the bank in relation to the required current ratio financial covenants as at 31 December 2021.

OCBC NISP with GMIT

Credit facilities Bank OCBC NISP consist of:

- Demand Loan credit facility which will be used for operation of edamame activities with maximum credit facility amounting to Rp 10,500,000,000; bearing interest rate at 8.75% - 9.50% per annum. Loan outstanding as of 31 December 2020 of Rp 10,480,000,000 due in various dates between 8 January 2021 – 14 April 2021. Loan had been fully repaid on 30 May 2021. This facility was closed in May 2021.
- Term Loan B credit facility to finance 80% of capital expenditure for construction factory, freezer and fixtures for frozen process of edamame and other vegetables; maximum credit facility amounting to Rp 62,996,025,902; bearing interest rate at 9.25% - 9.50% per annum (2019: 0.5% below OCBC NISP's Prime Lending Rate per annum). Loan outstanding as of 31 December 2019 of Rp 62,996,025,902, repayable on quarterly basis starting 5 January 2020 until 5 June 2024, but paid off earlier in April 2020. This facility was closed in April 2020.
- Term Loan C credit facility to finance 80% of capital expenditure for construction factory, freezer and fixtures for frozen process of edamame and other vegetables (including retention fee to contractor); maximum credit facility amounting to Rp 7,000,000,000; bearing interest rate at 9.25% - 9.50% per annum (2019: 0.5% below OCBC NISP's Prime Lending Rate per annum). Loan outstanding as of 31 December 2019 of Rp 6,127,506,000, repayable on quarterly basis starting 5 January 2020 until 5 June 2024, but paid off earlier in April 2020. This facility was closed in April 2020.

The credit facility is guaranteed with the corporate guarantee from PT Sahabat Mewah dan Makmur (a related party), and letter of awareness from Asia Frozen Food Corp.

The loan agreement required the Company to maintain a financial ratio which is current ratio of not less than 1x.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

21. BANK LOANS (Continued)

PT Bank UOB Indonesia with GMIT

Credit facilities Bank UOB Indonesia consist of :

Uncommitted Revolving Credit Facility (“RCF”), is used for company working capital with a total facility of Rp 10,000,000,000 or other amount approved by the Bank. The loan period is 12 months from the date of signing the credit deed and can be extended upon the agreement of the Parties. The repayment date/tenor is 3 months from the withdrawal date. The current interest rate charged for the facility is JIBOR plus a margin of 2.25% per annum which must be paid by the Debtor to the Bank.

The Uncommitted Invoice Financing (“IF”) facility, which is a sublimit of the RCF Facility, is used to finance the company’s working capital needs. Credit Facility Amount: Rp 10,000,000,000 or other amount approved by the Bank. Facility Term is 12 months from the signing date of this Credit Agreement and can be extended upon agreement of the Parties. Repayment Date/Tenor is up to the due date of payment of the principal invoice; until receipt of invoice payment in escrow account; or a maximum of 3 months from the date of withdrawal, whichever is earlier. The interest rate charged is the funding fee or JIBOR plus a margin of 2.00% per annum that must be paid by the debtor to the bank.

Foreign Exchange (“FX”) facilities are used for hedging purposes. Credit Facility Amount: USD 1,000,000 and/or its equivalent in the currency approved by the Bank or other amount approved by the Bank. Facility Term is 12 months from the signing date of this Credit Agreement and can be extended upon agreement of the Parties. Repayment date/tenor is maximum 3 months for Forward transactions.

The outstanding amount of combined RCF Facility, IF Facility and FX Facility from time to time shall not exceed Rp. 10,000,000,000 and USD 1,000,000.

The loan to PT Bank UOB Indonesia had been fully repaid on 2 December 2021.

The credit facilities are guaranteed with the diduciary of PT SMM (related parties).

The loan agreement required the Company to maintain a financial ratio which is current ratio of not less than 1x.

As of 31 December 2021, the Company is in compliance with the terms and condition of the loan agreement.

PT Bank BTPN Tbk with the Company, ANJA, ANJAS and SMM

On 16 March 2020, the Company, ANJA, ANJAS, and SMM entered into loan agreement with PT Bank BTPN Tbk. to obtain the following credit facilities :

- Loan on certificate facility of US\$ 8 million with the allocation limit to the Company, ANJA, ANJAS and SMM of US\$ 10 thousand, US\$ 8 million, US\$ 8 million and US\$ 8 million, respectively. The credit facility is available until 30 September 2020 and due on 31 March 2025.
- Loan on note facility of US\$ 2 million or its equivalent in Rupiah with the allocation limit to the Company, ANJA, ANJAS and SMM of US\$ 10 thousand, US\$ 2 million, US\$ 2 million and US\$ 2 million, respectively. The credit facility is available until 31 March 2021 and due in three months after the last utilization date of the facility.

The loan facilities bear annual interest rate at 2.5% above LIBOR for the U.S. Dollar withdrawal and floating annual interest rate at 3.25% above JIBOR for the Rupiah withdrawal.

The Company, ANJA, ANJAS and SMM should fulfill certain financial covenants in ANJA’s consolidated financial statements which among others maintain debt to equity ratio at a maximum of 1.25x and debt service coverage ratio of not less than 1.25x.

The credit facilities are guaranteed with the fiduciary of ANJAS’ present and future crude palm oil, machineries and the infrastructures amounting to Rp 100 billion.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020**22. TRADE ACCOUNTS PAYABLE**

	31 December 2021 US\$	31 December 2020 US\$
Third parties		
Palm oil	5,705,634	5,564,956
Sago	221,685	66,103
Other	12,124	30,831
Total	<u>5,939,443</u>	<u>5,661,890</u>

Based on currencies:

	31 December 2021 US\$	31 December 2020 US\$
United States Dollar	165,502	-
Rupiah	5,773,941	5,661,890
Total	<u>5,939,443</u>	<u>5,661,890</u>

23. TAXES PAYABLE

	31 December 2021 US\$	31 December 2020 US\$
Corporate income tax		
Subsidiaries	8,011,902	2,947,598
Income taxes		
Article 21	519,656	257,608
Article 25	-	67,528
Other taxes	216,662	132,078
Total	<u>8,748,220</u>	<u>3,404,812</u>

24. OTHER PAYABLES

	31 December 2021 US\$	31 December 2020 US\$
Contract liabilities	5,872,075	270,176
Payable to third parties	4,979,865	4,642,470
Total	<u>10,851,940</u>	<u>4,912,646</u>

Contract liabilities mainly represent receipt of cash advances 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

25. ACCRUED EXPENSES

	31 December 2021	31 December 2020
	US\$	US\$
Salaries, bonuses and allowances	5,299,031	3,326,517
Professional fees	522,429	818,231
Contractor	-	695,807
Fertilizer purchase	418,370	-
Interest	100,522	119,868
Others	1,171,354	1,122,266
Total	7,511,706	6,082,689

26. EMPLOYEE BENEFITS OBLIGATION

Defined Benefit Pension Plan

The Group provides post-employment benefits for their eligible employees in accordance with Labor Law in Indonesia.

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.

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:

	31 December 2021	31 December 2020
	US\$	US\$
Recognized in profit or loss:		
Current service cost	3,499,355	3,671,375
Past service cost	(5,312,426)	53,264
Severance, curtailment, and settlement cost	3,640,099	1,298,205
Interest cost	1,179,726	1,481,049
Interest income on plan assets	(190,672)	(255,533)
Components of defined benefit costs recognized in profit or loss	<u>2,816,082</u>	<u>6,248,360</u>
Recognized in other comprehensive income:		
Remeasurement on the net defined benefit asset/liability:		
Return on plan assets	21,288	87,373
Actuarial loss/(gains)	(81,189)	930,375
Impact from asset restriction	353,391	-
Components of defined benefit costs recognized in other comprehensive income	<u>293,490</u>	<u>1,017,748</u>
Total	<u>3,109,572</u>	<u>7,266,108</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

26. EMPLOYEE BENEFITS OBLIGATION (Continued)

Past service cost represents the implementation effect of Law No. 11 Year 2020, "Job Creation" which was issued in November 2020 and Regulation of Government of Indonesia No. 35 Year 2021, "Definite Term Employment Agreement, Outsourcing, Working Time and Break Time and Employment Termination" which was issued in February 2021.

All the expenses for the years ended 31 December 2021 and 2020 amounted to US\$ 2,816,082 and US\$ 6,248,630 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 2021	31 December 2020
	US\$	US\$
Present value of defined benefit obligation (PVDBO)	15,614,984	26,552,905
Fair value of plan assets	(2,146,541)	(6,233,219)
Impact of asset restriction	375,878	-
Net liability	<u>13,844,321</u>	<u>20,319,686</u>

Movements in the present value of the defined benefit obligation (PVDBO) were as follows:

	2021	2020
	US\$	US\$
Opening balance of defined benefit obligation	26,552,905	21,549,023
Current service cost	3,499,355	3,671,375
Past service cost	(5,312,426)	53,264
Interest cost	1,179,726	1,481,049
Benefits paid	(12,863,456)	(992,005)
Effect of settlement on PVDBO	2,977,198	-
Remeasurement on the net defined benefit liability:		
Actuarial losses (gains) arising from changes in financial assumptions	(336,190)	761,695
Actuarial losses from experience adjustments	255,001	105,552
Actuarial losses from demographic assumptions	-	63,200
Foreign exchange differential	(337,129)	(140,248)
Ending balance of defined benefit obligation	<u>15,614,984</u>	<u>26,552,905</u>

Movements in the fair value of the plan assets were as follows:

	2021	2020
	US\$	US\$
Opening balance of fair value of plan assets	6,233,219	3,833,687
Interest income	190,672	255,533
Remeasurement loss:		
Return on plan assets	(21,288)	(87,373)
Contributions from the employer	8,299,748	2,960,845
Foreign exchange differences on plans	(83,704)	23,723
Benefits paid	(12,472,106)	(753,196)
Ending balance of fair value of plan assets	<u>2,146,541</u>	<u>6,233,219</u>

Cumulative actuarial gain recognized in other comprehensive income are as follows:

	2021	2020
	US\$	US\$
Cumulative amounts at beginning of year	2,669,866	3,687,614
Actuarial gain (loss) for the year	293,490	(1,017,748)
Cumulative amounts at end of year	<u>2,963,356</u>	<u>2,669,866</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

26. EMPLOYEE BENEFITS OBLIGATION (Continued)

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 2021	31 December 2020	31 December 2021	31 December 2020
	%	%	US\$	US\$
Investment in money market	7.21%	6.75%	2,146,541	6,233,219
Fair value of plan assets			<u>2,146,541</u>	<u>6,233,219</u>

The fair value of the investments in money market are determined based on quoted market prices in active markets. This policy has been implemented during the current and prior years.

The cost of providing employee benefits is calculated annually by a qualified actuary, Kantor Konsultan Aktuaria Steven & Mourits (2020: PT Dayamandiri Dharmakonsilindo). The actuarial valuation was carried out using the following key assumptions:

	31 December 2021		31 December 2020	
Mortality rate	TMI 4 2019		TMI 4 2019	
Normal pension age	56-60 years		56-60 years	
Salary increment rate per annum	8%		In 2021 is 3%, and then 8% thereafter	
Discount rate per annum	6.95% - 7.59%		5.70% - 7.47%	
<u>Historical information:</u>	31 December 2021	31 December 2020	31 December 2019	31 December 2018
	US\$	US\$	US\$	US\$
Present value of defined benefit obligation	15,614,984	26,552,905	21,549,023	17,775,220
Experience adjustments	255,001	105,552	83,834	628,584
				18,671,471
				368,753

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\$ 14,368,418 (increase to US\$ 17,046,321) on 31 December 2021 and would decrease to US\$ 24,907,927 (increase to US\$ 28,427,026) on 31 December 2020.
- If the expected salary growth increases (decreases) by 1%, the defined benefit obligation would increase to US\$ 17,200,719 (decrease to US\$ 14,220,582) on 31 December 2021 and increase to US\$ 28,485,500 (decrease to US\$ 24,855,937) on 31 December 2020.

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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

26. EMPLOYEE BENEFITS OBLIGATION (Continued)

Defined benefit pension plan of the Company, ANJA, ANJAS, SMM, KAL, 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.

The average duration of the benefit obligation as of 31 December 2021 is 10.37 – 20.13 years (2020: 6.15 - 20.86 years). This number can be analysed from average expected future service of active members: 8.30 – 12.51 years for 2021 and 8.24 - 12.28 years for 2020.

27. CAPITAL STOCK AND TREASURY STOCK

The composition of the Company's shareholders is as follows:

31 December 2021				
Name of shareholders	Number of shares	Percentage of ownership	Total paid-in capital stock	
			Rp	Equivalent in US\$
PT Memimpin Dengan Nurani	1,370,050,012	41.3366%	137,005,001,200	14,040,188
PT Austindo Kencana Jaya	1,370,050,012	41.3366%	137,005,001,200	14,040,188
Mr. George Santosa Tahija	158,988,351	4.7969%	15,898,835,100	7,545,604
Mr. Sjakon George Tahija	158,891,813	4.7940%	15,889,181,300	7,541,023
Yayasan Tahija	1,500	0.0001%	150,000	73
Public (each below 5%)	256,392,200	7.7358%	25,639,220,000	3,160,015
Total outstanding shares	3,314,373,888	100.0000%	331,437,388,800	46,327,091
Treasury stock	39,801,112	-	3,980,111,200	408,217
Number of shares issued and fully paid	3,354,175,000	100.0000%	335,417,500,000	46,735,308

31 December 2020				
Name of shareholders	Number of shares	Percentage of ownership	Total paid-in capital stock	
			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

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. During 2021, the Company sold its treasury shares to public totaling to 2,868,500 shares. As of 31 December 2021, total treasury stock which were held by the Company was 39,801,112 shares with the value of US\$ 3,668,309 at its acquisition cost (2020: 42,669,612 shares with the value of US\$ 3,926,668 at its acquisition cost).

As of 31 December 2021, the total Company's public shares owned by the Company's Directors are 11,909,563 shares (2020: 12,779,563 shares).

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

28. ADDITIONAL PAID IN CAPITAL

	31 December 2021	31 December 2020
	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	2,521,340	2,605,608
Subtotal	37,219,276	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	50,223,609	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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

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. DIFFERENCE IN VALUE DUE TO CHANGES IN EQUITY OF SUBSIDIARIES AND OTHER RESERVES

Difference in Value Due to Changes in Equity of Subsidiaries

	<u>31 December 2021</u>	<u>31 December 2020</u>
	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	<u>30,706,366</u>	<u>30,706,366</u>

Other Reserves

	<u>31 December 2021</u>	<u>31 December 2020</u>
	US\$	US\$
Unrealized gain on investments in investments in equity securities		
Beginning balance	2,278,658	2,279,299
Changes in fair value of investments in equity securities	400,643	(641)
Subtotal	<u>2,679,301</u>	<u>2,278,658</u>
Difference in translation of subsidiaries' financial statements in foreign currencies		
Beginning balance	(31,451,668)	(35,753,042)
Difference in translation of subsidiaries' financial statements in foreign currencies	(2,588,605)	4,301,374
Subtotal	<u>(34,040,273)</u>	<u>(31,451,668)</u>
Total	<u>(31,360,972)</u>	<u>(29,173,010)</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

30. NON-CONTROLLING INTERESTS

	31 December 2021	31 December 2020
	US\$	US\$
PT Gading Mas Indonesia Teguh	2,520,279	1,859,256
PT Lestari Sagu Papua	131,918	130,537
PT Austindo Aufwind New Energy	5,125	3,331
Total	<u>2,657,322</u>	<u>1,993,124</u>

Summarized financial information in respect to PT Gading Mas Indonesia Teguh and PT Lestari Sagu Papua, subsidiaries that has material non-controlling interest is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	31 December 2021	31 December 2020
	US\$	US\$
<u>PT Gading Mas Indonesia Teguh</u>		
Balance at beginning of year	1,859,256	652,243
Addition from capital injection	1,322,222	1,209,000
Share of profit (loss) for the year	(349,039)	(144,644)
Share of other comprehensive income	9	2,271
Translation adjustments	(312,169)	140,386
Total	<u>2,520,279</u>	<u>1,859,256</u>
<u>PT Lestari Sagu Papua</u>		
Balance at beginning of year	130,537	125,091
Share of profit for the year	2,873	7,022
Translation adjustments	(1,492)	(1,576)
Total	<u>131,918</u>	<u>130,537</u>

	PT Lestari Sagu Papua	PT Gading Mas Indonesia Teguh	Other subsidiaries with immaterial non- controlling interests	Total
	US\$	US\$	US\$	US\$
31 December 2021				
Non-controlling interests percentage of ownership	49%	20%		
Current assets	187,334	1,468,710		
Non-current assets	87,282	11,621,217		
Current liabilities	(5,396)	(180,905)		
Non-current liabilities	-	(307,650)		
Net assets attributable to owners of the Company	<u>269,220</u>	<u>12,601,372</u>		
Net assets attributable to non-controlling interests	<u>131,918</u>	<u>2,520,279</u>	5,125	<u>2,657,322</u>
Revenue	13,948	878,719		
Expenses	(8,086)	(2,623,909)		
Profit (loss) for the year	<u>5,862</u>	<u>(1,745,190)</u>		
Total comprehensive income (loss) attributable to owners of the Company	<u>5,862</u>	<u>(1,745,144)</u>		
Total comprehensive income (loss) attributable to non-controlling interests	2,873	(349,029)	1,831	(344,325)
Difference in translation of subsidiaries financial statements in foreign currency	(1,492)	(312,169)	(38)	(313,699)
Total comprehensive income (loss) attributable to non-controlling interests after translation	<u>1,381</u>	<u>(661,198)</u>	<u>1,793</u>	<u>(658,024)</u>
Cash flows from (used in) operating activities	5,880	(1,333,950)		
Cash flows from investing activities	-	(416,726)		
Cash flows from financing activities	-	1,695,797		
Net increase (decrease) in cash and cash equivalents	<u>5,880</u>	<u>(54,879)</u>		

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

30. NON-CONTROLLING INTERESTS (Continued)

31 December 2020	PT Lestari Sagu Papua	PT Gading Mas Indonesia Teguh	Other subsidiaries with immaterial non- controlling interests	Total
	US\$	US\$	US\$	US\$
Non-controlling interests' percentage of ownership	49%	20%		
Current assets	183,564	1,284,931		
Non-current assets	88,297	10,863,755		
Current liabilities	(5,459)	(929,948)		
Non-current liabilities	-	(377,716)		
Capital paid in advance	-	(8,199,746)		
Net assets attributable to owners of the Company	266,402	2,641,276		
Capital paid in advance from non-controlling interests	-	1,331,000		
Net assets attributable to non-controlling interests	130,537	1,859,256	3,331	1,993,124
Revenue	14,330	461,280		
Expenses	-	(1,184,499)		
Profit (loss) for the year	14,330	(723,219)		
Total comprehensive loss attributable to owners of the Company	14,330	(711,863)		
Total comprehensive loss attributable to non-controlling interests	7,022	(142,373)	506	(134,845)
Difference in translation of subsidiaries financial statements in foreign currency	(1,576)	140,386	(8,640)	130,170
Total comprehensive loss attributable to non-controlling interests after translation	5,446	(1,987)	(8,134)	(4,675)
Cash flows from (used in) operating activities	14,062	(566,847)		
Cash flows from investing activities	(161,235)	(777,987)		
Cash flows from financing activities	-	1,335,042		
Net increase (decrease) in cash and cash equivalents	(147,173)	(9,792)		

31. REVENUE

Revenue consists of revenue from sales and service concession revenue.

	2021 US\$	2020 US\$
Revenue from sales	266,215,155	163,525,401
Service concession revenue	577,222	574,243
Total	266,792,377	164,099,644

a. Revenue from Sales

	2021 US\$	2020 US\$
Crude palm oil (CPO)	235,176,092	145,860,602
Palm kernel (PK)	27,389,350	15,308,410
Palm kernel oil (PKO)	1,455,560	351,398
Fresh fruit bunch (FFB)	-	319,928
Sago starch	1,296,157	1,207,268
Edamame	878,719	461,280
Others	19,277	16,515
Total	266,215,155	163,525,401

The revenue from the sales of CPO and PK includes the sales of physical RSPO certificates of US\$ 916,675 for the year ended 31 December 2021.

b. Service Concession Revenue

	2021 US\$	2020 US\$
Service concession revenue	472,797	464,163
Financing revenue from service concession	104,425	110,080
Total	577,222	574,243

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

32. COST OF REVENUE

Cost of revenue consists of cost of sales and cost of service concession.

	2021	2020
	US\$	US\$
Cost of sales	165,650,103	123,626,586
Cost of service concession	395,884	383,931
Total	<u>166,045,987</u>	<u>124,010,517</u>

a. Cost of Sales

	2021	2020
	US\$	US\$
Crude palm oil, palm kernel oil and palm kernel	158,191,051	118,401,744
Sago starch	5,460,845	4,570,653
Edamame	1,986,545	644,943
Others	11,662	9,246
Total	<u>165,650,103</u>	<u>123,626,586</u>

	2021	2020
	US\$	US\$
Palm oil production costs		
Harvesting expenses	16,171,138	14,137,436
Maintenance costs of mature plantation	20,327,613	17,995,444
Factory overhead and indirect costs	34,072,913	28,707,490
Depreciation of mature plantation (Note 13)	13,662,398	10,497,954
Depreciation of property, plant and equipment (Note 14)	7,921,221	7,090,389
Purchases of FFB	68,913,903	45,197,135
Impairment inventories	(113,637)	80,990
Fair value adjustments on derivative instruments	58,154	(2,846,307)
Realized loss from derivative transaction, net	396,653	3,036,583
Total palm oil production costs	<u>161,410,356</u>	<u>123,897,114</u>

Sago starch production costs		
Tual harvesting costs	761,773	702,304
Sago processing costs	3,738,173	2,623,298
Impairment loss for decline in value of sago inventories	426,154	(388,149)
Depreciation of property, plant and equipment (Note 14)	1,070,604	1,017,498
Total sago starch production costs	<u>5,996,704</u>	<u>3,954,951</u>

Edamame production costs		
Raw material consumption	280,559	410,062
Impairment losses on roperty, plant and equipment	-	20,418
Impairment loss for decline in value of edamame inventories	751,268	-
Edamame processiong costs	1,514,071	201,842
Depreciation of property, plant and equipment (Note 14)	271,005	12,197
Total edamame production costs	<u>2,816,903</u>	<u>644,519</u>

Others	<u>11,662</u>	<u>9,670</u>
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Finished goods:		
Beginning of year		
Palm oil	11,576,081	6,218,842
Sago starch	660,944	1,316,194
End of year		
Palm oil	(10,944,378)	(11,576,081)
Sago starch	(1,190,820)	(660,944)
Edamame	(832,903)	-
Others		
Translation adjustments of inventories	(53,170)	(10,111)
Net changes in the fair values of biological assets and harvested agriculture produce transferred to inventories during the year (Note 11)	<u>(3,801,276)</u>	<u>(167,568)</u>
Cost of sales	<u>165,650,103</u>	<u>123,626,586</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020**32. 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:

Name	2021		2020	
	Amount US\$	Percentage of net purchases %	Amount US\$	Percentage of net purchases %
Haji Sati Rambe	17,628,383	26	9,137,937	20

b. Cost of Service Concession

For the years ended 31 December 2021 and 2020, this account mainly represents expenses in order to maintain production capacity according to the service concession contract, which amounted to US\$ 395,884 and US\$ 383,931, respectively.

33. PERSONNEL EXPENSES

This account represents salaries, allowances, bonuses and employee benefit expenses (Note 26).

34. GENERAL AND ADMINISTRATIVE EXPENSES

	2021 US\$	2020 US\$
Professional fees	3,327,350	1,585,843
Depreciation of right-of-use assets (Note 16)	571,039	386,518
Depreciation of property, plant and equipment (Note 14)	435,039	452,123
Rent	423,725	121,489
Tax penalty expenses	331,334	507,322
Training, seminars and meeting	303,861	181,768
Amortization of intangible assets (Note 15)	277,391	374,009
Travel and transportation	240,673	505,170
Office expenses	157,156	162,271
Membership and subscription fees	134,226	212,629
Insurance	130,493	169,100
Communication and electricity	126,389	144,496
Repairs and maintenance	93,854	90,489
Custodian fees and bank charges	32,909	49,899
Donation	11,315	17,710
Others	130,184	493,259
Total	<u>6,726,938</u>	<u>5,454,095</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020**35. DIVIDEND INCOME**

	2021	2020
	US\$	US\$
Investments in stocks	278,742	80,098
Money market funds	141	17,079
Total	<u>278,883</u>	<u>97,177</u>

36. FINANCE COSTS, NET

	2021	2020
	US\$	US\$
Financial income:		
Interest income from time deposit and current accounts	232,012	199,045
Others	381,574	567,311
Total	<u>613,586</u>	<u>766,356</u>
Financial charges:		
Loan interest expense	(4,488,131)	(3,056,057)
Interest expense from lease liabilities (Note 16)	(95,825)	(127,694)
Amortization of financing cost	(148,633)	(142,211)
Total	<u>(4,732,589)</u>	<u>(3,325,962)</u>
Total, net	<u>(4,119,003)</u>	<u>(2,559,606)</u>

37. OTHER INCOME, NET

	2021	2020
	US\$	US\$
Other income:		
Management service income from plasma and other third parties	477,952	308,073
Gain on sale of property, plant, and equipment	412,262	45,403
Income from shell sales	324,781	589,130
Sales of RSPO certificates (Note 14)	141,372	247,220
Insurance claim	27,574	101,342
Others	388,180	304,572
Total	<u>1,772,121</u>	<u>1,595,740</u>
Other expenses:		
Loss on bearer plants write off	(727,328)	-
Others	(101,915)	(63,552)
Total	<u>(829,243)</u>	<u>(63,552)</u>
Total, net	<u>942,878</u>	<u>1,532,188</u>

Total sales of RSPO certificates for the year ended 31 December 2021 amounts to US\$ 1,058,047, which consists of US\$ 916,675 through the physical sales (Note 31) and US\$ 141,372 through the online trading (palm e-trace).

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

38. INCOME TAXES

Income tax expense of the Group consists of the following:

	2021	2020
	US\$	US\$
Current tax	13,476,993	6,686,462
Deferred tax	5,227,716	6,126,330
Total income tax expense of the Group	<u>18,704,709</u>	<u>12,812,792</u>

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:

	2021	2020
	US\$	US\$
Consolidated profit before tax	58,386,169	15,023,617
Profit before tax per subsidiaries	(61,847,102)	(17,940,366)
Profit adjustment based on cost method	6,505,147	-
Profit (loss) before tax of the Company	<u>3,044,214</u>	<u>(2,916,749)</u>
Temporary differences:		
Bonus	129,576	307,846
Post-employment benefits	(4,210,656)	269,437
Rental	254	95,369
Depreciation and amortization	208,082	199,095
Subtotal	<u>(3,872,744)</u>	<u>871,747</u>
Non-tax-deductible expenses (non-taxable income/subject to final tax):		
Dividend income from subsidiaries	(6,783,893)	-
Interest income	(6,219)	(31,565)
Interest expense	-	25,851
Personnel expenses	1,049,905	844,147
Others	46,427	97,587
Subtotal	<u>(5,693,780)</u>	<u>936,020</u>
Total taxable income of the Company	<u>(6,522,310)</u>	<u>(1,108,982)</u>
	2021	2020
	US\$	US\$
Adjustment prior year tax - the Company	573	(5,845)
Current income tax expense - subsidiaries		
PT Gading Mas Indonesia Teguh	-	6,395
PT Austindo Nusantara Jaya Agri and subsidiaries	13,476,420	6,685,912
Total income tax expense - current	<u>13,476,993</u>	<u>6,686,462</u>

The Company has submitted its corporate income tax return for fiscal year 2020 in April 2021. As of the issuance date of these consolidated financial statements, the Company has not submitted its corporate income tax return for fiscal year 2021.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

38. INCOME TAXES (Continued)

Deferred Tax

As of 31 December 2021 and 2020, the Company had temporary differences from employee benefits obligation, fixed assets, security deposit, investments in equity securities, bonus and right-of-use assets.

The following deferred tax assets of the Group have not been recognized:

	2021	2020
	US\$	US\$
Tax loss carry forwards	11,812,496	9,060,016
Impairment provision of property, plant and equipment	2,727,021	2,758,728
Allowance for impairment of receivable from service concession arrangement	-	237,894
Allowance for decline in value of inventories	215,673	123,051
Provision for service concession arrangement	108,300	95,643
Bonus accrual	-	2,804
Total	<u>14,863,490</u>	<u>12,278,136</u>

The Group's tax loss carry forwards, which as of 31 December 2021 and 2020 amounting to US\$ 74,263,886 and US\$ 66,406,849, respectively, will expire between 2022 and 2026 (2020: will expire between 2021 and 2025) if not utilized against future taxable profits. Deferred tax assets are not recognized 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 2021	Credited (charged) to profit or loss	Adjustment due to change in tax rate	Credited (charged) to other comprehensive income	Other adjustment	Translation adjustments	31 December 2021
	US\$	US\$		US\$	US\$	US\$	US\$
Deferred tax assets							
The Company	840,504	(849,948)	76,114	59,201	-	-	125,871
GMIT	664,872	(598,316)	7,083	(13)	-	(9,424)	64,202
ANJA	3,411,000	(3,821,964)	283,706	(61,248)	914,954	(41,679)	684,769
ANJAP	97,032	(2,525)	9,375	(2,788)	-	(1,104)	99,990
Total	<u>5,013,408</u>	<u>(5,272,753)</u>	<u>376,278</u>	<u>(4,848)</u>	<u>914,954</u>	<u>(52,207)</u>	<u>974,832</u>
Deferred tax liabilities							
The Company	-	-	-	-	-	-	-
AANE	(206,404)	179,848	(25,802)	199	-	2,837	(49,322)
ANJA	(221,293)	(495,664)	10,376	(16,125)	-	1,584	(721,122)
Total	<u>(427,697)</u>	<u>(315,816)</u>	<u>(15,426)</u>	<u>(15,926)</u>	<u>-</u>	<u>4,421</u>	<u>(770,444)</u>
Net		<u>(5,588,569)</u>	<u>360,852</u>	<u>(20,774)</u>	<u>914,954</u>		

	1 January 2020	Credited (charged) to profit or loss	Adjustment due to change in tax rate	Credited (charged) to other comprehensive income	Other adjustment	Translation adjustments	31 December 2020
	US\$	US\$		US\$	US\$	US\$	US\$
Deferred tax assets							
The Company	710,361	191,784	(158,791)	97,150	-	-	840,504
GMIT	911,295	(49,856)	(173,027)	(2,839)	-	(20,701)	664,872
ANJA	9,435,956	(4,328,285)	(1,476,851)	95,286	(48,785)	(266,321)	3,411,000
ANJAP	106,539	8,261	(21,399)	5,427	-	(1,796)	97,032
Total	<u>11,164,151</u>	<u>(4,178,096)</u>	<u>(1,830,068)</u>	<u>195,024</u>	<u>(48,785)</u>	<u>(288,818)</u>	<u>5,013,408</u>
Deferred tax liabilities							
AANE	(199,365)	(58,588)	48,230	756	-	2,563	(206,404)
ANJA	(174,222)	(99,734)	(8,074)	20,534	48,785	(8,582)	(221,293)
Total	<u>(373,587)</u>	<u>(158,322)</u>	<u>40,156</u>	<u>21,290</u>	<u>48,785</u>	<u>(6,019)</u>	<u>(427,697)</u>
Net		<u>(4,336,418)</u>	<u>(1,789,912)</u>	<u>216,314</u>	<u>-</u>		

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIESNOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020**38. INCOME TAXES (Continued)**Deferred Tax (Continued)

A reconciliation between total income tax expense of the Group and the amount computed by applying the prevailing tax rates to profit before tax of the Company is as follows:

	2021	2020
	US\$	US\$
Profit (loss) before tax of the Company	3,044,214	(2,916,749)
Tax expense at prevailing tax rates	(669,727)	641,685
Effect of non-tax deductible expenses (non-taxable income/subject to final tax):		
Dividend income from subsidiaries	1,492,457	-
Interest income	1,368	6,944
Interest expense	-	(5,687)
Personnel expenses	(230,979)	(185,712)
Others	(10,214)	(21,469)
Total	1,252,632	(205,924)
Adjustment due to change in tax rates	78,169	(158,791)
Adjustment tax prior year	(573)	5,845
Fiscal loss for which no tax benefit was recognized	(1,434,908)	(243,977)
Total tax expense	(774,407)	38,838
Tax expense of subsidiaries	(17,930,302)	(12,851,630)
Total tax expense	(18,704,709)	(12,812,792)

39. EARNING PER SHARE

The computation of earning per share attributable to the owners of the Company is based on the following data:

	2021	2020
	US\$	US\$
<u>Income (loss)</u>		
Net income (loss) attributable to owners of the Company	40,025,789	2,347,918
<u>Number of shares</u>		
Weighted average number of ordinary shares outstanding for basic income per share computation	3,312,282,180	3,311,505,388
Weighted average number of ordinary shares outstanding for diluted income per share computation	3,312,282,180	3,311,505,388
Income (loss) per share		
Basic	0.012084	0.000709
Diluted	0.012084	0.000709

As of 31 December 2021 and 2020, the Company has no dilutive potential common shares.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

40. CASH DIVIDENDS

In the Annual General Shareholders' Meeting held on 9 June 2021, the shareholders of the Company approved the distribution of cash dividends of Rp 13,247.49 million or Rp 4 (full amount) per share (equivalent to US\$ 928,280 or US\$ 0.0003 per share) from the unappropriated retained earnings as of 31 December 2020 to the shareholders recorded on the shareholders register on 21 June 2021 (recording date). The dividend was paid to the shareholders on 9 July 2021.

41. 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 2021 and 2020, there was no outstanding balance of the facility.
- b. As of 31 December 2021, ANJA has CPO commodity swap contracts with several financial institutions for a total notional amount of 500 metric tonnes and strike price at US\$ 1,091 – US\$ 1,120 per metric tonne. The commodity swap contracts will mature between January until February 2022.
- c. On 9 March 2020, the Company, ANJA, SMM entered into a forward currency contract agreement for a total facility of US\$ 20 million with PT Bank UOB Indonesia to minimize foreign exchange exposure. As of 31 December 2021, there was no outstanding balance of the facility.
- d. On 11 May 2021, GMIT entered into a foreign currency contract agreement for a total facility of US\$ 1 million with PT Bank UOB Indonesia for hedging. As of 31 December 2021, there was no outstanding balance of the facility.
- e. On 20 October 2020, the Company, ANJA, and KAL entered into a forward currency contract agreement for a total facility of US\$ 15 million with PT Bank CIMB Niaga Tbk to minimize foreign exchange exposure. This facility is due on 28 July 2021. On 31 December 2021, there was no outstanding balance of the facility.

42. 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 2022. 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

43. COMMITMENTS AND CONTINGENCIES

COMMITMENTS

- a. 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.

- b. ANJA, ANJAS, 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. On 10 December 2020, the agreement has been extended until 8 April 2021 for ANJA and ANJAS, 21 April 2021 for PPM and PMP. The total fees related to these security services is Rp 25.9 billion per year.

On 17 June 2021, ANJA, ANJAS, PPM, and PMP entered into a security service agreement with PT G4S Security Services to provide security services. The agreement for ANJA and ANJAs is valid from 8 June 2021 until 8 June 2023, and the agreement for PPM and PMP valid from 21 June 2021 until 21 June 2023. Total fees related to these security services is Rp 20 billion per year.

- c. 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.

- d. 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 (Bank Mandiri) 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 10.75% p.a. In February 2021, the loan from Bank Mandiri to Laman Mayang Sentosa Cooperative was fully repaid through the loan facility from PT Bank OCBC NISP Tbk., as explained below.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

43. COMMITMENTS AND CONTINGENCIES (Continued)

On 16 December 2020, Laman Mayang Sentosa Cooperative entered into loan agreement with PT Bank OCBC NISP Tbk. to obtain Term Loan Credit facility amounting to Rp 97.8 billion to refinance its loan from PT Bank Mandiri (Persero) Tbk. The loan is guaranteed by the mortgage on plasma plantation HGU and corporate guarantee from KAL. The loan will be due in 2026, bearing floating interest rate at 8.75% p.a. Effective from 26 July 2021, the interest rate for loan facilities was reduced to 8.25%.

On 14 September 2021, Bina Satong Lestari Cooperative entered into loan agreement with PT Bank OCBC NISP Tbk. to obtain Term Loan Credit facility amounting to Rp 25.0 billion to refinance its loan from PT Bank Mandiri (Persero) Tbk. The loan is guaranteed by the mortgage on plasma plantation HGU and corporate guarantee from KAL. The loan will be due in 2026, bearing floating interest rate at 8.25% p.a.

- e. ANJA, ANJAS, KAL and SMM has sales commitments of CPO and PK with several customers, for delivery of CPO in 2022 maximum of 20,000 metric tonnes per month and for delivery of PK in 2022 maximum of 5,200 metric tonnes per month. 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.
- f. 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 Nyerudong 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 9.00% p.a. Effective from August 2021, the interest rate for these loan facilities was reduced to 8.50%

Meanwhile, the bank loan agreements between Sambar Jaya Makmur Cooperative, Gunong Nyerudong 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 Nyerudong Cooperative and Tiong Sejahtera Cooperative and until 2028 for Lindong Raya Cooperative, bearing floating interest rate of 9.0% p.a. Effective from August 2021, the interest rate for these loan facilities was reduced to 8.5%.

- g. 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

43. COMMITMENTS AND CONTINGENCIES (Continued)

In September 2020, ANJAS and Tani Binasari Cooperative signed a "Loan Extinguishment Minutes" stating the termination of the cost of funds in 2020 and agreed to make an allowance at 15% of purchase FFB by ANJAS from Tani Binasari Cooperative for replanting funds in the future.

- h. 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 2022. The total significant contracts commitment as of 31 December 2021 is as follows:

	Contract value US\$	Total amount have been paid US\$
USD	US\$ 1.44 million	US\$ 0.20 million
IDR	Rp 372.11 billion	Rp 269.84 billion

CONTINGENCIES

As of 31 December 2021, ANJA, KAL, SMM and ANJAS are in the judicial review process relating to the request filed by the tax authorities with the Supreme Court. ANJA, KAL, SMM and ANJAS have not recorded additional tax liabilities in relation to those ongoing judicial review because ANJA, KAL, SMM and ANJAS assessed that ANJA, KAL, SMM and ANJAS have technical ground to support its tax position.

44. SERVICE CONCESSION ARRANGEMENT

Energy Sales Contract (ESC) of AANE (Note 43a) fulfill all characteristics of a concession arrangement and the infrastructure arising from those contracts is controlled by the grantor, therefore, the management treated those contracts as service concession arrangements.

Receivable from Service Concession Arrangement

The movement in the net carrying amount of receivable from service concession arrangement is as follows:

	31 December 2021 US\$	31 December 2020 US\$
Balance at beginning of year	843,811	913,460
Repayment	(63,299)	(54,618)
Translation adjustments	(9,889)	(15,031)
Balance at end of year	770,623	843,811
Less:		
Current maturity	(72,253)	(64,228)
Non-current portion	698,370	779,583

AANE has used an implicit interest rate of 13%.

Provision For Service Concession Arrangement

The provision for service concession arrangement represents the present value of minimum contractual obligations from the related service concession arrangement.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

44. SERVICE CONCESSION ARRANGEMENT (Continued)

The movement of provision recognized in the consolidated statements of financial position is as follows:

	<u>31 December 2021</u>	<u>31 December 2020</u>
	US\$	US\$
Balance at beginning of year	434,739	432,737
Provision during the year	129,211	66,561
Realization during the year	(72,511)	(58,567)
Translation adjustment	(4,826)	(5,992)
Balance at end of year	<u>486,613</u>	<u>434,739</u>
Less:		
Current maturity	<u>(34,118)</u>	<u>(67,848)</u>
Non-current portion	<u>452,495</u>	<u>366,891</u>

The discount rate used in calculating the present value of the AANE's provision is 5.70%-6.82%.

45. 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 2021 and 2020, total revenue to external customers by geographical areas are as follows:

	<u>31 December 2021</u>	<u>31 December 2020</u>
	US\$	US\$
Domestic	202,552,188	76,640,100
Offshore countries	<u>64,240,189</u>	<u>87,459,544</u>
	<u>266,792,377</u>	<u>164,099,644</u>

As of 31 December 2021 and 2020, the total of non-current assets other than financial instruments and deferred tax assets amounted to US\$ 544,132,468 and US\$ 536,771,389, respectively, and all is located in Indonesia.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

45. SEGMENT INFORMATION (Continued)

Below is the operating segment information:

a. Segment Results

	2021						Consolidated US\$
	Palm oil US\$	Energy US\$	Sago US\$	Others US\$	Total US\$	Elimination US\$	
COMPREHENSIVE INCOME							
Revenue	264,021,002	577,222	1,296,157	897,996	266,792,377	-	266,792,377
Cost of revenue	(158,191,051)	(395,884)	(5,460,845)	(1,998,207)	(166,045,987)	-	(166,045,987)
Gross profit (loss)	105,829,951	181,338	(4,164,688)	(1,100,211)	100,746,390	-	100,746,390
Foreign exchange (loss) gain, net	(461,884)	34	1,069	(2,211)	(462,992)	(2,933)	(465,925)
Selling expenses	(19,941,023)	-	(38,921)	(5,418)	(19,985,362)	-	(19,985,362)
Personnel expense	(6,951,456)	(63,211)	(113,991)	(292,733)	(7,421,391)	-	(7,421,391)
General & Administrative expenses	(7,512,463)	(50,017)	(120,541)	(258,620)	(7,941,641)	2,626,555	(5,315,086)
Others, net	535,648	(2,255)	(1,461)	436,026	967,958	(21,850)	946,108
Operating profit (loss)	71,498,773	65,889	(4,438,533)	(1,223,167)	65,902,962	2,601,772	68,504,734
Finance income (charges), net	(4,044,994)	15,430	14,692	(14,485)	(4,029,357)	(23,570)	(4,052,927)
Segment loss before tax	67,453,779	81,319	(4,423,841)	(1,237,652)	61,873,605	2,578,202	64,451,807
Unallocated income before tax					3,044,214	(9,109,852)	(6,065,638)
Profit before tax					64,917,819	(6,531,650)	58,386,169
Tax expense:							
Segment	(17,499,965)	154,046	6,850	(591,233)	(17,930,302)	-	(17,930,302)
Unallocated					(774,407)	-	(774,407)
Total tax expense					(18,704,709)	-	(18,704,709)
Profit for the year					46,213,110	(6,531,650)	39,681,460
Profit for the year attributable to:							
Owners of the Company					46,557,439	(6,531,650)	40,025,789
Non-controlling interests					(344,329)	-	(344,329)
Profit for the year					46,213,110	(6,531,650)	39,681,460
Total comprehensive income (loss) for the year attributable to:							
Owners of the Company					44,140,551	(6,531,650)	37,608,901
Non-controlling interest:					(658,024)	-	(658,024)
Total comprehensive income (loss)					43,482,527	(6,531,650)	36,950,877

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

45. SEGMENT INFORMATION (Continued)

a. Segment Results (Continued)

	2020						
	Palm oil US\$	Energy US\$	Sago US\$	Others US\$	Total US\$	Elimination US\$	Consolidated US\$
COMPREHENSIVE INCOME							
Revenue	161,840,338	574,243	1,207,268	477,795	164,099,644	-	164,099,644
Cost of revenue	(118,401,744)	(383,931)	(4,570,653)	(654,189)	(124,010,517)	-	(124,010,517)
Gross profit (loss)	43,438,594	190,312	(3,363,385)	(176,394)	40,089,127	-	40,089,127
Foreign exchange gain (loss), net	3,270,568	(200)	2,855	2,936	3,276,159	-	3,276,159
Selling expenses	(9,595,408)	-	(23,919)	(23,103)	(9,642,430)	-	(9,642,430)
Personnel expenses	(6,180,088)	(54,051)	(221,369)	(377,343)	(6,832,851)	-	(6,832,851)
General & administrative expenses	(7,021,467)	(62,170)	(526,666)	(201,643)	(7,811,946)	4,086,872	(3,725,074)
Others, net	1,370,649	-	(694)	201,754	1,571,709	(21,127)	1,550,582
Operating profit (loss)	25,282,848	73,891	(4,133,178)	(573,793)	20,649,768	4,065,745	24,715,513
Financial income (charges), net	(2,726,246)	4,297	14,145	4,111	(2,703,693)	237,315	(2,466,378)
Segment loss before tax	22,556,602	78,188	(4,119,033)	(569,682)	17,946,075	4,303,060	22,249,135
Unallocated income before tax					(11,503,506)	4,277,988	(7,225,518)
Profit before tax					6,442,569	8,581,048	15,023,617
Tax expense:							
Segment	(12,598,856)	(10,358)	(13,138)	(229,278)	(12,851,630)	-	(12,851,630)
Unallocated					38,838	-	38,838
Total tax expense					(12,812,792)	-	(12,812,792)
Profit (loss) for the year					(6,370,223)	8,581,048	2,210,825
Profit (loss) for the year attributable to:							
Owners of the company					(6,233,130)	8,581,048	2,347,918
Non-controlling interests					(137,093)	-	(137,093)
Profit (loss) for the year					(6,370,223)	8,581,048	2,210,825
Total comprehensive loss of the year attributable to:							
Owners of the Company					(2,736,079)	8,581,048	5,844,969
Non-controlling interests					(4,675)	-	(4,675)
Total comprehensive loss					(2,740,754)	8,581,048	5,840,294

b. Segment Assets and Liabilities

	31 December 2021						
	Palm oil US\$	Energy US\$	Sago US\$	Others US\$	Total US\$	Elimination US\$	Consolidated US\$
CONSOLIDATED FINANCIAL POSITION							
ASSETS							
Segment assets	599,664,273	1,269,808	14,922,992	13,229,752	629,086,825	(4,429,308)	624,657,517
Unallocated assets					339,866,737	(311,873,892)	27,992,845
Total consolidated assets							652,650,362
LIABILITIES							
Segment liabilities	215,336,677	612,208	1,169,152	501,907	217,619,944	(1,774,078)	215,845,866
Unallocated liabilities					3,546,022	(17,791)	3,528,231
Total consolidated liabilities							219,374,097
Capital expenditure							
Segment	33,258,901	615	1,075,245	2,455,210	36,789,971	-	36,789,971
Unallocated					15,890	-	15,890
Total capital expenditure							36,805,861
Depreciation and amortization							
Segment	22,958,379	2,520	1,109,200	316,549	24,386,648	-	24,386,648
Unallocated					519,426	-	519,426
Total depreciation and amortization							24,906,074

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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45. SEGMENT INFORMATION (Continued)

b. Segment Assets and Liabilities (Continued)

	31 December 2020						
	Palm oil US\$	Energy US\$	Sago US\$	Others US\$	Total US\$	Elimination US\$	Consolidated US\$
CONSOLIDATED FINANCIAL POSITION							
ASSETS							
Segment assets	575,231,950	1,154,166	14,930,070	12,148,686	603,464,872	761,103	604,225,975
Unallocated assets					340,435,760	(308,517,923)	31,917,837
Total consolidated assets							<u>636,143,812</u>
LIABILITIES							
Segment liabilities	233,049,479	727,023	873,317	1,307,665	235,957,484	(1,072,152)	234,885,332
Unallocated liabilities					5,518,840	(17,715)	5,501,125
Total consolidated liabilities							<u>240,386,457</u>
Capital expenditure							
Segment	45,013,811	374	738,218	960,107	46,712,510	-	46,712,510
Unallocated					4,984	-	4,984
Total capital expenditure							<u>46,717,494</u>
Depreciation and amortization							
Segment	19,101,225	2,619	1,071,124	58,841	20,233,809	-	20,233,809
Unallocated					593,707	-	593,707
Total depreciation and amortization							<u>20,827,516</u>

46. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN U.S. DOLLARS

As of 31 December 2021 and 2020, the Group had monetary assets and liabilities in currencies other than U.S. Dollars as follows:

	31 December 2021		31 December 2020	
	Foreign currencies	Equivalent to US\$	Foreign currencies	Equivalent to US\$
Assets				
Cash and cash equivalents				
Rupiah	326,015,144,048	22,847,792	121,808,466,780	8,635,836
Trade accounts receivable				
Rupiah	44,685,581,303	3,131,655	16,028,259,065	1,136,353
Other receivables				
Rupiah	5,665,720,485	397,065	49,500,383,205	3,509,421
Receivable from service concession arrangement				
Rupiah	10,996,019,587	770,623	11,901,954,155	843,811
Prepayments - Value Added Taxes				
Rupiah	284,942,298,425	19,969,325	334,522,375,005	23,716,581
Claims for tax refund				
Rupiah	30,137,240,982	2,112,078	16,846,208,015	1,194,343
Other non-current assets				
Rupiah	314,407,178,288	22,034,283	295,851,895,430	20,974,966
Total		<u>71,262,821</u>		<u>60,011,311</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

46. MONETARY ASSETS AND LIABILITIES DENOMINATED IN CURRENCIES OTHER THAN U.S. DOLLARS (Continued)

As of 31 December 2021 and 2020, the Group had monetary assets and liabilities in currencies other than U.S. Dollars as follows (Continued):

	31 December 2021		31 December 2020	
	Foreign currencies	Equivalent to US\$	Foreign currencies	Equivalent to US\$
Liabilities				
Short-term bank loans				
Rupiah	-	-	10,480,000,895	742,999
Trade accounts payable				
Rupiah	82,388,364,129	5,773,941	79,860,958,450	5,661,890
Taxes payable				
Rupiah	10,506,521,542	736,318	6,449,003,470	457,214
Long-term bank loans				
Rupiah	1,320,935,039,805	92,573,764	1,446,711,286,930	102,567,266
Other payable				
Rupiah	71,057,693,685	4,979,865	24,295,735,555	1,722,491
Provision for service concession arrangement				
Rupiah	6,943,480,897	486,613	6,131,993,595	434,739
Accrued expenses				
Rupiah	107,184,532,914	7,511,706	38,494,378,650	2,729,130
Lease liabilities				
Rupiah	27,471,320,905	1,925,245	16,666,721,890	1,181,618
Employee benefits obligation				
Rupiah	197,544,616,349	13,844,321	286,609,171,030	20,319,686
Total		<u>127,831,773</u>		<u>135,817,033</u>
Total liabilities, net		<u>(56,568,952)</u>		<u>(75,805,722)</u>

As of 31 December 2021 and 2020, the conversion rates used by the Group were as follows:

	31 December 2021 US\$	31 December 2020 US\$
Currencies:		
1 Rupiah	0.000070	0.000071
1 Euro	0.886328	0.813907

In relation to the fluctuation of the U.S. Dollar exchange rate against foreign currencies, the Group recorded the foreign exchange (loss) gain, net of (US\$ 431,820) and US\$ 3,137,837, respectively for the years ended 31 December 2021 and 2020.

47. 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

47. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT

a. Capital Risk Management (Continued)

The debt to equity ratio as of 31 December 2021 and 2020 were as follows:

	31 December 2021	31 December 2020
	US\$	US\$
Debts		
Short term bank loans	2,000,000	3,142,999
Long-term bank loan - current maturities	12,744,759	2,665,668
Long-term bank loans - net of current maturities	154,501,272	190,114,005
Lease liabilities - current maturities	897,863	430,258
Lease liabilities - net of current maturities	1,027,382	751,360
Total debt	<u>171,171,276</u>	<u>197,104,290</u>
Equity attributable to the owners of the Company	<u>430,618,943</u>	<u>393,764,231</u>
Debt to equity ratio	<u>39.75%</u>	<u>50.05%</u>

Categories and classes of financial instruments

	Financial assets/ liabilities at amortized cost	Investment in equity securities	Financial assets/ liabilities at fair value through profit or loss (FVTPL)
	US\$	US\$	US\$
31 December 2021			
Current financial assets			
Cash in banks and cash equivalents	26,862,614	-	-
Investment in marketable securities	-	-	490,209
Receivable from service concession arrangement	72,253	-	-
Trade accounts receivable	3,131,655	-	-
Other receivables	397,065	-	-
Non-current financial assets			
Receivable from service concession arrangement	698,370	-	-
Investments in equity securities	-	6,554,471	-
Other non-current assets	22,061,683	-	-
Current financial liabilities			
Short-term bank loans	(2,000,000)	-	-
Trade accounts payable	(5,939,443)	-	-
Derivative payables	-	-	(50,134)
Other payables	(4,979,865)	-	-
Accrued expenses	(7,511,706)	-	-
Long term bank loan – current maturities	(12,744,759)	-	-
Lease liabilities - current maturities	(897,863)	-	-
Provision for service concession arrangement - current maturities	(34,118)	-	-
Non-current financial liabilities			
Long-term bank loans - net of current maturities	(155,029,005)	-	-
Lease liabilities - net of current maturities	(1,027,382)	-	-
Provision for service concession arrangement - net of current maturities	(452,495)	-	-
Total	<u>(137,392,996)</u>	<u>6,554,471</u>	<u>440,075</u>

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

47. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

a. Capital Risk Management (Continued)

Categories and classes of financial instruments (Continued)

	Financial assets/ liabilities at amortized cost	Investment in equity securities	Financial assets/ liabilities at fair value through profit or loss (FVTPL)
	US\$	US\$	US\$
31 December 2020			
Current financial assets			
Cash in banks and cash equivalents	15,632,624	-	-
Investment in marketable securities	-	-	490,209
Receivable from service concession arrangement	64,228	-	-
Trade accounts receivable	1,136,353	-	-
Other receivables	3,509,421	-	-
Non-current financial assets			
Receivable from service concession arrangement	779,583	-	-
Investments in equity securities	-	6,068,486	-
Other non-current assets	21,002,366	-	-
Current financial liabilities			
Short-term bank loans	(3,142,999)	-	-
Trade accounts payable	(5,661,890)	-	-
Derivative payables	-	-	(2,037,319)
Other payables	(4,912,646)	-	-
Accrued expenses	(6,082,689)	-	-
Long term bank loan – current maturities	(2,665,668)	-	-
Lease liabilities - current maturities	(430,258)	-	-
Provision for service concession arrangement - current maturities	(67,848)	-	-
Non-current financial liabilities			
Long-term bank loans - net of current maturities	(190,114,005)	-	-
Lease liabilities - net of current maturities	(751,360)	-	-
Provision for service concession arrangement - net of current maturities	(366,891)	-	-
Total	(172,071,679)	6,068,486	(1,547,110)

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 46. 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

47. 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 1%, as well as 5% increase and decrease in U.S. Dollar rate against Rupiah in 31 December 2021 and 2020, respectively 1% (31 December 2020: 5%) increase and 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 period end for every 1% change in the foreign currency rates of Rupiah at 31 December 2021.

	31 December 2021	
	Impact from Rupiah	
	1%	-1%
	US\$	US\$
Assets		
Cash and cash equivalents	(228,478)	228,478
Trade accounts receivable	(31,317)	31,317
Other receivable	(3,971)	3,971
Receivable from service concession arrangement	(7,706)	7,706
Prepayments - Value Added Taxes	(199,693)	199,693
Claims for tax refund	(21,121)	21,121
Other non-current assets	(220,343)	220,343
Total *)	(712,629)	712,629
Liabilities		
Trade accounts payable	57,739	(57,739)
Taxes payable	7,363	(7,363)
Long-term bank loans	925,738	(925,738)
Other payable	49,799	(49,799)
Provision for service concession arrangement	4,866	(4,866)
Accrued expenses	75,117	(75,117)
Lease liabilities	19,252	(19,252)
Employee benefits obligation	138,444	(138,444)
Total *)	1,278,318	(1,278,318)
Total assets (liabilities) net	565,689	(565,689)
31 December 2020		
Impact from Rupiah		
	5%	-5%
	US\$	US\$
Assets		
Cash and cash equivalents	(431,792)	431,792
Trade accounts receivable	(56,818)	56,818
Other receivable	(175,471)	175,471
Receivable from service concession arrangement	(42,191)	42,191
Prepayments - Value Added Taxes	(1,185,829)	1,185,829
Claims for tax refund	(59,717)	59,717
Other non-current assets	(1,048,748)	1,048,748
Total *)	(3,000,566)	3,000,566

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

47. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial Risk Management Objectives and Policies (Continued)

i. Foreign Currency Risk (Continued)

	31 December 2020	
	Impact from Rupiah	
	5%	-5%
	US\$	US\$
Liabilities		
Short-term bank loans	37,150	(37,150)
Trade accounts payable	283,095	(283,095)
Taxes payable	22,861	(22,861)
Long-term bank loans	5,128,363	(5,128,363)
Other payables	86,125	(86,125)
Accruals	136,457	(136,457)
Lease liabilities	59,081	(59,081)
Provision for service concession arrangement	21,737	(21,737)
Employee benefits obligation	1,015,984	(1,015,984)
Total *)	6,790,853	(6,790,853)
Total assets (liabilities) net	3,790,287	(3,790,287)

*) included the 31 December 2021 translation effect of assets and liabilities amounted to Rp 736.2 billion and Rp 1,529.3 billion (31 December 2020: Rp 572.3 billion and Rp 1,602.2 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 1% and 5% against Rupiah, respectively for the years ended 31 December 2021 and 2020:

	31 December 2021		31 December 2020	
	1%	-1%	5%	-5%
	US\$	US\$	US\$	US\$
Translation adjustments	2,916,184	(2,916,184)	2,956,423	(2,956,423)

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 2021	31 December 2020
	US\$	US\$
Financial assets:		
Floating rate		
Cash in banks	26,324,668	13,448,811
Time deposits	537,946	2,183,813
Investments in marketable securities	490,209	490,209
Total	27,352,823	16,122,833

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED 31 DECEMBER 2021 AND 2020

47. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

b. Financial Risk Management Objectives and Policies (Continued)

ii. Interest Rate Risk (Continued)

	Carrying amount	
	31 December 2021	31 December 2020
	US\$	US\$
Fixed rate		
Receivable from service concession arrangement	770,623	843,811
Financial liabilities:		
Floating rate		
Short-term bank loans	2,000,000	3,142,999
Long-term bank loans	167,246,031	192,779,673
Total	169,246,031	195,922,672
Fixed Rate		
Lease liabilities	1,925,245	1,181,618
Provision for service concession arrangement	486,613	434,739
Total	2,411,858	1,616,357

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 25 basis points on the relevant interest rates with other variables held constant. The 25 basis points increase and decrease represents the management's assessment on rational interest rate changes after considering the current economic conditions.

	31 December 2021	
	+ 25 basis points	- 25 basis points
	US\$	US\$
Financial assets		
Cash in bank	65,812	(65,812)
Time deposits	1,345	(1,345)
Investments in marketable securities	1,226	(1,226)
Financial liabilities		
Short-term bank loans	(5,000)	5,000
Long-term bank loans	(418,115)	418,115
Total	(354,732)	354,732
	31 December 2020	
	+ 25 basis points	- 25 basis points
	US\$	US\$
Financial assets		
Cash in bank	33,622	(33,622)
Time deposits	5,460	(5,460)
Investments in marketable securities	1,226	(1,226)
Financial liabilities		
Provision for service concession arrangement	(1,256)	1,256
Lease liabilities	(2,954)	2,954
Short-term bank loans	(7,857)	7,857
Long-term bank loans	(483,418)	483,418
Total	(455,177)	455,177

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

47. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (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 crude palm oil ("CPO"), palm kernel oil ("PKO") and palm kernel ("PK") are commodity products traded in the global markets. CPO, PKO 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, PKO and PK prices are principally dependent on the supply and demand dynamics of those products in the global export market. The Group has not entered into any CPO, PKO and PK pricing agreements to hedge its exposure to fluctuations in the prices but it may do so in the future. However, in order to minimize the risk, CPO, PKO and PK prices are negotiated with the customers to obtain favorable prices. ANJA and SMM 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 43d, f and g).

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.

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 2021 and 2020. The tables represent the undiscounted cash flows and carrying amount of financial assets and liabilities based on the earliest required payment date:

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

47. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

v. Liquidity Risk (Continued)

	31 December 2021				Carrying amount US\$
	Contractual cash flows				
	Less than 1 year US\$	1 – 5 years US\$	Beyond 5 years US\$	Total US\$	
Financial assets:					
Cash in banks and cash equivalents	26,862,614	-	-	26,862,614	26,862,614
Investments in marketable securities	490,209	-	-	490,209	490,209
Receivable from service concession arrangement	168,230	841,148	168,230	1,177,608	770,623
Trade accounts receivable	3,131,655	-	-	3,131,655	3,131,655
Other receivables	397,065	-	-	397,065	397,065
Other non-current assets	-	22,061,683	-	22,061,683	22,061,683
Total financial assets	31,049,773	22,902,831	168,230	54,120,834	53,713,849
Financial liabilities:					
Short-term bank loans:					
Rupiah	-	-	-	-	-
U.S. Dollar	2,008,294	-	-	2,008,294	2,000,000
Trade accounts payable	5,939,443	-	-	5,939,443	5,939,443
Derivative payable	50,134	-	-	50,134	50,134
Provision for service concession arrangement	41,610	630,489	168,157	840,256	486,613
Long-term bank loans:					
Rupiah	16,615,484	97,814,159	-	114,429,643	92,573,764
U.S. Dollar	4,755,815	76,567,808	-	81,323,623	75,200,000
Other payables	4,979,865	-	-	4,979,865	4,979,865
Lease liabilities	980,416	1,108,288	-	2,088,704	1,925,245
Accruals	7,511,706	-	-	7,511,706	7,511,706
Total financial liabilities	42,882,767	176,120,744	168,157	219,171,668	190,666,770
Total net liabilities	(11.832.994)	(153.217.913)	73	(165.050.834)	(136.952.921)

	31 December 2020				Carrying amount US\$
	Contractual cash flows				
	Less than 1 year US\$	1 – 5 years US\$	Beyond 5 years US\$	Total US\$	
Financial assets:					
Cash in banks and cash equivalents	15,632,624	-	-	15,632,624	15,632,624
Investments in marketable securities	490,209	-	-	490,209	490,209
Receivable from service concession arrangement	170,186	850,929	340,372	1,361,487	843,811
Trade accounts receivable	1,136,353	-	-	1,136,353	1,136,353
Other receivables	3,509,421	-	-	3,509,421	3,509,421
Other non-current assets	-	21,002,366	-	21,002,366	21,002,366
Total financial assets	20,938,793	21,853,295	340,372	43,132,460	42,614,784

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

47. FINANCIAL RISK AND CAPITAL RISK MANAGEMENT (Continued)

v. Liquidity Risk (Continued)

	31 December 2020				
	Contractual cash flows				Carrying amount
	Less than 1 year	1 – 5 years	Beyond 5 years	Total	
US\$	US\$	US\$	US\$	US\$	
Financial liabilities:					
Short-term bank loans:					
Rupiah	752,364	-	-	752,364	742,999
U.S. Dollar	2,414,071	-	-	2,414,071	2,400,000
Trade accounts payable	5,661,890	-	-	5,661,890	5,661,890
Derivative payable	2,037,319	-	-	2,037,319	2,037,319
Provision for service concession arrangement	67,848	387,196	47,543	502,587	434,739
Long-term bank loans:					
Rupiah	2,110,070	134,834,988	2,563,355	139,508,413	102,567,266
U.S. Dollar	1,332,405	99,819,597	-	101,152,002	90,800,000
Other payables	4,642,470	-	-	4,642,470	4,642,470
Lease liabilities	525,755	859,937	-	1,385,692	1,181,618
Accruals	6,082,689	-	-	6,082,689	6,082,689
Total financial liabilities	<u>25,626,881</u>	<u>235,901,718</u>	<u>2,610,898</u>	<u>264,139,497</u>	<u>216,550,990</u>
Total net liabilities	<u>(4,688,088)</u>	<u>(214,048,423)</u>	<u>(2,270,526)</u>	<u>(221,007,037)</u>	<u>(173,936,206)</u>

48. 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.
- 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.

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

48. FAIR VALUE MEASUREMENTS (Continued)

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). The fair value measurements are based on market and net asset value adjusted with price of sales and purchase agreement, net present value and discounted cash flow models, comparison with similar instruments for which market observable price exist, or other valuation models.
- 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). The fair value measurements are based on net present value and discounted cash flow models that include information of projection for which that are no market observable exist such as CPO production, estimated capital expenditures and interest rates used for discount rate estimation.

31 December 2021	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<u>Financial assets</u>				
Financial assets at FVTPL				
Investments in trading securities				
Investments in money market fund	490,209	-	-	490,209
Investment in equity securities				
Other investment	5,070	-	6,549,401	6,554,471
<u>Non-financial assets</u>				
Biological assets	-	-	7,028,766	7,028,766
Total	495,279	-	13,578,167	14,073,446

Financial liability

Financial liability at FVTPL

Derivative liability	-	50,134	-	50,134
Total	-	50,134	-	50,134

31 December 2020	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
<u>Financial assets</u>				
Financial assets at FVTPL				
Investments in trading securities				
Investments in money market fund	490,209	-	-	490,209
Investment in equity securities				
Other investment	6,636	-	6,061,850	6,068,486
<u>Non-financial assets</u>				
Biological assets	-	-	3,234,440	3,234,440
Total	496,845	-	9,296,290	9,793,135

Financial liability

Financial liability at FVTPL

Derivative payable	-	2,037,319	-	2,037,319
Total	-	2,037,319	-	2,037,319

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

48. FAIR VALUE MEASUREMENTS (Continued)

At 31 December 2020, other investment with carrying amount of USD 5,418,686 were transferred from Level 2 to Level 3 because of the absence of quoted prices for similar assets in the market. To determine the fair value of such instrument, management used a Discounted Cash Flows valuation technique in which certain significant inputs were based on non-observable market data, such as production volume, production cost and interest rate used for discount rate estimation. There were no transfers between Level 1 and 2 during the period and no transfers in either direction in 2021 and 2020.

49. NON-CASH FINANCING AND INVESTING ACTIVITIES

	31 December 2021	31 December 2020
	US\$	US\$
Non-cash financing and investing activities:		
Acquisitions of property, plant and equipment through:		
Other payables	808,900	1,715,642
Capitalization of amortization of financing cost	-	230,327
Depreciation of right-of-use asset	571,040	57,793
Reclassification from other advances	1,126,540	2,055,413
Addition of bearer plants through:		
Amortization of financing cost	91,682	1,866,390
Capitalization of depreciation of property, plant and equipment (Note 14)	681,706	910,202
Reclassification from property, plant and equipment	255,973	-
Reclassification from advances	49,241	63,814
Addition of advance through reclassification of property, plant and equipment	146,535	-
Addition of other assets through reclassification of property, plant and equipment	15,867	-
Addition from capital injection in GMIT	1,322,222	-
Addition of deferred financing costs through other payables	150,000	200,000
Addition of right of use asset through lease liabilities	1,362,702	-

The following summarizes the components of change in the liabilities arising from financing activities during the year:

	31 December 2021	31 December 2020
	US\$	US\$
Beginning balance of short-term and long-term bank loans (Note 21)	195,922,671	190,456,553
Cash flows:		
Proceeds from short-term bank loans	9,028,550	104,583,764
Proceeds from long-term bank loans	7,453,187	175,853,400
Payments of short-term bank loans	(10,199,611)	(101,165,161)
Payments of long-term bank loans	(31,763,090)	(163,355,744)
Payments for deferred financing costs	(232,295)	(342,835)
Non-cash changes:		
Capitalization of amortization of financing cost	91,682	230,327
Amortization of financing cost	148,633	142,211
Foreign exchange differences	(1,203,696)	(10,479,844)
Ending balance of short-term and long-term bank loans (Note 21)	169,246,031	195,922,671

PT AUSTINDO NUSANTARA JAYA Tbk AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
YEARS ENDED 31 DECEMBER 2021 AND 2020

50. SUBSEQUENT EVENT

On 5 January 2022, the Ministry of Environment and Forestry (“MOEF”) issued Decree No. SK.01/MENLHK/SETJEN/KUM.1/1/2022 regarding Revocation of Forest Area Concession Permits (“SK 01”) which revokes a number of forestry concession licenses, including those under the Approval for Relinquishment of Forestry Area (*Persetujuan Pelepasan Kawasan Hutan*). The Company, PPM and PMP are included in the list of companies which the concession permits are revoked. Notwithstanding the above, SK 01 calls for an official revocation letter to be issued by three directorate generals under the MOEF to give effect to such revocation (the “Official Letter”). The management has submitted a letter to the MOEF and the Ministry of Agrarian and Spatial Affairs / National Land Agency to provide a clarification that the Company, PPM and PMP have obtained land rights (*Hak Guna Usaha*, “HGU”) on these three land parcels and have developed oil palm plantation in PPM and PMP as well as the related developments progress in the Company. After the clarification process, it is expected that a final decree will be issued. The Management has assessed that the Company, PPM and PMP have a strong basis to continue holding the HGU on these three land parcels. As of the issuance date of the consolidated financial statements, the management has not obtained any further information or decision, including the Official Letter, regarding this SK 01.



Siddharta Widjaja & Rekan **Registered Public Accountants**

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Independent Auditors' Report

No.: 00050/2.1005/AU.1/01/0854-1/1/III/2022

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 2021, 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.



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 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

Siddharta Widjaja & Rekan
Registered Public Accountants

A handwritten signature in black ink, appearing to be 'Susanto', written over a horizontal line.

Susanto, S.E., CPA
Public Accountant License No. AP. 0854

16 March 2022

