

IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Offering Memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Offering Memorandum. In accessing the attached Offering Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of your Representation: You have accessed the attached Offering Memorandum on the basis that you have confirmed your representation to the Issuer and to the Joint Lead Managers (as such terms are defined in the attached preliminary Offering Memorandum (the “**Offering Memorandum**”)) that (1) you consent to delivery of the attached Offering Memorandum and any amendments or supplements thereto by electronic transmission and agree to the terms set forth herein, (2) (i) you are outside the United States and, to the extent you purchase the securities described in the attached Offering Memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (ii) the e-mail address to which the attached Offering Memorandum has been delivered is not located in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, (3) you will not transmit the attached Offering Memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Joint Lead Managers and (4) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic conditions with respect to your decision to subscribe for or purchase any securities.

The attached Offering Memorandum has been made available to you in electronic format. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently none of the Issuer, the Joint Lead Managers and their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Issuer, the Joint Lead Managers or any of their respective affiliates accepts any liability or responsibility whatsoever with respect to any discrepancies between the document distributed to you in electronic format and the hard-copy version.

Restrictions: The attached Offering Memorandum is being furnished in connection with an offering exempt from registration under the Securities Act. Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so.

ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS REGISTERED UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION. YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The materials relating to the offering of securities to which the Offering Memorandum relates do not constitute, and may not be used in connection with, an offer or solicitation by or on behalf of the Issuer (as defined in the Offering Memorandum), UBS AG Singapore Branch, Deutsche Bank AG, Singapore Branch, Mizuho Securities (Singapore) Pte. Ltd., SMBC Nikko Capital Markets Limited, DBS Bank Ltd., Mandiri Securities Pte. Ltd., Natixis Singapore Branch and Oversea-Chinese Banking Corporation Limited (the “**Joint Lead Managers**”) in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall this Offering Memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

You are reminded that the attached Offering Memorandum has been delivered to you on the basis that you are a person into whose possession the attached Offering Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this document, electronically or otherwise, to any other person. If you receive this document by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the “Reply” function on your e-mail software, will be ignored or rejected. If you receive this document by

e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

EU MiFID II product governance / Professional investors and ECPs only target market—Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**EU MiFID II**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPs only target market—Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to section 309B(1) of the Securities and Futures Act (Chapter 289 of Singapore) (as modified or amended from time to time, the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (as modified and amended from time to time, the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).



PT Indofood CBP Sukses Makmur Tbk

(established in the Republic of Indonesia with limited liability)

US\$1,150,000,000 3.398% Senior Bonds due 2031

US\$600,000,000 4.745% Senior Bonds due 2051

The US\$1,150,000,000 3.398 per cent. Senior Bonds due 2031 (the “**2031 Bonds**”) and the US\$600,000,000 4.745 per cent. Senior Bonds due 2051 (the “**2051 Bonds**”, and together with the 2031 Bonds, the “**Bonds**”) will be issued by PT Indofood CBP Sukses Makmur Tbk (the “**Issuer**”).

The 2031 Bonds will bear interest from and including June 9, 2021 (the “**Issue Date**”) at the rate of 3.398 per cent. per annum. The 2051 Bonds will bear interest from and including the Issue Date at the rate of 4.745 per cent. per annum. Interest on the 2031 Bonds is payable semi-annually in arrear on June 9 and December 9 in each year, commencing on December 9, 2021. Interest on the 2051 Bonds is payable semi-annually in arrear on June 9 and December 9 in each year, commencing on December 9, 2021.

The 2031 Bonds will be constituted by a trust deed to be dated June 9, 2021 (the “**2031 Bonds Trust Deed**”) made between the Issuer and DB Trustees (Hong Kong) Limited as trustee (the “**Trustee**”). The 2051 Bonds will be constituted by a trust deed to be dated June 9, 2021 (the “**2051 Bonds Trust Deed**”) made between the Issuer and the Trustee (the “**2051 Bonds Trust Deed**”), and together with the 2031 Bonds Trust Deed, the “**Trust Deeds**” and each a “**Trust Deed**”).

The 2031 Bonds will constitute direct, general, unconditional, unsubordinated and (subject to Condition 3.1 (*Negative Pledge*) of the “**Terms and Conditions of the 2031 Bonds**”) (the “**Terms and Conditions of the 2031 Bonds**”) unsecured obligations of the Issuer which will at all times rank at least *pari passu* in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application. The 2051 Bonds will constitute direct, general, unconditional, unsubordinated and (subject to Condition 3.1 (*Negative Pledge*) of the “**Terms and Conditions of the 2051 Bonds**”) (the “**Terms and Conditions of the 2051 Bonds**”), and together with the Terms and Conditions of the 2031 Bonds, the “**Terms and Conditions of the Bonds**”) unsecured obligations of the Issuer which will at all times rank at least *pari passu* in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

In this Offering Memorandum, references to “a series of the Bonds” or “a series” are to the 2031 Bonds or 2051 Bonds, separately. References to the section entitled “**Terms and Conditions of the Bonds**” are to the sections entitled “**Terms and Conditions of the 2031 Bonds**” and/or the section entitled “**Terms and Conditions of the 2051 Bonds**”, as the case may be. References to the “**Terms and Conditions of the Bonds**” are to the Terms and Conditions of the 2031 Bonds or, as the case may be, the Terms and Conditions of the 2051 Bonds.

Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the 2031 Bonds at their principal amount on June 9, 2031 (the “**2031 Maturity Date**”) and the 2051 Bonds at their principal amount on June 9, 2051 (the “**2051 Maturity Date**”), and together with the 2031 Maturity Date, the “**Maturity Dates**” and each, a “**Maturity Date**”). The Issuer may redeem the Bonds of the relevant series in whole, but not in part, at 100 per cent. of their principal amount, together with any accrued and unpaid interest, at any time in the event of certain changes affecting taxes of the Relevant Jurisdiction (as defined in the Terms and Conditions of the Bonds). At any time following the occurrence of a Change of Control Triggering Event, the holder of any Bond of the relevant series will have the right, at such holder’s option, to require the Issuer to redeem in whole but not in part such holder’s Bonds on the Change of Control Triggering Event Put Date (as defined in the Terms and Conditions of the Bonds) at a redemption price equal to 101 per cent. of their principal amount (together with any accrued but unpaid interest). The Bonds of the relevant series may be redeemed at the option of the Issuer in whole or in part, at any time at 100 per cent. of their principal amount plus the relevant Applicable Premium (as defined in the Terms and Conditions of the Bonds) applicable to the Bonds of the relevant series (together with accrued and unpaid interest to but excluding the date fixed for redemption). The Bonds of the relevant series may be redeemed at the option of the Issuer in whole, but not in part, at any time at 100 per cent. of their principal amount together with interest accrued up to but excluding the date fixed for redemption, if, immediately before giving notice of redemption, at least 80 per cent. in principal amount of the Bonds of the relevant series originally issued (including any further bonds issued pursuant to Condition 9 (*Further Issues*) of the Terms and Conditions of the Bonds and consolidated and forming a single series with the Bonds) has already been redeemed or purchased and cancelled. The Issuer will have the right to redeem the 2031 Bonds at any time or from time to time on or after December 9, 2030, and the 2051 Bonds at any time or from time to time on or after December 9, 2050, in each case in whole or in part, on at least 30 days’ but not more than 60 days’ prior notice, at a redemption price equal to 100 per cent. of their outstanding principal amount to be redeemed plus accrued but unpaid interest (if any) on the principal amount of the Bonds to be redeemed and relevant Additional Amounts (if any) (as defined in the Terms and Conditions of the Bonds) to, but excluding, the redemption date (subject to the right of the holders of record on the relevant Interest Record Date to receive interest and Additional Amounts (if any) on the relevant redemption date). See “**Terms and Conditions of the 2031 Bonds—Redemption and Purchase**” and “**Terms and Conditions of the 2051 Bonds – Redemption and Purchase**”.

Payments on the Bonds will be made in U.S. dollars without withholding or deduction for taxes of the Republic of Indonesia or certain other jurisdictions to the extent described in Condition 7 (*Taxation*) of the Terms and Conditions of the Bonds.

The Bonds are in registered form in the denomination of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

See “**Risk Factors**” beginning on page 26 for a discussion of certain risks that you should consider in connection with an investment in the Bonds.

The Bonds are expected to be rated “Baa3” by Moody’s Investors Service, Inc. (“**Moody’s**”) and “BBB-” by Fitch Ratings Ltd (“**Fitch**”). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction, or withdrawal at any time by the assigning rating agency.

2031 Bonds: Issue Price: 100.000%

2051 Bonds: Issue Price: 100.000%

in each case plus accrued interest, if any, from June 9, 2021

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**Securities Act**”), or the securities laws of any other jurisdiction. The Bonds may not be offered or sold within the United States (as defined under Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Bonds are being offered and sold outside the United States in offshore transactions in compliance with Regulation S under the Securities Act. See “**Subscription and Sale**” for certain restrictions on the resale and transfer of the Bonds and distribution of this Offering Memorandum. This offering does not constitute a public offering or a private placement of debt securities in Indonesia under Law No. 8 of 1995 on Capital Market and its implementing regulations including the Indonesian Financial Service Authority (*Otoritas Jasa Keuangan*—“**OJK**”) Regulation No. 30/POJK.04/2019 on Issuance of Debt Securities and/or Sukuk without Public Offering. The Bonds may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents or entities, in a manner which constitutes a public offering or private placement of debt securities under the laws and regulations of Indonesia.

Approval in-principle has been obtained from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Memorandum. There is no assurance that the listing and quotation of the Bonds will be granted. Approval in-principle from, admission of the Bonds to the Official List of the SGX-ST and quotation of the Bonds on SGX-ST is not to be taken as an indication of the merits of the Issuer and its associated companies, or the Bonds. The Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000 as long as any of the Bonds are listed on the SGX-ST. Currently, there is no market for the Bonds.

Each series of the Bonds will be represented by beneficial interests in a global certificate (each, a “**Global Certificate**” and together, the “**Global Certificates**”) in registered form which will be registered in the name of a nominee of, and shall be deposited on or about the Issue Date with, a common depository for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”), and together with Euroclear, the “**Clearing Systems**”). Beneficial interests in the Global Certificates will be shown on, and transfers thereof will be effected only through, records maintained by Euroclear and Clearstream. Except as described therein, individual certificates for each series of the Bonds will not be issued in exchange for interests in the relevant Global Certificate.

Joint Global Coordinators and Joint Lead Managers

UBS
DBS Bank Ltd.

Deutsche Bank
Mandiri

Mizuho Securities
Natixis

SMBC Nikko
OCBC Bank

Offering Memorandum dated June 2, 2021

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NOTICE TO INVESTORS

This Offering Memorandum is being furnished by us on a confidential basis in connection with an offering exempt from the registration requirements under the Securities Act, solely for the purpose of enabling a prospective investor to consider the purchase of the Bonds. Each of us, the Joint Lead Managers (as described below) and their respective affiliates, reserves the right to reject any offer to purchase the Bonds, in whole or in part, for any reason. We have prepared this Offering Memorandum solely for use in connection with the proposed offering of the securities described herein. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each prospective investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and agrees to make no photocopies of this Offering Memorandum or any documents referred to herein.

We, having made all reasonable enquiries, accept full responsibility for the accuracy of the information contained in this Offering Memorandum and confirm that to the best of our knowledge and belief (i) this Offering Memorandum contains all information with respect to us and the Bonds which is material in the context of the issue and offering of the Bonds (including all information which, according to our particular nature and that of the Bonds, is necessary to enable investors to make an informed assessment of our assets and liabilities, financial position, profits and losses and prospects and of the rights attaching to the Bonds), (ii) the statements contained in this Offering Memorandum relating to us and the Bonds are in all material respects true and accurate and not misleading, (iii) the opinions and intentions relating to us expressed in this Offering Memorandum are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions, (iv) there are no other material facts relating to us and the Bonds the omission of which would, in the context of the issue and offering of the Bonds, make any statement in this Offering Memorandum, in light of the circumstances under which they were made, misleading, and (v) all reasonable enquiries have been made by us to ascertain such facts and to verify the accuracy of all such information and statements.

No person has been authorized to give any information or to make any representation not contained in this Offering Memorandum in connection with the offering of the Bonds, and, if given or made, such other information or representation must not be relied upon as having been authorized by us, the Joint Lead Managers (defined below), their respective affiliates, the Trustee, Deutsche Bank AG, Hong Kong Branch as the principal paying agent (the “**Principal Paying Agent**”), the registrar (the “**Registrar**”) and the transfer agent (the “**Transfer Agent**”), and together with the Principal Paying Agent and the Registrar, the “**Agents**”) or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them or any other person.

Each of UBS AG Singapore Branch, Deutsche Bank AG, Singapore Branch, Mizuho Securities (Singapore) Pte. Ltd., SMBC Nikko Capital Markets Limited, DBS Bank Ltd., Mandiri Securities Pte. Ltd., Natixis Singapore Branch and Oversea-Chinese Banking Corporation Limited (each, a “**Joint Lead Manager**” and together, the “**Joint Lead Managers**”), their respective affiliates, the Trustee and the Agents and any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them make no representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Joint Lead Managers, their respective affiliates, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them as to the past or future. The Joint Lead Managers, their respective affiliates, the Trustee and the Agents and any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them assume no responsibility for the accuracy or completeness of any of the information contained herein (financial, legal or otherwise). The information contained in this Offering Memorandum is as of the date of this Offering Memorandum and is subject to change, completion or amendment without notice. Neither the delivery of this Offering Memorandum at any time nor the offer, sale or delivery of any Bond shall, under any circumstances, create any implication that there has been no change in the information set forth in this Offering Memorandum or in our affairs since the date of this Offering Memorandum.

To the fullest extent permitted by law, none of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them accept any responsibility for the contents of this Offering Memorandum or for any other statement, made or purported to be made by any such person or on their behalf in connection with us or the issue and offering of the Bonds. The Joint Lead Managers, the Trustee and each Agent and any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them accordingly

disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Memorandum or any such statement. Neither this Offering Memorandum nor any of our financial statements is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of us, the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them that any recipient of this Offering Memorandum or any of our financial statements should purchase the Bonds. Each potential investor of Bonds should determine for itself the relevance of the information contained in this Offering Memorandum should be based upon such investigation as it deems necessary. None of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them undertakes to review our financial condition or affairs during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them.

This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

The Bonds are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and the applicable state securities laws pursuant to registration or exemption therefrom. As a prospective purchaser, you should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. Please refer to the sections entitled “*Subscription and Sale*”.

This Offering Memorandum does not constitute an offer to sell or a solicitation of an offer to buy any of the Bonds to any person in any jurisdiction where it is unlawful to make such an offer or solicitation. No action has been or will be taken to permit a public offering of the Bonds in any jurisdiction where action would be required for that purpose. The Bonds may not be offered or sold, directly or indirectly, and this Offering Memorandum may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. None of us, the Joint Lead Managers, the Trustee, the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them or any affiliate or representative of us are making any representation to any investor regarding the legality of an investment by such investor under applicable laws.

Each prospective investor must comply with all applicable laws and regulations in force in any jurisdiction in which it purchases, offers or sells the Bonds or possesses or distributes this Offering Memorandum and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers or sales, and neither we, the Joint Lead Managers, nor their respective affiliates, nor the Trustee nor the Agents nor any of our or their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them shall have any responsibility therefor.

In making an investment decision, prospective investors must rely on their own examination of us and the terms of the offering, including the merits and risks involved. Prospective investors should not construe anything in this Offering Memorandum as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the Bonds under applicable legal investment or similar laws or regulations. Each person receiving this Offering Memorandum acknowledges that such person has not relied on the Joint Lead Managers, the Trustee or the Agents or any of their respective directors, officers, employees, agents, advisers, representatives or affiliates, or any person who controls any of them in connection with its investigation of the accuracy of the information contained herein or its investment decision.

EU MiFID II product governance / Professional investors and ECPs only target market—Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, “**EU MiFID II**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to EU MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

UK MiFIR product governance / Professional investors and ECPs only target market—Solely for the purposes of the manufacturer’s product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (“**COBS**”), and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“**UK MiFIR**”); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturer’s target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the “**UK MiFIR Product Governance Rules**”) is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturer’s target market assessment) and determining appropriate distribution channels.

Singapore Securities and Futures Act Product Classification—Solely for the purposes of its obligations pursuant to section 309B of the Securities and Futures Act (Chapter 289 of Singapore) (as modified or amended from time to time, the “**SFA**”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (as modified or amended from time to time, the “**CMP Regulations 2018**”), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA) that the Bonds are “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

NOTICE TO INVESTORS IN INDONESIA

The Bonds have not been offered or sold and will not be offered or sold in Indonesia or to any Indonesian nationals, corporations or residents, including by way of invitation, offering or advertisement, and this Offering Memorandum and any other offering material relating to the Bonds has not been distributed, and will not be distributed, in Indonesia or to any Indonesian nationals, corporations or residents in a manner which would constitute a public offering or a private placement of debt securities in Indonesia under Law No. 8 of 1995 on Capital Markets and its implementing regulations including the Indonesian Financial Service Authority (*Otoritas Jasa Keuangan* or “**OJK**”) Regulation No. 30/POJK.04/2019 on Issuance of Debt Securities and/or Suruk without Public Offering. OJK has not reviewed or declared its approval or disapproval of the issue of the Bonds, nor has it made any determination as to the accuracy or adequacy of this Offering Memorandum. Any statement to the contrary is a violation of Indonesian law.

CERTAIN DEFINED TERMS

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, all references to:

- “**we**”, “**us**”, “**our**”, “**Group**” and “**ICBP**” are references to PT Indofood CBP Sukses Makmur Tbk., and its consolidated subsidiaries, associates, joint operations and joint ventures taken as a whole;
- “**ISM**” are references to PT Indofood Sukses Makmur Tbk., our controlling shareholder;
- the “**Indofood Group**”, are references to ISM and its consolidated subsidiaries, associates, joint operations and joint ventures taken as a whole;
- “**Pinehill**” are references to Pinehill Company Limited, a BVI business company duly established under the laws of the British Virgin Islands;
- the “**Pinehill Group**” are references to Pinehill and its consolidated subsidiaries, associates and joint operations and joint ventures taken as a whole;
- the “**Pinehill Acquisition**” are references to the acquisition by us of the entire issued share capital of Pinehill (as more fully described herein);
- “**IDX**” refers to *PT Bursa Efek Indonesia* (the Indonesian Stock Exchange); and
- “**OJK**” refers to *Otoritas Jasa Keuangan* or the Indonesian Financial Service Authority (formerly known as Bapepam-LK).

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, all references to “**Indonesia**” are references to the Republic of Indonesia. All references to the “**Government**” herein are references to the Government of the Republic of Indonesia. All references to “**United States**” or “**U.S.**” herein are to the United States of America. All references to “**United Kingdom**” herein are to the United Kingdom of Great Britain and Northern Ireland.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains “forward-looking” statements that relate to future events, which are, by their nature, subject to significant risks and uncertainties. All statements other than statements of historical fact contained in this Offering Memorandum, including, without limitation, those regarding our future financial position and results of operations, strategy, plans, objectives, goals and targets, future developments in the markets where they participate or are seeking to participate, and any statements preceded by, followed by or that include the words “believe”, “expect”, “aim”, “intend”, “will”, “may”, “project”, “estimate”, “anticipate”, “predict”, “seek”, “should” or similar expressions, are forward-looking statements. The future events referred to in these forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future and are not a guarantee of future performance. Important factors that could cause the actual results, performance or achievements to differ materially from those in the forward-looking statements include:

- changes in the Indonesian economy and the domestic economies of the other jurisdictions in which we operate, including as a result of the COVID-19 pandemic;
- the effects of, and changes in laws, regulations or regulatory policy;
- competition in the geographic and business areas in which we conduct our operations;
- changes in taxation or accounting standards or practices;
- the ability to maintain or increase market share for our products while controlling expenses;
- credit and performance risks associated with customers, suppliers, trading partners and banks and other financial counterparties;
- our ability to integrate the Pinehill Group and future acquisitions, divestitures and various business opportunities that we may pursue;
- changes in consumer preferences;
- availability, timing of delivery and costs of key supplies and ingredients;
- changes or volatility in inflation, interest rates and foreign exchange rates;
- the effects of international and domestic political events on our businesses;
- accidents, natural disasters or outbreaks of infectious diseases in our market areas;
- the ability of third parties to perform in accordance with contractual terms and specifications; and
- the success at managing the risks of the aforementioned factors.

This list of important factors is not exhaustive. Additional factors that could cause the actual results, performance or achievements to differ materially include those discussed under “*Risk Factors*”. When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. Such forward-looking statements speak only as of the date on which they are made. Accordingly, we undertake no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. We make no representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Accordingly, you should not place undue reliance on any forward-looking statements.

PRESENTATION OF FINANCIAL INFORMATION

Presentation of Our Historical Financial Information

The financial information included in this Offering Memorandum has been derived from our consolidated financial statements (the “**Group**”). Unless otherwise indicated, financial information in this Offering Memorandum has been prepared in accordance with Indonesian Financial Accounting Standards (“**Indonesian FAS**”), which differ in certain respects from International Financial Reporting Standards (“**IFRS**”). For a summary of differences between Indonesian FAS and IFRS, see “*Summary of Certain Differences Between Indonesian FAS and IFRS*”.

Our consolidated financial statements are presented in Rupiah.

Presentation of Unaudited Pro Forma Information

This Offering Memorandum also contains certain unaudited pro forma financial information which reflects the Pinehill Acquisition and the related acquisition financing. We have prepared the pro forma financial information included in this Offering Memorandum as if the Pinehill Acquisition had occurred on January 1, 2020. The pro forma financial information included in this Offering Memorandum has been provided for illustrative purposes only and does not represent what our financial condition or results of operations actually would have been if the Pinehill Acquisition had in fact occurred on January 1, 2020 and is not representative of and should not be relied upon as indicative of the results of operations for any future periods. See “*Unaudited Pro Forma Combined Consolidated Financial Information*” for a discussion of the pro forma adjustments. Unless otherwise indicated, all references in this Offering Memorandum to “**pro forma**” refer to the unaudited pro forma combined consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2020, which reflects the Pinehill Acquisition as if it had occurred on January 1, 2020.

Exchange Rate Information

Unless otherwise indicated or otherwise required by the context, all references in this Offering Memorandum to “**Rupiah**” or “**Rp.**” are to the lawful currency of Indonesia. References to “**U.S. dollars**” or “**US\$**” are to United States dollars, the lawful currency of the United States of America. For convenience, the exchange rate applied from Rp. to US\$ in this Offering Memorandum is US\$1 = Rp.14,105, which is the middle exchange rate announced by Bank Indonesia as of December 31, 2020 for certain Rupiah amounts, except as otherwise indicated. Such translations should not be construed as representations that the Rupiah or U.S. dollar amounts referred to could have been, or could be, converted into Rupiah or U.S. dollars, as the case may be, at that or any other rate or at all. See “*Exchange Rates and Controls*” for further information regarding rates of exchange between the Rupiah and U.S. dollar. Rounding adjustments have been made in calculating some of the financial information included in this Offering Memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

NON-GAAP FINANCIAL MEASURES

See “*Summary Financial Information and Other Data—Non-GAAP Financial Measures*”. for a description of certain non-GAAP financial measures used in this Offering Memorandum such as EBITDA. EBITDA presented in this Offering Memorandum is a supplemental measure of performance that is not required by, or presented in accordance with, Indonesian FAS or IFRS.

We calculate EBITDA by adding depreciation and amortization to income from operations.

EBITDA is not a standard measure under Indonesian FAS despite being a widely used financial indicator of a company’s ability to service and incur debt. EBITDA should not be considered in isolation or construed as an alternative to cash flows, profit for the year/period or any other measure of performance or as an indicator of operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities, among other reasons, because it does not account for taxes, interest expense, depreciation or other non-operating cash expense. In evaluating EBITDA, investors should consider, among other things, the components of EBITDA such as revenues and operating expenses and the amount by which EBITDA exceeds capital expenditures and other charges. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. You should not compare EBITDA to similarly titled measures presented by other companies because not all companies use the same definition.

EBITDA and other non-GAAP financial measures derived from it have limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for, your own analysis of our financial condition or

results of operations, as reported under Indonesian FAS. Non-GAAP financial measures are not standardized terms. Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our businesses.

INDUSTRY AND MARKET DATA

This Offering Memorandum includes market share and industry data and forecasts that we obtained from industry publications and surveys and reports of governmental agencies. Information in this Offering Memorandum on the markets in which we operate is from independent market research carried out by Euromonitor International Limited and research carried out by Bank Indonesia, BPS, IMF and World Bank, but should not be relied upon in making, or refraining from making, any investment decision. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. While we have taken reasonable actions to ensure that the information is extracted accurately and in its proper context, we have not independently verified any of the data from third-party sources or ascertained the underlying economic assumptions relied upon therein.

Disclaimer of Euromonitor International Limited

Information in this Offering Memorandum on the markets in which ICBP operates is from independent market research carried out by Euromonitor International Limited but should not be relied upon in making, or refraining from making, any investment decision.

ENFORCEABILITY OF FOREIGN JUDGMENTS

The Bonds and the Trust Deeds are governed by English law. The Issuer is a public limited liability company established and existing in Indonesia, with a substantial portion of its assets in Indonesia. In addition, substantially all of the commissioners and directors of the Issuer reside in Indonesia. As a result, it may not be possible for investors to effect service of process or to enforce any judgment within the foreign jurisdiction upon it or such persons outside of Indonesia, or to enforce in Indonesian courts any judgments including based upon the civil liability provisions of the foreign securities law against it or such persons in courts outside of Indonesia.

Our Indonesian legal advisor, Melli Darsa & Co., has advised that judgments of non-Indonesian courts, are not enforceable in Indonesian courts and, as a result, it may not be possible to enforce judgments obtained in non-Indonesian courts against us. To obtain an Indonesian court judgment, a claimant would be required to pursue claims in Indonesian courts on the basis of Indonesian law. A foreign court judgment could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. Re-examination of the underlying claim de novo would be required before the Indonesian courts. There can be no assurance that the claims or remedies available under Indonesian laws will be the same or as extensive as those available in other jurisdictions. For more information on these risks, see “*Risk Factors—Risks Relating to the Bonds—Enforcing your rights under the Bonds across multiple jurisdictions may prove difficult*”; and “*—Bondholders will be exposed to a legal system subject to considerable discretion and uncertainty and may have difficulty pursuing claims under the Bonds*”.

INDONESIAN REGULATION OF OFFSHORE BORROWINGS

Under Presidential Decree No. 59/1972 on Offshore Commercial Borrowings dated October 12, 1972 (“**Presidential Decree No. 59/1972**”) and Presidential Regulation No. 86 of 2006 dated October 18, 2006 as amended by Presidential Regulation No. 91/2007 dated September 19, 2007, we are required to report particulars of our offshore borrowings (including borrowing incurred under the Bonds) to the Minister of Finance of Indonesia and Bank Indonesia, i.e. on the acceptance, implementation, and repayment of loan principal and interest. Further, under the Ministry of Finance Decree No. KEP-261/MK/IV/5/73, dated May 3, 1973, as amended by the Ministry of Finance Decree No. 417/KMK.013/1989 dated May 1, 1989, and the Ministry of Finance Decree No. 279/KMK.01/1991 dated March 18, 1991, which implemented Presidential Decree No. 59/1972, we are also required to submit periodic reports of such offshore loans to the Minister of Finance of Indonesia and Bank Indonesia on the effective date of the loan agreement and each subsequent three-month period. Further, pursuant to the President Regulation No. 82 of 2020 on Corona Virus Disease (COVID-19)

Handling Committee and National Economy Recovery, Presidential Decree No. 39 of 1991 on Foreign Commercial Loan Management Coordination has been revoked and, as a result, the Offshore Commercial Borrowings Coordination Team (*Tim Koordinasi Pinjaman Komersial Luar Negeri—PKLN*) has been disbanded. Following the disbanding of the PKLN Team and pending the issuance of the relevant implementing regulations, there is uncertainty as to how periodic reports on foreign commercial loans will be handled.

On December 31, 2014, Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 regarding the Reporting on Foreign Exchange Activities and Reporting on the Implementation of Prudential Principles in the Management of Non-Bank Corporation's Offshore Debt ("**PBI 16/22**"). The scopes of reporting under PBI 16/22 are (A) in connection with foreign exchange activities, all Indonesian residents, whether individuals or entities, who engage in foreign exchange activities are required to report (i) any trading of goods, services and other transactions between an Indonesian resident and a non-resident; (ii) any offshore financial assets and/or offshore financial liabilities and any change thereto; and/or (iii) offshore debt plan and/or its realization to Bank Indonesia, and (B) in connection with the implementation of prudential principles, any non-bank entity which applies prudential principles is required to submit reports which cover (i) the implementation of prudential principles which have complied with an attestation procedure; (ii) a report on the implementation of prudential principles; (iii) notification of compliance of credit ratings; and (iv) financial statements.

On January 9, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/2/PBI/2019 dated January 9, 2019 on Reporting of Foreign Exchange Activity ("**PBI 21/2**"), which became effective from March 1, 2019. This regulation revokes all provisions on the reporting of foreign exchange activities under PBI 16/22. Therefore, based on PBI 21/2, PBI 16/22 remains valid and only regulates the reporting of the implementation of the prudential principles. PBI 21/2 requires any entities engaged in activities that cause a movement of (i) financial assets and/or liabilities and/or risk participation transaction between an Indonesian resident and a non-Indonesian resident or (ii) offshore financial assets and/or liabilities and/or risk participation transaction between Indonesian residents, to submit a foreign exchange activities report with respect to any foreign exchange activities to Bank Indonesia. The relevant entities include bank and non-bank financial entities, non-financial entities, individuals and entities other than enterprises, whether in the form of legal entities or non-legal entities established by a government or the public. The report must include, among other things, information relating to (i) trade activities in goods, services or other transactions between an Indonesian resident and a non-Indonesian resident; (ii) principal data of risk participation transaction and/or offshore loan; (iii) plan to draw and/or repay the offshore loan and/or risk participation transactions; (iv) realization to draw and/or repay the offshore loan and/or risk participation transactions; (v) the position and changes of offshore financial assets, offshore financial liabilities and/or risk participation transactions; and/or (vi) any plans to incur new offshore loans and/or their amendment. Bank Indonesia has issued implementing regulations for PBI 21/2, namely (i) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/3/PADG/2019 dated February 15, 2019 on Offshore Debt of Bank and Other Bank's Liabilities in Foreign Exchange ("**PADG 21/3**"); and (ii) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/4/PADG/2019 dated February 28, 2019 on the Reporting of Foreign Exchange Activities in the Form of Offshore Debt and Risk Participation Transactions ("**PADG 21/4**"). Both implementation regulations became effective on March 1, 2019. The report on foreign exchange activities must be submitted using an online system in accordance with each implementing regulation of PBI 21/2 as applicable, namely PADG 21/3 or PADG 21/4.

According to PADG 21/4, any individual or entity that obtains offshore debt in a foreign currency and/or Rupiah and conducting risk participation transactions pursuant to loan agreements, debt securities, trade credits or loans other than loans pursuant to loan agreements, debt securities and trade credit (i.e. a dividend loan and royalty loan) must report such activities to Bank Indonesia. There is no minimum amount requirement to trigger the reporting obligation with regard to offshore debt obtained by an entity (whether a financial or non-financial institution). In contrast, an individual's offshore debt is only required to be reported if such debt exceeds an amount of US\$200,000 or its equivalent in any other currency. The reports consist of the main data report and/or amendments, the monthly recapitulation data report and offshore debt plan data report. The main data report must be submitted to Bank Indonesia by no later than the 15th day of the following month from 07:10 Western Indonesia time to 16:15 Western Indonesia time after the signing of the loan agreement or the issuance of the debt securities and/or the debt acknowledgment over the trade credits and/or other loans, and a monthly recapitulation data report must be submitted to Bank Indonesia by no later than the 15th day of the following month at 24:00 Western Indonesia time, until the offshore debt has been repaid in full and an offshore debt plan data report must be submitted to Bank Indonesia by no later than March 15 for a new offshore debt plan and June 15 for changes to the offshore debt plan.

In relation to the implementation of prudential principles as regulated under PBI 16/22 and PBI 16/21/2014 (as defined below), based on Bank Indonesia Circular Letter No. 17/3/DSta dated March 6, 2015 on the Reporting of the Implementation of Prudential Principles in the Management of Non-Bank Corporation's Offshore Debt as

amended by Bank Indonesia Circular Letter No. 17/24/DSta dated October 12, 2015 (“**SEBI 17/3/DSta**”), non-bank corporations must submit:

- the prudential principle implementation activity report (“**KPPK report**”): (i) a non-attested KPPK report, which is to be submitted on quarterly basis, no later than the end of the third month after the end of the relevant quarter; and (ii) an attested KPPK report (attested by a public accountant), which is to be submitted annually by no later than the end of June of the following year;
- information on the fulfillment of credit ratings, which is to be submitted at the latest at the end of the month following the execution or issuance of the offshore debt; and
- the financial statements of the company, consisting of: (i) unaudited financial statements, to be submitted on quarterly basis, by no later than the end of the third month after the end of the relevant quarter; and (ii) annual audited financial statements, which must be submitted by no later than end of June of the following year.

Bank Indonesia examines the accuracy of the foreign exchange activities report and the prudential principle implementation activity report. It can also request clarifications, evidence, records or other supporting documents from the relevant party or institutions, including direct inspection of the company or appoint a third-party to do so.

As of January 1, 2016, submissions of and corrections to the prudential principle implementation activity report shall be made online. The requirement to submit credit ratings fulfillment only applies to offshore debt executed or issued as of January 1, 2016.

Related to the reporting requirements under PBI 16/22, Bank Indonesia also issued Bank Indonesia Regulation No. 16/21/PBI/2014 on the Implementation of Prudential Principles in the Management of Non-Bank Corporation’s Offshore Debt as amended by Bank Indonesia Regulation No. 18/4/PBI/2016 (“**PBI 16/21/2014**”), which is applicable to non-bank corporations that obtain offshore Debt in a foreign currency (non-Indonesian Rupiah). PBI 16/21/2014 is implemented through (i) Bank Indonesia Circular Letter No. 16/24/DKEM dated December 30, 2014, as amended by Bank Indonesia Circular Letter No. 17/18/DKEM dated June 30, 2015, and Bank Indonesia Circular Letter No. 18/6/DKEM dated April 22, 2016 and (ii) SEBI 17/3/DSta.

PBI 16/21/2014 requires non-bank corporations that have offshore debt in a foreign currency (non-Indonesian Rupiah) to maintain the following prudential principles, (i) minimum hedging requirements, (ii) minimum liquidity requirements and (iii) minimum credit ratings. The hedging requirements do not apply to non-bank corporations whose financial statements are presented in United States dollars and who fulfill the following criteria: (i) an export revenue to business revenue ratio of more than 50% in the previous calendar year, and (ii) approval from the Ministry of Finance to use United States dollars in their financial statements, which approval shall be evidenced by submitting supporting documents to Bank Indonesia.

The minimum hedging requirement is applied with a two-stage approach to avoid unnecessary difficulties for corporations having existing offshore debt. From December 31, 2015, the minimum hedging ratio is set at 25% of (i) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due within three months from the end of the relevant quarter and (ii) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due in the period of more than three months up to six months after the end of the relevant quarter.

On the minimum liquidity requirement, non-bank corporations that have offshore debt in a foreign currency are also required to comply with the minimum liquidity ratio of at least 70% by providing sufficient foreign exchange assets against foreign exchange liabilities that will become due within three months from the end of the relevant quarter.

The minimum credit rating requirement is required to be maintained at BB-(BB minus) or its equivalent from a particular rating agency recognized by Bank Indonesia which currently includes the domestic rating agencies PT Pemeringkat Efek Indonesia (Pefindo) (with equivalent rating of BB-(id)), Fitch Ratings Indonesia ((Idn)BB-); and the following foreign rating agencies: Moody’s Investors Service (Ba3), Standard & Poor’s (BB-), Fitch Ratings (BB-), Japan Credit Rating Agency (BB-) and Rating and Investment Information Inc. (BB-). Such credit rating will be for both the relevant corporation (issuer rating) and/or any bonds (issue rating) in accordance with the type and period of such foreign currency offshore debt. Such rating shall be valid for two years as of the rating issuance. PBI 16/21/2014 provides that corporations may use their parent company credit rating if (i) such corporation enters into offshore debt in foreign currency with its parent company, or if the offshore debt is guaranteed by the parent company, or (ii) such corporation is a newly established corporation with a maximum three years since the corporation began commercial operation. The requirement to fulfill the minimum credit rating requirement is exempted for (i) the refinancing of offshore debt in foreign currency (such exemption is limited to refinancing which does not increase the outstanding amount of the previous debt or if it

increases, such increase shall not exceed (a) US\$2,000,000 or its equivalent or (b) 5% of the amount outstanding of such refinanced debt if such 5% figure is higher than US\$2,000,000 or its equivalent); (ii) offshore debt in foreign currency for infrastructure project financing derived (a) all from an international bilateral/multilateral lending agency or (b) from a syndicated loan where more than 50% of the contribution comes from international bilateral/multilateral institutions; (iii) offshore debt in a foreign currency for a central or regional government infrastructure project financing; (iv) offshore debt in a foreign currency which is secured by international bilateral/multilateral institutions; (v) offshore debt in foreign currency in the form of trade credits; (vi) offshore debt in foreign currency in form of other loans; (vii) offshore debt in a foreign currency entered into by a finance company (a business entity which conducts financing activities for the procurement of goods and services) to the extent (a) such finance company has a minimum financial soundness of “healthy” as issued by OJK; and (b) such finance company fulfills the maximum gearing ratio as regulated by OJK; or (viii) offshore debt in a foreign currency by Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank). Non-bank corporations that have offshore debt in a foreign currency are obliged to submit a report to Bank Indonesia on the implementation of prudential principles and any exemptions, together with the relevant supporting documents. Bank Indonesia will monitor for compliance and may impose administrative sanctions in the form of warning letters for any failure to comply with the prudential principles. PBI 16/21/2014 does not specify any other sanction in the event the non-bank corporations ignore such warning letter, however Bank Indonesia may inform related parties, such as relevant offshore creditors, the Ministry of State-Owned Companies (for state-owned non-bank corporations), the Ministry of Finance on behalf of Directorate General of Tax, OJK and the Indonesia Stock Exchange (the “**IDX**”) (for publicly listed non-bank corporations) on the implementation of administrative sanctions.

On May 14, 2014, Bank Indonesia issued Bank Indonesia Regulation No. 16/10/PBI/2014 on The Receipt of Foreign Exchange Export Revenue and Drawdown of Offshore Debt, which has been amended by Bank Indonesia Regulation No. 17/23/PBI/2015 on December 28, 2015 (“**PBI 16/10/2014**”) and partially revoked and replaced by Bank Indonesia Regulation No. 21/14/PBI/2019 dated November 28, 2019 on Foreign Exchange Export Revenues and Import Payments as amended by Bank Indonesia Regulation No. 22/21/PBI/2020 dated December 29, 2020 on Amendment of Bank Indonesia Regulation No. 21/14/PBI/2019, and on April 6, 2016, Bank Indonesia issued Bank Indonesia Circular Letter No. 18/5/DSta on the Withdrawal of Foreign Exchange Offshore Loan. Based on PBI 16/10/2014, any drawdown from offshore debt (in foreign currencies) originating from (i) a non-revolving loan agreement (including offshore debt originating from a difference between the refinanced debt and the previous debt) or (ii) offshore debt securities (including acknowledgements of debt which is tradable in domestic or international financial and capital markets in the form of, among others, bonds, medium term notes, floating rate notes, promissory notes and commercial paper) must be withdrawn through foreign exchange banks (which include offshore bank branches in Indonesia) and must be reported to Bank Indonesia with the relevant supporting documents. The aggregate amount of the receipt of the offshore debt should be equal to the local commitments provided under such debt and every receipt of offshore debt through a foreign exchange bank should be equal to each offshore debt withdrawal. In the event that the aggregate amount of the offshore debt is less than the local commitments in excess of Rp.50,000,000 (or its equivalent in foreign currencies), the borrower must submit a written explanation and sufficient supporting documentation to Bank Indonesia before the expiration of the term of such debt. In the event that the amount of offshore debt received through the foreign exchange bank is less than the amount of each offshore debt withdrawal in excess of Rp.50,000,000 (or its equivalent in foreign currencies), such offshore debt received through the foreign exchange bank will be deemed to be equal to the amount of each offshore debt withdrawal only if the borrower submits sufficient supporting documents to Bank Indonesia. Withdrawals of such offshore debt must be reported to Bank Indonesia monthly using the recapitulation data report as regulated under PADG 21/4. These reports shall include supporting documents detailing that the receipt of offshore debt was withdrawn from the foreign exchange bank.

With respect to the foregoing reporting obligations to Bank Indonesia, the sanction that may be imposed by Bank Indonesia is as follows:

- any delay or failure to submit foreign exchange report on offshore debt plan may result in an administrative sanction in the form of a warning letter and/or notification to the relevant authority or institution which will be set by Bank Indonesia;
- any incompleteness and/or inaccuracy of information on a foreign exchange report (except for offshore debt plan) which is not corrected is an administrative sanction in the form of penalty at the amount of Rp.50,000 (fifty thousand Rupiah) per incomplete and/or inaccurate record, provided that the maximum amount of penalty imposed will not exceed Rp.10,000,000 (ten million Rupiah);
- any incompleteness and/or inaccuracy of information on the KPPK Report, may result in a penalty of Rp.500,000 (five hundred thousand Rupiah) per incompleteness and/or inaccuracy;

- any delay to submit the foreign exchange report (except for offshore debt plan) or the KPPK Report, including any supporting documents and financial statements (except for information on credit rating), may result in a penalty of Rp.500,000 (five hundred thousand Rupiah) per day of delay, provided that the maximum amount of penalty imposed will not exceed Rp.5,000,000 (five million Rupiah);
- any failure to submit the foreign exchange report (except for offshore debt plan) or the KPPK Report, including any supporting documents and financial statements (except for information on credit rating), may result in a penalty of Rp.10,000,000 (ten million Rupiah) per reporting period;
- in addition to the penalties above, a warning letter and/or notification to the relevant authority or institution will be issued by Bank Indonesia for any delay or failure to submit the KPPK Report, including its supporting documents and/or financial statements;
- any delay or failure to submit information regarding a credit rating may result in a warning letter and/or notification to the relevant authority or institution from Bank Indonesia; and
- any failure to comply with the obligation to withdraw the offshore debt through a foreign exchange bank in Indonesia may result in (among other things) a penalty of 0.25% (zero point two five percent) of the withdrawal amount which does not pass through the foreign exchange bank in Indonesia, provided that the maximum amount of penalty imposed will not exceed Rp.50,000,000 (fifty million Rupiah).

LANGUAGE OF THE TRANSACTION DOCUMENTS

Pursuant to Article 31 of Law No. 24 of 2009 on National Flag, Language and Coat of Arms, and National Anthem that was enacted on July 9, 2009 (“**Law No. 24/2009**”), agreements to which Indonesian parties are the party are required to be executed in Bahasa Indonesia, although, when a foreign entity is also a party to such agreement, a dual-language document in English or the national language of the relevant party is permitted.

On July 7, 2014, the Government issued an implementing regulation, i.e. Government Regulation No. 57 of 2014 on Development Fostering, and Protection of Language and Literature and Enhancement of the function of the Indonesian Language (“**Government Regulation 57/2014**”), to give effect to certain provisions of Law No. 24/2009. Government Regulation 57/2014 focuses on the promotion, fostering and protection of the Indonesian language and literature and, while it is silent on the question of contractual language, it does serve as a timely reminder that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although versions in other languages are also permitted).

On January 15, 2014, Law No. 2 of 2014 on Amendment to Law No. 30 of 2004 on Notary Profession (“**Notary Law**”) was issued. Pursuant to the Notary Law, a notarial deed made after January 15, 2014 must be drawn up in the Indonesian language. If the parties require, a notarial deed can be made in a foreign language and in such an event, the notary must translate the deed into the Indonesian language but, in the event of different interpretation as to the content of the deed, the Indonesian language deed shall prevail.

Pursuant to Law No. 24/2009, on September 30, 2019, the President of the Republic of Indonesia issued the Presidential Regulation No. 63 of 2019 on Use of Indonesian Language (“**Regulation No. 63/2019**”) to implement the provisions under Law No. 24/2009. Regulation No. 63/2019 stipulates that Bahasa Indonesia must be used in memorandums of understanding or agreements that involve, among others, Indonesian private entities (including Indonesian limited liability companies). If the agreement involves a foreign party, the agreement may also be made in the national language of such foreign party or in English. This provision also implies that the Bahasa Indonesia version of the agreement needs to be executed at the same time as the English version of the agreement, or the agreement will need to be executed in a bilingual version. In addition, Regulation No. 63/2019 expressly confirms that parties to an agreement involving foreign parties may agree on any prevailing language of the agreement if there are any inconsistencies between the Bahasa Indonesia version and the foreign language version.

We will execute dual English and Bahasa Indonesia versions of all transaction agreements to which we are party. All of these documents will provide that in the event of a discrepancy or inconsistency, the parties intend the English version to prevail which is in line with the provisions of Regulation No. 63/2019. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by or accurately translated into the Indonesian language version. Further, we cannot assure you that the Bahasa Indonesia language version will reflect the original intent of the parties or that the English version as the prevailing language in such transaction documents will be interpreted and enforced by the Indonesian courts as intended.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this Offering Memorandum. We urge you to read this entire Offering Memorandum carefully, including our financial statements and related notes and “Risk Factors” before making an investment decision.

Overview

We are a leading player in the consumer branded products sector in Indonesia where we produce and market a diverse range of products in categories including noodles, dairy, snack foods, food seasonings, nutrition and special foods, and beverages. We provide everyday solutions for consumers of all ages across market segments with more than 30 leading product brands. Many of our product brands are market leaders and enjoy high brand recognition in their respective categories, having gained the trust and loyalty of millions of consumers over decades.

Our operations are supported by more than 60 factories located in key areas across Indonesia. This puts us in close proximity with our customers and ensures product freshness and availability. Besides Indonesia, we also export our products worldwide. As part of our core business expansion strategy, we acquired Pinehill, an instant noodle producer with more than 20 manufacturing facilities (including supporting facilities) in Africa, the Middle East and South Eastern Europe, making us one of the world’s largest instant noodles producers with a strong market share globally.

We are a member of the Indofood Group of companies. Our parent company, ISM and its subsidiaries operate in all stages of food manufacturing from the production and processing of raw materials to the manufacture and distribution of consumer food and beverage products. The Indofood Group capitalizes on economies of scale and a resilient business model with four complementary business groups, namely: consumer branded products, Bogasari a flour producer, agribusiness and distribution. As part of the Indofood Group, our operations are supported by our parent company’s extensive raw materials production and finished product distribution network allowing us to meet market demands in a timely and efficient manner.

We originated out of the consumer branded product business group of our parent company, where the business operations began in 1982 with the production of instant noodles. The Indofood Group entered into nutrition and special foods in 1985, and in 1990, expanded into snack foods. The food seasonings business was set up in 1991. We entered the dairy business in 2008. In 2009, all of these businesses were restructured to establish us. Since our establishment as a separate entity, we have continued developing our businesses and strengthened our leading position in most of our market segments. We also operate a packaging business, producing both flexible and corrugated packaging to support our core business.

We completed our initial public offering in 2010 and are listed on the Indonesian Stock Exchange under the trading symbol “ICBP”. As of December 31, 2020, our market capitalization was Rp.111,662.8 billion.

We focus on the following business categories:

Noodles. We are one of the world’s largest instant noodles manufacturers and the market leader in Indonesia, Egypt, Saudi Arabia, Turkey, Nigeria and United Arab Emirates, according to Euromonitor. The Noodles division produces and markets instant noodles products in various brands and formats that serve different market segments. *Indomie*, our flagship brand, has stayed top-of-mind among consumers. *Supermi*, *Sarimi* and *Sakura* are equally entrenched as familiar household brands in bag noodles, while *Mie Telur Cap 3 Ayam* is an egg noodle brand popular among consumers, noodle street vendors and traditional food services. In the cup noodle category, *Pop Mie* is also the Indonesian market leader. In our overseas markets, *Indomie* is also our flagship brand while *Supermi* and *Sarimi* are also available in the markets to complement *Indomie* in different segments of the business. In the cup noodle category, *Indomie Cup* and *Pop Mie* are also market leaders in several countries.

Our packaging unit produces flexible and corrugated packaging to support other divisions operations and plays a pivotal role in assuring product quality and safety from the factory to the table.

Dairy. We are one of Indonesia’s leading dairy producers with a broad range of products including ultra-high temperature (“UHT”) milk, sterilized bottled milk, sweetened condensed creamer (“SCC”), evaporated milk, pasteurized liquid milk, multi cereal milk, milk flavored drinks, powdered milk, ice cream and butter. Our Dairy division is recognized for its distinguished brands and quality products. Our dairy products are marketed under the household names of *Indomilk*, with more than 50 years of market presence in Indonesia, *Cap Enaak*, *Kremer*, *Tiga Sapi*, *Indomilk Kids*, *Indomilk Good To Go* and *Milkuat*; and ice cream under *Indofood Ice Cream* and butter products under *Orchid Butter*.

Snack Foods. Our Snack Foods division produces modern snacks and contemporized traditional Indonesian snacks made from potato, cassava, soybean and corn, as well as various extruded snacks marketed under the *Chitato*, *Qtela*, *Jetz* and *Chiki* brands. *Chitato* and *Qtela* are market leaders in Indonesia, with a presence of more than 30 years and 10 years, respectively.

Food Seasonings. Our Food Seasonings division is one of the leading producers of culinary products in Indonesia. Our offerings, which range from soy, chili and tomato sauces to recipe mixes, are marketed under *Indofood* and *Indofood Racik* brands.

Nutrition and Special Foods. Our Nutrition & Special Foods division is one of the leading players in Indonesia's baby food industry. This division produces a range of nutritionally balanced specialty foods that adhere to the highest international food safety standards at several price points. These include baby cereals, baby snacks (rice puffs, crunchies, biscuits and puddings) and noodle soups for infants and toddlers, milk for expectant and lactating mothers, and cereal powdered drinks which are marketed under the *Promina*, *SUN* and *GoWell* brands.

Beverages. Our Beverages division offers a range of ready-to-drink teas, packaged water and fruit flavored drinks, which are marketed under *Ichi Ocha*, *Club* and *Fruitamin* brands.

We employed a total of 35,355 employees as of December 31, 2020. Our net sales were Rp.38,413.4 billion, Rp.42,296.7 billion and Rp.46,641.0 billion in 2018, 2019 and 2020, respectively. Our income for the year attributable to equity holders of the parent entity were Rp.4,575.8 billion, Rp.5,038.8 billion and Rp.6,586.9 billion in 2018, 2019 and 2020, respectively.

Competitive Strengths

Leading Packaged Food Player in Markets

Indonesia's packaged food industry is sizeable and growing steadily as consumer demand increases along with rising disposable income. According to Euromonitor, we are the number one player in the industry with approximately 11% retail value share in 2020. Compared to our competitors, we are 2.6 times larger than the second largest player and 5.8 times larger than the second largest local packaged food player.

We provide daily food solutions to our consumers including noodles, dairy, snack foods, food seasonings, nutrition and special foods and beverages products. We enjoy leading market positions in many of our product categories. Based on Euromonitor's total retail sales value in 2020, we were the market leader in the noodles industry with 73.0% market share. Our Dairy division which has been present in Indonesia's dairy industry for more than five decades, has a market share of 33.9% and 10.4% in condensed milk and drinking milk categories, respectively. It positioned us as the number two and number four player in the respective categories. In addition, we are the largest producer of salty snacks with 21.5% market share, number one in the dry sauces category with 35.6% market share and the second largest player in chili sauces with 21.4% market share.

Our *Indomie* noodles brand is not only strong in the Indonesian market but also internationally. Currently the consumption per capita ("CPC") of instant noodle in Indonesia is around 3.8 kilograms while South Korea has the highest CPC of 8.5 kilograms and Malaysia has a CPC of 5.4 kilograms. In our markets outside South-East Asia, CPC in Egypt, Saudi Arabia and Nigeria are still lower at approximately 0.7, 1.4 and 1.0 kilograms per capita, respectively, according to Euromonitor. Looking at such CPCs, there is still tremendous potential growth of instant noodle in Indonesia and our other markets. Based on Euromonitor's total retail sales value in 2020, we were positioned as the number one player in the Middle East and Africa, number two player in Australasia and number three player in Asia Pacific with 29.7%, 16.0% and 6.9% market share respectively.

Strong Brand Awareness and Brand Equity

We believe our brands are among the strongest brands in their markets with significant mindshare and have gained the trust and loyalty of millions of consumers over decades. Our brands have received multiple awards. Based on Kantar Indonesia's Brand Footprint 2020 publication, *Indomie* continues to be the most chosen brand in Indonesia for six consecutive years while *Indomilk* has been one of the top three most chosen Dairy brands in Indonesia for the last three consecutive years. Similarly, based on Kantar Brand footprint 2020 publication, *Indomie* has been one of the top three most chosen food brands in the world for the last five consecutive years.

In a study conducted by NielsenIQ, both our brands and corporate brand have shown excellent exposure to consumers. The study shows that 90% or more consumers are aware of *Indomie*, *Indomilk*, *Chitato*, and *Sambal Indofood*. Similarly, our corporate brand *Indofood* also has high total brand awareness at 97% of respondents and has become the top of mind brand compared to other multinational and local food and beverage companies that operate in Indonesia.

We believe that our strong brand awareness and brand equity as well as leading market positions will not only reinforce our ability to maintain a resilient and sustainable business, but also provide us with an invaluable platform to introduce new categories and products in order to increase our market share. See “Marketing”.

Access to Extensive Distribution Network and End-To-End Supply Chain

As a leading packaged food player, it is key to ensure the availability of quality finished products to consumers hence we continue to strengthen our supply chain by diversifying our raw material sourcing. As part of the Indofood Group, we have access to a steady supply of quality key raw materials such as wheat flour and cooking oil. We also cooperate with local farmers to get quality fresh raw materials such as potatoes, cassavas, chili and fresh milk.

To support our operations, we operate 86 production facilities, comprising 30 noodles factories (which consist of 17 in Indonesia spread across the country, one in Malaysia and 12 in Africa, the Middle East and South Eastern Europe) as well as seven dairy factories, three snack foods factories, three food seasonings factories, one nutrition and special foods factory and 19 beverages factories in Indonesia. In addition, we have 23 supporting facilities which consist of 12 in Indonesia and 11 spread across Africa, the Middle East and South Eastern Europe.

As part of the Indofood Group, we benefit from Indofood’s distribution arm which has an extensive network to service Indonesia, an archipelagic market which has a population of approximately 270 million people. We distribute our products primarily through Indofood’s distribution arm as well as through third-party distributors. Indofood’s distribution arm has a wide-reaching coverage of 26 branches and headquarter spanning across Indonesia, while most of its competitors are regional. It has more than 1,300 distribution points throughout Indonesia, with each distribution point generally located in areas with a high density of retail outlets and/or near traditional markets serving the retail outlets. Indofood’s distribution arm is able to cover an extensive distribution network of around 750,000 registered retail outlets across the nation. We also continue to maintain and grow our relationships with third-party distributors in order to distribute our products more widely.

We believe that the large number of distribution points and their proximity to demand centers provides us with a significant competitive advantage, allowing faster and more frequent deliveries, which enhances product availability and freshness. Indofood’s distribution arm is also supported by a management information system that is able to provide market information to us on a timely basis, allowing us to closely monitor the market and respond more quickly to market changes. Such an extensive distribution network has proven to be a key success factor as reflected in a NielsenIQ study which shows that our products are perceived to be much more easily found as compared to other multinational and local food and beverage companies’ products.

In addition, our products are also available in more than 100 countries around the world. We have broad distribution capabilities with over 100 distributors in overseas markets which allow us to ensure easy access to our consumers.

Best-in-class Operations Supported by Strong Execution and Continued Economies of Scale

We have been developing our core noodles business for the past 50 years, and now we have a total of 30 factories across Indonesia, Malaysia, Africa, the Middle East and South Eastern Europe, with an annual production capacity of 29 billion packs. This has enabled us to become one of the largest instant noodle producers in the world and the largest packaged food producer in Indonesia, according to Euromonitor, with significant sales volume. Furthermore, we are able to achieve economies of scale which further maintains our competitive advantage. By having multiple production facilities for various products, which are located in key areas across Indonesia and the ability to access Indofood Group’s raw material supplies and extensive distribution network, we enjoy strong synergies with the Indofood Group in terms of securing major raw materials supply with consistent quality and increasing traceability as well as capturing and serving demand across Indonesia in timely and cost-efficient manner. We believe our economies of scale combined with our leading market positions, also enable us to conduct significant advertising and promotional activities in a cost-efficient manner.

With continuous efforts to innovate and refresh our product portfolio as well as improve productivity and efficiency, we have been able to continuously grow both revenue and EBIT. Since 2010 our revenue has grown from Rp.17,960.1 billion to Rp.46,641.0 billion in 2020, whilst our gross profit margin grew from 27.7% to 36.9% and EBIT margin from 14.2% to 19.7%, respectively over the same period. This increased revenue and profitability has been driven by:

- our pricing power for our main brands, where we have a leading market share, and strong brand equity. This enables us to increase prices and to pass on the increased costs of raw materials to our customers;

- we have integrated sales and marketing strategies, which have driven strong volume growth allowing us to achieve economies of scale;
- we have continued to launch new products on an annual basis, to refresh our portfolio and to ensure our products meet and exceed the evolving consumer demands; and
- our continued investments in our factories, to ensure we can increase productivity through increased automation and investing in new high-speed machinery.

Diversified Portfolio and Geography with Track Record of Continuing Product Innovation

We are the largest packaged food producer in Indonesia based on Euromonitor's retail sales value, with a wide range of products. Many of our products have been used by many Indonesian households for decades, providing solutions for their daily food needs. We provide a wide range of everyday food products, including staples, snacks and nutritional food products, which are targeted at multiple market segments and offer us a diversified revenue source.

We believe that our experience in selling these products to consumers in Indonesia over many years provides us with a unique understanding of consumer tastes and preferences. This has allowed us to innovate and successfully develop new products targeting specific consumer segments. Our field team continually evaluates the market to gain a better understanding of consumer tastes and preferences. We have a successful track record of product development. We introduced approximately 100 products and product variants during 2018-2020 and launched 11 new products between January 1, 2021 up to April 2021. We continue to develop new products and flavors to meet consumer expectations, for example by launching *Indomie Hype Abis Series* with *Ayam Geprek*, *Mi Goreng Chitato Rasa Sapi Panggang*, *Seblak* and *Mieghetti Bolognese* flavors during 2019-2021. Adapting to increasing health awareness, partly triggered by the COVID-19 pandemic, we launched *Supermi Nutrimi* at a slightly premium price in 2021 to cater to health-conscious consumers as the noodle is made from broccoli, is flavored with from mushroom powder, contains no preservatives and has a chicken steak flavor which we believe appeals to target consumers. We also complemented our cup noodle variants with spicy flavors in 2017-2018, while the latest development for our cup noodles in 2020 was *Pop Mie Panas* combining instant noodles and rice as Indonesians love to eat rice with noodles. For Dairy, we entered into multi cereal milk by launching *Indomilk Good To Go* which is intended to provide a nutritional solution for Indonesian consumers with a milk product which is high in fiber and helps to keep people energized during the day. We expanded our product range and format for condensed milk and liquid milk through the launch of a pouch format in 2019, which is more convenient and economical. We also introduced the Vanilla Marie biscuit flavor in 2020.

Indonesia has a young population with around 39% of its population being under 23 years old; with internet penetration reaching to 197 million people, this has resulted in rising digitization and popularity of social media primarily among the youth and young adults, according to the Indonesian Internet Service Providers Association. Youth is therefore an important target segment for us to reach and tap into. Our ability to create viral campaigns as well as developing new innovations that cater to them is key to reaching and winning this population segment. To ensure relevancy to teenagers who enjoy the taste of bold and spicy flavors, we launched *Chitato Maxx* in 2019.

We are also geographically diversified, through our existing export business, as well as the new markets we have entered through the Pinehill Acquisition. Pinehill Group's core markets in Africa, the Middle East and South Eastern Europe markets have a combined population of 550 million people with access to another 335 million people in the surrounding markets.

Experienced Management Team

Although we have a relatively short history as a separate legal entity, our management team consists of experienced and qualified professionals with a deep understanding of the markets in which we operate and a successful track record in managing our businesses. Our key executive management team comprises 10 directors with extensive industry experience in Indonesia with an average of more than 20 years of experience in the food industry.

We have experienced management, marketing and technical teams which have over the years demonstrated the ability to integrate our various businesses, develop brand recognition and customer loyalty, develop an extensive product portfolio, acquire extensive industry know-how and achieve cost efficiencies from economies of scale. We believe the quality of our management team is vital to sustaining and growing our business in the midst of increasing competition.

Business Strategies

Enhance Brand Equity and Leading Market Positions

To continuously enhance our brand equity and leading market positions, we plan to:

- *Continue to expand our product portfolio through new product development.* We intend to continue investing in product development and enhancement to meet changing customer preferences and needs. Our field team continually evaluates the market to better understand consumer preferences. We are also continually reviewing the development of new products, flavors and packaging for our existing products. From time to time, we also introduce new product categories. We have traditionally focused on product categories in which we believe there is strong growth potential, are margin accretive and where we could establish and maintain leading domestic market shares, appeal to local tastes, gain wide acceptance and create brand loyalty, among others:
- We conducted a major re-launch of *Indofood Soy Sauce* in 2020 which included a formula upgrade, packaging design revamp, new pack sizes, new communication methods, aggressive distribution and increased in-store visibility, along with competitive pricing and attractive promotions. Recently, we also launched *Racik Nasi Goreng Special Sausage* variant in March 2021 which allows us to differentiate ourselves from existing products in the market using sausage toppings, which is well-loved by kids and families.
- We expanded into the baby snack category by launching *Promina Pudding* in 2017, for babies to transition to solid foods using ingredients such as skimmed milk and full cream. We launched *Promina Puffs*, a rice-based snack product with two flavors in 2017 (Banana and Blueberry) and two flavors in 2019 (Strawberry Apple and Sweet Potatoes), and further expanded by launching *Promina Crunchies Cheese* flavor in 2019, a corn-based snack product with cheese.
- In October 2018, we launched our first multi cereal liquid milk with a new brand *Indomilk Good To Go* targeting the growing “breakfast and meals on-the go” segment. It mainly caters to 20-35-year-old youths with busy lifestyles. In March 2019, we also launched an innovative pouch format of *Indomilk SCC* with a unique “air holder” design which is easier to hold, open and store, while in the fourth quarter of 2020, we launched the first evaporated milk with Tetra Pak packaging in Indonesia, providing economical and convenient advantages compared to traditional packaging which were typically imported in canned format in the HoReCa segment.
- *Continue to expand production capacity.* We plan to add machinery and to build two noodle factories in Indonesia. Internationally, we are in the process of adding a new factory in Saudi Arabia which we expect to be completed in 2022. Aside from noodles, we also plan to add capacity for various product lines in dairy, snack foods and food seasonings in the next five years.
- *Deepen distribution penetration in rural areas.* Even though approximately 44% of Indonesia population resided in rural areas in 2019, according to World Bank, value contribution of FMCG industry in rural area was only 11.6% in 2020, according to NielsenIQ. As the purchasing power of consumers in the rural areas has been growing along with increasing monthly wages, we plan to intensify our rural development program through deepening our distribution penetration and expanding our product offering in conjunction with various marketing and other initiatives.

Continue to Optimize Operational Efficiency and Productivity

We will continue our efforts to control costs by seeking to optimize operational efficiency and productivity through improvements in the production processes. We re-evaluate processing parameters on an ongoing basis with a focus on reducing and minimizing waste generated during production. We are also gradually increasing automation levels to enhance productivity and continue to provide training for employees in order to increase their technical skills. For example, our Dairy division applies Industry 4.0 through using real time data from shop floor to top floor, end to end, to drive the efficiency and productivity without compromising on quality. Our first-time quality indicator in our Dairy division has improved from 98.8% in 2018 to 99.7% in 2020.

Internal energy auditors of our Noodle division are trained and qualified to conduct energy audits to identify and implement energy saving opportunities and initiatives, which resulted in reducing our Noodle division’s energy use by 10.7% over three years. We advocate energy efficient operations through the implementation of systems to improve the management and monitoring of energy consumption at each operating unit. We have appointed an energy manager in each operating unit to actively monitor and manage energy usage in operations. They are required to conduct energy audits to identify opportunities for energy savings, such as steam condensate

recovery, clean-in-place system, water recycling from waste water treatment plants (WWTP) and the optimization of machine load operations. We have focused on the implementation of such systems on factories with high energy consumption, and the intention is to expand the implementation to other smaller operating units.

Continue to Strengthen Supply Chain Value from Domestic Producers

To ensure the availability and quality of our raw materials supply and the traceability for fresh raw materials that can be produced domestically, we intend to continue to strengthen our supply chain by increasing our level of cooperation with local farmers. We currently source the majority of our potatoes, cassava and chili from domestic farmers. In addition, since 2020 we have started breeding chipping potato seedling for local agriculture in order to support horticultural activities and participate in the development of new food barns in North Sumatra. By strengthening our supply chain value from domestic producers, we are also able to increase efficiency, lower raw material costs, and diversify away from international imports, thereby reducing our foreign currency exposure.

Corporate Information

We are an Indonesian publicly listed company. Our principal executive offices are located at Sudirman Plaza Indofood Tower 23rd floor, Jalan Jendral Sudirman Kav. 76-78, Jakarta 12910, Indonesia and our telephone number at that address is +62 21 5795 8822, our legal entity identifier is 254900YKZW9GRKZZN285. Our website is located at www.indofoodcbp.com. The information on our website is not part of this Offering Memorandum.

Recent Developments

Buyout of Fritolay Snack Foods Joint Venture

On February 17, 2021, we purchased all the issued share capital of PT Indofood Fortuna Makmur (previously known as PT Indofood Fritolay Makmur or “IFM”) our joint venture with Fritolay Netherlands Holding B.V. (“**Fritolay**”), an affiliated company of PepsiCo Inc. (“**PepsiCo**”), whereby we acquired the 49% of the total issued share capital of IFM that we did not already own for a consideration of Rp.494.4 billion (“**Transaction**”). The Transaction was financed by our internal cash resources. In connection with the Transaction, IFM will conclude a licensing agreement with PepsiCo after IFM has completed the process to cease the production and sale of products bearing PepsiCo’s brands, which must be completed by August 17, 2021. Fritolay, PepsiCo and/or its other affiliates may not manufacture, package, sell, market or distribute any competing snack food products in Indonesia until August 17, 2024. Our Snack Foods division is preparing for a launch of alternative brands to fill the market positions which were previously filled by the international PepsiCo brands.

Pinehill Acquisition

On May 22, 2020, we entered into a conditional share sale and purchase agreement (the “**Pinehill Agreement**”) with Pinehill Corpora Limited (“**Pinehill Corpora**”) and Steele Lake Limited (“**Steele Lake**” and, together with Pinehill Corpora, the “**Sellers**”) to purchase all of the issued and outstanding shares in Pinehill. Pinehill Corpora’s ownership in Pinehill represented 51% of the total issued shares of Pinehill and Steele Lake’s ownership in Pinehill represented 49% of the total issued shares of Pinehill. Pinehill Corpora is our affiliated party. See “*The Pinehill Group*”.

Our shareholders approved the Pinehill Acquisition on August 3, 2020. We completed the Pinehill Acquisition and Pinehill became our consolidated subsidiary on August 27, 2020 (the “**Completion Date**”). Accordingly, since the Completion Date, the consolidated financial statements of Pinehill have been consolidated in our consolidated financial statements. See also “*The Pinehill Group—Key Terms of the Pinehill Agreement*”.

Pinehill Acquisition Financing

In connection with the Pinehill Acquisition, we entered into a US\$2.05 billion (U.S. dollar-equivalent) five-year amortizing unsecured loan with lead arrangers and bookrunners (the “**Pinehill Facility**”). The facility agreement was signed on August 18, 2020 and fully funded on August 26, 2020. See “*Description of Material Indebtedness*”.

The proceeds of this offering will be used to partially prepay the Pinehill Facility. See “*Use of Proceeds*”.

THE OFFERING

The following summary of the offering contains basic information about the Bonds. It is not intended to be complete and is subject to important limitations and exceptions. Capitalized terms used in this summary and not otherwise defined shall have the meanings given to them in “Terms and Conditions of the 2031 Bonds” and “Terms and Conditions of the 2051 Bonds”. For a more complete understanding of the Bonds and risks related to an investment in the Bonds, please refer to “Terms and Conditions of the 2031 Bonds”, “Terms and Conditions of the 2051 Bonds” and “Risk Factors” herein.

Issuer	PT Indofood CBP Sukses Makmur Tbk.
Joint Bookrunners and Joint Lead Managers	UBS AG Singapore Branch, Deutsche Bank AG, Singapore Branch, Mizuho Securities (Singapore) Pte. Ltd., SMBC Nikko Capital Markets Limited, DBS Bank Ltd., Mandiri Securities Pte. Ltd., Natixis Singapore Branch and Oversea-Chinese Banking Corporation Limited.
2031 Bonds	US\$1,150,000,000 3.398% Senior Bonds due 2031 (the “ 2031 Bonds ”) which term should include, unless the context otherwise requires, any further bonds issued in accordance with Condition 9 (<i>Further Issues</i>) of the Terms and Conditions of the 2031 Bonds and consolidated and forming a single series therewith).
2051 Bonds	US\$600,000,000 4.745% Senior Bonds due 2051 (the “ 2051 Bonds ”) which term should include, unless the context otherwise requires, any further bonds issued in accordance with Condition 9 (<i>Further Issues</i>) of the Terms and Conditions of the 2051 Bonds and consolidated and forming a single series therewith).
Trustee	DB Trustees (Hong Kong) Limited.
Principal Paying Agent, Transfer Agent and Registrar	Deutsche Bank AG, Hong Kong Branch.
Issue Price	100.000% of the principal amount of the 2031 Bonds. 100.000% of the principal amount of the 2051 Bonds.
Issue Date	June 9, 2021.
Maturity Dates	2031 Bonds: June 9, 2031. 2051 Bonds: June 9, 2051.
Interest	The 2031 Bonds will bear interest from and including the Issue Date at the rate of 3.398 per cent. per annum payable semi-annually in arrear on June 9 and December 9 of each year, commencing on December 9, 2021. The 2051 Bonds will bear interest from and including the Issue Date at the rate of 4.745 per cent. per annum payable semi-annually in arrear on June 9 and December 9 of each year, commencing on December 9, 2021.
Status of the Bonds	Each series of the Bonds constitutes the direct, unconditional, unsubordinated and (subject to Condition 3.1 (<i>Negative Pledge</i>) of the Terms and Conditions of the Bonds) unsecured obligations of the Issuer and will (subject to Condition 3.1 (<i>Negative Pledge</i>) of the Terms and Conditions of the Bonds) at all times rank at least <i>pari passu</i> in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

Negative Pledge	For each series of the Bonds, so long as any of the Bonds of such series remains outstanding, the Issuer will not, and the Issuer will ensure that none of its Material Subsidiaries will, create or permit to subsist any mortgage, <i>hak tanggungan</i> , <i>fiducia</i> , charge, lien, pledge or other security interest (“ Security Interest ”) upon or with respect to, the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined in the Terms and Conditions of the Bonds) unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that (i) all amounts payable by it under the Bonds and the Trust Deeds (in respect of the Bonds) are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided which the Trustee shall, in its absolute discretion, deem not materially less beneficial to the Bondholders or as is approved by an Extraordinary Resolution (as defined in the Trust Deeds) of the Bondholders. See Condition 3.1 (<i>Negative Pledge</i>) of the Terms and Conditions of the Bonds.
Final Redemption	Unless previously redeemed, or purchased and cancelled, the Issuer will redeem the Bonds at their principal amount on the relevant Maturity Date. See Condition 5.1 (<i>Scheduled Redemption</i>) of the Terms and Conditions of the Bonds.
Optional Redemption at par	The Issuer will have the right to redeem the 2031 Bonds at any time or from time to time on or after December 9, 2030 (being the date that is six months prior to the 2031 Maturity Date) and the 2051 Bonds at any time or from time to time on or after December 9, 2050 (being the date that is six months prior to the 2051 Maturity Date), in whole or in part, on giving at least 30 calendar days’ but not more than 60 calendar days’ prior notice, at a redemption price equal to 100 per cent. of their outstanding principal amount to be redeemed plus accrued but unpaid interest (if any) on the principal amount of the Bonds to be redeemed and Additional Amounts (if any) to, but excluding, the redemption date (subject to the right of the holders of record on the relevant Interest Record Date to receive interest and Additional Amounts (if any) on the relevant redemption date). See Condition 5.2 (<i>Optional redemption at par</i>) of the Terms and Conditions of the Bonds.
Early redemption upon a Change of Control Triggering Event	For each series of the Bonds, at any time following the occurrence of a Change of Control Triggering Event, the holder of any Bond will have the right, at such holder’s option, to require the Issuer to redeem in whole but not in part such holder’s Bonds on the Change of Control Triggering Event Put Date (as defined in the Terms and Conditions of the Bonds) at a redemption price equal to 101 per cent. of their principal amount (together with any accrued but unpaid interest). See Condition 5.4 (<i>Early redemption due to a Change of Control Triggering Event</i>) of the Terms and Conditions of the Bonds.
Early redemption due to an Increase Tax Event	For each series of the Bonds, the Bonds may be redeemed at the option of the Issuer (in whole but not in part) at 100 per cent. of the principal amount of the Bonds plus any accrued but unpaid interest on giving at least 30 calendar days’ but not more than 60 calendar days’ prior notice in the event of any change in, or amendment to, the laws or treaties (or any rules or regulations thereunder) of the Relevant

Jurisdiction or any change in or amendment to any official interpretation or application of those laws, treaties or rules or regulations, subject to certain conditions. See Condition 5.3 (*Early redemption due to an Increase Tax Event*) of the Terms and Conditions of the Bonds.

Early redemption for minimum

outstanding amount For each series of the Bonds, the Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on the Issuer giving not less than 30 nor more than 60 days' notice, at their principal amount together with interest accrued up to but excluding the date fixed for redemption, if, immediately before giving such notice, at least 80 per cent. in principal amount of the Bonds of the relevant series originally issued (including any further bonds issued pursuant to Condition 9 (*Further Issues*) of the Terms and Conditions of the Bonds and consolidated and forming a single series with the Bonds of the relevant series) has already been redeemed or purchased and cancelled. See Condition 5.5 (*Early redemption for minimum outstanding amount*) of the Terms and Conditions of the Bonds.

Early redemption with Applicable

Premium For each series of the Bonds, the Bonds may be redeemed at the option of the Issuer at any time, in whole or in part, on giving not less than 10 days' nor more than 60 days' notice, at a redemption price equal to 100 per cent. of the principal amount plus the relevant Applicable Premium applicable to the Bonds of the relevant series together with accrued and unpaid interest accrued up to but excluding the date fixed for redemption. See Condition 5.7 (*Early redemption with Applicable Premium*) of the Terms and Conditions of the Bonds.

Certain Covenants We have agreed in the Bonds and the Trust Deeds governing the Bonds to observe certain covenants, including, among other things a negative pledge (see "*Negative Pledge*" above) and covenants as to the delivery of certain financial statements.

For each series of the Bonds, these covenants will be subject to a number of important qualifications and exceptions described in Condition 3 (*Covenants*) of the Terms and Conditions of the Bonds.

Events of Default Certain events as described in Condition 10 (*Event of Default*) of the Terms and Conditions of the Bonds will permit acceleration of the principal of the Bonds (together with all interest and additional amounts accrued and unpaid thereon). These events include default with respect to the payment of principal of, premium, if any, or interest on, the Bonds and certain cross-defaults.

Use of Proceeds The gross proceeds of the issue of the Bonds (before deduction of fees, commissions, and expenses relating to the offering and issue of the Bonds) are expected to be approximately US\$1,750,000,000. We plan to use the proceeds to prepay a portion of our Pinehill Facility. See "*Use of Proceeds*".

Selling and Transfer Restrictions The Bonds will not be registered under the U.S. Securities Act or under any state securities law of the United States and will be subject to customary selling restrictions. See "*Subscription and Sale*".

Further Issues The Issuer may from time to time without the consent of the relevant Bondholders create and issue further securities having the same terms and conditions as the Bonds of the relevant series in all respects so that such further issue shall be consolidated and form a single class with the Bonds of the relevant series.

Form, Denomination and Trading of

Bonds	The Bonds will be issued in registered form in the denomination of US\$200,000 each or integral multiples of US\$1,000 in excess thereof and each series of the Bonds will be initially represented by beneficial interests in a Global Certificate registered in the name of a nominee of the common depositary for Euroclear and Clearstream.
Book-Entry	The Bonds will be sold outside the United States in reliance on Regulation S and will be issued in book-entry form through the facilities of Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see “ <i>Clearance and Settlement of the Securities</i> ”.
Global Certificates	The Bonds have been accepted for clearance by Euroclear and Clearstream under the following codes: ISIN: 2031 Bonds: XS2349180104 2051 Bonds: XS2343321399 Common Codes: 2031 Bonds: 234918010 2051 Bonds: 234332139
Legal Entity Identifier	The Issuer’s Legal Entity Identifier is 254900YKZW9GRKZZN285.
Governing Law	The Bonds and the Trust Deeds will be governed by, and construed in accordance with, English law.
Listing	Approval in-principle has been obtained from the SGX-ST for the listing and quotation of the Bonds on the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained in this Offering Memorandum. There is no assurance that the listing and quotation of the Bonds will be granted. Approval in-principle from, admission to the Official List of, and the listing and quotation of any bonds on, the SGX-ST are not to be taken as an indication of the merits of us, our subsidiaries and associated companies (if any) or the Bonds. So long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the relevant Global Certificate representing such Bonds is exchanged for definitive bonds in certified form, we will appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption. In addition, in the event that the relevant Global Certificate is exchanged for definitive bonds in certificated form, an announcement of such exchange shall be made by us or on our behalf through the SGX-ST and such announcement shall include all material information with respect to the delivery of the definitive bonds in certificated form, including details of the paying agent in Singapore. Under the rules of the SGX-ST, the Bonds if traded on the SGX-ST, are required to be traded in a minimum board lot size of S\$200,000 (or its equivalent in foreign currencies). Accordingly, the Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000 for so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require.
Ratings	The Bonds have been rated “Baa3” by Moody’s and “BBB-” by Fitch. The credit ratings accorded the Bonds are not a recommendation to purchase, hold or sell the Bonds in as much as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for

any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See “*Risk Factors—Risks Relating to the Bonds—The ratings of the Bonds may be downgraded or withdrawn entirely by rating agencies at any time which may adversely affect the market price of the Bonds*”.

Risk Factors Investment in the Bonds involves risks which are described in the “*Risk Factors*” section of this Offering Memorandum. See “*Risk Factors*” beginning on page 26.

SUMMARY FINANCIAL INFORMATION AND OTHER DATA

You should read the summary financial information presented below in conjunction with our consolidated financial statements and the notes thereto included in this Offering Memorandum. You should also read the section of this Offering Memorandum entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations”.

The following tables present our summary consolidated financial and other information as of and for the years ended December 31, 2018, 2019 and 2020. Our consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020 have been audited by KAP Purwanto, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants (“IICPA”), as stated in their audit report appearing elsewhere in this Offering Memorandum. Our consolidated financial statements are prepared and presented in accordance with Indonesian FAS, which differs in certain respects from IFRS. For a description of certain differences between Indonesian FAS and IFRS, see “Summary of Certain Differences Between Indonesian FAS and IFRS”.

Our historical results for any prior periods are not necessarily indicative of results to be expected for any future period. On August 27, 2020, we completed the acquisition of Pinehill. Pinehill is principally engaged in the manufacture and sale of instant noodles with operations in Africa, the Middle East and South Eastern Europe. Accordingly, since August 27, 2020, we have consolidated the consolidated financial statements of Pinehill into our consolidated financial statements. See “Summary—Recent Developments—Pinehill Acquisition” and “The Pinehill Group”.

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Consolidated statement of profit or loss and other comprehensive income:				
Net sales	38,413.4	42,296.7	46,641.0	3,306.7
Cost of goods sold	26,147.9	27,892.7	29,416.7	2,085.5
Gross profit	12,265.6	14,404.0	17,224.4	1,221.2
Selling and distribution expenses	(4,429.9)	(5,006.2)	(5,549.5)	(393.4)
General and administrative expenses	(2,063.9)	(2,119.6)	(2,557.5)	(181.3)
Other operating income	819.2	434.3	426.7	30.3
Other operating expenses	(143.0)	(312.3)	(343.1)	(24.3)
Income from operations	6,447.9	7,400.1	9,201.0	652.3
Finance income	313.0	289.4	1,623.6	115.1
Finance expenses	(225.6)	(161.4)	(670.5)	(47.5)
Final tax on interest income	(59.0)	(43.2)	(65.2)	(4.6)
Share in net losses of associates and joint ventures	(29.6)	(47.9)	(130.2)	(9.2)
Income before income tax expense	6,446.8	7,437.0	9,958.6	706.0
Income tax expense	(1,788.0)	(2,076.9)	(2,540.1)	(180.1)
Income for the year	4,658.8	5,360.0	7,418.6	526.0
Other comprehensive income (losses)				
Items that will not be reclassified to profit or loss, net of tax:				
Re-measurement gain of employees’ benefit liabilities	233.4	27.5	5.4	0.4
Share of other comprehensive income of associates and joint ventures	1.5	0.1	0.4	0.0
Items that may be reclassified to profit or loss:				
Unrealized gains on financial assets	321.6	346.1	174.3	12.4
Exchange differences on translation of financial statements	(8.4)	2.8	(176.9)	(12.5)
Other comprehensive income for the year	548.1	376.5	3.1	0.2
Total comprehensive income for the year	5,206.9	5,736.5	7,421.6	526.2
Income for the year attributable to:				
Equity holders of the parent entity	4,575.8	5,038.8	6,586.9	467.0

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	US\$
Non-controlling interests	83.0	321.2	831.7	59.0
Total	4,658.8	5,360.0	7,418.6	526.0
Total comprehensive income for the year attributable to:				
Equity holders of the parent entity	5,108.0	5,405.5	6,636.8	470.5
Non-controlling interests	98.8	331.0	784.9	55.6
Total	5,206.9	5,736.5	7,421.6	526.2
	As of December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	US\$
Consolidated Statement of Financial Position:				
ASSETS				
Current Assets				
Cash and cash equivalents	4,726.8	8,359.2	9,535.4	676.0
Short-term investments	563.8	—	—	—
Accounts receivable:				
Trade:				
Third parties—net	1,117.0	1,065.9	2,380.0	168.7
Related parties	3,011.2	2,983.4	2,893.4	205.1
Non-trade:				
Third parties	75.9	22.2	59.3	4.2
Related parties	67.3	60.5	414.0	29.4
Inventories—net	4,001.3	3,840.7	4,586.9	325.2
Advances and deposits	334.4	169.9	628.8	44.6
Prepaid taxes	118.2	77.6	165.4	11.7
Prepaid expenses and other current assets	105.7	45.5	52.8	3.7
Total Current Assets	14,121.6	16,624.9	20,716.2	1,468.7
Non-Current Assets				
Deferred tax assets—net	562.8	533.2	478.1	33.9
Long-term investments	2,705.4	3,890.3	10,645.2	754.7
Fixed assets—net	10,741.6	11,342.4	13,351.3	946.6
Right of use assets—net	—	—	254.8	18.1
Deferred charges—net	128.0	108.7	85.9	6.1
Goodwill	1,775.8	1,775.8	54,006.2	3,828.9
Intangible assets—net	2,136.7	2,011.1	1,859.0	131.8
Other non-current assets	2,195.3	2,422.9	2,191.5	155.4
Total Non-current Assets	20,245.6	22,084.4	82,872.1	5,875.4
Total Assets	34,367.2	38,709.3	103,588.3	7,344.1
LIABILITIES AND EQUITY				
LIABILITIES				
Current Liabilities				
Short-term bank loans and overdraft	862.2	458.1	512.5	36.3
Trust receipts payable	283.7	—	—	—
Accounts payable:				
Trade:				
Third parties	2,545.7	2,228.0	2,702.9	191.6
Related parties	410.5	407.4	342.2	24.3
Non-trade:				
Third parties	625.4	549.5	691.2	49.0
Related parties	124.3	72.8	170.3	12.1
Accrued expenses	1,701.6	1,841.5	2,259.9	160.2
Short-term employee benefits liability	229.6	257.3	396.8	28.1

	As of December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	US\$
Taxes payable	204.9	545.8	1,796.4	127.4
Current maturities of long-term debts:				
Bank loans	245.0	196.0	212.7	15.1
Liability for purchases of fixed assets	2.5	—	—	—
Lease liabilities	—	—	91.3	6.5
Total Current Liabilities	7,235.4	6,556.4	9,176.2	650.6
Non-Current Liabilities				
Long-term debts—net of current maturities				
Bank loans	667.1	1,694.8	30,772.8	2,181.7
Other long-term debt	184.6	7.3	7.8	0.6
Lease liabilities	—	—	127.3	9.0
Deferred tax liabilities—net	379.9	364.9	269.8	19.1
Liabilities for employee benefits	3,193.0	3,414.9	3,748.1	265.7
Other long-term liabilities	—	—	9,168.3	650.0
Total Non-current Liabilities	4,424.6	5,481.9	44,094.1	3,126.1
Total Liabilities	11,660.0	12,038.2	53,270.3	3,776.7
EQUITY				
Capital stock—Rp.50 (full amount) par value per share.				
Authorized—15,000,000,000 shares				
Issued and fully paid—11,661,908,000 shares	583.1	583.1	583.1	41.3
Additional paid-in capital	5,985.5	5,985.5	5,985.5	424.4
Difference from changes in equity of Subsidiaries and transactions				
effect with non-controlling interests	(438.9)	(550.3)	(553.8)	(39.3)
Exchange differences on translation of financial statements	(13.8)	(11.0)	(138.5)	(9.8)
Unrealized gains on financial assets	473.4	798.4	977.8	69.3
Retained earnings:				
Appropriated for general reserve	40.0	45.0	50.0	3.5
Unappropriated	14,989.6	18,450.2	22,526.2	1,597.0
Equity Attributable to Equity Holders of the Parent Entity	21,618.9	25,300.8	29,430.3	2,086.5
Non-controlling Interests	1,088.2	1,370.3	20,887.8	1,480.9
Total Equity	22,707.2	26,671.1	50,318.1	3,567.4
Total Liabilities and Equity	34,367.2	38,709.3	103,588.3	7,344.1

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	US\$
Consolidated Statements of Cash Flows:				
Net cash provided by operating activities	4,653.4	7,398.2	9,336.8	661.9
Net cash used in investing activities	(4,712.9)	(2,399.8)	(34,957.4)	(2,478.4)
Net cash provided by / (used in) financing activities	(4,242.1)	(1,266.1)	26,758.1	1,897.1
Net effect of changes in exchange rates on cash and cash equivalents	208.7	(95.5)	49.9	3.5
Net increase (decrease) in cash and cash equivalents	(4,092.9)	3,636.8	1,187.4	84.2
Cash and cash equivalents at the beginning of the year	8,796.7	4,703.8	8,340.6	591.3
Cash and cash equivalents at the end of the year	4,703.8	8,340.6	9,527.9	675.5

Non-GAAP Financial Measures

	As of and for the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions, other than % and ratios)	Rp.	Rp.	US\$
EBITDA ⁽¹⁾	7,457.2	8,605.2	10,688.7	757.8
Gross Profit Margin ⁽²⁾	31.9%	34.1%	36.9%	36.9%
EBIT Margin ⁽³⁾	16.8%	17.5%	19.7%	19.7%
EBITDA Margin ⁽⁴⁾	19.4%	20.3%	22.9%	22.9%
Net Working Capital ⁽⁵⁾	6,886.2	10,068.6	11,540.1	818.2
Total Debt ⁽⁶⁾	2,245.1	2,356.2	31,505.8	2,233.7
Net Debt ⁽⁷⁾	(2,481.7)	(6,003.0)	21,970.4	1,557.6
Total Debt: Equity Ratio ⁽⁸⁾	0.10	0.09	0.63	0.63
Interest Coverage Ratio ⁽⁹⁾	50.73	53.30	15.94	15.94

(1) We calculate EBITDA by adding depreciation and amortization to income from operations. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. You should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.

The following table reconciles our net income under Indonesian FAS to our definition of EBITDA for the years indicated:

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp.	Rp.	US\$
Income from operations	6,447.9	7,400.1	9,201.0	652.3
Depreciation and amortization ^(a)	1,009.3	1,205.1	1,487.6	105.5
EBITDA	7,457.2	8,605.2	10,688.7	757.8

(a) Depreciation of fixed assets, right of use assets and amortization of intangible assets.

- (2) We calculate Gross Profit Margin from total gross profit divided by net sales.
- (3) We calculate EBIT Margin from EBIT divided by net sales. Our EBIT is equal to income from operations.
- (4) We calculate EBITDA Margin from EBITDA divided by net sales.
- (5) We calculate Net Working Capital from total current assets minus total current liabilities.
- (6) We refer Total Debt to the sum of short-term bank loans and overdraft, trust receipt payable, current maturities of long-term debts, long-term debts—net of current maturities and other long-term debt.
- (7) We refer Net Debt to total debt minus cash and cash equivalents.
- (8) We refer Total Debt: Equity Ratio as total debt divided by total equity.
- (9) We calculate Interest Coverage Ratio from EBITDA divided by finance expenses after excluding exchange differences on translation.

The following table shows our interest coverage ratio for the years indicated:

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp.	Rp.	US\$
EBITDA	7,457.2	8,605.2	10,688.7	757.8
Finance expenses	225.6	161.4	670.5	47.5
Exchange differences of translation	78.6	—	—	—
Interest Coverage Ratio	50.73	53.30	15.94	15.94

Segmental Information

Net Sales

	For the years ended December 31,						
	2018		2019		2020		
	Rp.	%	Rp.	%	Rp.	US\$	%
	(Rp. in billions and US\$ in millions, except percentages)						
Noodles	25,263.5	65.8	27,712.0	65.5	31,966.8	2,266.3	68.5
Dairy	7,543.6	19.6	8,048.8	19.0	8,305.0	588.8	17.8
Snack Foods	2,564.1	6.7	2,636.8	6.2	2,931.3	207.8	6.3
Food Seasonings	1,466.6	3.8	2,355.6	5.6	2,872.2	203.6	6.2
Nutrition & Special Foods	837.7	2.2	980.7	2.3	999.1	70.8	2.1
Beverages	1,832.3	4.8	1,884.2	4.5	1,258.5	89.2	2.7
Inter-Segment Elimination	(1,094.5)	(2.8)	(1,321.5)	(3.1)	(1,691.7)	(119.9)	(3.6)
Total	38,413.4	100.0	42,296.7	100.0	46,641.0	3,306.7	100.0

EBIT^{*)} and EBIT Margin^{**) by Segment}

	For the years ended December 31,								
	2018			2019			2020		
	EBIT		EBIT Margin	EBIT		EBIT Margin	EBIT		EBIT Margin
	Rp.	%	%	Rp.	%	%	Rp.	%	US\$
	(Rp. in billions and US\$ in millions, except percentages)								
Noodles	5,314.9	82.4	21.0	6,079.3	82.2	21.9	7,436.0	80.8	527.2
Dairy	793.7	12.3	10.5	1,140.2	15.4	14.2	994.2	10.8	70.5
Snack Foods	(198.4)	(3.1)	(7.7)	(42.7)	(0.6)	(1.6)	325.7	3.5	23.1
Food Seasonings	129.9	2.0	8.9	220.4	3.0	9.4	322.2	3.5	22.8
Nutrition & Special Foods	30.6	0.5	3.7	41.4	0.6	4.2	62.8	0.7	4.5
Beverages	(299.4)	(4.6)	(16.3)	(160.0)	(2.2)	(8.5)	(26.6)	(0.3)	(1.9)
Inter-Segment Elimination	0.5	0.0	—	(0.6)	0.0	—	3.2	0.0	0.2
Unallocated net other operating income . . .	676.2	10.5	—	122.0	1.6	—	83.6	0.9	5.9
Total	6,447.9	100.0	16.8	7,400.1	100.0	17.5	9,201.0	100.0	652.3

*) our EBIT are equal to income from operation of each segment.

**) our EBIT margin are equal to EBIT by segment divided by net sales of each segment.

UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

The following tables present the unaudited pro forma combined consolidated financial information of the Issuer and its subsidiaries (the “**ICBP Group**”) for the year ended December 31, 2020, which consists of: (i) the unaudited pro forma combined consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2020, and (ii) the notes to the unaudited pro forma combined consolidated financial information for the year ended December 31, 2020 (referred to as the “**Unaudited Pro Forma Combined Consolidated Financial Information**”).

Effective from August 27, 2020 (the “**Acquisition Date**”), the Issuer has acquired Pinehill Company Limited (“**Pinehill**”), and accordingly, Pinehill and its subsidiaries (the “**Pinehill Group**”) results have been reflected in the historical audited consolidated financial statements of ICBP Group from the Acquisition Date. Since acquisition of Pinehill has been reflected in the historical audited consolidated statement of financial position of ICBP Group as of December 31, 2020, the Issuer did not present the unaudited pro forma combined consolidated statement of financial position of ICBP Group as of December 31, 2020.

The Unaudited Pro Forma Combined Consolidated Statement of Profit or Loss and Other Comprehensive Income of ICBP Group for the year ended December 31, 2020 has been adjusted to give effect to the acquisition of Pinehill as if it occurred on January 1, 2020.

The Unaudited Pro Forma Combined Consolidated Statement of Profit or Loss and Other Comprehensive Income of ICBP Group for the year ended December 31, 2020 was prepared based on: (i) the historical audited consolidated statement of profit or loss and other comprehensive income of ICBP Group as of December 31, 2020 and for the year then ended prepared by the Issuer’s management in accordance with Indonesian Financial Accounting Standards (“**IFAS**”) and presented in Indonesian Rupiah (the “**IFAS Audited Consolidated Financial Statements of ICBP Group**”), and (ii) the historical unaudited consolidated financial statements of Pinehill Group as of December 31, 2020 and for the year then ended prepared by the Issuer’s management in accordance with IFAS and presented in Indonesian Rupiah (the “**IFAS Unaudited Consolidated Financial Statements of Pinehill Group**”). The IFAS Unaudited Consolidated Financial Statements of Pinehill Group were prepared by the Issuer’s management by converting the historical audited consolidated financial statements of Pinehill Group as of December 31, 2020 and for the year then ended, prepared by management of Pinehill Group in accordance with International Financial Reporting Standards (“**IFRS**”) and presented in United States Dollars (the “**IFRS Audited Consolidated Financial Statements of Pinehill Group**”) to IFAS after considering: (i) the relevant significant differences between IFRS and IFAS, (ii) the alignment of the financial statements presentation in conformity with the IFAS Audited Consolidated Financial Statements of ICBP Group through certain reclassification journal entries, and (iii) the translation from United States Dollars to Indonesian Rupiah using a foreign exchange rate of Rp.14,639 (full amount) = US\$1.00 (full amount).

The IFAS Audited Consolidated Financial Statements of ICBP Group which are included in this Offering Memorandum, have been audited by KAP Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by IICPA, whose audit report is included elsewhere in this Offering Memorandum.

The IFRS Audited Consolidated Financial Statements of Pinehill Group which are included in this Offering Memorandum have been audited by Pinebridge LLP, Singapore, independent public accountants, in accordance with International Standards on Auditing, whose audit report is not included elsewhere in this Offering Memorandum.

We have derived the Unaudited Pro Forma Combined Consolidated Financial Information presented in the tables below through following mechanism:

- (i) The accounts in the historical audited consolidated statement of profit or loss and other comprehensive income of Pinehill Group for the year ended December 31, 2020, prepared by Pinehill Group’s management in accordance with IFRS, have been reclassified to conform with the presentation of the audited historical consolidated statement of profit or loss and other comprehensive income of ICBP for the year ended December 31, 2020 (the “**Reclassification Adjustments**”). ICBP’s management did not identify any significant difference between IFRS and IFAS applicable to consolidated financial statements of Pinehill Group, therefore historical unaudited consolidated statement of profit or loss and other comprehensive income of Pinehill Group for the year ended December 31, 2020, prepared by ICBP’s management under IFAS and presented in United States Dollar is equal to historical audited consolidated statement of profit or loss and other comprehensive income of Pinehill Group for the year ended December 31, 2020, prepared by Pinehill Group’s management in accordance with IFRS, after taking into account Reclassification

Adjustments. Further, ICBP's management translates the balances of historical unaudited consolidated statement of profit or loss and other comprehensive income of Pinehill Group for the year ended December 31, 2020 prepared in accordance with IFAS, presented in United States Dollar to Indonesian Rupiah using the exchange rate of Rp.14,639 (full amount) = US\$1.00 (full amount).

- (ii) ICBP's management recorded "Pro forma Adjustments" based on estimates and assumptions. For further details on ICBP's management key assumptions and estimates underlying the pro forma adjustments, see No. 2 of footnotes relating to columns "Pro forma adjustments" in Notes to the Unaudited Pro Forma Combined Consolidated Financial Information.

The Unaudited Pro Forma Combined Consolidated Financial Information is presented for illustrative purposes only and is not necessarily indicative of the results of operations that would have been achieved had the Pinehill Acquisition been consummated on the dates indicated, nor is it necessarily indicative of the future operating results of our Group. The Unaudited Pro Forma Combined Consolidated Financial Information reflects adjustments for the Pinehill Acquisition that are based upon the good faith assumptions made by our management at the date of this Offering Memorandum. The Unaudited Pro Forma Combined Consolidated Financial Information does not include adjustments for all contingencies or all consequences relating to the acquisition. See "*Risk Factors—Risks Relating to the Pinehill Acquisition*".

You should read the Unaudited Pro Forma Combined Consolidated Financial Information in the tables below in conjunction with IFAS Audited Consolidated Financial Statements of ICBP Group and IFRS Audited Consolidated Financial Statements of Pinehill Group, included elsewhere in this Offering Memorandum and "Summary—Recent Developments—Pinehill Acquisition".

PT Indofood CBP Sukses Makmur Tbk and its subsidiaries
Unaudited Pro Forma Combined Consolidated Statement of Profit or Loss and Other Comprehensive Income
Prepared in accordance with IFAS
For the year ended December 31, 2020
(Expressed in billions of Indonesian Rupiah)

	ICBP Historical Consolidated Balances (IFAS) (Audited) Rp.	Pinehill Group Historical Consolidated Balances (IFAS) (Unaudited) Rp.	Total Combined ICBP and Pinehill Group Historical Consolidated Balances (Unaudited) Rp.	Pro Forma Adjustments (Unaudited) Rp.	Total Combined ICBP and Pinehill Group Consolidated Pro Forma Balances (Unaudited) Rp.
Net Sales	46,641.0	9,483.4	56,124.4	(3,593.0) ^{2a} (1,059.8) ^{2b}	51,471.6
Cost of Goods Sold	29,416.7	5,062.5	34,479.2	(1,886.0) ^{2a} (1,059.8) ^{2b}	31,533.4
GROSS PROFIT	17,224.4	4,420.9	21,645.3	(1,707.0)	19,938.3
Selling and distribution expenses	(5,549.5)	(883.1)	(6,432.6)	377.0 ^{2a}	(6,055.6)
General and administrative expenses	(2,557.5)	(345.0)	(2,902.5)	116.4 ^{2a}	(2,786.1)
Other operating income	426.7	22.3	449.0	(7.9) ^{2a} (64.4) ^{2b}	376.7
Other operating expenses	(343.1)	(166.7)	(509.8)	73.8 ^{2a} 64.4 ^{2b}	(371.6)
INCOME FROM OPERATIONS	9,201.0	3,048.4	12,249.4	(1,147.7)	11,101.7
Finance income	1,623.6	1.2	1,624.8	(1,279.3) ^{2d}	345.5
Finance expenses	(670.5)	(14.9)	(685.4)	5.2 ^{2a} (516.3) ^{2c} (797.6) ^{2d}	(1,994.1)
Final tax on interest income	(65.2)	—	(65.2)	—	(65.2)
Share in net income (losses) of associates and joint ventures	(130.2)	103.2	(27.0)	(11.5) ^{2a}	(38.5)
INCOME BEFORE INCOME TAX EXPENSE	9,958.6	3,137.9	13,096.5	(3,747.2)	9,349.3
Income tax expense	(2,540.1)	(435.8)	(2,975.9)	175.4 ^{2a} 570.5 ^{2e}	(2,230.0)
INCOME FOR THE YEAR	7,418.6	2,702.1	10,120.7	(3,001.3)	7,119.4
Other comprehensive income (losses)					
<u>Items that will not be reclassified to profit or loss, net of tax:</u>					
Re-measurement gain of employees' benefit liabilities	5.4	(3.3)	2.1	2.0 ^{2a}	4.1
Share of other comprehensive income of associates and joint ventures	0.4	—	0.4	—	0.4
<u>Items that may be reclassified to profit or loss:</u>					
Unrealized gains on financial assets	174.3	—	174.3	—	174.3
Exchange differences on translation of financial statements	(176.9)	(96.1)	(273.0)	(9.6) ^{2a}	(282.6)
Other comprehensive income (loss) for the year	3.1	(99.4)	(96.3)	(7.6)	(103.9)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,421.6	2,602.7	10,024.3	(3,008.9)	7,015.4

PT Indofood CBP Sukses Makmur Tbk and its subsidiaries
Unaudited Pro Forma Combined Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)
Prepared in accordance with IFAS
For the year ended December 31, 2020
(Expressed in billions of Indonesian Rupiah)

	ICBP Historical Consolidated Balances (IFAS) (Audited)	Pinehill Group Historical Consolidated Balances (IFAS) (Unaudited)	Total Combined ICBP and Pinehill Group Historical Consolidated Balances (Unaudited)	Pro Forma Adjustments (Unaudited)	Total Combined ICBP and Pinehill Group Consolidated Pro Forma Balances (Unaudited)
	Rp.	Rp.	Rp.	Rp.	Rp.
Income for the year attributable to:					
Equity holders of the parent entity	6,586.9	1,610.7	8,197.6	(2,567.5)	5,630.1
Non-controlling interests	831.7	1,091.4	1,923.1	(433.8)	1,489.3
Total	<u>7,418.6</u>	<u>2,702.1</u>	<u>10,120.7</u>	<u>(3,001.3)</u>	<u>7,119.4</u>
Total comprehensive income for the year attributable to:					
Equity holders of the parent entity	6,636.8	1,513.4	8,150.2	(2,574.6)	5,575.6
Non-controlling interests	784.9	1,089.3	1,874.2	(434.3)	1,439.9
Total	<u>7,421.6</u>	<u>2,602.7</u>	<u>10,024.3</u>	<u>(3,008.9)</u>	<u>7,015.4</u>

Pinehill Company Limited and its subsidiaries
Unaudited Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income
Prepared in accordance with IFAS
For the year ended December 31, 2020
(Expressed in billions of Indonesian Rupiah and millions of United States Dollars)

	Pinehill Group Historical Consolidated Balances (IFRS) (Audited)	Reclassifications* (Unaudited)	Pinehill Group Historical Consolidated Balances (IFRS) - After Reclassification (Unaudited)	Pinehill Group Historical Consolidated Balances (IFAS)** (Unaudited)	Pinehill Group Historical Consolidated Balances (IFAS)***(Unaudited)
	US\$	US\$	US\$	US\$	Rp.
Revenue	647.8	(647.8)	—	—	—
Net Sales	—	647.8	647.8	647.8	9,483.4
Cost of Sales	363.9	(363.9) ^{1a}	—	—	—
Cost of Goods Sold	—	345.8 ^{1a}	345.8	345.8	5,062.5
GROSS PROFIT	283.9	18.1	302.0	302.0	4,420.9
Selling and distribution expenses	(53.2)	(7.1) ^{1a}	(60.3)	(60.3)	(883.1)
General and administrative expenses	(23.6)	—	(23.6)	(23.6)	(345.0)
Other income	1.1	(1.1) ^{1b}	—	—	—
Other operating income	—	1.5 ^{1b}	1.5	1.5	22.3
Other operating expenses	—	(11.0) ^{1a}	(11.4)	(11.4)	(166.7)
		(0.4) ^{1b}			
INCOME FROM OPERATIONS	208.2	—	208.2	208.2	3,048.4
Finance costs, net	(0.9)	0.9 ^{1c}	—	—	—
Finance income	—	0.1 ^{1c}	0.1	0.1	1.2
Finance expenses	—	(1.0) ^{1c}	(1.0)	(1.0)	(14.9)
Share of profit of an associate	7.0	(7.0)	—	—	—
Share in net income of associates and joint ventures	—	7.0	7.0	7.0	103.2
INCOME BEFORE INCOME TAX EXPENSE	214.4	—	214.4	214.4	3,137.9
Income tax expense	(29.8)	—	(29.8)	(29.8)	(435.8)
INCOME FOR THE YEAR	184.6	—	184.6	184.6	2,702.1
Other comprehensive income (loss)					
Actuarial (loss)/gain	(0.2)	0.2	—	—	—
Share of other comprehensive loss of an associate	(6.3)	6.3 ^{1d}	—	—	—
Exchange differences on translating foreign operations	(0.2)	0.2 ^{1d}	—	—	—
Items that will not be reclassified to profit or loss, net of tax:					
Re-measurement gain of employees' benefit liabilities	—	(0.2)	(0.2)	(0.2)	(3.3)
Share of other comprehensive income of associates and joint ventures	—	—	—	—	—
Items that may be reclassified to profit or loss:					
Exchange differences on translation of financial statements	—	(6.5) ^{1d}	(6.5)	(6.5)	(96.1)
Other comprehensive loss for the year	(6.8)	—	(6.8)	(6.8)	(99.4)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	177.8	—	177.8	177.8	2,602.7

* To conform with the presentation of ICBP's historical consolidated financial statements as of December 31, 2020 and for the year then ended, prepared by ICBP's management in accordance with IFAS and presented in Indonesian Rupiah, prior to the conversion to Indonesian Rupiah.

** There was no GAAP difference between IFRS and IFAS applicable to Pinehill Group consolidated financial statements, and therefore no adjustment required to convert from Pinehill Group Historical Consolidated balance (IFRS) to Pinehill Group Historical Consolidated balance (IFAS).

*** These balances were translated using exchange rate of Rp.14,639 (full amount) = US\$1.00 (full amount).

Pinehill Company Limited and its subsidiaries
Unaudited Historical Consolidated Statement of Profit or Loss and Other Comprehensive Income
Prepared in accordance with IFAS (Continued)
For the year ended December 31, 2020
(Expressed in billions of Indonesian Rupiah and millions of United States Dollars)

	Pinehill Group Historical Consolidated Balances (IFRS) (Audited)	Reclassifications* (unaudited)	Pinehill Group Historical Consolidated Balances (IFRS) - After Reclassification (Unaudited)	Pinehill Group Historical Consolidated Balances (IFAS)** (Unaudited)	Pinehill Group Historical Consolidated Balances (IFAS)*** (Unaudited)
	US\$	US\$	US\$	US\$	Rp.
Income for the year attributable to:					
Owner of the Pinehill Group	110.0	(110.0)	—	—	—
Equity holders of the parent entity	—	110.0	110.0	110.0	1,610.7
Non-controlling interests	74.6	—	74.6	74.6	1,091.4
Total	184.6	—	184.6	184.6	2,702.1
Total comprehensive income for the year attributable to:					
Owner of the Pinehill Group	103.4	(103.4)	—	—	—
Equity holders of the parent entity	—	103.4	103.4	103.4	1,513.4
Non-controlling interests	74.4	—	74.4	74.4	1,089.3
Total	177.8	—	177.8	177.8	2,602.7

* To conform with the presentation of ICBP's historical consolidated financial statements as of December 31, 2020 and for the year then ended, prepared by ICBP's management in accordance with IFAS and presented in Indonesian Rupiah, prior to the conversion to Indonesian Rupiah.

** There was no GAAP difference between IFRS and IFAS applicable to Pinehill Group consolidated financial statements, and therefore no adjustment required to convert from Pinehill Group Historical Consolidated balance (IFRS) to Pinehill Group Historical Consolidated balance (IFAS).

*** These balances were translated using exchange rate of Rp.14,639 (full amount) = US\$1.00 (full amount).

Notes to the Unaudited Pro Forma Combined Consolidated Financial Information
(expressed in billions of Indonesian Rupiah, unless otherwise stated)

Footnotes relating to the columns “Pinehill Group Historical Consolidated Balances (IFRS) (After Reclassification) (Unaudited)”, “Pinehill Group Historical Consolidated Balances (IFAS) (Unaudited) (in US\$)” and “Pinehill Group Historical Consolidated Balances (IFAS) (Unaudited) (in Rp)” referring to the key assumptions and estimates used by ICBP in the preparation of these adjustments on the Pinehill Group’s historical consolidated IFRS balances

1. Pinehill Group Historical Consolidated Balances (IFRS) (After Reclassification)

In general, the reclassified historical consolidated balances column is to re-present the Pinehill Group’s consolidated statement of profit or loss and other comprehensive income accounts as reflected in the IFRS Audited Financial Statements of the Pinehill Group to the accounts naming convention and accounts presentation in the consolidated financial statements of ICBP Group.

In addition to the above general reclassification, certain accounts below have been identified to have different grouping or different accounts mapping, therefore, there are certain amounts that have been reclassified on these accounts to conform to the specific accounts grouping or accounts mapping of the ICBP Group. These amounts have been already incorporated in the “Pinehill Group Historical Consolidated Balances (IFRS) (After Reclassification)” column.

a. Reclassification adjustments—Cost of Goods Sold, Selling and Distribution Expenses and Other Operating Expenses

The Issuer reclassified US\$363.9 million representing the “Cost of Sales” balance of Pinehill Group to the following accounts: (i) “Cost of Goods Sold” account amounting to US\$345.8 million, (ii) “Selling and distribution expenses” account amounting to US\$7.1 million, and (ii) to “Other operating expenses” account amounting to US\$11.0 million.

b. Reclassification adjustment—Other Operating Income and Other Operating Expenses

The Issuer reclassified US\$1.1 million representing “Other income” balance of Pinehill Group to the following accounts: (i) “Other operating income” account amounting to US\$1.5 million, and (ii) to “Other operating expenses” account amounting to US\$0.4 million.

c. Reclassification adjustment—Finance Income and Finance Expenses

The Issuer reclassified US\$0.9 million representing the “Finance costs, net” balance of Pinehill Group to the following accounts: (i) “Finance income” account amounting to US\$0.1 million, and (ii) to “Finance expenses” account amounting to US\$1.0 million.

d. Reclassification adjustment—Exchange Differences on Translation of Financial Statements

The Issuer reclassified US\$6.3 million and US\$0.2 million representing the “Share of other comprehensive loss of an associate” and “Exchange differences on translating foreign operations” balances, respectively, to the “Exchange Differences on Translation of Financial Statements” account amounting to US\$6.5 million.

2. IFAS Adjustments

There are no significant differences between IFRS and IFAS applicable to consolidated financial statements of Pinehill Group, therefore historical unaudited consolidated statement of profit or loss and other comprehensive income of Pinehill Group for the year ended December 31, 2020, prepared by ICBP’s management under IFAS and presented in United States Dollar is equal to historical audited consolidated statement of profit or loss and other comprehensive income of Pinehill Group for the year ended December 31, 2020, prepared by Pinehill Group’s management in accordance with IFRS, after taking into account reclassification adjustments discussed in point 1 above.

As a result, balances in the Pinehill Group Historical Consolidated Balances (IFAS) (Unaudited) is equal to balances in the Pinehill Group Historical Consolidated Balances (IFRS) (After Reclassification) (Unaudited).

3. Translations from United States Dollar to Indonesian Rupiah

Balances in the Pinehill Group Historical Consolidated Balances (IFAS) (Unaudited) stated in the United States Dollar were translated to Indonesian Rupiah using the exchange rate of Rp.14,639 (full amount) = US\$1.00 (full amount).

Footnotes relating to columns “Pro forma adjustments” referring to the key assumptions and estimates used by PT Indofood CBP Sukses Makmur Tbk and its Subsidiaries in the preparation of the pro forma adjustments

1. Basis of Presentation

On May 22, 2020, ICBP entered into a Conditional Shares Sale and Purchase Agreement (the “**Agreement**”) with the Pinehill Corpora Limited (“**Pinehill Corpora**”), related party, and Steele Lake Limited (“**Steel Lake**”; together with Pinehill Corpora, the “**Sellers**”), third-party, relating to acquisition of 100% shares of Pinehill, with total purchase consideration amount to US\$2,998.0 million (the “**Purchase Consideration**”).

Under the Agreement, the Sellers have agreed to extend its guarantee to the Issuer on the guaranteed profit, where the average annual income for the period attributable to equity holders of parent entity of the Pinehill Group for the period covered since January 1, 2020 until December 31, 2021 (the “**Guaranteed Period**”) would be US\$128.5 million (the “**Guaranteed Profit**”), provided that:

- a. if the Guaranteed Profit, after taking into account five percent deviation tolerance, is not achieved by the Pinehill Group, then the Purchase Consideration shall be adjusted pursuant to formula defined in the Agreement; and
- b. if the actual profit after taking into account a five percent deviation tolerance, exceeds the Guaranteed Profit then no upward adjustment of the Purchase Consideration will be made.

The Issuer have completed the above acquisition transaction on August 27, 2020. Accordingly, since then, the consolidated financial statements of Pinehill Group were consolidated into the ICBP Group consolidated financial statements.

The above business combination was accounted for under the acquisition method of accounting in accordance with PSAK No 22 “Business Combinations”. As the acquirer for accounting purposes, the Issuer has estimated the fair value of Pinehill Group’s assets acquired and liabilities assumed and conformed the accounting policies of Pinehill Group’s to its own accounting policies.

The Issuer completed the acquisition of Pinehill Group for US\$2,998.0 million in cash. The Issuer financed the acquisition by entering into a US\$2,050 million (United States Dollar equivalents) five-year amortizing unsecured loan facility (“**Pinehill Facility**”) and used internally available cash and cash equivalents of US\$298 million. The remaining amount of US\$650.0 million is still being held by the Issuer as retention.

The Unaudited Pro Forma Combined Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended December 31, 2020 gives effect to the acquisition of Pinehill Group as if it had occurred since January 1, 2020. The key assumptions and estimates underlying the “Pro forma adjustments” column to the Unaudited Pro Forma Combined Consolidated Financial Information are described in the below footnotes, which should be read together with the Unaudited Pro Forma Combined Consolidated Financial Information.

2. Pro Forma Adjustments

The pro forma adjustments are based on ICBP’s estimates and assumptions that are subject to change. The following adjustments have been reflected in the Unaudited Pro Forma Combined Consolidated Financial Information.

a. Pro Forma Adjustments—Exclusion of Pinehill Group Historical Operating Results

Represents the adjustment to exclude Pinehill Group’s historical operating results which have been consolidated to ICBP’s historical consolidated balances for the period from the Acquisition Date until December 31, 2020.

b. Pro Forma Adjustments—Elimination of Transaction between ICBP and Pinehill Group

Represents the adjustment to eliminate intercompany transaction between ICBP and Pinehill Group during the year ended December 31, 2020 after deducted with total transactions from the Acquisition Date to December 31, 2020.

c. Pro Forma Adjustments—Interest Expenses

Represents the adjustment to recognize interest expenses of Pinehill Facility assuming it had occurred as of January 1, 2020.

d. Pro Forma Adjustments—Foreign Exchange Effects

Represents the adjustment to recognize foreign exchange differences of Pinehill Facility assuming it had occurred as of January 1, 2020.

e. Pro Forma Adjustments—Income Tax Expense

Represents the adjustment to recognize income tax expense of the pro forma adjustments calculated at statutory tax rate of 22%.

RISK FACTORS

This Offering Memorandum contains forward-looking statements relating to events that involve risks and uncertainties. Prospective purchasers of the Bonds should carefully consider the risk factors set forth below, as well as the other information contained elsewhere in this Offering Memorandum. The risks described below are not the only ones that may affect our businesses or the Bonds. In general, investing in securities of issuers in emerging market countries such as Indonesia involves risks not typically associated with investing in the securities of companies in more developed economies.

Risks Relating to our Businesses

A weakening of the economic climate, resulting in a reduction in consumer demand, could negatively affect our business, financial condition, results of operations and prospects.

A weakening of the economic climate could have a significant negative effect on consumer demand and spending, which, in turn, would directly affect our overall sales. For instance, consumer confidence, recessionary trends and inflationary trends, consumers' disposable income, unemployment rates and political uncertainty may impact customer demand and sales levels, which, in turn, could adversely affect our business, financial condition, results of operations and prospects, including our net sales and profitability. See “*Risks Relating to Indonesia—Emerging markets such as Indonesia are subject to greater risks than more developed markets, and if those risks were to materialize, their consequences could disrupt our business and you could suffer a significant loss to your investment*”.

The outbreak of any severe communicable disease in Indonesia and other markets where we operate may have an adverse effect on their respective economies and may adversely affect our results of operations.

The ongoing COVID-19 global pandemic or any other infectious disease outbreak, or fear of an outbreak, or any other serious public health concerns in Indonesia and other markets where we operate may have an adverse effect on the Indonesian and their respective economies and may adversely affect us.

The novel strain of the coronavirus identified in late 2019 has spread globally, including in Indonesia, and has resulted in authorities implementing numerous measures to contain the virus, including travel restrictions (including domestically within Indonesia), quarantines and lockdowns. These measures have impacted and may further impact our business and results of operations, our workforce and operations, the operations of our business partners and customers, as well as our suppliers. There is considerable uncertainty about such measures and future potential measures, and restrictions on access to our offices and other properties or on our workforce, and restrictions or disruptions of transportation.

On March 31, 2020, by virtue of Presidential Decree No. 11 of 2020, the President of Indonesia declared the COVID-19 pandemic a “Public Health Emergency” (*Darurat Kesehatan Masyarakat*) and on April 13, 2020 through Presidential Decree No. 12 of 2020, a “National Disaster” (*Bencana Nasional*). The Indonesian government implemented various protective measures, including the large-scale social restriction (*Pembatasan Sosial Berskala Besar*) through the Minister of Health Regulation No. 9 of 2020 on the Large-Scale Social Restriction Guidelines for the Acceleration of COVID-19 Handling. The scope of restrictions includes closing of certain schools and workplaces, restrictions on religious activities, social-cultural activities and activities in public places or facilities. The Government also imposed temporary travel restrictions in certain regions during the large-scale social restriction period. In Jakarta, the local government enacted the DKI Jakarta Province Regional Regulation No. 2 of 2020 on COVID-19 Mitigation, which regulates the technical provision on the large-scale social restriction, including the fines for any violations of the large-scale social restriction. Meanwhile, in Surabaya, on April 24, 2020, the Mayor of Surabaya issued his Regulation No. 16 of 2020 on the Guidelines to Large-Scale Social Restrictions for COVID-19 Handling in Surabaya City as amended by Mayor of Surabaya Regulation No. 19 of 2020 to implement various measures in an effort to curb the spread of the COVID-19 pandemic. Most recently, on February 19, 2021, the Minister of Home Affairs issued Instruction No. 04 of 2021, instructing the local governments in, among others, DKI Jakarta, West Java, Banten, Central Java, Yogyakarta, East Java, and Bali, to implement strict micro-scale activity restrictions (*Pembatasan Kegiatan Masyarakat Berbasis Mikro—“Micro PPKM”*), as lastly amended by Minister of Home Affairs issued Instruction No. 11 of 2021 which extends the Micro PPKM period until May 31, 2021. Such restrictions have resulted in a material adverse effect on certain of our division's results of operations. For example, in 2020 we experienced a decrease in demand for certain of our products that cater to out-of-home and on-the-go consumers, including cup noodles as well as smaller format packages of our liquid milk and beverages products.

The spread of the COVID-19 pandemic has caused us to modify our business practices by being required to implement social distancing measures in our premises, working from home and split team arrangements, frequent

disinfecting measures and stricter health protocols. We may take further actions as may be required by government authorities or that we determine are in the best interests of our employees and customers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the virus, and our ability to maintain day to day operations could be negatively impacted.

Accordingly, being considered an “essential industry” by the Government of Indonesia, during the COVID-19 pandemic we continuously, strive to comply with Government’s protocols and guidelines, and run our operations cautiously for the safety of our management and employees and going concern of the Issuer. Although we experienced healthy growth and increase in both revenue and profit in 2020, we will continue to stay vigilant as the risk and impact of the COVID-19 pandemic is uncertain, fluid, and evolving.

Our business may be adversely affected by defects in products we manufacture, recalls, product liability claims, and complaints from consumers or negative public perception regarding our products.

We may become liable if the use or consumption of any of the products we manufacture were to cause injury or illness. These injuries or illnesses may result from tampering by unauthorized third parties or product contamination or degeneration, including the presence of external contaminants, chemicals, substances or other agents or residues during the various stages of procurement, production, transportation and storage. Even though we are subject to government inspections and regulations in addition to our own quality control systems, harmful substances which we may not be able to detect or identify using our standard procedures may exist in the raw materials brought into our production process due to the failure of our employees to follow production standards, or from improper handling during transit. While we have not faced any product liability claims to date, we cannot assure that we will not be subject to claims, complaints or lawsuits relating to such matters in the future.

Certain of our products are perishable goods requiring storage and delivery in temperature-controlled environments and, as such, may be especially sensitive to tampering by unauthorized third parties, product contamination or degeneration, or changes in temperature. While we are subject to government inspections and regulations in addition to our own quality control systems, quality control systems specifically adapted for products requiring storage and delivery in temperature-controlled environments, we cannot assure you that we will not be subject to claims, complaints or lawsuits relating to injuries resulting from tampering by unauthorized third parties or product contamination or degeneration in the future.

Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity arising from any allegation that our products caused personal injury or illness could materially and adversely affect our reputation among consumers and our corporate and brand image. We rely to a significant extent on our brand image and brand names. Brand value is based largely on subjective consumer perceptions and can be damaged even by isolated incidents that erode consumer trust, and regardless of whether such negative publicity implicates our own products or those of our competitors.

The demand for products which we manufacture, our brand value and goodwill could diminish significantly if we fail to preserve the quality of our products, fail to deliver a consistently positive consumer experience in each of our products, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity concerning us or our products, including their health, nutritional or lifestyle value, could adversely affect our reputation, business, financial condition, results of operations and prospects.

Our operations are subject to extensive food quality and safety regulations and any non-compliance with health-related regulations and changes to such regulations could have a negative effect on our business, results of operations, financial condition and prospects.

Our operations, including our factories, and products, are subject to extensive laws, rules, regulations and standards of hygiene and quality regulation in the food safety area and oversight by authorities regarding the processing, packaging, labeling, storage, distribution and advertising of our products. These authorities enact and enforce regulations with respect to our operations by, among other things, licensing our factories, enforcing government standards for selected food products, grading food products, inspecting factories and warehouses, regulating trade practices and imposing their own labeling requirements on food products and through governmental food processing controls. Consequently, we are required to maintain various registries, licenses and permits in order to operate our business. Although we carry out good manufacturing practices in our production processes, there is nonetheless a possibility that the raw materials, packaging materials, and finished products are exposed to contamination during the process of storing, manufacturing, packaging, or distribution. If we are at any time unable to maintain the food safety of our products, our consumers may lose confidence in our Company, brand, and products, and it would adversely affect our business and financial condition.

The principal areas in which we are subject to regulation are health, environment and labor. The adoption of new laws or regulations, or further changes in current laws or regulations, may increase our operating costs, impose

restrictions on our operations or impact our future growth opportunities, which, in turn, may adversely affect our business, financial condition, results of operations and prospects. For more information, see “*Regulation*”.

We face intense competition.

We compete with both domestic Indonesian and international consumer packaged goods manufacturers in the Indonesian market and other markets where we operate. We compete primarily on the basis of product quality, taste, brand recognition and loyalty, product innovation, price, effectiveness of marketing and promotional activities and the ability to identify and satisfy consumer preferences. From time to time, we may need to adjust our pricing strategy in response to competitive pressures and in order to maintain our market share. Competition may also limit our ability to increase prices in response to commodity and other input cost increases or our sales volumes may be adversely affected if we seek to pass on cost increases to consumers. The price and quality of our products depends on a number of factors including our ability to develop new products and market our existing products effectively, source raw materials, consistently meet production targets as scheduled and to effectively distribute our products. In the past, we have experienced periods of increased competition, such as when new competitors enter the market, which has required us to adjust our prices and decrease our margins to compete. We cannot assure you that new foreign or domestic competitors, possibly with greater financial, technological or other resources, will not enter the market. If we are unable to maintain our competitive position relative to those of our competitors, our market share, business, prospects, financial condition and results of operation may be adversely affected and our growth and profitability targets may not be met.

We may also need to increase spending on advertising and promotion to protect our existing market share or increase market share. The success of our investments in advertising and promotion is subject to risks, including uncertainties about consumer acceptance. As a result, we may not be able to maintain or enhance market share even with increased expenditures, which could result in lower profitability. Also, if we are not able to maintain or improve our brand image or value proposition, it could have a material effect on our market share and our profitability.

We may not be successful in the development of new products, and if we are unsuccessful in developing and promoting new products it could have a material adverse effect on our business, financial condition, results of operations and prospects.

We have an in-house research and development team, dedicated to developing new products and new variations of existing products. In particular, our team focuses on creating innovative, healthy, affordable and convenient products. The development and launch of new products may require substantial expenditure, including higher costs in administration, production and marketing.

Successful market acceptance of our new products is largely dependent on our ability to successfully cater to consumer demands, taste and changing dietary preferences at competitive price points. For example, our Snack Foods division is preparing for a launch of alternative brands to fill the market positions which were previously filled by the international PepsiCo brands. We cannot assure you that the market will respond favorably to new products we produce. In addition, our products may lose their appeal if we fail to promote them effectively and demand for such products may decrease. Our failure to anticipate, identify or react to such changes or trends may result in us being unable to recover expended research and development costs and marketing costs and may therefore adversely affect our profit margins as well as having an adverse effect on our business, financial condition, results of operations and prospects.

Our sales depend on our ability to predict, identify and interpret changes in consumer preferences and demand, and our ability to develop, offer and market new products rapidly enough to meet those changes.

Consumer preferences for food products change continually. Our success depends on our ability to predict, identify and interpret the tastes and dietary habits of consumers and to offer products that appeal to those preferences.

If we do not succeed in offering products that appeal to consumers, our sales, market share and profitability could be adversely affected. We must be able to distinguish between short-term fads, mid-term trends and long-term changes in consumer preferences. If we are unable to accurately predict which shifts in consumer preferences are long-term, or if we fail to introduce new and improved products to satisfy those preferences, or if we fail to satisfy consumer preferences, our business, operations and growth potential may be adversely affected. In addition, because of our varied consumer base, we must offer a sufficient array of products to satisfy a broad spectrum of consumer preferences and successfully market our products. If we fail to expand our product offerings successfully across product categories, to rapidly develop products in faster growing categories, or to execute our marketing strategy successfully, our business, operations and growth potential may be adversely affected.

Negative perceptions concerning the health implications of processed food products could influence consumer preferences and discourage acceptance of some of our products. Although we strive to respond to consumer preferences, we may not be successful in these efforts. Negative perceptions and failure to satisfy consumer preferences could decrease demand for our products and adversely affect our business, financial condition, results of operations and prospects.

We are supported by information technology systems, which, if not properly functioning or if subjected to cyber-attacks, could have a material adverse effect on our necessary business operations and loss of data.

We have made investments in information technology and have focused on the application of this technology to manage our business, our inventory levels and our sales and marketing capabilities. Our ability to ensure efficient ordering and to adequately fulfill our customers' demands is highly dependent upon the effective functioning of our information technology systems.

Interruptions to technology adopted in our business channels, some of which may be neither foreseeable nor within our control, may cause us to fall below acceptable performance levels and could adversely impact important business relationships. The technology platforms on which our information technology systems operate are subject to disruptions due to electrical or telecommunication outages, or other general system failures. We may also experience additional costs and business interruptions related to our information technology systems as we implement new information technology in our operations. We anticipate that we will need to continue to invest time and money to continue to enhance our information technology systems in order to maintain the integrity of our systems, our competitiveness and to develop new distribution services.

We are also at risks of cyber-attacks that seek to steal or damage our data, or disrupt our computerized systems, including threats such as malware, phishing, denial of service, man-in-the-middle, trojans, ransomware, and computer viruses. Although we have implemented what we believe are industry standard cyber defenses and have established a disaster recovery center to ensure business continuity in the event of system disruptions, we cannot assure you that we have taken all necessary precautions to prevent or deter cyber-attacks, which are continuously evolving and becoming more dangerous.

Failure to be vigilant and properly or adequately address these matters could affect our ability to perform necessary business operations and lead to the loss of data, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our inability to effectively manage our inventory levels, particularly excess or inadequate amounts of raw materials, and our exposure to commodity price risk in the purchase of our raw materials, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We source commodities and goods both domestically and through the import of foreign goods, and our inventory levels, particularly for raw materials but also for finished goods, are subject to a number of factors, some of which are beyond our control. We may have inadequate inventory levels of particular items, due to factors such as unanticipated high demand for certain products, unavailability of products from suppliers, import delays, labor unrest, untimely deliveries, or the disruption of international, national or regional transportation systems. Any shortage in raw materials may negatively affect production volumes which, in turn, may result in lower sales.

In addition, certain raw materials that are imported from overseas are subject to periodic import approval by the Government. In order to avoid supply disruptions resulting from delays in Government approvals, we tend to stock between two and three months' worth of these raw materials, which increases our working capital needs. Notwithstanding our best efforts to monitor and plan for disruptions in our procurement of commodities and goods, there can be no assurances that we will be able to procure the necessary inventory of such commodities and goods in the future and we may experience shortages in procurement from time to time.

Our inventory levels and financial performance may be affected by the price and availability of commodities that we use as raw materials in our products. Our cost of sales for the products that we manufacture consists primarily of raw materials, including wheat flour, cooking oil, sugar, milk and packaging materials. Local and world markets have experienced periods of either over-supply or shortage of these commodities from time to time as a result of different factors such as weather conditions, some of which have caused the prices of such commodities to be volatile and had an adverse effects on our results of operations. Furthermore, our inventory levels may be affected by changes in consumer preferences. If we are unable to adapt to, or accurately forecast, changes in consumer preferences in an effective and timely manner our inventory levels may exceed consumer demand, which, in turn, may require us to lower our prices in order to sell our inventory. The availability and price of agricultural commodities such as wheat flour, cooking oil, sugar, milk, as well as fuel, are subject to wide fluctuations due to factors outside our control, such as weather, plantings, government (domestic and foreign)

farm programs and policies, changes in global demand and supply and global production of similar and competitive crops, as well as hydrocarbons. Due to a number of factors, in particular during an economic downturn, we may not be able to pass along increases in the cost of our raw materials to our customers immediately. In such an event, our gross margins will be adversely impacted. Any adverse developments in domestic and international agricultural commodity markets could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may have overdue accounts receivable.

We currently offer and intend to continue offering limited trade credit facilities to certain of our customers, which may subject us to credit risks. The collection of our accounts receivable is affected by several factors, including, but not limited to (i) our credit granting policies; (ii) contractual provisions; (iii) industry and economic conditions; and (iv) the customers' recent operating results, financial position and cash flows.

We do not currently have a fixed policy relating to the impairments of accounts receivable and any provisions are made on an ad hoc basis. Adverse changes in any of these factors, certain of which may not be wholly in our control, could create delays in collecting or an inability to collect our accounts receivable, which could impair our cash flows and our financial position.

We may not be able to effectively manage our cash conversion cycle, which may require us to finance our business operations through borrowing or internal cash generation, which, in turn, may have an adverse impact on our financial position.

We rely on our ability to effectively turn our inventory and maintain our current trade terms to manage our cash conversion cycle. However, the nature of our business requires us to maintain, at times, a high inventory level, and our trade terms with our customers generally do not require advance payments, and as a result, we may be susceptible to, at times, an extended cash conversion cycle. For example, if we are unable to effectively turn our inventory, or our competitors offer our customers longer payment periods which we may have to match, our cash conversion cycle may become prolonged, which, in turn, may require us to finance our business operations through borrowing or internal cash generation. There can be no assurance that we will be able to effectively manage our cash conversion cycle in the future, which, in turn, may have a material adverse effect on our business, financial condition, results of operation and prospects.

Our business may be negatively affected by trade barriers, including difficulties obtaining customs clearance and import-related duties and taxes.

Our financial performance may be affected by trade barriers and other impediments commonly associated with international trade, such as customs clearance and import-related duties and taxes. We rely on imports to supply a portion of our key raw materials. For the year ended December 31, 2018, 2019 and 2020, imports accounted for 12%, 12% and 11%, respectively, of our raw materials used. Our raw materials consist primarily of the inputs that we use in our production. We also import a substantial amount of the equipment that we use in our production processes and rely on periodic servicing by representatives of our equipment manufacturers. In addition to potential delays in the import approval process, we face risks involving increased tariffs, geopolitical risks and other regulatory changes which may have the effect of creating, or enhancing, trade barriers. Trade barriers may result in higher costs associated with the procurement of raw materials, and such increased costs may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our business will be adversely affected if we lose our Halal certificates.

We sell all of our products to customers in Indonesia and certain of our products to markets in Africa, the Middle East and South Eastern Europe. All of our products and our production operations in Indonesia have been certified as Halal by relevant authorities. Given the demographics of our market, maintenance of our Halal certificates is imperative to the success of our business. Failure to maintain these certifications would potentially prevent us from labeling our products as Halal and therefore adversely impact demand for such products, which could materially and adversely affect our businesses, financial condition, results of operations and prospects.

We are dependent on Indofood's established distribution network and other third-party logistics providers.

We distribute our products in Indonesia primarily through Indofood's distribution arm. We rely heavily on our relationship with Indofood Group and our network of distributors to market our products. In addition, we distribute a portion of our products through third-party logistics providers who are responsible for the transportation of our products to our customers, including a portion of the products we sell to Indofood's distribution arm. In the event of sustained failures by these third-party logistics providers or if the Indofood's

relationships with a significant portion of our retailers deteriorate, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our insurance coverage may not cover all situations.

Our operations are subject to various risks inherent in manufacturing operations. Many of these operating risks concerned recklessness and negligence in operations and may cause personal injury and loss of life, severe damage to or destruction of our properties and the properties of others and environmental pollution, and may result in suspension of operations and the imposition of civil or criminal penalties. We maintain property all risk, earthquake, vehicle, certain product liability, health and personal accident insurances. We do not carry business interruption, environmental pollution and terrorism insurances. We do not carry business interruption, environmental pollution and terrorism insurance policies.

Our insurance policies are subject to certain limits and deductibles as well as policy exclusions. In the event that amounts of claims exceed the insurance coverage of our insurance policies, we may be liable to cover shortfall of the amount claimed. If such events were to occur, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Depreciation in the value of the local currencies may materially and adversely affect our business, financial condition, results of operations and prospects.

Our functional currency is Rupiah. A substantial portion of our net sales and operating costs are denominated in Rupiah, however, purchases of products in our agency business and certain commodities that we use in our production business, including short-term and long-term bank loans are denominated in other currencies, such as U.S. dollars. The functional currencies of our non-Indonesian subsidiaries are the local currencies in the manufacturing countries, while some of their purchases or raw materials are denominated in U.S. dollars which could have an impact on their input cost and hence might affect the results of the operations. Though the local currency prices that we charge for our products are periodically adjusted to reflect changes in our underlying costs, we may not be able to immediately and fully pass on the economic effects of an appreciation of any of these other currencies to our customers, which could materially and adversely affect our business, financial condition, results of operations and prospects. Changes in exchange rates have affected and may continue to affect our results of operations and cash flows.

We rely on trade secrets and trademark and copyright laws and agreements with ISM to protect our reputation and brand recognition.

Our marketing and advertising initiatives and the successful promotion of the brand image of our products are substantially dependent upon trademarks and copyrights relating to those brand names and logo art. We believe that ISM has registered in Indonesia and our other key markets the trademarks and copyrights related to our brand names and logos. These proprietary rights may not prove adequate to prevent misappropriation of these names and images by other parties, and certain parties have also misused our name for promotional activities in the past.

Our products may also be subject to counterfeiting or imitation. As with all operators in the food and beverage industry, we are unable to guarantee that counterfeiting and misuse of our name will not occur in the future and, if it does occur, whether we will be able to detect and deal with it effectively. Any occurrence of counterfeiting, imitation or misuse of our name could impact negatively upon our reputation and brand name, and lead to loss of consumer confidence in our brand. In addition, counterfeit and imitation products could result in a reduction of our market share and result in an increase in our administrative costs in respect of detection. In addition, certain of our processes and recipes are trade secrets which could be inadvertently or intentionally disclosed or misappropriated by our employees who are privy to such trade secrets.

Our or ISM's pursuit of claims relating to the infringement by other parties of our proprietary rights, even if meritorious, could result in costly and numerous litigation that diverts management's attention and resources from the operation of our business. Additionally, although we believe that our usage of brand names and images in our marketing campaigns do not infringe upon the rights of others, third parties might assert infringement claims against us in the future, which could have an adverse effect on our business, financial condition, results of operations and prospects.

The interests of our controlling shareholder may conflict with the interests of holders of Bonds.

ISM holds 80.53% of our shares, and some of our directors and senior managers hold senior positions in ISM. Circumstances may arise in which interest of our controlling shareholder's interests may be at variance with our interests, and our management may face potential conflicts of interest in fulfilling their responsibilities as

directors and senior management. We cannot assure you that our controlling shareholder's interests will always be aligned with our own. Our controlling shareholder's interests also may not coincide with the interests of our other shareholders and may take actions that favor those interests over our interests, which could materially and adversely affect our business, financial condition, results of operations and prospect.

Any deterioration of labor relations with our employees or increase in labor costs could adversely affect our business, financial condition, results of operations and prospects.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions in the past, have resulted in labor unrest and activism in Indonesia. Labor unrest and activism in Indonesia could disrupt our operations and the operations of our suppliers, brand principals or customers and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Indonesia or other stock exchanges and the value of the Indonesian Rupiah relative to other currencies. Such events could materially and adversely affect our businesses.

In addition, a portion of our Indonesian labor force is compensated at a minimum wage, as determined by the applicable governing laws of Indonesia. There are general and sectoral minimum wages for provincial and/or municipal levels, all of which are subject to revisions from time to time by the relevant government agencies. As a result, a significant increase in the minimum wage requirements as set for by the applicable authority may have a material adverse effect on our financial condition, results of operations and prospects.

We may be unable to achieve the anticipated benefits from any future expansion, acquisition, joint ventures or investments.

We seek to achieve our growth objectives by (i) expanding our production and winning new customers to grow organically, and (ii) securing acquisitions, joint ventures and investments. If we are unable to successfully execute on our strategies to achieve our growth objectives, or if we experience higher than expected operating costs that cannot be adjusted accordingly, our growth rate and profitability could be adversely affected.

We are in the process of expanding, or plan to expand, various parts of our operations, including our noodles, dairy and snack foods operations. Such expansion will require significant additional capital expenditures. Our actual capital expenditures may be significantly higher than our planned capital expenditure due to various factors, including, among others, changes in macroeconomic conditions, unplanned cost overruns, our ability to generate sufficient cash flows from operations and our ability to obtain adequate external financing for these planned capital expenditures. In addition, we cannot assure you whether, or at what cost, our expansion projects will be completed or that these projects will be successful if completed. The completion of these projects may also be impeded by events such as shortages or increases in prices of equipment or materials, defects in design or construction, disputes with our construction contractors, or the unavailability of financing at acceptable terms of at all. Any of these events may cause delays in completing all or part of the planned projects and increases in related costs, which could limit our growth.

In addition, competition for acquisitions in the markets in which we operate has grown in recent years and may increase costs of acquisitions or cause us to refrain from making certain acquisitions. We may also be subject to increasing regulatory scrutiny from competition and antitrust authorities in connection with acquisitions. Achieving the expected returns and synergies from existing and future acquisitions will depend in part upon our ability to integrate the products and services, technology, support functions and personnel of these businesses into our operations in an efficient and effective manner. We cannot assure you that we will be able to do so, or that our acquired businesses will perform at anticipated levels or that we will be able to obtain these synergies. Management resources may also be diverted from operating our existing business to certain acquisition integration challenges. If we are unable to successfully integrate acquired businesses, our anticipated revenues and profits may be lower. Our profit margins may also be lower, or diluted, following the acquisition of companies whose profit margins are less than those of our existing business.

Further, we may incur earn-out and contingent consideration payments in connection with future acquisitions, which could result in a higher than expected impact on our future earnings. We may also finance future transactions through debt financing, the issuance of equity securities, the use of existing cash, cash equivalents or investments or a combination of the foregoing. Acquisitions financed with debt could require us to dedicate a substantial portion of our cash flows to principal and interest payments and could subject us to additional restrictive covenants.

Future acquisitions financed with our own cash could deplete the cash and working capital available to fund our operations adequately. Difficulty in borrowing funds, selling securities or generating sufficient cash from operations to finance our activities may have a material adverse effect on our business, financial condition and results of operations.

Compliance with environmental and occupational health and safety laws and regulations may require us to incur costs or restrict our operations in a manner that could have a material adverse effect on our financial condition and results of operations.

We are subject to a variety of environmental laws, including those that regulate the use, handling, treatment, storage, discharge and disposal of substances and hazardous wastes used or generated in our factories. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, our acts. We are required to invest financial and managerial resources to comply with environmental and safety laws and regulations and anticipate that we will be required to do so in the future in order to comply with laws in Indonesia and the primary export markets to which we sell. It is likely that we will be subject to increasingly stringent environmental standards in the future and may be required to make additional capital expenditures relating to environmental and safety matters on an ongoing basis.

In relation to the compliance under environmental laws in Indonesia, we are aware of the possibility that business licenses may be annulled in the following circumstances: (i) the requirements filed in the business licensing application contain legal flaws, errors, misuse as well as untruth and/or falsification of document, data and/or information; (ii) the issuance of the license does not comply with the requirements set out under the Environmental Feasibility Decree or Capability Statement; or (iii) the obligations set out under Environmental Impact Analysis (*Analisis Mengenai Dampak Lingkungan* or “AMDAL”) or Environment Monitoring Effort (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or “UKL & UPL”) are not complied with by the relevant parties.

Besides the compliance with environmental laws, we are also aware of the requirements to meet occupational health and safety requirements including the requirement to prevent and overcome any possible work accidents including fire and explosions. We are also obliged to protect the safety of our employees through (i) the availability of safety equipment and (ii) maintenance of our production machinery and equipment to safe working standards.

Failure to comply with present and future environmental and safety laws could subject us to future penalties, liabilities or suspension of production and/or distribution, including (in the case of the failure to obtain an environmental license) being subject to various administrative sanctions ranging from a penalty of fine up to imprisonment as well as revocation of our business license. Environmental and safety laws could also restrict our ability to expand our factories or could require us to acquire costly equipment or to incur other additional expenses in connection with our manufacturing and distribution processes.

We are dependent on key personnel.

Our operations are dependent on our key management personnel for, among others, strategic business directions and customer relations. Any inability to retain the services of any such key personnel could adversely impact our operations and performance. See “*Management*”.

In addition, our production activities require skilled labor and technical specialists, such as maintenance technicians. Our ability to operate our business may be limited by labor constraints as our competitors and customers compete for scarce labor resources. We believe that our success depends on our ability to attract, train, develop and retain a sufficient number of skilled employees with the relevant skills and expertise to execute our projects. After we have invested in training new employees and developing existing employees for succession planning, our competitors may seek to recruit them. If we are unable to attract, train, develop and retain skilled personnel, our ability to continue our existing operations may be adversely affected, which may in turn affect our business, prospects, profitability, financial condition and results of operations.

Risks Relating to the Pinehill Acquisition

Pinehill operates in a similar business to our historical business, and as such is subject to many of the risks described under “*Risks Relating to our Business*”. In addition, Pinehill and the Pinehill Acquisition subject us to certain additional risks, including but not limited to those described in this section.

Failure to manage and integrate the Pinehill Acquisition successfully could adversely affect our business, financial condition, results of operations and prospects.

We completed the Pinehill Acquisition in August 2020. While we believe that this acquisition will complement our existing business and overall growth strategy, if we are unable to integrate the operations of the Pinehill Group successfully, derive favorable returns from the acquisition, or manage these new markets in which the

Pinehill Group has operations, we may not be able to fulfill our growth strategies and improve profitability. The Pinehill Acquisition exposes us to new risks that we have not previously faced including:

- political and economic risks in the international markets in which the Pinehill Group has operations, in particular the risk that growth of noodle consumption in these markets does not meet our expectations;
- managing extensive operations in new international jurisdictions where we have no prior experience (such as Saudi Arabia);
- integration of systems and controls in a manner that meets our oversight and governance criteria;
- manage joint venture arrangements in several of the existing subsidiaries of Pinehill; and
- management diverting significant time and attention to the acquisition and away from current operations.

Any one or more of these factors could cause us not to realize the anticipated benefits from the Pinehill Acquisition. If we do not realize the anticipated benefits from the Pinehill Acquisition, we may be required to impair the significant goodwill recognized in the course of the Pinehill Acquisition, which would directly impact our financial condition and results of operations. Moreover, considerable funds may be required to develop these new businesses and the Pinehill Acquisition could have a material adverse effect on our liquidity and capital resources and may require us to incur additional indebtedness, raise equity capital or both. Our inability to manage any of the foregoing factors could have a material adverse effect on the success of the Pinehill Acquisition and on our business, financial condition, results of operations and prospects.

The Pinehill Group operates in countries that have differing degrees of political, legal and fiscal stability. This exposes us to a wide range of economic conditions and political developments as well as changes in applicable laws and regulations.

The Pinehill Group's operations are outside Indonesia, including in a number of developing countries that have less predictable political, security and economic climates. Our financial condition and results of operations are expected to be increasingly affected by international and local political, economic and operating conditions, including territorial or other conflicts, in or affecting countries where it operates, transacts business or has interests, including by possible recognition of impairment losses on assets located in these countries.

We operate under a broad range of laws and governmental regulations, both in Indonesia and elsewhere. These laws and regulations cover virtually all aspects of our operations. In addition, while we have significant experience in operating in Indonesia, we have limited experience in operating internationally, in particular in the markets where the Pinehill Group operates. Nationalistic economic policies and political trends and changes in countries where we operate, such as opposition to globalization and free trade, trade restrictions, withdrawal from or re-negotiation of global trade agreements, tax and labor policies that favor domestic industries and interests, the trade conflicts between the U.S. and China, and other similar actions, political and economic developments could result in changes to laws, regulations and government policies that can affect our operations. We cannot ensure that legal, regulatory, political or economic changes in the countries in which we operate will not have a material adverse effect on our business, results of operations or financial condition, including through the recognition of impairment losses.

Risks Relating to Indonesia

We are established in Indonesia and all of our officers are based in Indonesia, while most of our commissioners and directors are based in Indonesia. Substantially all of our operations and assets are located in Indonesia. As a result, future political, economic and social conditions in Indonesia, as well as certain actions and policies the Government may take or adopt, or omit from taking or adopting, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Emerging markets such as Indonesia are subject to greater risks than more developed markets, and if those risks were to materialize, their consequences could disrupt our business and you could suffer a significant loss to your investment.

We have historically derived most of our revenue from operations in Indonesia and we anticipate that we will continue to do so. Emerging markets such as Indonesia have historically been characterized by significant volatility, and their political, social and economic conditions can differ significantly from those in more developed economies. Specific risks that could have a material impact on our business, results of operations, cash flows and financial condition include:

- political, social and economic instability;

- exchange rate volatility;
- acts of warfare, terrorism and civil conflicts;
- state intervention, including tariffs, protectionism and subsidies;
- regulatory, taxation and legal structure changes;
- liability for remedial actions under health and safety regulations;
- the cost and availability of adequate insurance coverage;
- difficulties and delays in obtaining or renewing licenses, permits and authorizations;
- arbitrary or inconsistent governmental action;
- deficiencies in transportation, energy and other infrastructure; and
- expropriation of assets.

Generally, investing in emerging markets is only suitable for sophisticated investors who fully appreciate the significance of the risks involved with investing in such markets. Furthermore, political and related social developments in Indonesia have been unpredictable in the past and are subject to rapid change. Consequently, the information set out in this Offering Memorandum may become outdated relatively quickly.

If any of the risks were to materialize, our business, results of operations and financial condition could be materially adversely affected.

Political and social instability in Indonesia may adversely affect the economy, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

From time to time in recent years, Indonesia has experienced instability and general social and civil unrest on several occasions. Since 2000, from time to time, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati, former President Yudhoyono and current President Widodo as well as in response to specific issues, including fuel subsidy reductions, privatization of state assets, anti-corruption measures, decentralization and provincial autonomy and the American-led military campaigns in the Middle East. Although these demonstrations were generally peaceful, some have turned violent.

Other protests regarding elections occurred when Indonesia's Electoral Commission (*KPU*) formally announced the results of the 2019 presidential election, and it was confirmed that the incumbent President Joko Widodo won the presidential polls with 55.5% of the total votes. The result triggered allegations of electoral fraud. Thousands of supporters of the opposing candidate, Prabowo Subianto, then held a rally in front of the Elections Supervisory Agency's (*Bawaslu*) headquarters on Jl. Thamrin in Central Jakarta on May 21, 2019, calling for the disqualification of Joko Widodo from the presidential election. The rally ended with a riot on May 22, 2019 in Central Jakarta. Further, the opposing party has challenged the election result in the Constitutional Court with allegations of fraud, resulting in political uncertainty and instability in Indonesia. The Constitutional Court rejected the appeal in relation to the presidential election result on July 27, 2019.

Further, in September 2019, the House of Representatives (*Dewan Perwakilan Rakyat*) planned to enact a draft Indonesian criminal code and a draft anti-corruption law which was met by a series of protests and rallies rejecting the draft laws. The protestors argued that the draft criminal code contained several articles that would potentially threaten civil liberty and contradict several Constitutional Court decisions. The draft anti-corruption law was also rejected by the protestors on the grounds that the draft law has onerous requirements that would essentially hinder the eradication of corruption. Following several rallies on September 30, 2019, a riot took place during which several police stations and public property were destroyed. Due to the controversy surrounding the draft laws and series of rallies, the Government agreed to postpone the enactment and further revise the draft laws. Most recently, in October and November 2020, there were numerous protests across the country against the newly issued Law No. 11 of 2020 concerning Job Creation (the "**Job Creation Law**"), which amends more than 70 existing laws and is aimed at cutting red tape and boosting investment to create jobs. Protesters claim that the new Job Creation Law would generally undermine existing labor laws and weakens environmental protections.

Political and related social developments in Indonesia have been unpredictable in the past. There can be no assurance that this situation or future sources of discontent will not lead to further political and social instability. Social and civil disturbances could directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Bonds.

Indonesia is subject to significant geological risk that could lead to social unrest and economic loss.

The Indonesian archipelago is one of the most volcanically active regions in the world. Because Indonesia is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis, or tidal waves. In recent years, a number of natural disasters have occurred in Indonesia, including major earthquakes, which resulted in tsunamis and volcanic activity. In addition to these geological events, Indonesia has also been struck by other natural disasters such as heavy rains and flooding. All of the above resulted in loss of life, the displacement of large numbers of people and widespread destruction of property. More recently, throughout the first week of January 2020, heavy and persistent rainfall caused severe flooding in and around Jakarta which killed at least 66 people and displaced nearly 400,000 people. In January 2021, there were earthquakes in the region of Majene in West Sulawesi, which caused the death of 105 people. There were also incidents of floods, weak tornados (*puting beliung*) and landslides in various regions in Indonesia between January and April 2021.

While these events did not have a significant economic impact on the Indonesian capital markets, the Government has had to expend significant amounts of resources on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. However, such aid may not continue to be forthcoming, and may not be delivered to recipients on a timely basis. If the Government is unable to deliver foreign aid to affected communities in a timely manner, political and social unrest could result. Any such failure on the part of the Government, or declaration of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, impacting our operations and our customers and suppliers, thereby materially and adversely affecting our businesses, financial condition, results of operations and prospects.

Future geological occurrences could significantly impact the Indonesian economy. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our businesses, financial condition, results of operations and prospects.

Terrorist attacks and terrorist activities, and certain destabilizing events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business and/or property.

Terrorist attacks and associated military responses have resulted in substantial and continuing economic volatility and social unrest in the world. In Indonesia during the last several years there have been various terrorist attacks in Indonesia directed towards the Government, foreign governments and public and commercial buildings frequented by foreigners, which have killed and injured a number of people. For example, on May 13, 2018 and May 14, 2018, multiple bombings occurred in several churches and a police station in Surabaya, East Java, killing at least 28 people and injuring at least 57 people. More recently, a bombing occurred on March 28, 2021 in the Makassar Cathedral injuring more than 20 people.

There can be no assurance that further terrorist acts will not occur in the future. Any of the foregoing events including damage to our infrastructure or that of our suppliers and customers, could materially and adversely affect international financial markets and the Indonesian economy, interrupt parts of our business and materially and adversely affect our financial condition, results of operations and prospects.

Domestic, regional or global economic changes may adversely affect our business.

Indonesia's economy was significantly affected by the Asian financial crisis of 1997. The crisis was characterized in Indonesia by, among other effects, currency depreciation, a significant decline in real gross domestic product ("GDP"), high interest rates, social unrest and extraordinary political developments.

Indonesia and other ASEAN countries, along with developing market countries globally, have been negatively affected by the unprecedented financial and economic conditions in developed markets. Although the Government has taken many steps to improve these unprecedented conditions, with the aim of maintaining economic stability and public confidence in the Indonesian economy, continuation of these unprecedented conditions may negatively impact economic growth, the Government's fiscal position, the Rupiah's exchange rate and other facets of the Indonesian economy. In addition, the Government continues to have a large fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile with poor liquidity, and the banking sector suffers from high levels of non-performing loans. If the economy continues to be volatile or declines, Indonesia's economic growth, its fiscal position, the Rupiah's exchange rate and other facets of its economy may be negatively affected.

Any changes in the regional or global economic environment that result in a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the

Indonesian financial markets and inhibit or reverse the growth of the Indonesian economy. Any such increased volatility, slowdown or negative growth in the global economy, including the Indonesian economy, may materially and adversely affect our business, financial condition and results of operations. In particular, the Indonesian economy continues to be disrupted by the current COVID-19 pandemic. Given the rapidly changing implications of the spread of COVID-19, it is difficult to assess the full nature and extent of the impact that the outbreak will have on the Indonesian economy.

The current global economic situation could further deteriorate or have a greater impact on Indonesia and our business. Any of the foregoing may materially and adversely affect our business, financial condition and results of operations, and on our ability to pay interest on, and repay the principal of, the Bonds. In addition, a loss of investor confidence in the financial systems of emerging and other markets may cause increased volatility in the financial markets, including the Indonesian financial markets and a slowdown in economic growth or negative economic growth in Indonesia or elsewhere in the world. The cost and availability of credit may be adversely affected by illiquid credit markets and wider credit spreads. Commercial banks and capital markets investors have implemented stringent control on-lending and investments. We may experience working capital constraints and limited borrowing abilities. Our financial condition may deteriorate significantly if we are unable to obtain adequate capital from our operations or other available sources. We cannot assure you that developments in the financial markets, turbulence in the global markets or slowdowns in Indonesia and the Asia Pacific Region economies and prolonged declines in business and consumer spending will not have a material adverse effect on our business, financial condition, results of operations and prospects.

Regional autonomy may adversely affect our business through imposition of local restrictions, taxes and levies.

Indonesia is a large and diverse nation covering a multitude of ethnicities, languages, traditions and customs. During the administration of the former President Soeharto, the Government controlled and exercised decision-making authorities on almost all aspects of national and regional administration, including the allocation of revenues generated from extraction of national resources in the various regions. This control led to a demand for greater regional autonomy, in particular with respect to the management of local economic and financial resources.

In response to such demand, the Indonesian Parliament in 1999 passed Law No. 22 of 1999 regarding Regional Autonomy (“**Law No. 22/1999**”) and Law No. 25 of 1999 regarding Fiscal Balance between the Central and the Regional Governments (“**Law No. 25/1999**”). Law No. 22/1999 has been revoked by Law No 23 of 2014 regarding Regional Government Law (“**Law No. 23/2014**”) as amended by Government Regulation in lieu of Law No. 2 of 2014 regarding Amendment of Law No. 23/2014, which was further amended by the Law No. 2 of 2015 and Law No. 9 of 2015 on Regional Autonomy. Law No. 25/1999 has been revoked and replaced by Law No. 33 of 2004 regarding the Fiscal Balance between the Central and the Regional Governments (“**Law No. 33/2004**”). Under these regional autonomy laws, regional autonomy was expected to give the regional governments greater powers and responsibilities over the use of “national assets and resources” and to create a balanced and equitable financial relationship between central and regional governments. However, under the pretext of regional autonomy and with the presence of the Law No. 28 of 2009 on Local Taxes and Levies, Law No. 23 of 2014 on Local Government and Constitution Court Decision No. 46/PUU-XII/2014, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the Government. Our business and operations are located in various locations in Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

Depreciation or volatility in the value of the Rupiah may adversely affect our business, financial condition, results of operations and prospects.

Our results of operations can be affected by fluctuations in exchange rates, in particular by depreciation or appreciation of the Rupiah against the U.S. dollar as well as fluctuations between the Rupiah and other currencies, following the Pinehill Acquisition. The Rupiah to U.S. dollar exchange rate (based on the middle exchange rate announced by Bank Indonesia) was Rp.14,481 = US\$1.00 as of December 31, 2018 and Rp.13,901 = US\$1.00 as of December 31, 2019. Although the Rupiah has appreciated considerably from its low point of approximately Rp.17,000 per U.S. dollar in 1998, the Rupiah continues to experience significant volatility. In particular, the Rupiah significantly weakened against the U.S. dollar during the first half of 2020, depreciating by 19.8% from an exchange rate (based on the middle exchange rate announced by Bank Indonesia) of Rp.13,662 = US\$1.00 as of January 31, 2020 to Rp.16,367 = US\$1.00 as of March 31, 2020, before appreciating to Rp.14,105 = US\$1.00 as of December 31, 2020, primarily as a result of the current COVID-19

pandemic, see “—*The outbreak of any severe communicable disease in Indonesia and other markets where we operate may have an adverse effect on their respective economies and may adversely affect our results of operations.*”.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to persons outside of Indonesia and may not conduct certain transactions with non-residents). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. We cannot assure you that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful. Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategy. Any of the foregoing consequences could have a material adverse effect on our business, financial conditions, results of operations and prospects.

Downgrades of credit ratings of Indonesia and Indonesian companies could adversely affect us and the market price of the Bonds.

As of the date of this Offering Memorandum, Indonesia’s sovereign foreign currency long-term debt is rated “Baa2” (stable) by Moody’s, “BBB” (stable) by Fitch and “BBB” (negative) by S&P. These ratings reflect an assessment of the Government’s overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due and are an improvement over the sovereign ratings granted by these international credit rating agencies to Indonesian following the 1997 financial crisis.

Any downgrade to credit rating of Indonesia or Indonesian companies could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available and could have a material adverse effect on us.

Labor laws and regulations in Indonesia and labor unrest may materially adversely affect our results of operations.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the Government issued Law No. 21 of 2000 regarding Labor Union (the “**Labor Union Law**”). The Labor Union Law permits employees to form unions without intervention from an employer, the government, a political party or any other party. On March 25, 2003, Law No. 13 of 2003 regarding Employment (the “**Labor Law**”) was enacted which, among other things, increased the amount of severance, pension, medical coverage, life insurance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires companies with 50 or more employees to establish bipartite forums with participation from employers and employees. The Labor Law also requires a labor union to have participation of more than half of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and order the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labor strike.

The Labor Law also prohibits an employer from paying an employee below the minimum wage stipulated annually by the provincial or regional/city government. The minimum wage is generally determined according to the need for a decent living standard and taking into consideration the productivity and growth of the economy. However, there are no specific provisions as to how to determine the amount of the yearly minimum wage increase, and implementation varies from region to region making compliance cumbersome. For example, in January 2020, the provincial government of DKI Jakarta, through the Governor of DKI Jakarta Province Regulation No. 10 of 2020, increased the minimum wage of DKI Jakarta province for 2020 from Rp.3,940,972 (full amount) per month to Rp.4,276,349 (full amount) per month, a 8.51% increase starting from January 1, 2020. In 2021, the minimum wage was increased based on Governor of DKI Jakarta Province Regulation No. 103 of 2020 to Rp.4,416,186 (full amount) per month, representing a 3.27% increase from the former

minimum wage. The minimum wage increase is not mandatory for some business sectors that are affected by the COVID-19 pandemic (which is subject to a certain application to the DKI Jakarta manpower office). In addition to directly increasing wages for lower level employees, these minimum wage increases indirectly apply upward pressure on the wages of higher level employees over time. Any increase in minimum wage in Indonesia could have a material adverse effect on the Issuer's business, cash flows, financial condition and prospects. The recent change in social security program from "Jamsostek" to "BPJS" in accordance with Law No. 24 of 2011 on Social Security Administrator also increased costs to us, and any further changes to social security arrangements could have an adverse effect on the Issuer's business, cash flow, financial condition and prospects.

On November 2, 2020, the Job Creation Law was enacted. The Job Creation Law represents effort from the Government to comprehensively amend or revoke numerous sectoral laws and regulations with the goal to create job opportunities and improve Indonesia's investment eco-system. The changes amend several provisions in the Labor Law, among other things, on the termination of employment and the amount of severance pay. As the implementation of the Job Creation Law, the Government recently issued Regulation No. 35 of 2021 on Definite Period Employment Agreement, Outsourcing, Working Hours and Resting Hours, and Termination of Employment ("**GR 35/2021**") as the implementation regulation of the Job Creation Law, which regulates further on the compensation that needs to be paid for the termination of employees which are under a Definite Period Employment Agreement (*Perjanjian Kerja Waktu Tertentu/PKWT*). Based on GR 35/2021, the employer must now pay compensation when a Definite Period Employment Agreement expires depending on the employment period of the relevant definite period employee. In addition, under GR 35/2021, the compensation pay must be paid at the expiry of the Definite Period Employment Agreement. If the Definite Period Employment Agreement is extended, the compensation pay for the initial contract period must be paid when the initial contract period expires. The compensation pay covering the period of extension must be paid when the extension expires. If the work is completed earlier than the end of the intended contract period under the Definite Period Employment Agreement, the compensation pay is calculated based on the actual work period the employee has completed (not the intended contract period). If a party terminates the Definite Period Employment Agreement early, the employer must also provide the compensation pay calculated based on the employee's period of employment until the early termination of the Definite Period Employment Agreement.

Labor unrest and activism in Indonesia could disrupt our operations, our suppliers or contractors and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Indonesia stock exchange and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect our business, financial condition, results of operations and prospects, and our ability to pay interest on, and repay the principal of, the Bonds.

Indonesian accounting standards differ from those in other jurisdictions.

Our financial statements are prepared in accordance with Indonesian FAS, which differ from IFRS. As a result, our financial statements and reported earnings could be different from those which would be reported under IFRS. This Offering Memorandum does not contain a reconciliation of our financial statements to IFRS, and there can be no assurance that such reconciliation, if performed, would not reveal material differences. See "*Summary of Significant Differences Between Indonesian FAS and IFRS*".

Risks Relating to the Bonds

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact the Bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behavior of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

A potential investor should not invest in Bonds which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of such Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, the investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (a) the Bonds are legal investments for it, (b) the Bonds can be used as collateral for various types of borrowing and (c) other restrictions apply to its purchase of any Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

The Bonds are redeemable in the event of certain withholding taxes being applicable.

The Bonds are redeemable at 100 per cent. their principal amount, together with accrued and unpaid interest, at the option of the Issuer on the giving of not less than 30 and not more than 60 calendar days' irrevocable notice of redemption to the Bondholders of the relevant series in accordance with the Terms and Conditions of the Bonds prior to relevant maturity in the event of certain changes affecting taxes. The date on which the Issuer elects to redeem the Bonds may not accord with the preference of individual Bondholders. This may be disadvantageous to the Bondholders of the relevant series in light of market conditions or the individual circumstances of the such Bondholders. In addition, an investor may not be able to reinvest the redemption proceeds in a comparable debt instrument at an effective interest rate at the same level as that of the Bonds.

The ratings of the Bonds may be downgraded or withdrawn entirely by rating agencies at any time which may adversely affect the market price of the Bonds.

Each series of the Bonds is expected to be rated "Baa3" by Moody's and "BBB-" by Fitch. These ratings may be reviewed and changed at any time, and they may be lowered or withdrawn entirely in the future. A suspension, reduction or withdrawal at any time of the rating assigned to the Bonds may adversely affect the market price of the Bonds.

The ratings represent the opinions of the rating agency and their assessment of the Issuer's ability to perform its obligations under the terms of the Bonds and credit risks in determining the likelihood that payments will be made when due under the Bonds. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. There can be no assurance that a rating of the Bonds will remain for any given period of time or that a rating of the Bonds will not be lowered or withdrawn entirely by the relevant rating agency if, in its judgment, circumstances in the future so warrant. The Issuer is under no obligation to inform Bondholders of any such revision, downgrade or withdrawal. In addition, any downgrade, suspension or withdrawal of a rating of the relevant series of the Bonds could adversely affect the market price of the relevant series of the Bonds and the Issuer's ability to access the debt capital markets, which may have a material adverse effect on its business, financial condition, results of operations and prospects.

There is no public market for the Bonds and a market may not develop or, if a market develops, it may not be sustained; the liquidity and market price of the Bonds following this offering may be volatile.

Each series of the Bonds is a new issue of securities for which there is currently no trading market. Although the Joint Lead Managers have advised the Issuer that they currently intend to make a market in the Bonds, they are not obligated to do so, and any market-making activity with respect to any series of the Bonds, if commenced, may be discontinued at any time without notice at their sole discretion. An active trading market for any series of the Bonds may not develop or be sustained. If an active trading market for any series of the Bonds does not develop or is not maintained, the market price and liquidity of the relevant series of the Bonds may be adversely affected. If such a market were to develop, each series of the Bonds could trade at prices lower than the price at which such series of the Bonds have been issued.

The price at which each series of the Bonds trade depends on many factors, including:

- prevailing interest rates and the markets for similar securities;
- the Issuer's results of operations, financial condition, historical financial performance and prospects;
- political and economic developments in and affecting Indonesia and other countries in which the Issuer conducts business now or in the future;
- general economic conditions locally, regionally and globally;
- changes in the credit ratings of the relevant series of the Bonds or the Issuer; and
- the financial condition and stability of the Indonesian or global financial sector.

If the Bonds of the relevant series are allocated to a limited number of investors and/or a limited number of investors hold a significant proportion of the Bonds of such series, liquidity will be restricted and the development of a liquid trading market for the Bonds of such series may be adversely affected.

Approval in-principle has been obtained from the SGX-ST for the listing of the Bonds on the SGX-ST. The Issuer expects that the Bonds will be traded on the SGX-ST in a minimum board lot size of US\$200,000 or its equivalent in foreign currencies as long as the Bonds are listed on the SGX-ST. However, there can be no assurance that it will be able to obtain or maintain such listing or that, if listed, a trading market will develop. The Issuer does not intend to apply for listing of the Bonds on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Bonds may adversely affect the price of the Bonds or may otherwise impede a holder's ability to dispose of the Bonds.

Bondholders are required to rely on the procedures of the Clearing Systems and their participants while the Bonds are cleared through the clearing systems.

Each series of the Bonds will be represented on issue by a Global Certificate to be deposited with a common depositary for the accounts of the Clearing Systems. Except in the circumstances described in the relevant Global Certificate, investors will not be entitled to receive Bonds of the relevant series in definitive form. The relevant Clearing Systems and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While each series of the Bonds are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant Clearing Systems and their respective participants.

While each series of the Bonds are represented by a Global Certificate, the Issuer will discharge its payment obligation under the relevant series of the Bonds by making payments through the relevant Clearing Systems. A holder of a beneficial interest in the relevant Global Certificate must rely on the procedures of the relevant Clearing System and its participants to receive payments under the Bonds of the relevant series. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the relevant Global Certificate.

Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Bonds of the relevant series so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System and its participants to appoint appropriate proxies. Similarly, holders of beneficial interests in the relevant Global Certificate will not have a direct right thereunder to take enforcement action against the Issuer in the event of a default under the Bonds of the relevant series but will have to rely upon their rights under the Trust Deeds.

The transfer of the Bonds is restricted, which may adversely affect their liquidity and the price at which they may be sold.

The Bonds have not been registered under, and we are not obligated to register the Bonds under the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "*Subscription and Sale*". The Issuer has not agreed to or otherwise undertaken to register the Bonds (including by way of an exchange offer) with the United States Securities and Exchange Commission or the securities regulatory authority of any other jurisdiction, and the Issuer has no intention of doing so.

Bondholders will be exposed to a legal system subject to considerable discretion and uncertainty and may have difficulty pursuing claims under the Bonds.

Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply within the jurisdictions of the United States, European Union or other countries. Neither the rights of debtors nor the rights of creditors under Indonesian law are as clearly established or recognized as under legislation or judicial precedent in the United States and most European Union member states. In addition, under Indonesian law, debtors may have rights and defenses to actions filed by creditors that such debtors would not have in jurisdictions with more established legal regimes such as those in the United States and the European Union member states.

The Republic of Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. The Republic of Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on pre-independence Dutch law in effect prior to the Republic of Indonesia's independence in 1945 and some have

not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts are often unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian laws depends, in large part, upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case, and as a result, the administration and enforcement of laws and regulations by Indonesian courts and governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in the Republic of Indonesia has been publicly reported by certain international financial institutions, foreign governments or international organizations. There is also no assurance that Indonesian courts would enforce, or even consent to adjudicating agreements that are governed by non-Indonesian law.

As a result, it may be difficult for Bondholders to pursue a claim against the Issuer in the Republic of Indonesia, which may adversely affect or eliminate entirely the Bondholders' ability to obtain and enforce an arbitral award against the Issuer in the Republic of Indonesia or increase the Bondholders' costs of pursuing, and the time required to pursue, claims against the Issuer.

Indonesian companies have filed suits in Indonesian courts to invalidate transactions involving offshore offering structures and have brought legal actions against lenders and other transaction participants. Such legal action has resulted in judgments against defendants invalidating all obligations under the applicable debt instruments and in damages against defendants in excess of the amounts borrowed.

Published reports, including those court decisions that are available, do not provide a clear factual basis or legal rationale for these judgments. In reaching these decisions, however, the courts have not appeared to follow the contractual selection of non-Indonesian law as the governing law. These courts have in certain instances barred the exercise of any remedies available to the investors anywhere in the world.

In 2013, the holders of notes issued by a Singapore-based special purpose vehicle and guaranteed by its parent, a leading property development company in Indonesia, under a trust deed governed under English law, filed a suspension of debt payment petition with the Indonesian commercial court on grounds including that the company had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their put option under the terms of the notes. The Indonesian commercial court ruled, among other things, that since the trust deed relating to the notes was governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and that accordingly, it did not have authority to examine and adjudicate this case.

In 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that certain holders of notes guaranteed by an Indonesia-based telecommunications services provider were not their creditors for purposes of its court-supervised debt restructuring (*Penundaan Kewajiban Pembayaran Utang* or the "PKPU"). This Indonesian telecommunications company is the guarantor of US\$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is its subsidiary. The proceeds from the offering of the notes were on-lent to Bakrie Telecom pursuant to an intercompany loan agreement, which was assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge's determination that the relevant creditor of the company in respect of the US\$380 million notes was the issuer's subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which the company was liable for purposes of the PKPU. As a result, only the issuer's subsidiary had standing as a creditor to vote in the Bakrie Telecom PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee.

Similar to the PKPU case, another Indonesian company in early 2016 was entered into a suspension of payment obligation (PKPU) under the Law No. 37 of 2004 regarding Bankruptcy and Suspension of Obligation for Payment of Debts (the "**Indonesian Bankruptcy Law**") regime. The PKPU administrators were reported to reject claims that arose from the company's two Singapore-dollar bonds and took the stance that the trustees did not have any standing to make claims on behalf of the bondholders. Further, they asserted that only individual noteholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on the restructuring plan. In September 2016, the PKPU process was settled between the company and its creditors through the establishment of a composition plan (*rencana perdamaian*), which was approved by certain bondholders and then ratified by the Jakarta Commercial Court. Based on an announcement from the company, under the composition plan, the bondholders of the two of Singapore-dollar bonds may be required to convert their notes into new shares to be issued by the company, thereby extinguishing the bonds.

Therefore, it may be difficult or impossible for holders of the Bonds to enforce all of their rights against the Issuer, including but not limited to being able to vote in court-supervised debt restructuring or bankruptcy proceedings in Indonesia. Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published and Indonesian judges have very broad fact-finding powers and a high level of discretion with respect to the manner in which those powers are exercised, and may be guided less by legal principles and precedent than would their counterparts in other jurisdictions. Moreover, depending on the recognition which non-Indonesian courts may grant to such Indonesian decisions, the holders of the Bonds may also be disabled from enforcing any rights under the Bonds or the other transaction documents, anywhere else in the world. In sum, the holders of the Bonds may have no effective or practical recourse or any assets or legal process in Indonesia to enforce any rights against the Issuer.

In addition, the participation of a holder of a Bond as a creditor in this transaction may expose it to affirmative judgments by Indonesian courts against it (beyond the value of the Bonds such holder purchased). Moreover, affirmative relief granted against the holders of the Bonds by Indonesian courts may be enforced by non-Indonesian courts against the assets of the holders of the Bonds (or other transaction participants) located outside of Indonesia (and each holder of a Bond should consult its own legal adviser in that regard). The Issuer may be subject to future bankruptcy, insolvency and similar proceedings in Indonesia or other jurisdictions, which may delay or prevent payment on the Bonds.

We may be subject to future bankruptcy, insolvency and similar proceedings in Indonesia or other jurisdictions, which may delay or prevent payment on the Bonds.

Under the Indonesian Bankruptcy Law, a creditor that foresees its debtor would not be able to continue to pay its debts when they become due and payable, or a debtor which is unable, or predicts that it would be unable, to pay its debts when they become due and payable, may file for suspension of payment of debt with the Commercial Court. In addition, a debtor who has two or more creditors and who is unable to pay any of its debt may be declared bankrupt by virtue of a Commercial Court decision. Under the Indonesian bankruptcy law, a suspension of debt payment proceeding takes priority over a bankruptcy proceeding and must be decided first. As such, a suspension of debt payment proceeding will effectively postpone the bankruptcy proceeding. As a result, creditors are unlikely to receive any payment during the course of the suspension of debt payment proceeding (with the exception of secured creditors subject to certain conditions) and the bankruptcy estate is likely to be insufficient to fully settle their claims.

In addition, during the suspension of debt payment proceeding, the debtor may propose a composition plan to its creditors. Such composition, if approved at a creditors' meeting and ratified by the Commercial Court, will be binding on all unsecured creditors and on secured creditors that voted for the composition plan, and the suspension of debt payment proceeding ends. The debtor can then continue its business and service its debt in accordance with the composition plan proposed by the debtor and approved at the creditors' meeting and ratified by the court. The secured creditors that did not attend the creditors' meeting or vote on the plan are not bound by the plan and are entitled to enforce their security interests.

As a composition plan, if approved, is approved by a majority of the creditors on a collective basis, it may not be in the best interest of any particular creditor. If the Issuer becomes a debtor in a bankruptcy proceeding or a suspension of debt payment proceeding in Indonesia, the Issuer may file for suspension of debt payment with a proposed composition plan which may not be satisfactory to the Bondholders. If such composition plan is approved, it will be binding on the Bondholders.

The holders of the Bonds may not be considered creditors and thus may not be given standing to vote in any bankruptcy or restructuring proceeding to enforce the Bonds in Indonesia.

Enforcing your rights under the Bonds across multiple jurisdictions may prove difficult.

As we are established under the laws of Indonesia, an insolvency proceeding relating to the Issuer, even if brought in other jurisdiction, would likely involve insolvency laws in Indonesia, the procedural and substantive provisions of which may materially differ from or conflict with comparable provisions of insolvency law in other jurisdictions with which the holders of the Bonds are familiar. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect an investor's ability to enforce such rights under the Bonds in the relevant jurisdictions or limit any amounts that the investor may receive. Investors should analyze the risks and uncertainties carefully before investing in the Bonds. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Indonesia and other jurisdictions. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. Your rights under

each series of the Bonds will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings.

Holders of the Bonds will not have voting rights at shareholders' meetings.

Holders of the Bonds do not have any right to vote at any of the Issuer's shareholders' meetings. Consequently, holders of the Bonds cannot influence any decision of the shareholders including concerning the Issuer's capital structure, among other things, on the declaration of dividends in respect of the Issuer's ordinary shares.

The Trustee may request holders of the Bonds to provide an indemnity and/or security and/or prefunding to its satisfaction.

Where the Trustee is bound under the provisions of the Trust Deeds and the relevant series of the Bonds to act at the request or direction of the Bondholders, the Trustee may, at its sole discretion, request holders of the Bonds of the relevant series to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of holders of the Bonds of the relevant series. The Trustee shall not be obliged to take any steps or such actions if not indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such steps or actions can be taken. The Trustee may not be able to take steps or actions, notwithstanding the provision of an indemnity or security or prefunding to it, in breach of the terms of the Trust Deeds (as defined in the Terms and Conditions of the Bonds) or the Terms and Conditions of the Bonds and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the holders of Bonds of the relevant series to take such actions directly.

The Bonds are subject to modification and the Trustee may waive certain breaches without the consent of the Bondholders.

The Terms and Conditions of the Bonds and the Trust Deeds contain provisions for calling meetings of holders of Bonds of the relevant series to consider matters affecting their interests generally. These provisions permit defined majorities to bind all holders of Bonds of the relevant series including holders who did not attend and vote at the relevant meeting and holders who voted in a manner contrary to the majority. Furthermore, there is a risk that the decision of the majority of holders of Bonds of the relevant series may be adverse to the interests of individual Bondholders of such series.

The Terms and Conditions of the Bonds also provide that the Trustee may, without the consent of holders of Bonds, agree (i) to any modification of the Terms and Conditions of the Bonds, the Trust Deeds, the agency agreement dated June 9, 2021 of 2031 Bonds between the Issuer and the Agents named therein and the agency agreement dated June 9, 2021 of 2051 Bonds between the Issuer and the Agents named therein (together, the "Agency Agreements") and/or the relevant series of the Bonds (other than in respect of certain reserved matters) which in the opinion of the Trustee will not be materially prejudicial to the interests of the holders of Bonds of the relevant series and (ii) to any modification of the Terms and Conditions of the Bonds, the Trust Deeds, the Agency Agreements and/or the relevant series of the Bonds which in the opinion of the Trustee is of a formal, minor or technical nature or is to correct a manifest error or to comply with mandatory provisions of applicable law.

In addition, the Trustee may, without the consent of the holders of Bonds of the relevant series, authorize or waive any proposed breach or breach of the Trust Deeds, the Agency Agreements and/or the Terms and Conditions of the Bonds if, in the opinion of the Trustee, the interests of the holders of Bonds of the relevant series will not be materially prejudiced thereby.

Current OJK regulations may restrict our ability to issue additional debt securities.

On April 21, 2020, OJK Regulation No. 17/POJK.04/2020 on Material Transactions and Change of Business Activities was issued (the "**Material Transaction Regulation**"), which was effective on October 21, 2020, and revoked Bapepam-LK Regulation No. IX.E.2 on Material Transactions and Change of Main Business Activities as attached to Decree of Chairman of Bapepam-LK No. 614/BL/2011 Regulation. This regulation is applicable to publicly listed companies in Indonesia and their unlisted consolidated subsidiaries. Pursuant to the Material Transaction Regulation, each borrowing and lending in one transaction or a series of related transactions for a particular purpose or activity having a transaction value of 20% to 50% of the publicly listed company's equity, as determined by the latest audited annual financial statements, the limited review or audited quarterly financial statements, or any other audited interim financial statements, must be announced to the public and the public company must also obtain an appraisal report from an independent appraiser, subject to certain exemptions

available under the Material Transaction Rule. The announcement relating to the material transaction for a publicly-listed company must be made to the public at least on the public company's website and the IDX's website no later than the end of the second business day after the material transaction is executed. The announcement is required to include a summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company's financial condition, a summary of the appraisal report (including its purpose, the parties involved, the assumptions, qualifications and methodology used in the appraisal report and a fairness opinion on the transaction), which must not be dated more than six months prior to the date of the material transaction, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending (including the information about the outstanding amount, interest, period, security and negative covenants of the borrower), non-affiliated and conflict of interest statement from the Board of Directors and the Board of Commissioners, and statement from the Board of Commissioners stating that all of material information has been disclosed and are true. Publicly listed companies must submit evidence of an announcement as referred to above, including the independent appraisal report to OJK at the latest by the end of the second business day after the announcement is made.

For a material transaction (in this case borrowing and lending) with a value in excess of 50% of a public company's equity, it must also obtain shareholders' approval whereby shareholders holding more than half of all shares with valid voting rights are present or represented, and more than half of such shareholders present or represented approve the transaction, in addition to fulfilling the appraisal disclosure requirements. If in the future we decide to issue additional debt securities and the amount issued exceeds the 50% threshold, we would be required to obtain shareholders' approval, as well as a new appraisal report. In addition, if the material transactions that requires shareholders' approval is an affiliated party transaction and/or a conflict of interest transaction, independent shareholders' approval is required. There is no assurance that we would be able to obtain the approval of our shareholders or a favorable appraisal report in order to issue such additional debt securities. This requirement could limit our ability to finance our future operations and capital needs or pursue business opportunities and activities that may be in our interest, which could materially and adversely affect our business, financial condition, results of operations and prospects.

The Bonds will be unsecured obligations of the Issuer and will be effectively subordinated to the claims of creditors of the Issuer's subsidiaries.

The claims of all existing and future third-party creditors of the Issuer's subsidiaries as to the cash flows and assets of such companies will have priority over the claims of the shareholders of such subsidiaries, including the Issuer, and the creditors of such shareholders (such as holders of the Bonds).

As of December 31, 2020, the Issuer's total indebtedness (consists of short-term bank loans and overdrafts, long-term bank loans and other long-term debt) amounted to Rp.31,505.8 billion of which Rp.29,012.5 billion related to the Pinehill Facility and available unused bank facilities of Rp.3,948.3 billion. The Trust Deed governing the Bonds will not contain any restrictions on the ability of the Issuer or its subsidiaries to incur additional indebtedness. Claims of the secured creditors of the Issuer will have priority with respect to the assets securing their indebtedness over the claims of Bondholders. Therefore, the Bonds will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Issuer that has secured obligations, holders of secured indebtedness will have prior claims to the assets of the Issuer that constitute their collateral. The Bondholders will participate ratably with all holders of the unsecured indebtedness of the Issuer, and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Issuer. In the event that any of the secured indebtedness of the Issuer becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Issuer's assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Bonds. As a result, Bondholders may receive less than holders of secured indebtedness of the Issuer.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our indebtedness, including the Bonds of each series, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Bonds of each series, or to fund our other liquidity needs, or the Retention Amount which is payable in April 2022. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing

or delaying capital investments or seeking to raise additional capital. There is no assurance that any refinancing would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our financial condition and results of operations and our ability to satisfy our obligations under the Bonds of each series. Furthermore, if we do not have sufficient foreign currency assets or hedges in place to satisfy the hedging and liquidity requirements under the Prudential Principles of Offshore Loan for Non-Bank Corporations Regulation, we may cease to be in compliance with the prudential principles set forth in the Prudential Principles of Offshore Loan for Non-Bank Corporations Regulation at the relevant periods stated therein (which are generally within six months of the end of the relevant quarter) near the relevant stated maturity date of each series of the Bonds if we are unable to repay the Bonds of such series earlier.

The Issuer may not have the ability to raise the funds necessary to redeem the Bonds of the relevant series upon the occurrence of certain events constituting a Change of Control Triggering Event as required by the Trust Deed governing the relevant series of the Bonds.

Upon the occurrence of certain events constituting a Change of Control Triggering Event (as defined in the Terms and Conditions of the Bonds) holders of the Bonds of the relevant series may require the Issuer to redeem its Bonds on the Change of Control Triggering Event Put Date (as defined in the Terms and Conditions of the Bonds) at a redemption price equal to 101% of their principal amount plus accrued and unpaid interest to but excluding the Change of Control Triggering Event Put Date (as defined in the Terms and Conditions of the Bonds). If any such event were to occur, the Issuer cannot make any assurance that it would have sufficient funds available at such time to pay the redemption price of the outstanding Bonds of any series.

In addition, the Change of Control redemption provision contained in the Terms and Conditions of the Bonds may not necessarily afford the Bondholders of the relevant series protection in the event of certain important corporate events, including a reorganization, restructuring, merger or other similar transaction involving the Issuer that may adversely affect the Bondholders of the relevant series, because such corporate events may not involve a change in ownership or control in accordance with the terms of the Trust Deed governing the relevant series of the Bonds, and even if they do, may not constitute a “Change of Control Triggering Event” as defined in the Trust Deed governing the relevant series of the Bonds. Except as described under “*Terms and Conditions of the 2031 Bonds*” and “*Terms and Conditions of the 2051 Bonds*” the Trust Deed governing the relevant series of the Bonds does not contain provisions that require the Issuer to offer to repurchase or redeem the Bonds of the relevant series in the event of a reorganization, restructuring, merger, recapitalization or similar transaction.

The Bonds do not contain restrictive financial or operating covenants.

The Trust Deed governing each series of the Bonds will contain various covenants intended to benefit the interests of the holders of the Bonds that limit the Issuer’s ability to, among other things, incur liens under certain circumstances. See “*Terms and Conditions of the 2031 Bonds*” and “*Terms and Conditions of the 2051 Bonds*”.

The Trust Deed governing each series of the Bonds, however, will not contain restrictive financial or operating covenants or restrictions on the payments of dividends, the incurrence of indebtedness, the issuance or repurchase of securities by the Issuer, and the entry into sale and leaseback transactions. In addition, the Trust Deed governing each series of the Bonds will not contain any other covenants or provisions designed to afford holders of the Bonds protection in the event of a highly-leveraged transaction involving the Issuer or in the event of a decline in the Issuer’s credit rating or the rating of the Bonds as the result of a takeover, recapitalization, highly leveraged transaction or similar restructuring involving the Issuer that could adversely affect such holders. Subject to the terms of the Issuer’s existing corporate debt and other credit facilities, the Issuer may incur substantial additional indebtedness in the future.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of each series of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for securities of Indonesian issuers is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors’ reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including Indonesia. Since the global financial

crisis of 2008 and 2009, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of each series of the Bonds could be adversely affected.

Uncertainty in the secondary market.

None of the series of the Bonds has an established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Bonds that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Bonds generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Bonds of any series.

Exchange rate risks and exchange controls may affect an investor's returns on each series of the Bonds.

The Issuer will pay principal and interest on each series of the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the U.S. dollar would decrease (i) the Investor's Currency-equivalent yield on the relevant series of the Bonds; (ii) the Investor's Currency equivalent value of the principal payable on the relevant series of the Bonds; and (iii) the Investor's Currency-equivalent market value of the relevant series of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

In addition, Bonds are susceptible to foreign currency exchange risk. Accordingly, fluctuations in the exchange rate between the Rupiah and the U.S. dollar will affect the value of Bonds of each series. Exchange rate movements for the Rupiah against the U.S. dollar are volatile and are the result of numerous factors specific to Indonesia and the United States, including the supply of, and the demand for, the Rupiah, as well as government policy, intervention or actions, but are also influenced significantly from time to time by political or economic developments, and by macroeconomic factors and speculative actions related to Indonesia and other regions. Changes in exchange rates result over time from the interaction of many factors directly or indirectly affecting economic and political conditions in Indonesia and related countries. Of particular importance to potential currency exchange risk are: (a) rates of inflation; (b) interest rate levels; (c) balance of payments; and (d) the extent of governmental surpluses or deficits in Indonesia and the United States. These factors are in turn sensitive to the monetary, fiscal and trade policies pursued by the governments of Indonesia and the United States and other countries important to international trade and finance. The weakening of the Rupiah relative to the U.S. dollar may materially and adversely affect the value of the Bonds of any series and the return on an investment in the Bonds of any series. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in the Bonds.

If we are unable to comply with the restrictions and covenants in its debt agreements (if any), or the Bonds there could be a default under the terms of these agreements, or the Bonds, which could cause repayment of the Issuer's debt to be accelerated.

If we are unable to comply with the restrictions and covenants in the Terms and Conditions of Bonds, or current or future debt obligations and other agreements entered into by the Issuer (if any), there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of the debt could terminate their commitments to lend to the Issuer, accelerate repayment of debt, declare all amounts borrowed due and payable or terminate the agreements, as the case may be. Furthermore, some of the debt agreements of the Issuer, contain cross-acceleration or cross-default provisions. As a result, the default by the Issuer under one debt agreement may cause the acceleration of repayment of debt, including the Bonds of any series, or result in a default under its other debt agreements, including the Bonds of any series. If any of these events occur, there can be no assurance that the Issuer's assets and cash flows would be sufficient to repay in full all of the Issuer's indebtedness, or that it would be able to find alternative financing. Even if the Issuer could obtain alternative financing, there can be no assurance that it would be on terms that are favorable or acceptable to the Issuer.

Singapore Taxation Risk.

The Bonds are, pursuant to the Income Tax Act, Chapter 134 of Singapore (the “**Income Tax Act**”) and the MAS Circular FDD Cir 11/2018 entitled “Extension of Tax Concessions for Promoting the Debt Market” issued by the Monetary Authority of Singapore (“**MAS**”) on May 31, 2018, intended to be “qualifying debt securities” for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in the section “*Taxation—Singapore Taxation*”. However, there is no assurance that each series of the Bonds will continue to be “qualifying debt securities” or that the tax concessions in connection therewith will apply throughout the tenure of each series of the Bonds should the relevant tax laws or MAS circulars be amended or revoked at any time.

TERMS AND CONDITIONS OF THE 2031 BONDS

The following, other than the words in italics, is the text of the terms and conditions of the Bonds substantially in the form in which they will appear on the reverse of each of the definitive Certificates evidencing the Bonds.

The issue of U.S.\$1,150,000,000 in aggregate principal amount of 3.398 per cent. senior unsecured bonds due 2031 (the “**Bonds**”, which term should include, unless the context otherwise requires, any further bonds issued in accordance with Condition 9 (*Further Issues*) and consolidated and forming a single series therewith) of PT Indofood CBP Sukses Makmur Tbk (the “**Issuer**”) was duly and validly authorised in accordance with the Issuer’s articles of association. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated June 9, 2021 (the “**Issue Date**”) between the Issuer and DB Trustees (Hong Kong) Limited (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for itself and the Bondholders (as defined in Condition 1.2 (*Title*)). The Issuer has entered into an agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) with the Trustee, Deutsche Bank AG, Hong Kong Branch, as principal paying agent (the “**Principal Paying Agent**”), as transfer agent (the “**Transfer Agent**”) and as registrar (the “**Registrar**”) and the other paying agents and transfer agents appointed under it (each a “**Paying Agent**” or a “**Transfer Agent**”, as applicable, and together with the Registrar, the Transfer Agent and the Principal Paying Agent, the “**Agents**”, which expressions shall include, where the context so permits, their successors and all persons for the time being Agents under the Agency Agreement) relating to the Bonds. References to the “**Paying Agents**” shall each include the Principal Paying Agent.

The statements in these terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfying proof of holding during normal business hours by the Bondholders at the principal office of the Trustee being at the Issue Date at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Bonds are issued in registered form without interest coupons attached in the denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).

A certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Except in the limited circumstances set out in the Global Certificate, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate. The Bonds are not issuable in bearer form.*

1.2 Title

Title to the Bonds passes only by transfer and registration in the register of Bondholders. The person in whose name a Bond is registered in the register of Bondholders will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be deemed to be and treated as the absolute owner of that Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” mean the person in whose name a Bond is registered in the register of Bondholders.

For a description of the procedures for transferring title to book-entry interests in the Bonds, see “*Clearance and Settlement of the Bonds*”.

1.3 Transfers

Subject to Condition 1.6 (*Closed Periods*) and Condition 1.7 (*Regulations*), the Bonds may be transferred in whole or in part in an Authorised Denomination (and where not all of the Bonds held by the holder are being transferred, the principal amount of the Bonds not so transferred, shall be an Authorised Denomination) by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, at the specified office of the Registrar or the Transfer Agents (as defined in the Trust Deed), together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title and identity of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer of only part of a holding of Bonds (being that of one or more Bonds) represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of a Bond will be valid until and unless entered on the register of Bondholders. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing system.

1.4 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Bonds will, within five business days of receipt by the Registrar or as the case may be, any Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate and such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, mailed by uninsured mail at the risk of the holder entitled to the Bond (but free of charge to the holders and at the Issuer's expense) to the address specified in the form of transfer. For the purposes of this Condition 1.4 (*Delivery of new Certificates*), “**business day**” shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or, as the case may be, the relevant Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Bonds not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, mailed by uninsured mail at the risk of the holder of the Bonds not so transferred (but free of charge to the holders and at the Issuer's expense) to the address of such holder appearing on the register of Bondholders.

1.5 Formalities free of charge

Subject Condition 1.6 (*Closed Periods*) and Condition 1.7 (*Regulations*), registration of a transfer of Bonds will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the holder (or the giving of such indemnity and/or security and/or pre-funding as the Issuer, the Registrar or any Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application, and (iii) the Issuer, Registrar or the relevant Transfer Agent being satisfied in its discretion that the regulations concerning the transfer of Bonds have been complied with.

1.6 Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 calendar days ending on (and including) the dates for redemption pursuant to Condition 5.1 (*Scheduled redemption*), Condition 5.2 (*Optional redemption at par*), Condition 5.3 (*Early redemption due to an Increase Tax Event*) and Condition 5.5 (*Early redemption for minimum outstanding amount*), (ii) after a Change of Control Triggering Event Put Exercise Notice (as defined in Condition 5.4 (*Early redemption due to a Change of Control Triggering Event*)) has been deposited in respect of such a Bond and (iii) during the period of five calendar days ending on (and including) any Interest Record Date (as defined in

Condition 6.1 (*Payments in respect of Bonds*)) in respect of payment of interest on the Bonds, each such period being a “**Closed Period**”.

1.7 Regulations

All transfers of Bonds and entries on the register of Bondholders will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder who requests one in writing and provides proof of holding to the satisfaction of the Registrar.

2. STATUS

2.1 Status of the Bonds

The Bonds constitute the direct, unconditional, unsubordinated (subject to Condition 3.1 (*Negative Pledge*)) and unsecured obligations of the Issuer and will (subject to Condition 3.1 (*Negative Pledge*)) at all times rank at least *pari passu* in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. COVENANTS

3.1 Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will ensure that none of its Material Subsidiaries (as defined below) will, create, permit to subsist any mortgage, *hak tanggungan*, *fiducia*, charge, lien, pledge or other security interest (each a “**Security Interest**”), upon or with respect to, the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Bonds and the Trust Deed (in respect of the Bonds) are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided which the Trustee shall, in its absolute discretion, deem not materially less beneficial to the Bondholders or as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

3.2 Provision of Financial Statements and Reports

So long as any Bond remains outstanding, the Issuer will file with the Trustee and, upon request, furnish to the Bondholders:

- (i) as soon as they are available, but in any event within 180 calendar days after the end of the financial year of the Issuer, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including at least a statement of income, statement of financial position and statement of cash flows) audited by a member firm of an internationally recognised firm of independent accountants; and
- (ii) as soon as they are available, but in any event within 90 calendar days after the end of the first half of each financial year of the Issuer, copies of its unaudited financial statements (on a consolidated basis and in the English language and including at least a statement of income, statement of financial position and statement of cash flows) prepared on a basis consistent with the audited consolidated financial statements of the Issuer, and including a statement signed by the persons then authorized to sign financial statements on behalf of the Issuer to the effect that such financial statements do not omit any material information or fact and properly include all material facts and information as at the end of and for such period,

provided that if at any time the common stock of the Issuer is listed for trading on a recognized stock exchange, the Issuer will additionally file with the Trustee, as soon as they are available but in any event not more than 10 calendar days after they are filed with the recognized stock exchange on which the Issuer’s common stock is at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange.

If the Issuer makes any financial report (or any English translation of any financial report in any other language) described above available under the “Investor Relations” section or any other equivalent section of its corporate website upon the Issuer notifying the Trustee in writing that such report is available and providing the relevant hyperlink where such report is available and can be accessed, the Issuer will be deemed to have satisfied the foregoing obligation to furnish the foregoing financial reports to holders and the Trustee.

- (iii) In addition, so long as any of the Bonds remain outstanding, promptly and in any event within 30 calendar days after it obtains actual knowledge of the occurrence thereof, written notice signed by two authorised directors of the Issuer of the occurrence of any event or condition which constitutes an Event of Default and such written notice shall also set forth the details thereof and the action it is taking or proposes to take with respect thereto.

The Trustee shall not be required to review any financial statements filed or furnished to it or to monitor whether such financial statements have been made available on the Issuer’s corporate website or elsewhere as contemplated in this Condition 3.2 (*Provision of Financial Statements and Reports*), and the Trustee shall not be liable to any Bondholder or any other person for not doing so. In addition, the Trustee shall not be liable to any Bondholder in the event the hyperlink provided by the Issuer cannot be accessed at anytime.

3.3 Interpretation

For the purposes of these Conditions:

- (i) **“Affiliate”** means, with respect to any Person, any other Person (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, or (b) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (a) of this definition. For purposes of this definition, **“control”** (including, with correlative meanings, the terms **“controlling”**, **“controlled by”** and **“under common control with”**), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.
- (ii) **“Applicable Premium”** means, with respect to any Bond on any redemption date, the greater of:
 - (a) 1.0 per cent. of the principal amount of such Bond; or
 - (b) the excess of:
 - (i) the present value on such redemption date of (i) an amount equal to the principal amount of such Bond plus (ii) all required scheduled interest payments due on such Bond through the stated maturity of the Bond (but excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 25 basis points; over
 - (ii) the then-outstanding principal amount of such Bond.
- (iii) **“Capital Stock”** means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, whether outstanding on the Issue Date or issued thereafter, but excluding (a) any debt security convertible or exchangeable into such equity and (b) any perpetual capital securities, subordinated capital securities or other similar instruments (or portions thereof) that are classified as equity under the Indonesian Financial Accounting Standards.
- (iv) **“Change of Control”** means the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person or group of Affiliates of such Persons (other than the Permitted Holder) becomes the beneficial owner, directly or indirectly, of more than 50 per cent. of the outstanding Capital Stock of the Issuer, measured by voting power rather than number of shares.
- (v) **“Change of Control Triggering Event”** means (i) the occurrence of both a Change of Control and a Rating Decline if the Bonds are rated by at least one Rating Agency or (ii) the occurrence of a Change of Control if the Bonds are not rated.
- (vi) **“Extraordinary Resolution”** has the meaning given to it in the Trust Deed.

- (vii) **“Fitch”** means Fitch Ratings Ltd. or any successor to the rating agency business thereof.
- (viii) **“Indonesia”** means the Republic of Indonesia.
- (ix) **“Investment Grade”** means a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or a rating of “Aaa”, or “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories of Fitch or any of its successors or assigns; and the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for any of S&P, Moody’s or Fitch, as the case may be.
- (x) **“Material Subsidiary”** means at any time a Subsidiary:
 - (a) whose revenues (consolidated in the case of a Subsidiary which has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent, in each case, at least 20 per cent. of the consolidated revenues or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated, respectively, by reference to the then latest available consolidated audited balance sheet and profit and loss accounts of the Issuer and its consolidated Subsidiaries, *provided that*:
 - (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are available, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary;
 - (ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenues or total assets of the Issuer and any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Trustee;
 - (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenues or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Trustee; and
 - (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of such Subsidiary’s accounts (consolidated, in each case, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer; or
 - (b) any Subsidiary to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, whereupon (i) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (ii) the transferee Subsidiary shall immediately become a Material Subsidiary, *provided that* on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of the sub-paragraphs above.

For the avoidance of doubt, (i) a Person will cease to be a Material Subsidiary in the event that and at such time such Person ceases to be a Subsidiary, and (ii) in the event of

a Material Subsidiary ceasing to be a Subsidiary, determination of the remaining Material Subsidiaries shall be made upon the availability of the annual consolidated audited balance sheet and profit and loss accounts of the Issuer and its consolidated Subsidiaries after such Material Subsidiary ceases to become a Subsidiary.

- (xi) **“Moody’s”** means Moody’s Investors Service and its affiliates.
- (xii) **“Permitted Holders”** means PT Indofood Sukses Makmur Tbk.
- (xiii) **“Person”** means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof.
- (xiv) **“Potential Event of Default”** means any event that is, or after notice or passage of time or both would be, an Event of Default.
- (xv) **“Rating Agencies”** means each of (a) S&P, (b) Moody’s and (c) Fitch; *provided that* if S&P, Moody’s or Fitch shall not make a rating of the relevant Bonds publicly available, one or more internationally recognised statistical rating organisations, as the case may be, as the Issuer may select, which will be substituted for any of S&P, Moody’s or Fitch, as the case may be.
- (xvi) **“Rating Date”** means in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (a) a Change of Control and (b) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other Person or Persons to effect a Change of Control.
- (xvii) **“Rating Decline”** means in connection with a Change of Control Triggering Event, the occurrence on, or within six months after the date of public notice of the occurrence of a Change of Control or the intention by the Issuer or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Bonds is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below,
 - (a) in the event the Bonds are rated by all three of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by any two of the three Rating Agencies shall be below Investment Grade;
 - (b) in the event the Bonds are rated by any two, but not all three, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by any of such two Rating Agencies shall be below Investment Grade;
 - (c) in the event the Bonds are rated by one, and only one, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by such Rating Agency shall be below Investment Grade; or
 - (d) in the event the Bonds are rated by three or less than three Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Bonds by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories, but, for the avoidance of doubt, excluding any change in rating outlook).
- (xviii) **“Relevant Indebtedness”** means:
 - (a) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of debentures, loan stock, bonds, notes or other similar securities which:
 - (i) are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market; and
 - (ii) (x) by their terms are payable, or confer a right to receive payment, in any currency other than (1) the Indonesian-rupiah, or (2) if and only if they are issued by an operating Subsidiary which is also a Material Subsidiary (a **“Permitted Issuing Subsidiary”**), the lawful currency of the jurisdiction in which such Permitted Issuing Subsidiary is incorporated (such currency, the **“Permitted Currency”**), and in each case more than 50 per cent. of the aggregate nominal amount thereof is initially distributed outside Indonesia or the jurisdiction in which such Permitted Issuing Subsidiary is incorporated (as applicable), or (y) by their terms are denominated (1) in Indonesian-rupiah and more

than 50 per cent. of the aggregate nominal amount thereof is initially distributed outside Indonesia by or with the authorisation of the Issuer thereof, or (2) if and only if they are issued by a Permitted Issuing Subsidiary, in the relevant Permitted Currency and more than 50 per cent. of the aggregate nominal amount thereof is initially distributed outside of the jurisdiction in which such Permitted Issuing Subsidiary is incorporated by or with the authorisation of the Permitted Issuing Subsidiary thereof, or (z) they are issued by a Permitted Issuing Subsidiary and they are or will be secured by a Security Interest not created exclusively upon or with respect to, the whole or any part of such Permitted Issuing Subsidiary's present or future business, undertaking, assets or revenues (including any uncalled capital); and

- (b) any guarantee or indemnity of any such indebtedness;
- (xix) **"Subsidiary"** means in relation to any company or corporation, a company or corporation at any particular time,
 - (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
 - (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
 - (c) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first mentioned company or corporation.

For the purposes of this definition, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

- (xx) **"S&P"** means Standard & Poor's Rating Services, a division of McGraw-Hill Financial.
- (xxi) **"Treasury Rate"** means, with respect to any redemption date, the yield to maturity as of such redemption date of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such date (or, if such Statistical Release is no longer published or does not contain such information, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the stated maturity of the Bond; *provided, however*, that if the period from the redemption date to the stated maturity of the Bond is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Treasury Rate shall be obtained by the Issuer. In this definition, **"business day"** means any day which is not a Saturday, Sunday or public holiday (on which the banking institutions are authorised or obliged by law or executive order to close) in any of Indonesia, Singapore or New York City.

4. INTEREST

- 4.1 The Bonds bear interest from and including June 9, 2021 at the rate of 3.398 per cent. per annum of the principal amount of the Bonds. Interest is payable semi-annually in arrear in equal instalments of U.S.\$16.990 per Calculation Amount (as defined below) on June 9 and December 9 in each year (each an **"Interest Payment Date"**) commencing December 9, 2021.
- 4.2 Each Bond will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Bonds is improperly withheld or refused or default is otherwise made in respect of any such payment. In such event, interest will continue to accrue at the rate of 3.398 per cent. per annum (both before and after judgment) until the day on which all sums due in respect of any Bond are received by the Trustee or the Principal Paying Agent on behalf of the relevant holder.
- 4.3 If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.
- 4.4 In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an **"Interest Period"**.

- 4.5 Interest in respect of any Bond shall be calculated per US\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5. REDEMPTION AND PURCHASE

5.1 Scheduled redemption

Unless previously redeemed or repurchased and cancelled as provided in these Conditions, the Issuer will redeem each Bond at its principal amount, plus accrued and unpaid interest, if any, on June 9, 2031 (the “**Maturity Date**”).

5.2 Optional redemption at par

At any time or from time to time on or after December 9, 2030 (being the date that is six months prior to the maturity of the Bonds), the Issuer will have the right to redeem the Bonds, in whole or in part, on giving at least 30 calendar days’ but not more than 60 calendar days’ prior notice to the Bondholders as provided in Condition 13 (*Notices*) and in writing to the Trustee and the Principal Paying Agent, at a redemption price equal to 100 per cent. of the outstanding principal amount of the Bonds to be redeemed plus accrued but unpaid interest (if any) on the principal amount of the Bonds to be redeemed and Additional Amounts (if any) to, but excluding, the redemption date (subject to the right of the holders of record on the relevant Interest Record Date to receive interest and Additional Amounts (if any) on the relevant redemption date).

5.3 Early redemption due to an Increase Tax Event

- (a) If an Increase Tax Event occurs, the Issuer may redeem the Bonds (in whole but not in part) at 100 per cent. of the principal amount of the Bonds plus any accrued but unpaid interest (the “**Redemption Price**”), on the giving of not less than 30 calendar days and not more than 60 calendar days’ irrevocable prior notice of redemption to the Bondholders in accordance with Condition 13.1 (*Notices to Bondholders*) and in writing to the Trustee and the Principal Paying Agent.
- (b) No such notice of redemption may be given earlier than 45 calendar days prior to the earliest calendar day on which the Issuer or, as the case may be, the Issuer would be for the first time obliged to pay the Additional Amounts in question on payments due in respect of the Bonds.
- (c) Prior to the giving of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Trustee:
 - (i) a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions to the exercise of the right of the Issuer to redeem have been satisfied and that the obligation to pay Additional Amounts cannot be avoided by the Issuer; and
 - (ii) an opinion in form and substance satisfactory to the Trustee of an independent legal or tax adviser of recognised standing to the effect that the obligation to pay Additional Amounts cannot be avoided as a result of an Increase Tax Event,

and the Trustee shall be entitled to accept and conclusively rely upon the above certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders and the Trustee shall be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate or opinion.

- (d) For purposes of these Conditions:

“**Increase Tax Event**” means that as a result of any change in, or amendment to, the laws or treaties (or any rules or regulations thereunder) of the Relevant Jurisdiction, or any change in or amendment to any official interpretation or application of those laws, treaties or rules or regulations, which change or amendment is enacted on or after the Issue Date the Issuer has or will become obliged to pay Additional Amounts; *provided that* (in either case) the payment obligation cannot be avoided by the Issuer provided that changing the jurisdiction of organization of the Issuer will not be considered as a manner in which such payment obligation can be avoided); *provided further* that an Increase Tax Event shall have occurred only in the event that the rate of withholding or deduction required by such law or treaty in respect of which Additional Amounts (as defined below) are required, has become effective and is in excess of 10.0 per cent.

5.4 Early redemption due to a Change of Control Triggering Event

- (a) Following the occurrence of a Change of Control Triggering Event, each Bondholder will have the right (“**Change of Control Triggering Event Put Right**”) at such Bondholder’s option, to require the Issuer to redeem in whole but not in part such Bondholder’s Bonds on the Change of Control Triggering Event Put Date at 101 per cent. of the principal amount of the Bonds plus any accrued but unpaid interest. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (“**Change of Control Triggering Event Put Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Change of Control Triggering Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 13 (*Notices*). The “**Change of Control Triggering Event Put Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above.
- (b) A Change of Control Triggering Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds which form the subject of the Change of Control Triggering Event Put Exercise Notices delivered as aforesaid on the Change of Control Triggering Event Put Date.
- (c) Neither the Trustee nor any Agent shall be required to monitor or take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by any of them to do so.
- (d) Not later than seven days after becoming aware of a Change of Control Triggering Event, the Issuer shall procure that notice regarding the Change of Control Triggering Event shall be delivered to the Trustee and Principal Paying Agent in writing and to the Bondholders (in accordance with Condition 13 (*Notices*)) stating:
 - (i) the Change of Control Triggering Event Put Date;
 - (ii) the date of such Change of Control Triggering Event and, briefly, the events causing such Change of Control Triggering Event;
 - (iii) the date by which the Change of Control Triggering Event Put Exercise Notice must be given;
 - (iv) the redemption amount and the method by which such amount will be paid;
 - (v) the names and addresses of all Paying Agents;
 - (vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Change of Control Triggering Event Put Right; and
 - (vii) that a Change of Control Triggering Event Put Exercise Notice, once validly given, may not be withdrawn.
- (e) Upon the exercise of any Change of Control Triggering Event Put Right, payment of the applicable redemption amount shall be conditional upon delivery of the Bondholder’s Certificate (together with any necessary endorsements) to any Paying Agent on any business day together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate. In this Condition, the expression “business day” means a day (other than a Saturday, Sunday or public holiday) on which such Paying Agent is open for business in the place of its specified office.

5.5 Early redemption for minimum outstanding amount

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on the Issuer giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), and in writing to the Principal Paying Agent and the Trustee, at their principal amount together with interest accrued up to but excluding the date fixed for redemption, if, immediately before giving such notice, at least 80 per cent. in principal amount of the Bonds originally issued (including any further bonds issued pursuant to Condition 9 (*Further Issues*) and consolidated and forming a single series with the Bonds) has already been redeemed or purchased and cancelled.

5.6 No other redemption

The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in Conditions 5.1 (*Scheduled redemption*) to 5.5 (*Early redemption for minimum outstanding amount*) above, and for the avoidance of doubt Condition 5.7 (*Purchase of Bonds*) below.

5.7 Early redemption with Applicable Premium

The Bonds may be redeemed at the option of the Issuer in whole, or in part, at any time on the Issuer giving not less than 10 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), the Registrar and the Trustee at a redemption price equal to 100 per cent. of the principal amount of the Bonds redeemed, plus the Applicable Premium applicable to the Bonds, and accrued and unpaid interest accrued up to but excluding the date fixed for the redemption. For the avoidance of doubt, none of the Agents or the Trustee has any responsibility or liability to the Bondholders, the Issuer or any other person with respect to the calculation or verification of any calculation of the Applicable Premium.

5.8 Purchase of Bonds

The Issuer or any of its Subsidiaries may in compliance with applicable laws, purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be surrendered for cancellation or held or resold at the sole discretion of the Issuer or the relevant Subsidiaries, as applicable. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Bondholders to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10 (*Events of Default*) and 15.1 (*Indemnification of the Trustee and its Contracting with the Issuer*).

5.9 Cancellation

Any Bonds that are redeemed under this Condition 5 (*Redemption and Purchase*) will be cancelled, except for such Bonds purchased pursuant to Condition 5.8 (*Purchase of Bonds*) that the Issuer or the relevant Subsidiaries have not surrendered for cancellation.

All Bonds purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, by surrendering the Certificate representing such Bond to the Registrar and, if so surrendered, shall, together with all Bonds redeemed by the Issuer, be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

5.10 No duty to monitor

The Trustee shall not be obliged to take any steps to ascertain whether a Change of Control, Change of Control Triggering Event or an Event of Default has occurred or to monitor the occurrence of any Change of Control, Change of Control Triggering Event or Event of Default, and shall not be liable to the Bondholders, the Issuer or any other person for not doing so.

5.11 Calculations

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Bondholders or any other person for not doing so.

6. PAYMENTS

6.1 Payments in respect of Bonds

Payment of principal, premium (if any) and interest will be made by transfer to the registered account of the Bondholder. Payments of principal and premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Bonds due on an Interest Payment Date will be paid to the holder shown on the register of Bondholders at the close of business on the date being the fifteenth day before the relevant Interest Payment Date (the "**Interest Record Date**").

For the purposes of this Condition, a Bondholder's "**registered account**" means the U.S. Dollar account maintained by or on behalf of it with a bank that processes payments in U.S. Dollars, details of which appear on the register of Bondholders at the close of business, in the case of principal and premium (if any) and interest due otherwise than on an Interest Payment Date, on the second Payment Business Day (as

defined in Condition 6.4) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant Interest Record Date.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person whose name is shown as the Bondholder in the register of Bondholders at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payment, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

6.2 Payments subject to Applicable Laws

Payments in respect of principal, premium (if any) and interest on Bonds are subject in all cases to (i) any fiscal or other laws and regulations and directives applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6.3 No commissions

No commissions or expenses shall be charged to the Bondholders in respect of any payments made in accordance with this Condition 6 (*Payments*).

6.4 Payment on Business Days

Payment instructions (for value the due date or, if that is not a Payment Business Day (as defined below), for value the first following day which is a Payment Business Day) will be initiated on the Payment Business Day preceding the due date for payment or, in the case of a payment of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the Bondholder is late in surrendering its Certificate (if required to do so).

In these Conditions, “**Payment Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for business (including dealing in foreign exchange and foreign currency deposits) in London, New York City, Jakarta, Indonesia, and the city in which the specified office of the Transfer Agent, the Principal Paying Agent and the Registrar are located and, in the case of the surrender of a Certificate, in the place in which the Certificate is surrendered and on which foreign exchange transactions may be carried on in U.S. dollars in New York City.

6.5 Partial Payments

If the amount of principal and premium (if any) being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal and premium (if any) so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of the interest so paid.

6.6 Appointment of Agents

The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other agents *provided that*:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, if the Bonds are issued in definitive form, there will be at all times be a Paying Agent in Singapore where the Bonds may be presented or surrendered for payment or redemption, unless the Issuer obtains an exemption from the SGX-ST; and
- (c) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices will be given to the Bondholders promptly by the Issuer in accordance with Condition 13.1 (*Notices to Bondholders*).

The Agents and the Registrar act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder.

7. TAXATION

7.1 Payment without withholding

All payments of principal, premium (if applicable) and interest in respect of the Bonds by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In the event that the Issuer makes a deduction or withholding required by law, the Issuer shall pay such additional amount (“**Additional Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, *provided* that the Issuer is under no obligation to provide or furnish to the Bondholders the evidence of such withholding or deduction of the Taxes. No Additional Amounts will be payable in relation to any payment in respect of any Bond:

- (a) presented for payment (if applicable) by or on behalf of a Bondholder who is liable to the Taxes in respect of such Bond by reason of their having some connection with any Relevant Jurisdiction other than the mere holding of the Bond;
- (b) where the relevant Bond or Certificate is presented or surrendered for payment (if applicable) more than 30 days after the Relevant Date (as defined in Condition 7.2 (*Interpretation*)) except to the extent that a holder of such Bond would have been entitled to such Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Business Day (as defined in Condition 6.4); or
- (c) where such withholding or deduction would not have been so imposed but for the failure by the holder of such Bond, after written request made to that holder at least 30 days before any such withholding or deduction would be payable, by the Issuer, the Trustee or the Paying Agent, as applicable, to comply with any identification, information, documentation or other similar reporting requirement concerning its nationality, residence or connection with the Relevant Jurisdiction, which is required or imposed by statute, regulation or published administrative interpretation of general application of the Relevant Jurisdiction as a precondition to reduction or exemption from such withholding or deduction.

7.2 Interpretation

In these Conditions:

- (a) “**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the moneys payable has not been received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or before such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect has been duly given to the Bondholders by the Issuer in accordance with Condition 13.1 (*Notices to Bondholders*); and
- (b) “**Relevant Jurisdiction**” means the Republic of Indonesia or any political subdivision or any authority thereof or therein having power to tax, or in the event of any substitution or other corporate action resulting in either the Issuer being incorporated in any other jurisdiction, that other jurisdiction or any political subdivision or any authority thereof or therein having power to tax.

7.3 Additional Amounts, principal and interest

Any reference in these Conditions to any amounts in respect of the Bonds will be deemed also to refer to any Additional Amounts which may be payable under this Condition 7 (*Taxation*) or under any undertakings given in addition to, or in substitution for, this Condition 7 (*Taxation*) pursuant to the Trust Deed. Unless the context otherwise requires, any reference in these Conditions to “**principal**” includes any instalment amount or redemption amount and any other amounts in the nature of principal payable pursuant to these Conditions and “**interest**” includes any amounts in the nature of interest payable pursuant to these Conditions.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 (*Taxation*) or for determining whether such amounts are

payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them, subject to the provisions in Condition 6 (*Payments*).

9. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders and in accordance with the Trust Deed create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except the issue price, issue date and/or first payment of interest on such Bonds and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds)) or upon such terms as the Issuer may determine at the time of the issue.

References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 9 (*Further Issues*) and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

10. EVENTS OF DEFAULT

The Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in either case to first being indemnified and/or secured and/or pre-funded by the holders to its satisfaction), give notice in writing to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and payable at the Redemption Price, without further action or formality, if any of the following events (each an “**Event of Default**”) occurs:

- (a) **Non-payment:** (i) failure by the Issuer to pay any principal or premium (if applicable) when due in respect of the Bonds; or (ii) failure by the Issuer to pay any interest due in respect of the Bonds, and, in the case of (ii) only, such default continues for a period of 30 days;
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of, or compliance with, any one or more of its other obligations under the Conditions, the Bonds or the Trust Deed (other than where it gives rise to a redemption pursuant to Condition 5.4 (*Early redemption due to a Change of Control Triggering Event*)), which default is (in the opinion of the Trustee) incapable of remedy or, if (in the opinion of the Trustee) capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee;
- (c) **Cross-default:** If (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries is declared due and payable prior to its stated maturity by reason of any actual or potential event of default or the like (howsoever described); (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or within the originally applicable grace period; (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity given by it in respect of, any Indebtedness for Borrowed Money; *provided that* no event described in this sub-paragraph (c) shall constitute an Event of Default unless the aggregate amount of the relevant Indebtedness for Borrowed Money, guarantees and indemnities in respect of which one or more of the events mentioned above in this sub-paragraph (c) has/have occurred equals or exceeds U.S.\$100 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by a leading bank (as reasonably determined by the Issuer) on the day on which this Condition 10(c) (*Cross-default*) operates);

- (d) **Judgment-default:** judgment, decree or order: a final judgment, decree or order has been entered against the Issuer or any of the Material Subsidiaries by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of U.S.\$100 million (or the dollar equivalent thereof) (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(d) (*Judgment-default*) operates) and any relevant period specified for payment of such judgment, decree or order shall have expired without it being satisfied, discharged or stayed;
- (e) **Enforcement proceedings:** a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any of the property, assets or revenues of the Issuer or any of the Material Subsidiaries and is not discharged or stayed within 60 days, *provided* that such distress, attachment, execution, seizure before judgment or other legal process in respect of the Issuer or a Material Subsidiary has (or might be reasonably expected to have) a material adverse effect on the operations of the Issuer or such Material Subsidiary, or the capacity of the Issuer to perform or comply with its obligations under the Bonds;
- (f) **Security enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of the Material Subsidiaries on any of their respective assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver manager or other similar person) and is not discharged within 60 days of such steps being so taken unless and for so long as the Trustee is satisfied that it is being contested in good faith and diligently, *provided* that such security enforcement process in respect of the Issuer or a Material Subsidiary has (or might be reasonably expected to have) a material adverse effect on the operations of the Issuer or such Material Subsidiary, or the capacity of the Issuer to perform or comply with its obligations under the Bonds;
- (g) **Insolvency:** the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any substantial part of the debts of any of the Issuer or any of the Material Subsidiaries;
- (h) **Involuntary proceedings:** (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation, rehabilitation or other similar laws or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, and (ii) such case (other than the appointment of an administrator) is not stayed or discharged within 60 days;
- (i) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution of any of the Issuer or any of the Material Subsidiaries, or the Issuer or any of the Material Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or operations, except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Issuer or any Material Subsidiary or (ii) a solvent winding up of any Material Subsidiary or (iii) a disposal on an arm's length basis where the assets resulting from such disposal are vested in the Issuer or any of its Subsidiaries;
- (j) **Voluntary proceedings:** the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors);
- (k) **Validity / Illegality:** If the validity of the Bonds is contested by the Issuer, or the Issuer denies any of the Issuer's obligations under the Bonds or it is or will become unlawful in the Republic of Indonesia, or any other jurisdiction applicable to the Issuer (if any), for the Issuer to perform or comply with any

one or more of its obligations in respect of the Bonds, the Trust Deed or the Agency Agreement or any of such obligations are or become unenforceable or invalid;

- (l) **Nationalisation:** Any step is taken by any person (including any governmental authority or agency) with respect to the seizure, compulsory acquisition, expropriation or nationalisation of, in the case of the Issuer, all or a substantial part of its assets or, in the case of a Material Subsidiary of the Issuer, all or substantially all of its assets; or
- (m) **Analogous events:** any event occurs, which, under the laws of any Relevant Jurisdiction has an analogous effect to any of the events referred to in paragraphs (h), (i) or (j) of this Condition 10 (*Events of Default*).

For the purposes of this Condition 10 (*Events of Default*):

“Indebtedness for Borrowed Money” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of moneys borrowed or raised including but not limited to any Bonds, bonds, debentures, debenture stock, loan stock or other securities or any liability under or in respect of any acceptance or acceptance credit.

11. ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, take such actions and/or steps and/or institute such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Agency Agreement and/or the Bonds, but it shall not be bound to take any such actions and/or steps and/or institute such proceedings or any other action in relation to the Trust Deed, the Agency Agreement or the Bonds unless:

- (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least 25 per cent. in principal amount of the Bonds then outstanding; and
- (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal fees) and liabilities which may be incurred.

Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether any Event of Default or Potential Event of Default has occurred and none of them shall be responsible or liable to the Bondholders, the Issuer or any other person for any loss arising from any failure to do so.

No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar, subject to all applicable laws, regulations and relevant stock exchange requirements, in each case, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, and indemnity (which may include, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer the amount payable by the Issuer) and otherwise as the Issuer and the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES

13.1 Notices to Bondholders

All notices to the Bondholders will be in English and valid if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar and, so long as the Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that exchange or relevant authority so require, published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or that relevant authority. Any notice shall be deemed to have been given on the seventh day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any individual Certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Bondholders shall be validly given by

the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

13.2 Notices from Bondholders

Notices to be given by any Bondholder must be in writing and given by lodging the same, together with any Certificate in respect of such Bond, with the Registrar or, if the Bonds are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

14. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

14.1 Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if it receives a written request from Bondholders holding not less than 66 2/3 per cent. in principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. Except where the business of such a meeting includes consideration of a Reserved Matter (as defined below), the quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Bonds held or represented by him or them, except that, at any meeting the business of which includes any of the following matters:

- (a) reduction or cancellation of the amount payable or, where applicable, modification (except where such modification is in the opinion of the Trustee bound to result in an increase) of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal, premium (if any) or interest in respect of the Bonds (which includes, for the avoidance of doubt, modifying the maturity of any Bonds or modifying any provision of the Conditions relating to the redemption of the Bonds);
- (b) alteration of the currency in which payments under the Bonds are to be made;
- (c) alteration of the majority required to pass an Extraordinary Resolution;
- (d) substitution of any entity for the Issuer (*provided that* no such approval is required for such a substitution in accordance with the Trust Deed); or
- (e) alteration of the quorum required to pass an Extraordinary Resolution, (each of (a), (b), (c), (d) and (e) above, a “**Reserved Matter**”), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than 25 per cent., of the aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Bondholders will be binding on all Bondholders, whether or not they are present at the meeting.

The Trust Deed provides that (a) a written resolution signed by or on behalf of the holders of not less than 66 2/3 per cent. of the aggregate principal amount of the Bonds for the time being outstanding or (b) where the Bonds are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Trustee or the Issuer (as the case may be) given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 66 2/3 per cent., in aggregate principal amount of the Bonds then outstanding, shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to), without the consent of the Bondholders, agree (i) to any modification of these Conditions or any provisions of the Trust Deed, the Agency Agreement and the Bonds (other than in respect of a Reserved Matter) if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Bondholders and (ii) to any modification of the Bonds, the

Trust Deed, the Agency Agreement or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may (but shall not be obliged to), without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds or the Trust Deed if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders.

14.3 Substitution

The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of the Issuer's successor in business or any Subsidiary or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree (but shall not be obliged to), without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

14.4 Interests of Bondholders

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee must have regard to the general interests of the Bondholders as a class but must not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, must not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee will not be entitled to require on behalf of any Bondholder, nor will any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

14.5 Notification to the Bondholders

Any modification, waiver, authorisation, determination or substitution agreed to by the Trustee will be binding on the Bondholders and, unless the Trustee agrees otherwise, any modification or substitution will be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13.1 (Notices to Bondholders).

15. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking actions and/or steps and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Bonds and enforce payments or taking other actions unless indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of the Bondholders. The Trust Deed provides that when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and an opinion as to the capacity, power and authority of each counterparty or the validity and effectiveness of the security.

The Trustee and each Agent may accept and shall be entitled to rely conclusively without liability to the Bondholders, the Issuer or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by it or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or

opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer and the Bondholders. Neither the Trustee nor the Agents shall be responsible or liable to the Issuer, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on such report, information, confirmation, certificate, opinion or advice.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee and its affiliates are entitled, inter alia, (a) to enter into business transactions with the Issuer or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15.3 Right to obtain instructions from Bondholders

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions or clarification of such directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction or clarification of such direction from the Bondholders or in the event that no direction or clarification of such direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer or any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction, request or resolution of the Bondholders. The Trustee shall be entitled to rely conclusively on any direction, instruction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

The Trustee shall have no obligation to monitor or supervise the performance or functions of any other person under the Trust Deed, the Agency Agreement or the Bonds or any other agreement or document. The Trustee shall be under no obligation to monitor any financial performance of the Issuer and the Trustee shall not be responsible to Bondholders for any loss arising from any failure to do so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing law

The Trust Deed, the Agency Agreement, the Bonds and any non-contractual obligations arising out or in connection with the Trust Deed, the Agency Agreement and the Bonds, are governed by English law, and shall be construed in accordance with, English law.

16.2 Jurisdiction of English courts

- (a) The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee and the Bondholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds (including any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) and has accordingly submitted to the exclusive jurisdiction of the English courts.
- (b) The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee or the Bondholders may take any suit, action or proceeding (referred to as "**Proceedings**") arising out of, or in connection with the Trust

Deed or the Bonds, respectively (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds, respectively) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Appointment of process agent

The Issuer has irrevocably and unconditionally appointed Cogency Global (UK) Limited at its registered office for the time being as its agent for service of process in England in respect of any Proceedings arising out of, or in connection with, the Trust Deed or the Bonds and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

16.4 Language

The Bonds, the Trust Deed and the Agency Agreement will be executed in both English and Bahasa Indonesia to comply with the Law No. 24 of 2009 regarding National Flag, Language, Coat of Arms and National Anthem (“**Law No.24**”) and Presidential Regulation No. 63 of 2019 on the Use of Indonesian Language as the implementing regulation of Law No.24 (together with Law No.24 referred to as the “**Language Law**”), and in the event of any inconsistency between the English and Bahasa Indonesia versions of these documents, the English version shall prevail and the text of the Bahasa Indonesia version will in all cases be deemed to be amended to conform with the corresponding English version of the Bonds, the Trust Deed and the Agency Agreement. The Bahasa Indonesia version of the Bonds, the Trust Deed and the Agency Agreement shall not create any duplication of the rights or obligations of the parties. The Bondholders are deemed by their holding of the Bonds to have agreed and undertaken that they will not (and will not allow or assist any other party to) in any manner or forum, challenge the validity of, or raise or file any objection to, these Conditions, the Trust Deed or the Agency Agreement on the basis of any failure to comply with the Language Law.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Trust Deed, the Agency Agreement or the Bonds, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE 2051 BONDS

The following, other than the words in italics, is the text of the terms and conditions of the Bonds substantially in the form in which they will appear on the reverse of each of the definitive Certificates evidencing the Bonds.

The issue of U.S.\$600,000,000 in aggregate principal amount of 4.745 per cent. senior unsecured bonds due 2051 (the “**Bonds**”, which term should include, unless the context otherwise requires, any further bonds issued in accordance with Condition 9 (*Further Issues*) and consolidated and forming a single series therewith) of PT Indofood CBP Sukses Makmur Tbk (the “**Issuer**”) was duly and validly authorised in accordance with the Issuer’s articles of association. The Bonds are constituted by a trust deed (as amended and/or supplemented from time to time, the “**Trust Deed**”) dated June 9, 2021 (the “**Issue Date**”) between the Issuer and DB Trustees (Hong Kong) Limited (the “**Trustee**”, which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed) as trustee for itself and the Bondholders (as defined in Condition 1.2 (*Title*)). The Issuer has entered into an agency agreement (as amended and/or supplemented from time to time, the “**Agency Agreement**”) with the Trustee, Deutsche Bank AG, Hong Kong Branch, as principal paying agent (the “**Principal Paying Agent**”), as transfer agent (the “**Transfer Agent**”) and as registrar (the “**Registrar**”) and the other paying agents and transfer agents appointed under it (each a “**Paying Agent**” or a “**Transfer Agent**”, as applicable, and together with the Registrar, the Transfer Agent and the Principal Paying Agent, the “**Agents**”, which expressions shall include, where the context so permits, their successors and all persons for the time being Agents under the Agency Agreement) relating to the Bonds. References to the “**Paying Agents**” shall each include the Principal Paying Agent.

The statements in these terms and conditions (these “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and the Agency Agreement are available for inspection upon prior written request and satisfying proof of holding during normal business hours by the Bondholders at the principal office of the Trustee being at the Issue Date at Level 60, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. The Bondholders are entitled to the benefit of, are bound by and are deemed to have notice of all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Bonds are issued in registered form without interest coupons attached in the denomination of U.S.\$200,000 each and integral multiples of U.S.\$1,000 in excess thereof (each, an “**Authorised Denomination**”).

A certificate (each a “**Certificate**”) will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be evidenced by a global certificate (the “**Global Certificate**”) substantially in the form scheduled to the Trust Deed. The Global Certificate will be registered in the name of a nominee for, and deposited with, a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream**”). Except in the limited circumstances set out in the Global Certificate, definitive certificates for the Bonds will not be issued in exchange for beneficial interests in the Global Certificate. The Bonds are not issuable in bearer form.*

1.2 Title

Title to the Bonds passes only by transfer and registration in the register of Bondholders. The person in whose name a Bond is registered in the register of Bondholders will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be deemed to be and treated as the absolute owner of that Bond for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Bondholder**” and (in relation to a Bond) “**holder**” mean the person in whose name a Bond is registered in the register of Bondholders.

For a description of the procedures for transferring title to book-entry interests in the Bonds, see “*Clearance and Settlement of the Bonds*”.

1.3 Transfers

Subject to Condition 1.6 (*Closed Periods*) and Condition 1.7 (*Regulations*), the Bonds may be transferred in whole or in part in an Authorised Denomination (and where not all of the Bonds held by the holder are being transferred, the principal amount of the Bonds not so transferred, shall be an Authorised Denomination) by depositing the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, at the specified office of the Registrar or the Transfer Agents (as defined in the Trust Deed), together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title and identity of the transferor and the authority of the individuals who have executed the form of transfer. In the case of a transfer of only part of a holding of Bonds (being that of one or more Bonds) represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred (which shall be in an Authorised Denomination) shall be issued to the transferor. In the case of a transfer of Bonds to a person who is already a holder of Bonds, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding. No transfer of a Bond will be valid until and unless entered on the register of Bondholders. A Bond may be registered only in the name of, and transferred only to, a named person (or persons, not exceeding four in number).

Transfers of interests in the Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing system.

1.4 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Bonds will, within five business days of receipt by the Registrar or as the case may be, any Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate and such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, mailed by uninsured mail at the risk of the holder entitled to the Bond (but free of charge to the holders and at the Issuer's expense) to the address specified in the form of transfer. For the purposes of this Condition 1.4 (*Delivery of new Certificates*), “**business day**” shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or, as the case may be, the relevant Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein, owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

Where some but not all of the Bonds in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Bonds not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be made available for collection at the specified office of the Registrar or such Transfer Agent or, if so requested in the form of transfer, mailed by uninsured mail at the risk of the holder of the Bonds not so transferred (but free of charge to the holders and at the Issuer's expense) to the address of such holder appearing on the register of Bondholders.

1.5 Formalities free of charge

Subject Condition 1.6 (*Closed Periods*) and Condition 1.7 (*Regulations*), registration of a transfer of Bonds will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent, but upon (i) payment by the holder (or the giving of such indemnity and/or security and/or pre-funding as the Issuer, the Registrar or any Transfer Agent may require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer; (ii) the Registrar or the relevant Transfer Agent (as the case may be) being satisfied in its absolute discretion with the documents of title or identity of the person making the application, and (iii) the Issuer, Registrar or the relevant Transfer Agent being satisfied in its discretion that the regulations concerning the transfer of Bonds have been complied with.

1.6 Closed Periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 calendar days ending on (and including) the dates for redemption pursuant to Condition 5.1 (*Scheduled redemption*), Condition 5.2 (*Optional redemption at par*), Condition 5.3 (*Early redemption due to an Increase Tax Event*) and Condition 5.5 (*Early redemption for minimum outstanding amount*), (ii) after a Change of Control Triggering Event Put Exercise Notice (as defined in Condition 5.4 (*Early redemption due to a Change of Control Triggering Event*)) has been deposited in respect of such a Bond and (iii) during the period of five calendar days ending on (and including) any Interest Record Date (as defined in

Condition 6.1 (*Payments in respect of Bonds*)) in respect of payment of interest on the Bonds, each such period being a “**Closed Period**”.

1.7 Regulations

All transfers of Bonds and entries on the register of Bondholders will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be made available for inspection by the Registrar to any Bondholder who requests one in writing and provides proof of holding to the satisfaction of the Registrar.

2. STATUS

2.1 Status of the Bonds

The Bonds constitute the direct, unconditional, unsubordinated (subject to Condition 3.1 (*Negative Pledge*)) and unsecured obligations of the Issuer and will (subject to Condition 3.1 (*Negative Pledge*)) at all times rank at least *pari passu* in right of payment with all other present and future unconditional, unsubordinated and unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. COVENANTS

3.1 Negative Pledge

So long as any Bond remains outstanding (as defined in the Trust Deed), the Issuer will not, and the Issuer will ensure that none of its Material Subsidiaries (as defined below) will, create, permit to subsist any mortgage, *hak tanggungan*, *fiducia*, charge, lien, pledge or other security interest (each a “**Security Interest**”), upon or with respect to, the whole or any part of its present or future business, undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness (as defined below), unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (i) all amounts payable by it under the Bonds and the Trust Deed (in respect of the Bonds) are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (ii) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided which the Trustee shall, in its absolute discretion, deem not materially less beneficial to the Bondholders or as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders.

3.2 Provision of Financial Statements and Reports

So long as any Bond remains outstanding, the Issuer will file with the Trustee and, upon request, furnish to the Bondholders:

- (i) as soon as they are available, but in any event within 180 calendar days after the end of the financial year of the Issuer, copies of its financial statements (on a consolidated basis and in the English language) in respect of such financial year (including at least a statement of income, statement of financial position and statement of cash flows) audited by a member firm of an internationally recognised firm of independent accountants; and
- (ii) as soon as they are available, but in any event within 90 calendar days after the end of the first half of each financial year of the Issuer, copies of its unaudited financial statements (on a consolidated basis and in the English language and including at least a statement of income, statement of financial position and statement of cash flows) prepared on a basis consistent with the audited consolidated financial statements of the Issuer, and including a statement signed by the persons then authorized to sign financial statements on behalf of the Issuer to the effect that such financial statements do not omit any material information or fact and properly include all material facts and information as at the end of and for such period,

provided that if at any time the common stock of the Issuer is listed for trading on a recognized stock exchange, the Issuer will additionally file with the Trustee, as soon as they are available but in any event not more than 10 calendar days after they are filed with the recognized stock exchange on which the Issuer’s common stock is at any time listed for trading, true and correct copies of any financial report in the English language filed with such exchange.

If the Issuer makes any financial report (or any English translation of any financial report in any other language) described above available under the “Investor Relations” section or any other equivalent section of its corporate website upon the Issuer notifying the Trustee in writing that such report is available and providing the relevant hyperlink where such report is available and can be accessed, the Issuer will be deemed to have satisfied the foregoing obligation to furnish the foregoing financial reports to holders and the Trustee.

- (iii) In addition, so long as any of the Bonds remain outstanding, promptly and in any event within 30 calendar days after it obtains actual knowledge of the occurrence thereof, written notice signed by two authorised directors of the Issuer of the occurrence of any event or condition which constitutes an Event of Default and such written notice shall also set forth the details thereof and the action it is taking or proposes to take with respect thereto.

The Trustee shall not be required to review any financial statements filed or furnished to it or to monitor whether such financial statements have been made available on the Issuer’s corporate website or elsewhere as contemplated in this Condition 3.2 (*Provision of Financial Statements and Reports*), and the Trustee shall not be liable to any Bondholder or any other person for not doing so. In addition, the Trustee shall not be liable to any Bondholder in the event the hyperlink provided by the Issuer cannot be accessed at anytime.

3.3 Interpretation

For the purposes of these Conditions:

- (i) **“Affiliate”** means, with respect to any Person, any other Person (a) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person, or (b) who is a director or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (a) of this definition. For purposes of this definition, **“control”** (including, with correlative meanings, the terms **“controlling”**, **“controlled by”** and **“under common control with”**), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.
- (ii) **“Applicable Premium”** means, with respect to any Bond on any redemption date, the greater of:
 - (a) 1.0 per cent. of the principal amount of such Bond; or
 - (b) the excess of:
 - (i) the present value on such redemption date of (i) an amount equal to the principal amount of such Bond plus (ii) all required scheduled interest payments due on such Bond through the stated maturity of the Bond (but excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 25 basis points; over
 - (ii) the then-outstanding principal amount of such Bond.
- (iii) **“Capital Stock”** means, with respect to any Person, any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents (however designated, whether voting or non-voting) that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, whether outstanding on the Issue Date or issued thereafter, but excluding (a) any debt security convertible or exchangeable into such equity and (b) any perpetual capital securities, subordinated capital securities or other similar instruments (or portions thereof) that are classified as equity under the Indonesian Financial Accounting Standards.
- (iv) **“Change of Control”** means the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person or group of Affiliates of such Persons (other than the Permitted Holder) becomes the beneficial owner, directly or indirectly, of more than 50 per cent. of the outstanding Capital Stock of the Issuer, measured by voting power rather than number of shares.
- (v) **“Change of Control Triggering Event”** means (i) the occurrence of both a Change of Control and a Rating Decline if the Bonds are rated by at least one Rating Agency or (ii) the occurrence of a Change of Control if the Bonds are not rated.
- (vi) **“Extraordinary Resolution”** has the meaning given to it in the Trust Deed.

- (vii) **“Fitch”** means Fitch Ratings Ltd. or any successor to the rating agency business thereof.
- (viii) **“Indonesia”** means the Republic of Indonesia.
- (ix) **“Investment Grade”** means a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or a rating of “Aaa”, or “Aa”, “A” or “Baa”, as modified by a “1”, “2” or “3” indication, or an equivalent rating representing one of the four highest rating categories, by Moody’s or any of its successors or assigns, or a rating of “AAA”, “AA”, “A” or “BBB”, as modified by a “+” or “-” indication, or an equivalent rating representing one of the four highest rating categories of Fitch or any of its successors or assigns; and the equivalent ratings of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Issuer as having been substituted for any of S&P, Moody’s or Fitch, as the case may be.
- (x) **“Material Subsidiary”** means at any time a Subsidiary:
 - (a) whose revenues (consolidated in the case of a Subsidiary which has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent, in each case, at least 20 per cent. of the consolidated revenues or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated, respectively, by reference to the then latest available consolidated audited balance sheet and profit and loss accounts of the Issuer and its consolidated Subsidiaries, *provided that*:
 - (i) in the case of a corporation or other business entity becoming a Subsidiary after the end of the financial period to which the latest consolidated audited accounts of the Issuer relate, the reference to the then latest consolidated audited accounts of the Issuer for the purposes of the calculation above shall, until consolidated audited accounts of the Issuer for the financial period in which the relevant corporation or other business entity becomes a Subsidiary are available, be deemed to be a reference to the then latest consolidated audited accounts of the Issuer adjusted to consolidate the latest audited accounts (consolidated in the case of a Subsidiary which itself has Subsidiaries) of such Subsidiary;
 - (ii) if at any relevant time in relation to the Issuer or any Subsidiary which itself has Subsidiaries no consolidated accounts are prepared and audited, revenues or total assets of the Issuer and any such Subsidiary shall be determined on the basis of pro forma consolidated accounts prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Trustee;
 - (iii) if at any relevant time in relation to any Subsidiary, no accounts are audited, its revenues or total assets (consolidated, if appropriate) shall be determined on the basis of pro forma accounts (consolidated, if appropriate) of the relevant Subsidiary prepared for this purpose by the Issuer for the purposes of preparing a certificate thereon to the Trustee; and
 - (iv) if the accounts of any Subsidiary (not being a Subsidiary referred to in proviso (i) above) are not consolidated with those of the Issuer, then the determination of whether or not such Subsidiary is a Material Subsidiary shall be based on a pro forma consolidation of such Subsidiary’s accounts (consolidated, in each case, if appropriate) with the consolidated accounts (determined on the basis of the foregoing) of the Issuer; or
 - (b) any Subsidiary to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary which immediately prior to such transfer was a Material Subsidiary, whereupon (i) in the case of a transfer by a Material Subsidiary, the transferor Material Subsidiary shall immediately cease to be a Material Subsidiary and (ii) the transferee Subsidiary shall immediately become a Material Subsidiary, *provided that* on or after the date on which the relevant financial statements for the financial period current at the date of such transfer are published, whether such transferor Subsidiary or such transferee Subsidiary is or is not a Material Subsidiary shall be determined pursuant to the provisions of the sub-paragraphs above.

For the avoidance of doubt, (i) a Person will cease to be a Material Subsidiary in the event that and at such time such Person ceases to be a Subsidiary, and (ii) in the event of a Material

Subsidiary ceasing to be a Subsidiary, determination of the remaining Material Subsidiaries shall be made upon the availability of the annual consolidated audited balance sheet and profit and loss accounts of the Issuer and its consolidated Subsidiaries after such Material Subsidiary ceases to become a Subsidiary.

- (xi) **“Moody’s”** means Moody’s Investors Service and its affiliates.
- (xii) **“Permitted Holders”** means PT Indofood Sukses Makmur Tbk.
- (xiii) **“Person”** means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof.
- (xiv) **“Potential Event of Default”** means any event that is, or after notice or passage of time or both would be, an Event of Default.
- (xv) **“Rating Agencies”** means each of (a) S&P, (b) Moody’s and (c) Fitch; *provided that* if S&P, Moody’s or Fitch shall not make a rating of the relevant Bonds publicly available, one or more internationally recognised statistical rating organisations, as the case may be, as the Issuer may select, which will be substituted for any of S&P, Moody’s or Fitch, as the case may be.
- (xvi) **“Rating Date”** means in connection with a Change of Control Triggering Event, that date which is 90 days prior to the earlier of (a) a Change of Control and (b) a public notice of the occurrence of a Change of Control or of the intention by the Issuer or any other Person or Persons to effect a Change of Control.
- (xvii) **“Rating Decline”** means in connection with a Change of Control Triggering Event, the occurrence on, or within six months after the date of public notice of the occurrence of a Change of Control or the intention by the Issuer or any other Person or Persons to effect a Change of Control (which period shall be extended so long as the rating of the Bonds is under publicly announced consideration for possible downgrade by any of the Rating Agencies) of any of the events listed below,
 - (a) in the event the Bonds are rated by all three of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by any two of the three Rating Agencies shall be below Investment Grade;
 - (b) in the event the Bonds are rated by any two, but not all three, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by any of such two Rating Agencies shall be below Investment Grade;
 - (c) in the event the Bonds are rated by one, and only one, of the three Rating Agencies on the Rating Date as Investment Grade, the rating of the Bonds by such Rating Agency shall be below Investment Grade; or
 - (d) in the event the Bonds are rated by three or less than three Rating Agencies and are rated below Investment Grade by all such Rating Agencies on the Rating Date, the rating of the Bonds by any Rating Agency shall be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories, but, for the avoidance of doubt, excluding any change in rating outlook).
- (xviii) **“Relevant Indebtedness”** means:
 - (a) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of debentures, loan stock, bonds, notes or other similar securities which:
 - (i) are for the time being, or are capable of being, quoted, listed, ordinarily dealt in or traded on any stock exchange or over the counter or other securities market; and
 - (ii) (x) by their terms are payable, or confer a right to receive payment, in any currency other than (1) the Indonesian-rupiah, or (2) if and only if they are issued by an operating Subsidiary which is also a Material Subsidiary (a **“Permitted Issuing Subsidiary”**), the lawful currency of the jurisdiction in which such Permitted Issuing Subsidiary is incorporated (such currency, the **“Permitted Currency”**), and in each case more than 50 per cent. of the aggregate nominal amount thereof is initially distributed outside Indonesia or the jurisdiction in which such Permitted Issuing Subsidiary is incorporated (as applicable), or (y) by their terms are denominated (1) in Indonesian-rupiah and more

than 50 per cent. of the aggregate nominal amount thereof is initially distributed outside Indonesia by or with the authorisation of the Issuer thereof, or (2) if and only if they are issued by a Permitted Issuing Subsidiary, in the relevant Permitted Currency and more than 50 per cent. of the aggregate nominal amount thereof is initially distributed outside of the jurisdiction in which such Permitted Issuing Subsidiary is incorporated by or with the authorisation of the Permitted Issuing Subsidiary thereof, or (z) they are issued by a Permitted Issuing Subsidiary and they are or will be secured by a Security Interest not created exclusively upon or with respect to, the whole or any part of such Permitted Issuing Subsidiary's present or future business, undertaking, assets or revenues (including any uncalled capital); and

- (b) any guarantee or indemnity of any such indebtedness;
- (xix) **"Subsidiary"** means in relation to any company or corporation, a company or corporation at any particular time,
 - (a) which is controlled, directly or indirectly, by the first mentioned company or corporation;
 - (b) more than half the issued equity share capital of which is beneficially owned, directly or indirectly by the first mentioned company or corporation; or
 - (c) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first mentioned company or corporation.

For the purposes of this definition, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

- (xx) **"S&P"** means Standard & Poor's Rating Services, a division of McGraw-Hill Financial.
- (xxi) **"Treasury Rate"** means, with respect to any redemption date, the yield to maturity as of such redemption date of the most recently issued United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to such date (or, if such Statistical Release is no longer published or does not contain such information, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to the stated maturity of the Bond; *provided, however*, that if the period from the redemption date to the stated maturity of the Bond is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used. Any such Treasury Rate shall be obtained by the Issuer. In this definition, **"business day"** means any day which is not a Saturday, Sunday or public holiday (on which the banking institutions are authorised or obliged by law or executive order to close) in any of Indonesia, Singapore or New York City.

4. INTEREST

- 4.1 The Bonds bear interest from and including June 9, 2021 at the rate of 4.745 per cent. per annum of the principal amount of the Bonds. Interest is payable semi-annually in arrear in equal instalments of U.S.\$23.725 per Calculation Amount (as defined below) on June 9 and December 9 in each year (each an **"Interest Payment Date"**) commencing December 9, 2021.
- 4.2 Each Bond will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Bonds is improperly withheld or refused or default is otherwise made in respect of any such payment. In such event, interest will continue to accrue at the rate of 4.745 per cent. per annum (both before and after judgment) until the day on which all sums due in respect of any Bond are received by the Trustee or the Principal Paying Agent on behalf of the relevant holder.
- 4.3 If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.
- 4.4 In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an **"Interest Period"**.

- 4.5 Interest in respect of any Bond shall be calculated per US\$1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period shall (save as provided above in relation to equal instalments) be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

5. REDEMPTION AND PURCHASE

5.1 Scheduled redemption

Unless previously redeemed or repurchased and cancelled as provided in these Conditions, the Issuer will redeem each Bond at its principal amount, plus accrued and unpaid interest, if any, on June 9, 2051 (the “**Maturity Date**”).

5.2 Optional redemption at par

At any time or from time to time on or after December 9, 2050 (being the date that is six months prior to the maturity of the Bonds), the Issuer will have the right to redeem the Bonds, in whole or in part, on giving at least 30 calendar days’ but not more than 60 calendar days’ prior notice to the Bondholders as provided in Condition 13 (*Notices*) and in writing to the Trustee and the Principal Paying Agent, at a redemption price equal to 100 per cent. of the outstanding principal amount of the Bonds to be redeemed plus accrued but unpaid interest (if any) on the principal amount of the Bonds to be redeemed and Additional Amounts (if any) to, but excluding, the redemption date (subject to the right of the holders of record on the relevant Interest Record Date to receive interest and Additional Amounts (if any) on the relevant redemption date).

5.3 Early redemption due to an Increase Tax Event

- (a) If an Increase Tax Event occurs, the Issuer may redeem the Bonds (in whole but not in part) at 100 per cent. of the principal amount of the Bonds plus any accrued but unpaid interest (the “**Redemption Price**”), on the giving of not less than 30 calendar days and not more than 60 calendar days’ irrevocable prior notice of redemption to the Bondholders in accordance with Condition 13.1 (*Notices to Bondholders*) and in writing to the Trustee and the Principal Paying Agent.
- (b) No such notice of redemption may be given earlier than 45 calendar days prior to the earliest calendar day on which the Issuer or, as the case may be, the Issuer would be for the first time obliged to pay the Additional Amounts in question on payments due in respect of the Bonds.
- (c) Prior to the giving of any such notice of redemption, the Issuer will deliver or procure that there is delivered to the Trustee:
 - (i) a certificate signed by two Authorised Signatories (as defined in the Trust Deed) of the Issuer stating that the Issuer is entitled to effect such redemption and setting out a statement of facts showing that the conditions to the exercise of the right of the Issuer to redeem have been satisfied and that the obligation to pay Additional Amounts cannot be avoided by the Issuer; and
 - (ii) an opinion in form and substance satisfactory to the Trustee of an independent legal or tax adviser of recognised standing to the effect that the obligation to pay Additional Amounts cannot be avoided as a result of an Increase Tax Event,

and the Trustee shall be entitled to accept and conclusively rely upon the above certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders and the Trustee shall be protected and shall have no liability to any Bondholder or any other person for so accepting and relying on such certificate or opinion.

- (d) For purposes of these Conditions:

“**Increase Tax Event**” means that as a result of any change in, or amendment to, the laws or treaties (or any rules or regulations thereunder) of the Relevant Jurisdiction, or any change in or amendment to any official interpretation or application of those laws, treaties or rules or regulations, which change or amendment is enacted on or after the Issue Date the Issuer has or will become obliged to pay Additional Amounts; *provided that* (in either case) the payment obligation cannot be avoided by the Issuer provided that changing the jurisdiction of organization of the Issuer will not be considered as a manner in which such payment obligation can be avoided); *provided further* that an Increase Tax Event shall have occurred only in the event that the rate of withholding or deduction required by such law or treaty in respect of which Additional Amounts (as defined below) are required, has become effective and is in excess of 10.0 per cent.

5.4 Early redemption due to a Change of Control Triggering Event

- (a) Following the occurrence of a Change of Control Triggering Event, each Bondholder will have the right (“**Change of Control Triggering Event Put Right**”) at such Bondholder’s option, to require the Issuer to redeem in whole but not in part such Bondholder’s Bonds on the Change of Control Triggering Event Put Date at 101 per cent. of the principal amount of the Bonds plus any accrued but unpaid interest. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (“**Change of Control Triggering Event Put Exercise Notice**”) together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Change of Control Triggering Event, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 13 (*Notices*). The “**Change of Control Triggering Event Put Date**” shall be the fourteenth day after the expiry of such period of 30 days as referred to above.
- (b) A Change of Control Triggering Event Put Exercise Notice, once delivered, shall be irrevocable and may not be withdrawn without the Issuer’s consent and the Issuer shall redeem the Bonds which form the subject of the Change of Control Triggering Event Put Exercise Notices delivered as aforesaid on the Change of Control Triggering Event Put Date.
- (c) Neither the Trustee nor any Agent shall be required to monitor or take any steps to ascertain whether a Change of Control Triggering Event or any event which could lead to the occurrence of a Change of Control Triggering Event has occurred and will not be responsible or liable to Bondholders or any other person for any loss arising from any failure by any of them to do so.
- (d) Not later than seven days after becoming aware of a Change of Control Triggering Event, the Issuer shall procure that notice regarding the Change of Control Triggering Event shall be delivered to the Trustee and Principal Paying Agent in writing and to the Bondholders (in accordance with Condition 13 (*Notices*)) stating:
 - (i) the Change of Control Triggering Event Put Date;
 - (ii) the date of such Change of Control Triggering Event and, briefly, the events causing such Change of Control Triggering Event;
 - (iii) the date by which the Change of Control Triggering Event Put Exercise Notice must be given;
 - (iv) the redemption amount and the method by which such amount will be paid;
 - (v) the names and addresses of all Paying Agents;
 - (vi) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Change of Control Triggering Event Put Right; and
 - (vii) that a Change of Control Triggering Event Put Exercise Notice, once validly given, may not be withdrawn.
- (e) Upon the exercise of any Change of Control Triggering Event Put Right, payment of the applicable redemption amount shall be conditional upon delivery of the Bondholder’s Certificate (together with any necessary endorsements) to any Paying Agent on any business day together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate. In this Condition, the expression “business day” means a day (other than a Saturday, Sunday or public holiday) on which such Paying Agent is open for business in the place of its specified office.

5.5 Early redemption for minimum outstanding amount

The Bonds may be redeemed at the option of the Issuer in whole, but not in part, at any time on the Issuer giving not less than 30 nor more than 60 days’ notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), and in writing to the Principal Paying Agent and the Trustee, at their principal amount together with interest accrued up to but excluding the date fixed for redemption, if, immediately before giving such notice, at least 80 per cent. in principal amount of the Bonds originally issued (including any further bonds issued pursuant to Condition 9 (*Further Issues*) and consolidated and forming a single series with the Bonds) has already been redeemed or purchased and cancelled.

5.6 No other redemption

The Issuer shall not be entitled to redeem the Bonds otherwise than as provided in Conditions 5.1 (*Scheduled redemption*) to 5.5 (*Early redemption for minimum outstanding amount*) above, and for the avoidance of doubt Condition 5.7 (*Purchase of Bonds*) below.

5.7 Early redemption with Applicable Premium

The Bonds may be redeemed at the option of the Issuer in whole, or in part, at any time on the Issuer giving not less than 10 nor more than 60 days' notice to the Bondholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable), the Registrar and the Trustee at a redemption price equal to 100 per cent. of the principal amount of the Bonds redeemed, plus the Applicable Premium applicable to the Bonds, and accrued and unpaid interest accrued up to but excluding the date fixed for the redemption. For the avoidance of doubt, none of the Agents or the Trustee has any responsibility or liability to the Bondholders, the Issuer or any other person with respect to the calculation or verification of any calculation of the Applicable Premium.

5.8 Purchase of Bonds

The Issuer or any of its Subsidiaries may in compliance with applicable laws, purchase Bonds in the open market or otherwise and at any price. Such acquired Bonds may be surrendered for cancellation or held or resold at the sole discretion of the Issuer or the relevant Subsidiaries, as applicable. The Bonds so purchased, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the Bondholders to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Conditions 10 (*Events of Default*) and 15.1 (*Indemnification of the Trustee and its Contracting with the Issuer*).

5.9 Cancellation

Any Bonds that are redeemed under this Condition 5 (*Redemption and Purchase*) will be cancelled, except for such Bonds purchased pursuant to Condition 5.8 (*Purchase of Bonds*) that the Issuer or the relevant Subsidiaries have not surrendered for cancellation.

All Bonds purchased by or on behalf of the Issuer or any of its Subsidiaries may be surrendered for cancellation, by surrendering the Certificate representing such Bond to the Registrar and, if so surrendered, shall, together with all Bonds redeemed by the Issuer, be cancelled forthwith. Any Certificates so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer in respect of any such Bonds shall be discharged.

5.10 No duty to monitor

The Trustee shall not be obliged to take any steps to ascertain whether a Change of Control, Change of Control Triggering Event or an Event of Default has occurred or to monitor the occurrence of any Change of Control, Change of Control Triggering Event or Event of Default, and shall not be liable to the Bondholders, the Issuer or any other person for not doing so.

5.11 Calculations

Neither the Trustee nor any of the Agents shall be responsible for calculating or verifying the calculations of any amount payable under any notice of redemption and shall not be liable to the Bondholders or any other person for not doing so.

6. PAYMENTS

6.1 Payments in respect of Bonds

Payment of principal, premium (if any) and interest will be made by transfer to the registered account of the Bondholder. Payments of principal and premium (if any) and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Bonds due on an Interest Payment Date will be paid to the holder shown on the register of Bondholders at the close of business on the date being the fifteenth day before the relevant Interest Payment Date (the "**Interest Record Date**").

For the purposes of this Condition, a Bondholder's "**registered account**" means the U.S. Dollar account maintained by or on behalf of it with a bank that processes payments in U.S. Dollars, details of which appear on the register of Bondholders at the close of business, in the case of principal and premium (if any) and interest due otherwise than on an Interest Payment Date, on the second Payment Business Day (as

defined in Condition 6.4) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant Interest Record Date.

Notwithstanding the foregoing, so long as the Global Certificate is held on behalf of Euroclear, Clearstream or any other clearing system, each payment in respect of the Global Certificate will be made to the person whose name is shown as the Bondholder in the register of Bondholders at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payment, where “Clearing System Business Day” means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.

6.2 Payments subject to Applicable Laws

Payments in respect of principal, premium (if any) and interest on Bonds are subject in all cases to (i) any fiscal or other laws and regulations and directives applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the “Code”) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto.

6.3 No commissions

No commissions or expenses shall be charged to the Bondholders in respect of any payments made in accordance with this Condition 6 (*Payments*).

6.4 Payment on Business Days

Payment instructions (for value the due date or, if that is not a Payment Business Day (as defined below), for value the first following day which is a Payment Business Day) will be initiated on the Payment Business Day preceding the due date for payment or, in the case of a payment of principal and premium (if any) where the relevant Certificate has not been surrendered at the specified office of any Transfer Agent or of the Registrar, on the first Payment Business Day on which the Principal Paying Agent is open for business and on which the relevant Certificate is surrendered.

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Payment Business Day or if the Bondholder is late in surrendering its Certificate (if required to do so).

In these Conditions, “**Payment Business Day**” means a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets settle payments and are open for business (including dealing in foreign exchange and foreign currency deposits) in London, New York City, Jakarta, Indonesia, and the city in which the specified office of the Transfer Agent, the Principal Paying Agent and the Registrar are located and, in the case of the surrender of a Certificate, in the place in which the Certificate is surrendered and on which foreign exchange transactions may be carried on in U.S. dollars in New York City.

6.5 Partial Payments

If the amount of principal and premium (if any) being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal and premium (if any) so paid and will (if so requested by the Issuer or a Bondholder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of the interest so paid.

6.6 Appointment of Agents

The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other agents *provided that*:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Bonds are listed on the SGX-ST and the rules of the SGX-ST so require, if the Bonds are issued in definitive form, there will be at all times be a Paying Agent in Singapore where the Bonds may be presented or surrendered for payment or redemption, unless the Issuer obtains an exemption from the SGX-ST; and
- (c) there will at all times be a Registrar.

Notice of any termination or appointment and of any changes in specified offices will be given to the Bondholders promptly by the Issuer in accordance with Condition 13.1 (*Notices to Bondholders*).

The Agents and the Registrar act solely as agents of the Issuer and do not assume any obligation or relationship of agency or trust for or with any Bondholder.

7. TAXATION

7.1 Payment without withholding

All payments of principal, premium (if applicable) and interest in respect of the Bonds by or on behalf of the Issuer will be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In the event that the Issuer makes a deduction or withholding required by law, the Issuer shall pay such additional amount (“**Additional Amounts**”) as will result in receipt by the Bondholders of such amounts as would have been received by them had no such withholding or deduction been required, *provided* that the Issuer is under no obligation to provide or furnish to the Bondholders the evidence of such withholding or deduction of the Taxes. No Additional Amounts will be payable in relation to any payment in respect of any Bond:

- (a) presented for payment (if applicable) by or on behalf of a Bondholder who is liable to the Taxes in respect of such Bond by reason of their having some connection with any Relevant Jurisdiction other than the mere holding of the Bond;
- (b) where the relevant Bond or Certificate is presented or surrendered for payment (if applicable) more than 30 days after the Relevant Date (as defined in Condition 7.2 (*Interpretation*)) except to the extent that a holder of such Bond would have been entitled to such Additional Amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Payment Business Day (as defined in Condition 6.4); or
- (c) where such withholding or deduction would not have been so imposed but for the failure by the holder of such Bond, after written request made to that holder at least 30 days before any such withholding or deduction would be payable, by the Issuer, the Trustee or the Paying Agent, as applicable, to comply with any identification, information, documentation or other similar reporting requirement concerning its nationality, residence or connection with the Relevant Jurisdiction, which is required or imposed by statute, regulation or published administrative interpretation of general application of the Relevant Jurisdiction as a precondition to reduction or exemption from such withholding or deduction.

7.2 Interpretation

In these Conditions:

- (a) “**Relevant Date**” means the date on which the payment first becomes due but, if the full amount of the moneys payable has not been received by the Principal Paying Agent, the Trustee or the Registrar, as the case may be, on or before such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect has been duly given to the Bondholders by the Issuer in accordance with Condition 13.1 (*Notices to Bondholders*); and
- (b) “**Relevant Jurisdiction**” means the Republic of Indonesia or any political subdivision or any authority thereof or therein having power to tax, or in the event of any substitution or other corporate action resulting in either the Issuer being incorporated in any other jurisdiction, that other jurisdiction or any political subdivision or any authority thereof or therein having power to tax.

7.3 Additional Amounts, principal and interest

Any reference in these Conditions to any amounts in respect of the Bonds will be deemed also to refer to any Additional Amounts which may be payable under this Condition 7 (*Taxation*) or under any undertakings given in addition to, or in substitution for, this Condition 7 (*Taxation*) pursuant to the Trust Deed. Unless the context otherwise requires, any reference in these Conditions to “**principal**” includes any instalment amount or redemption amount and any other amounts in the nature of principal payable pursuant to these Conditions and “**interest**” includes any amounts in the nature of interest payable pursuant to these Conditions.

Neither the Trustee nor any Agent shall be responsible for paying any tax, duty, charges, withholding or other payment referred to in this Condition 7 (*Taxation*) or for determining whether such amounts are

payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder or any third party to pay such tax, duty, charges, withholding or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, premium (if any), interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any tax, duty, charge, withholding or other payment imposed by or in any jurisdiction.

8. PRESCRIPTION

Claims against the Issuer for payment in respect of the Bonds shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them, subject to the provisions in Condition 6 (*Payments*).

9. FURTHER ISSUES

The Issuer may from time to time without the consent of the Bondholders and in accordance with the Trust Deed create and issue further securities either having the same terms and conditions as the Bonds in all respects (or in all respects except the issue price, issue date and/or first payment of interest on such Bonds and so that such further issue shall be consolidated and form a single series with the outstanding securities of any series (including the Bonds)) or upon such terms as the Issuer may determine at the time of the issue.

References in these Conditions to the Bonds include (unless the context requires otherwise) any other securities issued pursuant to this Condition 9 (*Further Issues*) and forming a single series with the Bonds. Any further securities forming a single series with the outstanding securities of any series (including the Bonds) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Bondholders and the holders of securities of other series where the Trustee so decides.

10. EVENTS OF DEFAULT

The Trustee at its sole discretion may, and if so requested in writing by the holders of not less than 25 per cent. of the aggregate principal amount of the Bonds then outstanding or if so directed by an Extraordinary Resolution shall (subject in either case to first being indemnified and/or secured and/or pre-funded by the holders to its satisfaction), give notice in writing to the Issuer that the Bonds are, and they shall accordingly thereby become, immediately due and payable at the Redemption Price, without further action or formality, if any of the following events (each an “**Event of Default**”) occurs:

- (a) **Non-payment:** (i) failure by the Issuer to pay any principal or premium (if applicable) when due in respect of the Bonds; or (ii) failure by the Issuer to pay any interest due in respect of the Bonds, and, in the case of (ii) only, such default continues for a period of 30 days;
- (b) **Breach of other obligations:** the Issuer defaults in the performance or observance of, or compliance with, any one or more of its other obligations under the Conditions, the Bonds or the Trust Deed (other than where it gives rise to a redemption pursuant to Condition 5.4 (*Early redemption due to a Change of Control Triggering Event*)), which default is (*in the opinion of the Trustee*) incapable of remedy or, if (in the opinion of the Trustee) capable of remedy, is not remedied within 30 days after written notice of such default shall have been given to the Issuer by the Trustee;
- (c) **Cross-default:** If (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries is declared due and payable prior to its stated maturity by reason of any actual or potential event of default or the like (howsoever described); (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment or within the originally applicable grace period; (iii) any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity given by it in respect of, any Indebtedness for Borrowed Money; *provided that* no event described in this sub-paragraph (c) shall constitute an Event of Default unless the aggregate amount of the relevant Indebtedness for Borrowed Money, guarantees and indemnities in respect of which one or more of the events mentioned above in this sub-paragraph (c) has/have occurred equals or exceeds U.S.\$100 million or its equivalent in any other currency (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by a leading bank (as reasonably determined by the Issuer) on the day on which this Condition 10(c) (*Cross-default*) operates);

- (d) **Judgment-default:** judgment, decree or order: a final judgment, decree or order has been entered against the Issuer or any of the Material Subsidiaries by a court of competent jurisdiction from which no appeal may be made or is taken for the payment of money in excess of U.S.\$100 million (or the dollar equivalent thereof) (on the basis of the middle spot rate for the relevant currency against the U.S. dollar as quoted by any leading bank on the day on which this Condition 10(d) (*Judgment-default*) operates) and any relevant period specified for payment of such judgment, decree or order shall have expired without it being satisfied, discharged or stayed;
- (e) **Enforcement proceedings:** a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any of the property, assets or revenues of the Issuer or any of the Material Subsidiaries and is not discharged or stayed within 60 days, *provided* that such distress, attachment, execution, seizure before judgment or other legal process in respect of the Issuer or a Material Subsidiary has (or might be reasonably expected to have) a material adverse effect on the operations of the Issuer or such Material Subsidiary, or the capacity of the Issuer to perform or comply with its obligations under the Bonds;
- (f) **Security enforced:** any mortgage, charge, pledge, lien or other encumbrance, present or future, created or assumed by the Issuer or any of the Material Subsidiaries on any of their respective assets becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver manager or other similar person) and is not discharged within 60 days of such steps being so taken unless and for so long as the Trustee is satisfied that it is being contested in good faith and diligently, *provided* that such security enforcement process in respect of the Issuer or a Material Subsidiary has (or might be reasonably expected to have) a material adverse effect on the operations of the Issuer or such Material Subsidiary, or the capacity of the Issuer to perform or comply with its obligations under the Bonds;
- (g) **Insolvency:** the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a substantial part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any substantial part of the debts of any of the Issuer or any of the Material Subsidiaries;
- (h) **Involuntary proceedings:** (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation, rehabilitation or other similar laws or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, and (ii) such case (other than the appointment of an administrator) is not stayed or discharged within 60 days;
- (i) **Winding-up:** an administrator is appointed, an order is made or an effective resolution passed for the winding-up or dissolution of any of the Issuer or any of the Material Subsidiaries, or the Issuer or any of the Material Subsidiaries ceases or threatens to cease to carry on all or a substantial part of its business or operations, except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation (A) on terms approved by an Extraordinary Resolution of the Bondholders, or (B) in the case of a Material Subsidiary, whereby the undertaking and assets of such Material Subsidiary are transferred to or otherwise vested in the Issuer or any Material Subsidiary or (ii) a solvent winding up of any Material Subsidiary or (iii) a disposal on an arm's length basis where the assets resulting from such disposal are vested in the Issuer or any of its Subsidiaries;
- (j) **Voluntary proceedings:** the Issuer or any of its Material Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors);
- (k) **Validity / Illegality:** If the validity of the Bonds is contested by the Issuer, or the Issuer denies any of the Issuer's obligations under the Bonds or it is or will become unlawful in the Republic of Indonesia, or any other jurisdiction applicable to the Issuer (if any), for the Issuer to perform or comply with any

one or more of its obligations in respect of the Bonds, the Trust Deed or the Agency Agreement or any of such obligations are or become unenforceable or invalid;

- (l) **Nationalisation:** Any step is taken by any person (including any governmental authority or agency) with respect to the seizure, compulsory acquisition, expropriation or nationalisation of, in the case of the Issuer, all or a substantial part of its assets or, in the case of a Material Subsidiary of the Issuer, all or substantially all of its assets; or
- (m) **Analogous events:** any event occurs, which, under the laws of any Relevant Jurisdiction has an analogous effect to any of the events referred to in paragraphs (h), (i) or (j) of this Condition 10 (*Events of Default*).

For the purposes of this Condition 10 (*Events of Default*):

“Indebtedness for Borrowed Money” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of moneys borrowed or raised including but not limited to any Bonds, bonds, debentures, debenture stock, loan stock or other securities or any liability under or in respect of any acceptance or acceptance credit.

11. ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, take such actions and/or steps and/or institute such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Agency Agreement and/or the Bonds, but it shall not be bound to take any such actions and/or steps and/or institute such proceedings or any other action in relation to the Trust Deed, the Agency Agreement or the Bonds unless:

- (a) it shall have been so directed by an Extraordinary Resolution of the Bondholders or so requested in writing by the holders of at least 25 per cent. in principal amount of the Bonds then outstanding; and
- (b) it shall first have been indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims and demands to which it may be or become liable and all costs, charges, damages, expenses (including but not limited to legal fees) and liabilities which may be incurred.

Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether any Event of Default or Potential Event of Default has occurred and none of them shall be responsible or liable to the Bondholders, the Issuer or any other person for any loss arising from any failure to do so.

No Bondholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. REPLACEMENT OF CERTIFICATES

Should any Certificate be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar, subject to all applicable laws, regulations and relevant stock exchange requirements, in each case, upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, security, and indemnity (which may include, *inter alia*, that if the allegedly lost, stolen or destroyed Certificate is subsequently presented for payment, there shall be paid to the Issuer the amount payable by the Issuer) and otherwise as the Issuer and the Registrar may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

13. NOTICES

13.1 Notices to Bondholders

All notices to the Bondholders will be in English and valid if mailed to them at their respective addresses in the register of Bondholders maintained by the Registrar and, so long as the Bonds are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that exchange or relevant authority so require, published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange or that relevant authority. Any notice shall be deemed to have been given on the seventh day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any individual Certificates are issued and so long as the Global Certificate is held in its entirety on behalf of Euroclear and Clearstream any notice to the Bondholders shall be validly given by

the delivery of the relevant notice to Euroclear and Clearstream for communication by the relevant clearing system to entitled accountholders in substitution for notification as required by the Conditions and shall be deemed to have been given on the date of delivery to such clearing system.

13.2 Notices from Bondholders

Notices to be given by any Bondholder must be in writing and given by lodging the same, together with any Certificate in respect of such Bond, with the Registrar or, if the Bonds are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

14. MEETINGS OF BONDHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

14.1 Meetings of Bondholders

The Trust Deed contains provisions for convening meetings of the Bondholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Trustee if it receives a written request from Bondholders holding not less than 66 2/3 per cent. in principal amount of the Bonds for the time being outstanding and subject to it being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses. Except where the business of such a meeting includes consideration of a Reserved Matter (as defined below), the quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Bonds for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Bonds held or represented by him or them, except that, at any meeting the business of which includes any of the following matters:

- (a) reduction or cancellation of the amount payable or, where applicable, modification (except where such modification is in the opinion of the Trustee bound to result in an increase) of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal, premium (if any) or interest in respect of the Bonds (which includes, for the avoidance of doubt, modifying the maturity of any Bonds or modifying any provision of the Conditions relating to the redemption of the Bonds);
- (b) alteration of the currency in which payments under the Bonds are to be made;
- (c) alteration of the majority required to pass an Extraordinary Resolution;
- (d) substitution of any entity for the Issuer (*provided that* no such approval is required for such a substitution in accordance with the Trust Deed); or
- (e) alteration of the quorum required to pass an Extraordinary Resolution, (each of (a), (b), (c), (d) and (e) above, a “**Reserved Matter**”), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than 25 per cent., of the aggregate principal amount of the Bonds for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Bondholders will be binding on all Bondholders, whether or not they are present at the meeting.

The Trust Deed provides that (a) a written resolution signed by or on behalf of the holders of not less than 66 2/3 per cent. of the aggregate principal amount of the Bonds for the time being outstanding or (b) where the Bonds are held by or on behalf of a clearing system or clearing systems, approval of a resolution proposed by the Trustee or the Issuer (as the case may be) given by way of electronic consent communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 66 2/3 per cent., in aggregate principal amount of the Bonds then outstanding, shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may (but shall not be obliged to), without the consent of the Bondholders, agree (i) to any modification of these Conditions or any provisions of the Trust Deed, the Agency Agreement and the Bonds (other than in respect of a Reserved Matter) if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Bondholders and (ii) to any modification of the Bonds, the

Trust Deed, the Agency Agreement or these Conditions which in the Trustee's opinion is of a formal, minor or technical nature or is to correct a manifest error. In addition, the Trustee may (but shall not be obliged to), without the consent of the Bondholders, authorise or waive any proposed breach or breach of the Bonds or the Trust Deed if, in the opinion of the Trustee, the interests of the Bondholders will not be materially prejudiced thereby. Any such modification, authorisation or waiver shall be binding on the Bondholders.

14.3 Substitution

The Trust Deed contains provisions permitting (but not obliging) the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Bondholders, to the substitution of the Issuer's successor in business or any Subsidiary or its successor in business in place of the Issuer, or of any previous substituted company, as principal debtor under the Trust Deed and the Bonds. In the case of such a substitution the Trustee may agree (but shall not be obliged to), without the consent of the Bondholders, to a change of the law governing the Bonds and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Bondholders.

14.4 Interests of Bondholders

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee must have regard to the general interests of the Bondholders as a class but must not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, must not have regard to the consequences of any such exercise for individual Bondholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee will not be entitled to require on behalf of any Bondholder, nor will any Bondholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders except to the extent already provided for in Condition 7 and/or any undertaking given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

14.5 Notification to the Bondholders

Any modification, waiver, authorisation, determination or substitution agreed to by the Trustee will be binding on the Bondholders and, unless the Trustee agrees otherwise, any modification or substitution will be notified by the Issuer to the Bondholders as soon as practicable thereafter in accordance with Condition 13.1 (*Notices to Bondholders*).

15. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

15.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including, without limitation, provisions relieving it from taking actions and/or steps and/or instituting proceedings to enforce its rights under the Trust Deed, the Agency Agreement and/or these Conditions and in respect of the Bonds and enforce payments or taking other actions unless indemnified and/or secured and/or pre-funded to its satisfaction and to be paid or reimbursed for its fees, costs, expenses and indemnity payments and for liabilities incurred by it in priority to the claims of the Bondholders. The Trust Deed provides that when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Bondholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and an opinion as to the capacity, power and authority of each counterparty or the validity and effectiveness of the security.

The Trustee and each Agent may accept and shall be entitled to rely conclusively without liability to the Bondholders, the Issuer or any other person on any report, confirmation, certificate or information from or any advice or opinion of any legal counsel, accountants, financial advisers, financial institution or any other expert, whether or not obtained by or addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by it or any other person in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee and the Agents may accept and shall be entitled to rely on any such report, confirmation, certificate, information, advice or

opinion, in which event such report, confirmation, certificate, information, advice or opinion shall be binding on the Issuer and the Bondholders. Neither the Trustee nor the Agents shall be responsible or liable to the Issuer, the Bondholders or any other person for any loss occasioned by acting on or refraining from acting on such report, information, confirmation, certificate, opinion or advice.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee and its affiliates are entitled, inter alia, (a) to enter into business transactions with the Issuer or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Bondholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15.3 Right to obtain instructions from Bondholders

Whenever the Trustee is required or entitled by the terms of the Trust Deed, the Agency Agreement or these Conditions to exercise any discretion or power, take any action, make any decision or give any direction, the Trustee is entitled, prior to exercising any such discretion or power, taking any such action, making any such decision or giving any such direction, to seek directions or clarification of such directions from the Bondholders by way of Extraordinary Resolution, and the Trustee shall not be responsible for any loss or liability incurred by the Issuer, the Bondholders or any other person as a result of any delay in it exercising such discretion or power, taking such action, making such decision or giving such direction as a result of seeking such direction or clarification of such direction from the Bondholders or in the event that no direction or clarification of such direction is given to the Trustee by the Bondholders.

None of the Trustee or any of the Agents shall be responsible or liable for the performance by the Issuer or any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall be entitled to assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder, the Issuer or any other person for any action taken by the Trustee or such Agent in accordance with the instructions, direction, request or resolution of the Bondholders. The Trustee shall be entitled to rely conclusively on any direction, instruction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed.

The Trustee shall have no obligation to monitor or supervise the performance or functions of any other person under the Trust Deed, the Agency Agreement or the Bonds or any other agreement or document. The Trustee shall be under no obligation to monitor any financial performance of the Issuer and the Trustee shall not be responsible to Bondholders for any loss arising from any failure to do so.

Each Bondholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer and their respective Subsidiaries, and the Trustee shall not at any time have any responsibility for the same and each Bondholder shall not rely on the Trustee in respect thereof.

16. GOVERNING LAW AND SUBMISSION TO JURISDICTION

16.1 Governing law

The Trust Deed, the Agency Agreement, the Bonds and any non-contractual obligations arising out or in connection with the Trust Deed, the Agency Agreement and the Bonds, are governed by English law, and shall be construed in accordance with, English law.

16.2 Jurisdiction of English courts

- (a) The Issuer has, in the Trust Deed, irrevocably agreed for the benefit of the Trustee and the Bondholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed or the Bonds (including any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds) and has accordingly submitted to the exclusive jurisdiction of the English courts.
- (b) The Issuer has, in the Trust Deed, waived any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum. The Trustee or the Bondholders may take any suit, action or proceeding (referred to as "**Proceedings**") arising out of, or in connection with the Trust

Deed or the Bonds, respectively (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed or the Bonds, respectively) against the Issuer in any other court of competent jurisdiction and concurrent Proceedings in any number of jurisdictions.

16.3 Appointment of process agent

The Issuer has irrevocably and unconditionally appointed Cogency Global (UK) Limited at its registered office for the time being as its agent for service of process in England in respect of any Proceedings arising out of, or in connection with, the Trust Deed or the Bonds and has undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

16.4 Language

The Bonds, the Trust Deed and the Agency Agreement will be executed in both English and Bahasa Indonesia to comply with the Law No. 24 of 2009 regarding National Flag, Language, Coat of Arms and National Anthem (“**Law No.24**”) and Presidential Regulation No. 63 of 2019 on the Use of Indonesian Language as the implementing regulation of Law No.24 (together with Law No.24 referred to as the “**Language Law**”), and in the event of any inconsistency between the English and Bahasa Indonesia versions of these documents, the English version shall prevail and the text of the Bahasa Indonesia version will in all cases be deemed to be amended to conform with the corresponding English version of the Bonds, the Trust Deed and the Agency Agreement. The Bahasa Indonesia version of the Bonds, the Trust Deed and the Agency Agreement shall not create any duplication of the rights or obligations of the parties. The Bondholders are deemed by their holding of the Bonds to have agreed and undertaken that they will not (and will not allow or assist any other party to) in any manner or forum, challenge the validity of, or raise or file any objection to, these Conditions, the Trust Deed or the Agency Agreement on the basis of any failure to comply with the Language Law.

17. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Trust Deed, the Agency Agreement or the Bonds, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

USE OF PROCEEDS

The gross proceeds from the issue of the Bonds (before deducting fees, commissions and other expenses relating to the offer and issue of the Bonds), are expected to be approximately US\$1,750,000,000. We intend to use the proceeds to prepay a portion of our Pinehill Facility.

EXCHANGE CONTROLS

Law No. 24 of 1999, dated May 17, 1999 on the Flow of the Foreign Exchange System and Exchange Rate System provides that a person may hold and use foreign currency freely in the Republic of Indonesia. The transfer of foreign exchange to and from abroad and the status of the offshore asset or liability of an Indonesian company that falls under certain criteria, however, are subject to disclosure and reporting obligations to Bank Indonesia. To maintain the stability of the Rupiah and to prevent the utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from banks within Indonesia to (i) offshore banks, (ii) offshore branches or offices of Indonesian banks, or (iii) any investment denominated in Rupiah by foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all people and legal entities that are domiciled, or who plan to be domiciled, in Indonesia for at least one year. If requested, we must also provide Bank Indonesia with information and documents relating to our foreign exchange activities. See *“Enforceability of the Bonds in Indonesia—Indonesian Regulation of Offshore Borrowings”*.

Indonesian Law on Currency and Obligation to Use Rupiah in Indonesian Territory

On June 28, 2011, the Government of Indonesia passed Law No. 7 of 2011 on Currency (the “**Currency Law**”), on March 31, 2015, Bank Indonesia issued Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory Use of Rupiah in the Territory of the Republic of Indonesia (“**PBI 17/3/2015**”) and on June 1, 2015 Bank Indonesia issued Circular Letter No. 17/11/DKSP on the Mandatory Use of Rupiah in the Territory of the Republic of Indonesia (“**SEBI 17/11**”) as the implementation guidelines. Under the Currency Law and PBI 17/3/2015, all parties are required to use Rupiah for cash and non-cash transactions conducted within Indonesia, including (i) each transaction which has the purpose of payment; (ii) settlement of other obligations which must be satisfied with money; and/or (iii) other financial transactions (including deposits of Rupiah in various amounts and types of Rupiah denomination from customers to banks).

Subject to further requirements under PBI 17/3/2015, the obligation to use Rupiah does not apply to (i) certain transactions relating to the implementation of state revenue and expenditure; (ii) the receipt or provision of grants either from or to overseas; (iii) international trade transactions, which include (a) export and/or import of goods to or from outside Indonesian territory and (b) activities relating to cross border trade in services; (iv) bank deposits denominated in foreign currencies; (v) international financing transactions; or (vi) transactions in foreign currency which are conducted in accordance with applicable laws and regulations, including, among others; (a) a bank’s business activities in foreign currency which is conducted based on applicable laws regarding conventional and sharia banks, (b) securities in foreign currency issued by the Indonesian government in primary or secondary markets based on applicable laws, and (c) other transactions in foreign currency conducted based on applicable laws, including the law regarding Bank Indonesia, the law regarding investment and the law regarding *Lembaga Pembiayaan Ekspor Indonesia* (Indonesia Eximbank).

The Currency Law and PBI 17/3/2015 prohibit the rejection of Rupiah when offered as a means of payment, to settle obligations and/or with respect to other financial transactions within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah bills offered, or the parties to the transaction have agreed in writing to the payment or settlement of obligations in a foreign currency. Article 10 of PBI 17/3/2015 further explains that the exemption based on such a written agreement between the parties is only applicable to an agreement made with respect to one of the above exempted transactions or transactions related to a strategic infrastructure project.

PBI 17/3/2015 took effect from March 31, 2015, and the requirement to use Rupiah for non-cash transactions was effective from July 1, 2015. Written agreements which were signed prior to July 1, 2015 that contain provisions for the payment or settlement of obligations in foreign currency for non-cash transactions will remain effective until the expiry of such agreements. However, any extension and/or certain amendment of such agreements must comply with PBI 17/3/2015.

According to SEBI 17/11, a business operator in Indonesia must quote the price of goods and/or services in Rupiah and is prohibited from conducting dual quotations where the price of goods and/or services is listed both in Rupiah and a foreign currency, anywhere including on electronic media. The restriction applies to, among others, (i) price tags, (ii) service fees, such as agent fees in the sale and purchase of property, tourism services fee or consultancy services fee, (iii) leasing fees, such as apartment leases, housing leases, office leases, building leases, land leases, warehouse leases or vehicle leases, (iv) tariffs, such as loading/unloading tariff for cargo at the seaport or airplane ticket tariff, (v) price lists, such as a restaurant menu price list, (vi) contracts, such as clauses for pricing or fees, (vii) documents of offer, order, invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed in a receipt.

Further, SEBI 17/11 stipulates that conditional exemptions may apply to certain infrastructure projects, among others, (i) transportation infrastructure, including airport services, seaport procurement and/or services, railway infrastructure and facilities, (ii) road infrastructure, including toll roads and toll bridges, (iii) watering infrastructure, including standard water bearer channel, (iv) drinking water infrastructure, including standard water bearer building, transmission channels, distribution channels, drinking water treatment installation, (v) sanitation infrastructure, including wastewater treatment installation, collector channel and main channel, and waste facility which includes transporter and waste storage, (vi) informatics and technology infrastructure, including telecommunication network and e-government infrastructure, (vii) electricity infrastructure, including power plant, which includes power development sourcing from geothermal, transmission or distribution of electricity, and (viii) natural oil and gas infrastructure, including transmission and/or distribution of natural oil and gas. These exemptions apply if (a) the project has been declared by the central or regional government as a strategic infrastructure project, as evidenced by a formal confirmation letter from the relevant ministry/institution with regards to the project owner; and (b) an exemption approval has been obtained from Bank Indonesia. According to Presidential Regulation No. 3 of 2016 on Acceleration of the Implementation of the National Strategic Projects, as amended by Presidential Regulation No. 109 of 2020, the Government has selected a list of projects called National Strategic Projects, which consists of 201 projects across twelve sectors (including roads, railways, seaports, airports, zones, housing, water, dams, irrigation, technology, energy, education and seawall), and ten programs (including electricity, economic equality, border zones, roads, national strategic tourism areas, development of smelters, increase of food estate provision, development of super-hub and development of accelerated economic areas).

A failure to comply with the obligation to use Rupiah in cash transactions will result in criminal sanctions in the form of fines and confinement. A failure to comply with the obligation to use Rupiah in non-cash transactions will be subject to administrative sanctions in the form of (i) written warning, (ii) fines, and/or (iii) prohibition from undertaking payment activities. Bank Indonesia may also recommend the relevant authorities and institutions to conduct certain actions such as revoking the business license or stopping the business activities of the party which fails to comply with the obligation to use Rupiah in non-cash transactions.

Purchasing of Foreign Currencies Against Rupiah through Banks

On September 5, 2016, Bank Indonesia issued Bank Indonesia Regulation No. 18/18/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Domestic Parties (“**PBI 18/18/2016**”), as implemented by Member of Bank Indonesia Board of Governor Regulation No. 20/16/PADG/2018 dated August 15, 2018 (“**PADG 20/2018**”). Under PBI 18/18/2016, any conversion of Rupiah into foreign currency for spot and standard derivative (plain vanilla) transactions that exceed a specific threshold is required to have an underlying transaction and be supported by underlying transaction documents. These thresholds are: (i) the purchase of foreign currency against Rupiah of more than US\$25,000 or its equivalent per month per customer for spot transactions; (ii) the purchase of foreign currency against Rupiah of more than US\$100,000 or its equivalent per month per customer for derivative transactions; (iii) the sales of foreign currency against Rupiah of more than US\$5,000,000 or its equivalent per transaction per customer for forward transactions; and (iv) the sales of foreign currency against Rupiah of more than US\$1,000,000 or its equivalent per transaction per customer for options transaction. The underlying transaction and supporting transaction documents are also required for transactions of foreign exchange structured product in the form of a call spread option, in any amount. Further, the maximum amount of such foreign exchange conversion cannot exceed the value of the underlying transaction.

Under PBI 18/18/2016, the underlying transaction may consist of: (i) domestic and international trade of goods and services; (ii) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia; and/or (iii) the granting of facility or financing from a bank in foreign currencies and/or Rupiah for trade and investment activities. Furthermore, PADG 20/2018 extends the scope of underlying transactions of point (iii) above to include sharia principle facilities or financing. The underlying transaction may not include: (i) a placement of funds in banks in the form of, among others, saving account, demand deposit account, time deposit, or Negotiable Certificate Deposit (“**NCD**”); (ii) money transfers by a remittance company; (iii) undrawn credit facilities, including standby loans and undisbursed loans; or (iv) usage of Bank Indonesia securities in foreign currencies.

Indonesian parties entering into: (i) a foreign exchange spot transaction against Rupiah in an amount exceeding US\$25,000 or its equivalent per month per customer for a spot transaction or US\$100,000 or its equivalent per month per customer for a standard derivative (plain vanilla) transaction, or (ii) a call spread option against Rupiah in any amount, will be required to submit supporting documents to the transacting bank. These documents include a duly stamped or authenticated written statement confirming that: (i) the underlying transaction document is valid and correct, (ii) the amount of foreign currency purchased is or will not exceed the amount stated in the underlying transaction document, and (iii) in case the underlying transaction document is

only an estimation, the statement must include the total needs, use of proceeds, and date of foreign currencies utilization. For the purchase of foreign currencies not exceeding such thresholds, the Indonesian parties must declare in a duly stamped letter or authenticated written statement that its aggregate foreign currency purchases do not exceed each threshold (as applicable) per month in the Indonesian banking system.

Bank Indonesia also issued Bank Indonesia Regulation No. 18/19/PBI/2016 dated September 5, 2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties (“**PBI 18/19/2016**”), as implemented by Member of Bank Indonesia Board of Governor Regulation No. 20/17/PADG/2018 dated August 15, 2018. Similar to PBI 18/18/2016, PBI 18/19/2016 is intended to comprehensively govern foreign exchange transactions against Rupiah in Indonesia. However, unlike PBI 18/18/2016, which targets Indonesian bank customers, PBI 18/19/2016 governs foreign exchange transactions by banks and foreign parties.

PBI 18/19/2016 also requires an underlying transaction if a foreign exchange transaction exceeds certain threshold amounts. The thresholds set forth by PBI 18/19/2016, which are similar to the threshold amounts under PBI 18/18/2016, are: (i) for spot transactions, a purchase of foreign exchange against the Rupiah equivalent of US\$25,000 per month per foreign party, or its equivalent; (ii) for standard derivative transactions (plain vanilla), the sale and purchase of foreign exchange against the Rupiah equivalent of US\$1,000,000 per transaction per foreign party or per outstanding amount of each derivative transaction per bank, or its equivalent and; (iii) for forward transaction, the sales of foreign currency against Rupiah of more than US\$5,000,000 or its equivalent per transaction per customer; and (iv) for option transactions, the sales of foreign currency against Rupiah of more than US\$1,000,000 or its equivalent per transaction per customer.

The underlying transaction under PBI 18/19/2016 may consist of: (i) domestic and international trade of goods and services; and/or (ii) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia. The following transactions are not considered as underlying transactions: (i) Bank Indonesia Certificates for derivative transactions, (ii) a placement of funds in banks (vostro account) in the form of saving account, demand deposit account, time deposit, or NCD; (iii) the granting of facility which has not been withdrawn, such as standby loan and disbursed loan; and (iv) the usage of Bank Indonesia securities in foreign currencies.

Similar to PBI 18/18/2016, PBI 18/19/2016 also requires foreign parties entering into: (i) a foreign exchange spot transaction against Rupiah in an amount exceeding US\$25,000 (or its equivalent) per month per foreign party for a spot transaction and US\$1,000,000 (or its equivalent) per transaction per foreign party or outstanding per bank for a standard derivative (plain vanilla) transaction, or (ii) a call spread option against the Rupiah in any amount, will be required to submit certain supporting documents to the transacting bank. These documents include a duly stamped or authenticated written statement confirming that: (a) the underlying transaction document is valid and correct, (b) the amount of foreign currency purchased is or will not exceed the amount stated in the underlying transaction document, (c) for a call spread option, in case the underlying transaction document is only an estimation, the statement must include the total needs, use of proceeds, and date of foreign currencies utilization, and (d) for forward/option transactions, in case the underlying transaction document is only an estimation, the statement must include the source of funds, amount, and availability date of the foreign currencies. For the purchase of foreign currencies not exceeding such thresholds, the foreign parties must declare in a duly stamped letter or authenticated written statement that its aggregate foreign currency purchases do not exceed each threshold (as applicable) per month per foreign party in the Indonesian banking system.

CAPITALIZATION

The following table shows our capitalization (including short-term borrowings, long-term borrowings and current maturities of long-term borrowings) as of December 31, 2020 on an actual basis and as adjusted to give effect to the offering of the Bonds and the application of the proceeds thereof. See “*Use of Proceeds*”.

You should read this table in conjunction with our financial statements contained elsewhere in this Offering Memorandum and the section in this Offering Memorandum entitled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”.

	As of December 31, 2020			
	Actual		As Adjusted	
	(Rp. billions)	(US\$ millions) ⁽¹⁾	(Rp. billions)	(US\$ millions) ⁽¹⁾
Debt				
Short-term bank loans and overdraft	512.5	36.3	512.5	36.3
Current maturities of long-term bank loans	212.7	15.1	212.7	15.1
Long-term bank loans—net of current maturities . .	30,772.8	2,181.7	6,089.0	431.7
Other long-term debt	7.8	0.6	7.8	0.6
Bonds to be issued ⁽²⁾	—	—	24,683.8	1,750.0
Total debt	31,505.8	2,233.7	31,505.8	2,233.7
Equity:				
Share capital—authorized 15,000,000,000 shares issued and fully paid 11,661,908,000 shares at par value of Rp.50 per share	583.1	41.3	583.1	41.3
Additional paid-in capital	5,985.5	424.4	5,985.5	424.4
Difference from changes in equity of Subsidiaries and transactions effect with non-controlling interests	(553.8)	(39.3)	(553.8)	(39.3)
Exchange differences on translation of financial statements	(138.5)	(9.8)	(138.5)	(9.8)
Unrealized gains on financial assets	977.8	69.3	977.8	69.3
Retained earnings	22,576.2	1,600.6	22,576.2	1,600.6
Non-controlling Interests	20,887.8	1,480.9	20,887.8	1,480.9
Total equity	50,318.1	3,567.4	50,318.1	3,567.4
Total capitalization	81,823.9	5,801.1	81,823.9	5,801.1

(1) U.S. dollar translations are calculated using an exchange rate of Rp.14,105 to US\$1.00, which is the middle exchange rate announced by Bank Indonesia on December 31, 2020. As of June 2, 2021, the middle exchange rate announced by Bank Indonesia was Rp.14,292 to US\$1.00.

(2) Before deducting fees, issuance discount, underwriting discount, commissions and other related expenses.

Except as disclosed or contemplated in this Offering Memorandum, there has been no material change in our capitalization since December 31, 2020.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The following tables present our selected financial information and other data as of and for the years ended December 31, 2018, 2019 and 2020. Our consolidated financial statements as of and for the years ended December 31, 2018, 2019 and 2020 have been audited by KAP Purwantono, Sungkoro & Surja (the Indonesian member firm of Ernst & Young Global Limited), independent public accountants, in accordance with Standards on Auditing established by IICPA, as stated in their audit report appearing elsewhere in this Offering Memorandum. Our consolidated financial statements are prepared and presented in accordance with Indonesian FAS, which differs in certain respects from IFRS. For a description of certain differences between Indonesian FAS and IFRS, see “*Summary of Certain Differences Between Indonesian FAS and IFRS*”.

Our historical results for any prior periods are not necessarily indicative of results to be expected for any future period. On August 27, 2020, we completed the acquisition of Pinehill. Pinehill is principally engaged in the manufacture and sale of instant noodles with operations in Africa, the Middle East and South Eastern Europe. Accordingly, since August 27, 2020, we have consolidated the consolidated financial statements of Pinehill into our consolidated financial statements. See “*Summary Financial Information and Other Data*”.

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Consolidated statement of profit or loss and other comprehensive income:				
Net sales	38,413.4	42,296.7	46,641.0	3,306.7
Cost of goods sold	26,147.9	27,892.7	29,416.7	2,085.5
Gross profit	12,265.6	14,404.0	17,224.4	1,221.2
Selling and distribution expenses	(4,429.9)	(5,006.2)	(5,549.5)	(393.4)
General and administrative expenses	(2,063.9)	(2,119.6)	(2,557.5)	(181.3)
Other operating income	819.2	434.3	426.7	30.3
Other operating expenses	(143.0)	(312.3)	(343.1)	(24.3)
Income from operations	6,447.9	7,400.1	9,201.0	652.3
Finance income	313.0	289.4	1,623.6	115.1
Finance expenses	(225.6)	(161.4)	(670.5)	(47.5)
Final tax on interest income	(59.0)	(43.2)	(65.2)	(4.6)
Share in net losses of associates and joint ventures	(29.6)	(47.9)	(130.2)	(9.2)
Income before income tax expense	6,446.8	7,437.0	9,958.6	706.0
Income tax expense	(1,788.0)	(2,076.9)	(2,540.1)	(180.1)
Income for the year	4,658.8	5,360.0	7,418.6	526.0
Other comprehensive income (losses)				
Items that will not be reclassified to profit or loss, net of tax:				
Re-measurement gain of employees’ benefit liabilities	233.4	27.5	5.4	0.4
Share of other comprehensive income of associates and joint ventures	1.5	0.1	0.4	0.0
Items that may be reclassified to profit or loss:				
Unrealized gains on financial assets	321.6	346.1	174.3	12.4
Exchange differences on translation of financial statements	(8.4)	2.8	(176.9)	(12.5)
Other comprehensive income for the year	548.1	376.5	3.1	0.2
Total Comprehensive Income for the year	5,206.9	5,736.5	7,421.6	526.2
Income for the year attributable to:				
Equity holders of the parent entity	4,575.8	5,038.8	6,586.9	467.0
Non-controlling interests	83.0	321.2	831.7	59.0
Total	4,658.8	5,360.0	7,418.6	526.0
Total comprehensive income for the year attributable to:				
Equity holders of the parent entity	5,108.0	5,405.5	6,636.8	470.5
Non-controlling interests	98.8	331.0	784.9	55.6
Total	5,206.9	5,736.5	7,421.6	526.2

	As of December 31,			
	2018	2019	2020	2020
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Consolidated Statement of Financial Position:				
ASSETS				
Current Assets				
Cash and cash equivalents	4,726.8	8,359.2	9,535.4	676.0
Short-term investments	563.8	—	—	—
Accounts receivable:				
Trade:				
Third parties—net	1,117.0	1,065.9	2,380.0	168.7
Related parties	3,011.2	2,983.4	2,893.4	205.1
Non-trade:				
Third parties	75.9	22.2	59.3	4.2
Related parties	67.3	60.5	414.0	29.4
Inventories—net	4,001.3	3,840.7	4,586.9	325.2
Advances and deposits	334.4	169.9	628.8	44.6
Prepaid taxes	118.2	77.6	165.4	11.7
Prepaid expenses and other current assets	105.7	45.5	52.8	3.7
Total Current Assets	14,121.6	16,624.9	20,716.2	1,468.7
Non-Current Assets				
Deferred tax assets—net	562.8	533.2	478.1	33.9
Long-term investments	2,705.4	3,890.3	10,645.2	754.7
Fixed assets—net	10,741.6	11,342.4	13,351.3	946.6
Right of use assets—net	—	—	254.8	18.1
Deferred charges—net	128.0	108.7	85.9	6.1
Goodwill	1,775.8	1,775.8	54,006.2	3,828.9
Intangible assets—net	2,136.7	2,011.1	1,859.0	131.8
Other non-current assets	2,195.3	2,422.9	2,191.5	155.4
Total Non-current Assets	20,245.6	22,084.4	82,872.1	5,875.4
Total Assets	34,367.2	38,709.3	103,588.3	7,344.1
LIABILITIES AND EQUITY				
LIABILITIES				
Current Liabilities				
Short-term bank loans and overdraft	862.2	458.1	512.5	36.3
Trust receipts payable	283.7	—	—	—
Accounts payable:				
Trade:				
Third parties	2,545.7	2,228.0	2,702.9	191.6
Related parties	410.5	407.4	342.2	24.3
Non-trade:				
Third parties	625.4	549.5	691.2	49.0
Related parties	124.3	72.8	170.3	12.1
Accrued expenses	1,701.6	1,841.5	2,259.9	160.2
Short-term employee benefits liability	229.6	257.3	396.8	28.1
Taxes payable	204.9	545.8	1,796.4	127.4
Current maturities of long-term debts:				
Bank loans	245.0	196.0	212.7	15.1
Liability for purchases of fixed assets	2.5	—	—	—
Lease liabilities	—	—	91.3	6.5
Total Current Liabilities	7,235.4	6,556.4	9,176.2	650.6
Non-Current Liabilities				
Long-term debts—net of current maturities				
Bank loans	667.1	1,694.8	30,772.8	2,181.7
Other long-term debt	184.6	7.3	7.8	0.6
Lease liabilities	—	—	127.3	9.0
Deferred tax liabilities—net	379.9	364.9	269.8	19.1

	As of December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	US\$
Liabilities for employee benefits	3,193.0	3,414.9	3,748.1	265.7
Other long-term liabilities	—	—	9,168.3	650.0
Total Non-current Liabilities	4,424.6	5,481.9	44,094.1	3,126.1
Total Liabilities	11,660.0	12,038.2	53,270.3	3,776.7
EQUITY				
Capital stock—Rp.50 (full amount) par value per share.				
Authorized—15,000,000,000 shares				
Issued and fully paid—11,661,908,000 shares	583.1	583.1	583.1	41.3
Additional paid-in capital	5,985.5	5,985.5	5,985.5	424.4
Difference from changes in equity of Subsidiaries and transactions				
effect with non-controlling interests	(438.9)	(550.3)	(553.8)	(39.3)
Exchange differences on translation of financial statements	(13.8)	(11.0)	(138.5)	(9.8)
Unrealized gains on financial assets	473.4	798.4	977.8	69.3
Retained earnings:				
Appropriated for general reserve	40.0	45.0	50.0	3.5
Unappropriated	14,989.6	18,450.2	22,526.2	1,597.0
Equity Attributable to Equity Holders of the Parent Entity	21,618.9	25,300.8	29,430.3	2,086.5
Non-controlling Interests	1,088.2	1,370.3	20,887.8	1,480.9
Total Equity	22,707.2	26,671.1	50,318.1	3,567.4
Total Liabilities and Equity	34,367.2	38,709.3	103,588.3	7,344.1

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	US\$
Consolidated Statements of Cash Flows:				
Net cash provided by operating activities	4,653.4	7,398.2	9,336.8	661.9
Net cash used in investing activities	(4,712.9)	(2,399.8)	(34,957.4)	(2,478.4)
Net cash provided by / (used in) financing activities	(4,242.1)	(1,266.1)	26,758.1	1,897.1
Net effect of changes in exchange rates on cash and cash equivalents	208.7	(95.5)	49.9	3.5
Net increase (decrease) in cash and cash equivalents	(4,092.9)	3,636.8	1,187.4	84.2
Cash and cash equivalents at the beginning of the year	8,796.7	4,703.8	8,340.6	591.3
Cash and cash equivalents at the end of the year	4,703.8	8,340.6	9,527.9	675.5

Non-GAAP Financial Measures

	As of and for the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions, other than % and ratios)	Rp. (Rp. in billions and US\$ in millions, other than % and ratios)	Rp. (Rp. in billions and US\$ in millions, other than % and ratios)	US\$
EBITDA ⁽¹⁾	7,457.2	8,605.2	10,688.7	757.8
Gross Profit Margin ⁽²⁾	31.9%	34.1%	36.9%	36.9%
EBIT Margin ⁽³⁾	16.8%	17.5%	19.7%	19.7%
EBITDA Margin ⁽⁴⁾	19.4%	20.3%	22.9%	22.9%
Net Working Capital ⁽⁵⁾	6,886.2	10,068.6	11,540.1	818.2
Total Debt ⁽⁶⁾	2,245.1	2,356.2	31,505.8	2,233.7
Net Debt ⁽⁷⁾	(2,481.7)	(6,003.0)	21,970.4	1,557.6
Total Debt: Equity Ratio ⁽⁸⁾	0.10	0.09	0.63	0.63
Interest Coverage Ratio ⁽⁹⁾	50.73	53.30	15.94	15.94

(1) We calculate EBITDA by adding depreciation and amortization to income from operations. EBITDA presented herein may not be comparable to similarly titled measures presented by other companies. You should not compare our EBITDA to EBITDA presented by other companies because not all companies use the same definition.

The following table reconciles our net income under Indonesian FAS to our definition of EBITDA for the years indicated:

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	US\$ (Rp. in billions and US\$ in millions)
Income from operations	6,447.9	7,400.1	9,201.0	652.3
Depreciation and amortization ^(a)	1,009.3	1,205.1	1,487.6	105.5
EBITDA	7,457.2	8,605.2	10,688.7	757.8

(a) Depreciation of fixed assets, right of use assets and amortization of intangible assets.

- (2) We calculate Gross Profit Margin from total gross profit divided by net sales.
- (3) We calculate EBIT Margin from EBIT divided by net sales. Our EBIT is equal to income from operations.
- (4) We calculate EBITDA Margin from EBITDA divided by net sales.
- (5) We calculate Net Working Capital from total current assets minus total current liabilities.
- (6) We refer Total Debt to the sum of short-term bank loans and overdraft, trust receipt payable, current maturities of long-term debts, long-term debts—net of current maturities and other long-term debt.
- (7) We refer Net Debt to total debt minus cash and cash equivalents.
- (8) We refer Total Debt: Equity Ratio as total debt divided by total equity.
- (9) We calculate Interest Coverage Ratio from EBITDA divided by finance expenses after excluding exchange differences on translation.

The following table shows our interest coverage ratio for the years indicated:

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	Rp. (Rp. in billions and US\$ in millions)	US\$ (Rp. in billions and US\$ in millions)
EBITDA	7,457.2	8,605.2	10,688.7	757.8
Finance expenses	225.6	161.4	670.5	47.5
Exchange differences of translation	78.6	—	—	—
Interest Coverage Ratio	50.73	53.30	15.94	15.94

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based upon information contained in our consolidated financial statements, including the notes thereto, as of and for the years ended December 31, 2018, 2019 and 2020 included elsewhere in this Offering Memorandum. You should read the following discussion and analysis in conjunction with our financial statements, including the notes thereto.

This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. See "Forward-Looking Statements" for a discussion of the risks relating to such forward-looking statements. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of factors such as those set forth under "Risk Factors" and elsewhere in this Offering Memorandum. Our financial statements have been prepared in accordance with Indonesian FAS. Indonesian FAS differs in certain material respects from IFRS. For a summary of certain differences between Indonesian FAS and IFRS, see "Summary of Certain Differences between Indonesian FAS and IFRS".

We acquired Pinehill on August 27, 2020. Unless otherwise stated, our historical consolidated financial data, financial condition and results of operations discussed herein include Pinehill from August 27, 2020 but do not include Pinehill as of or for any date or period prior to August 27, 2020.

Overview

We are a leading player in the consumer branded products sector in Indonesia where we produce and market a diverse range of products in categories including noodles, dairy, snack foods, food seasonings, nutrition and special foods, and beverages. We provide everyday solutions for consumers of all ages across market segments with more than 30 leading product brands. Many of our product brands are market leaders and enjoy high brand recognition in their respective categories, having gained the trust and loyalty of millions of consumers over decades.

Our operations are supported by more than 60 factories located in key areas across Indonesia. This puts us in close proximity with our customers and ensures product freshness and availability. Besides Indonesia, we also export our products worldwide. As part of our core business expansion strategy, we acquired Pinehill, an instant noodle producer with more than 20 manufacturing facilities (including supporting facilities) in Africa, the Middle East and South Eastern Europe, making us one of the world's largest instant noodles producers with a strong market share globally.

We are a member of the Indofood Group of companies. Our parent company, ISM and its subsidiaries operate in all stages of food manufacturing from the production and processing of raw materials to the manufacture and distribution of consumer food and beverage products. The Indofood Group capitalizes on economies of scale and a resilient business model with four complementary business groups, namely: consumer branded products, Bogasari a flour producer, agribusiness and distribution. As part of the Indofood Group, our operations are supported by our parent company's extensive raw materials production and finished product distribution network allowing us to meet market demands in a timely and efficient manner.

We originated out of the consumer branded product business group of our parent company, where the business operations began in 1982 with the production of instant noodles. The Indofood Group entered into nutrition and special foods in 1985, and in 1990, expanded into snack foods. The food seasonings business was set up in 1991. We entered the dairy business in 2008. In 2009, all of these businesses were restructured to establish us. Since our establishment as a separate entity, we have continued developing our businesses and strengthened our leading position in most of our market segments. We also operate a packaging business, producing both flexible and corrugated packaging to support our core business.

We completed our initial public offering in 2010 and are listed on the Indonesian Stock Exchange under the trading symbol "ICBP". As of December 31, 2020, our market capitalization was Rp.111,662.8 billion.

We focus on the following business categories:

Noodles. We are one of the world's largest instant noodles manufacturers and the market leader in Indonesia, Egypt, Saudi Arabia, Turkey, Nigeria and United Arab Emirates, according to Euromonitor. The Noodles division produces and markets instant noodles products in various brands and formats that serve different market segments. Indomie, our flagship brand, has stayed top-of-mind among consumers. Supermi, Sarimi and Sakura are equally entrenched as familiar household brands in bag noodles, while Mie Telur Cap 3 Ayam is an egg noodle brand popular among consumers, noodle street vendors and traditional food services. In the cup noodle category, Pop Mie is also the Indonesian market leader. In our overseas markets, Indomie is also our flagship brand while Supermi and Sarimi are also available in the markets to complement Indomie in different segments

of the business. In the cup noodle category, Indomie Cup and Pop Mie are also market leaders in several countries.

Our packaging unit produces flexible and corrugated packaging to support other divisions operations and plays a pivotal role in assuring product quality and safety from the factory to the table.

Dairy. We are one of Indonesia's leading dairy producers with a broad range of products including UHT milk, sterilized bottled milk, SCC, evaporated milk, pasteurized liquid milk, multi cereal milk, milk flavored drinks, powdered milk, ice cream and butter. Our Dairy division is recognized for its distinguished brands and quality products. Our dairy products are marketed under the household names of Indomilk, with more than 50 years of market presence in Indonesia, Cap Enaak, Kremer, Tiga Sapi, Indomilk Kids, Indomilk Good To Go and Milkkuat; and ice cream under Indofood Ice Cream and butter products under Orchid Butter.

Snack Foods. Our Snack Foods division produces modern snacks and contemporized traditional Indonesian snacks made from potato, cassava, soybean and corn, as well as various extruded snacks marketed under the Chitato, Qtela, Jetz and Chiki brands. Chitato and Qtela are market leaders in Indonesia, with a presence of more than 30 years and 10 years, respectively.

Food Seasonings. Our Food Seasonings division is one of the leading producers of culinary products in Indonesia. Our offerings, which range from soy, chili and tomato sauces to recipe mixes, are marketed under Indofood and Indofood Racik brands.

Nutrition and Special Foods. Our Nutrition & Special Foods division is one of the leading players in Indonesia's baby food industry. This division produces a range of nutritionally balanced specialty foods that adhere to the highest international food safety standards at several price points. These include baby cereals, baby snacks (rice puffs, crunchies, biscuits and puddings) and noodle soups for infants and toddlers, milk for expectant and lactating mothers, and cereal powdered drinks which are marketed under the Promina, SUN and GoWell brands.

Beverages. Our Beverages division offers a range of ready-to-drink teas, packaged water and fruit flavored drinks, which are marketed under Ichi Ocha, Club and Fruitamin brands.

We employed a total of 35,355 employees as of December 31, 2020. Our net sales were Rp.38,413.4 billion, Rp.42,296.7 billion and Rp.46,641.0 billion in 2018, 2019 and 2020, respectively. Our income for the year attributable to equity holders of the parent entity were Rp.4,575.8 billion, Rp.5,038.8 billion and Rp.6,586.9 billion in 2018, 2019 and 2020, respectively.

Significant Factors Affecting Our Results of Operations

The performance of the Indonesian economy

Historically, Indonesia has been our largest single market accounting for 90.0%, 89.2% and 82.1% of our consolidated revenues in 2018, 2019 and 2020, respectively. We operate a consumer staples business that is dependent on the Indonesian economy and the other economies in which our products are distributed and sold. We believe that demand for our portfolio of products will continue to expand with the rising income per capita and growth of the middle-income consumer segment in our target markets. While our business has historically remained fairly resilient during tough economic conditions, slower economic growth or economic contraction may lead to slower growth in sales or a decline in sales due to consumers reducing purchases of discretionary food products. Consumers may be switching to cheaper substitutes which may lead to shifts in our product mix to lower margin offerings. Conversely, as the economy grows, the market for our products grows as more consumers enter the middle-income segment and have sufficient disposable income and purchasing power to buy our products. With the rising middle class, we are also able to benefit from stronger market consumption. According to BPS data, Indonesia's real GDP growth was 5.18%, 5.02% and -2.07% in 2018, 2019 and 2020, respectively.

The COVID-19 pandemic has had a significant, negative impact on the Indonesian economy and, accordingly, on disposable income in Indonesia. The pandemic has also led to a decreased demand for products which are intended for out-of-home consumption and on-the-go consumers, including beverages, cup noodles and liquid milk due to lockdowns and similar safety regulations which limit consumers' movement outside of their homes. According to the Government, it is expected that demand will return in 2021 as the economy recovers from the COVID-19 pandemic and related downturn in demand.

See "Risk Factors—Risks Relating to Our Business—A weakening of the economic climate, resulting in a reduction in consumer demand, could negatively affect our business, financial condition, results of operations and prospects."

Trends in consumer consumption behaviors in our target markets

Our business is also impacted by market trends, demographic profiles and consumer behavior in the markets where our products are sold. In most of our markets, noodles were not considered as staple food, and we have been successful in Indonesia and other markets in marketing noodles as alternatives to staple foods such as rice. The consumption of instant noodles in Indonesia was approximately 3.8 kilograms per capita in 2020, according to Euromonitor, which we believe has increased significantly since we began producing instant noodles. We expect that instant noodle consumption will continue to grow, with the Indonesian market providing stable growth while overseas markets such as Egypt, Saudi Arabia and Nigeria will grow faster as current annual consumption is still lower at approximately 0.7, 1.4 and 1.0 kilograms per capita, respectively, according to Euromonitor. We also believe that our consumers have traveled more, both internationally and domestically in the past few years, which has exposed them to new flavors and culinary experiences. We intend to leverage these broader tastes for our product innovation.

Similarly, in the dairy sector, we expect that consumer behavior and market trends in Indonesia will continue to shift towards increased dairy consumption, with the current 5.5 liters per capita consumption increasing to the average level for the Asia Pacific region of 13.2 liters per capita, or even to levels seen in Vietnam and Thailand of approximately 16.3 and 17.9 liters per capita, respectively, according to Euromonitor.

In addition to these broad macro-economic trends, shorter term trends in consumer behavior also drive our results of operations, for example, there was an increase in home consumption and home cooking during the pandemic, which resulted in increased demand for our culinary products and larger size formats of our liquid milk and snack food products. Each of these trends in turn impacts demand for the products in our product portfolio and sales mix.

Increasing Digitization and the impact of E-Commerce on our products

Digitization continues to increase rapidly in Indonesia and e-commerce is one of our fastest growing distribution channels. This is backed by the increase in internet penetration in Indonesia, with 197 million people having internet access, primarily youth and young adults, attributable to the rising popularity of social media, according to Indonesian Internet Service Providers Association. This is also reflected in the increasing use of e-commerce, especially during the COVID-19 pandemic. We have been progressively increasing our online presence through digital media placements and the establishment of our own official stores on various e-commerce platforms.

Pricing strategy

When determining our pricing strategy, we take a number of factors into account in order to grow our business and realize our expected margin, including our corporate and marketing strategies, input costs, purchasing power, competition and logistics expenses. Promotional activities, such as discounts or rebates designed in line with our strategy for a particular product, the estimated potential size of the market, competition and other factors, will impact overall demand for the product. We believe that in certain markets, we are the price setter, while in other markets our pricing necessarily follows market prices. We typically set a suggested pricing structure for our distributors, sub-distributors and wholesalers, and sell our products to our distributors at a price that will enable the distributors, sub-distributors and wholesalers to achieve certain margins.

Changes in the cost of raw materials and other input costs

Our cost of sales for the products that we manufacture consists primarily of raw materials, including wheat flour, cooking oil, sugar, milk and packaging materials. In addition, our factories are fueled by electricity, oil, natural gas and coal, which are obtained from local utility companies or other local suppliers. These raw materials and utilities are commodities, and their prices can vary significantly over time. Due to a number of factors, in particular during an economic downturn, we may not be able to pass along increases in the cost of our raw materials to our customers immediately. In such an event, our gross margins will be adversely impacted until such time as our pricing can be adjusted to reflect these increased costs. In Indonesia such price adjustments typically take place within a short period of time of less than one year. Additionally, because the price of some of our raw materials and other inputs are denominated in foreign currencies and we do not hedge our input prices so any depreciation of the respective local currencies against foreign currencies will also lead to an increase in the cost of sales recorded in our statements of comprehensive income, which we may not be able to immediately pass along to our customers through increased pricing. See “—Foreign currency fluctuations”.

Foreign currency fluctuations

A portion of our cost of goods sold are often correlated with the U.S. dollar prices of international commodities such as wheat flour and cooking oil, and imported raw materials such as skimmed milk powder which are

denominated in currencies other than Rupiah, whereas our sales in Indonesia are dominated in Rupiah and reporting currency are in Rupiah. These foreign currency denominated purchases include purchases of products from our affiliates and purchases of imported raw materials used in our manufacturing operations. Following the Pinehill Acquisition, we also receive dividends from our overseas operations, which are generally U.S. dollar denominated. Accordingly, our results of operations can be affected by fluctuations in exchange rates. Additionally, we face risks related to foreign exchange fluctuations on the value of our foreign currency denominated assets, namely our foreign currency denominated bank accounts and time deposits, as well as fluctuation in the value of any foreign currency denominated liabilities in particular the Pinehill Facility. We recognize and record foreign exchange gains and losses resulting from the impact of fluctuations in the value of the Rupiah against other currencies under currency exchange gain (loss), net in our statement of comprehensive income. Accordingly, even if fluctuations in exchange rates do not have a significant impact on our cash flows, they can have a significant impact on our results of operations.

Competition

Our products face competition from competing food products manufactured, distributed and sold by other companies, as well as from new entrants to the market. Actions taken by our competitors, as well as actions taken by us to maintain our competitiveness and reputation, affect our strategy, pricing and margins. For example, when a new player enters the market, we often see the new player running various promotions in order to build market share and, at times, we may counter such competitor promotions by running our own competing promotions with respect to our products. Any such promotions may negatively impact our profit margins.

Description of Key Line Items

The following table sets out our results of operations and each line item as a percentage of net sales, for each of the periods indicated:

	For the years ended December 31,					
	2018		2019		2020	
	Rp.	%	Rp.	%	Rp.	US\$
	(Rp. in billions and US\$ in millions, except percentages)					
Net sales	38,413.4	100.0	42,296.7	100.0	46,641.0	3,306.7
Cost of goods sold	26,147.9	68.1	27,892.7	65.9	29,416.7	2,085.5
Gross profit	12,265.6	31.9	14,404.0	34.1	17,224.4	1,221.2
Selling and distribution expenses	(4,429.9)	(11.5)	(5,006.2)	(11.8)	(5,549.5)	(393.4)
General and administrative expenses	(2,063.9)	(5.4)	(2,119.6)	(5.0)	(2,557.5)	(181.3)
Other operating income	819.2	2.1	434.3	1.0	426.7	30.3
Other operating expenses	(143.0)	(0.4)	(312.3)	(0.7)	(343.1)	(24.3)
Income from operations	6,447.9	16.8	7,400.1	17.5	9,201.0	652.3
Finance income	313.0	0.8	289.4	0.7	1,623.6	115.1
Finance expenses	(225.6)	(0.6)	(161.4)	(0.4)	(670.5)	(47.5)
Final tax on interest income	(59.0)	(0.2)	(43.2)	(0.1)	(65.2)	(4.6)
Share in net losses of associates and joint ventures	(29.6)	(0.1)	(47.9)	(0.1)	(130.2)	(9.2)
Income before income tax expense	6,446.8	16.8	7,437.0	17.6	9,958.6	706.0
Income tax expense	(1,788.0)	(4.7)	(2,076.9)	(4.9)	(2,540.1)	(180.1)
Income for the year	4,658.8	12.1	5,360.0	12.7	7,418.6	526.0
Income for the year attributable to:						
Equity holders of the parent entity	4,575.8	11.9	5,038.8	11.9	6,586.9	467.0
Non-controlling interest	83.0	0.2	321.2	0.8	831.7	59.0
Total	4,658.8	12.1	5,360.0	12.7	7,418.6	526.0

Net sales

We are in the business of the manufacture of noodles, dairy, snack foods, food seasonings, nutrition and special foods and beverages. Revenue from contracts with customers is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. We have generally concluded that we are the principal in our revenue arrangements.

We sell finished goods under distributorship and supply agreements. We distribute our products primarily through Indofood's distribution arm, as well as through third-party distributors. Indofood's distribution arm was our largest distributor, and in 2018, 2019 and 2020 accounted for 69.2%, 70.3% and 65.7% of our net sales, respectively. See *"Related Party Transactions"*.

For management purposes, we organize our operations into six operating divisions: the Noodles division, the Dairy division, the Snack Foods division, the Food Seasonings division, the Nutrition & Special Foods division, and the Beverages division. For more information on our operating segments, see *"Business—Our Product Range and Brands"*. The following table sets out revenue by each operating division and as a percentage of net sales, for each of the periods indicated:

	For the years ended December 31,						
	2018		2019		2020		
	Rp.	%	Rp.	%	Rp.	US\$	%
	(Rp. in billions and US\$ in millions, except percentages)						
Noodles	25,263.5	65.8	27,712.0	65.5	31,966.8	2,266.3	68.5
Dairy	7,543.6	19.6	8,048.8	19.0	8,305.0	588.8	17.8
Snack Foods	2,564.1	6.7	2,636.8	6.2	2,931.3	207.8	6.3
Food Seasonings	1,466.6	3.8	2,355.6	5.6	2,872.2	203.6	6.2
Nutrition & Special Foods	837.7	2.2	980.7	2.3	999.1	70.8	2.1
Beverages	1,832.3	4.8	1,884.2	4.5	1,258.5	89.2	2.7
Elimination	(1,094.5)	(2.8)	(1,321.5)	(3.1)	(1,691.7)	(119.9)	(3.6)
Total	38,413.4	100.0	42,296.7	100.0	46,641.0	3,306.7	100.0

The following table sets out revenue by geography and as a percentage of net sales, for each of the periods indicated:

	For the years ended December 31,						
	2018		2019		2020		
	Rp.	%	Rp.	%	Rp.	US\$	%
	(Rp. in billions and US\$ in millions, except percentages)						
Indonesia	34,555.6	90.0	37,714.6	89.2	38,275.3	2,713.6	82.1
Middle East and Africa	2,090.8	5.4	2,777.8	6.6	6,142.8	435.5	13.2
Other Asia	841.1	2.2	821.6	1.9	951.7	67.5	2.0
Others	925.8	2.4	982.7	2.3	1,271.3	90.1	2.7
Total	38,413.4	100.0	42,296.7	100.0	46,641.0	3,306.7	100.0

Cost of goods sold

Our cost of goods sold consists of manufacturing costs of the finished goods inventory sold which principally includes raw materials used such as wheat flour, cooking oil, sugar, milk, potatoes and packaging materials, and production expenses including direct costs such as fuel and utility costs, labor and spare parts that relate directly to production activities as well as depreciation of fixed assets used in the production process and other indirect costs relating to production activities.

The following table sets forth a breakdown of our cost of goods sold and as a percentage of total cost of costs of goods sold for the periods indicated:

	For the years ended December 31,						
	2018		2019		2020		
	Rp.	%	Rp.	%	Rp.	US\$	%
	(Rp. in billions and US\$ in millions, except percentages)						
Raw materials used	20,289.3	77.6	21,487.1	77.0	22,948.7	1,627.0	78.0
Production expenses	5,874.5	22.5	6,354.0	22.8	6,617.5	469.2	22.5
Total Manufacturing Cost	26,163.8	100.1	27,841.1	99.8	29,566.2	2,096.1	100.5
Work in-process Inventories:							
At beginning of year	159.2	0.6	166.3	0.6	149.8	10.6	0.5
At end of year	(166.3)	(0.6)	(149.8)	(0.5)	(133.2)	(9.4)	(0.5)
Cost of Goods Manufactured	26,156.8	100.0	27,857.5	99.9	29,582.8	2,097.3	100.6
Finished Goods Inventories:							
At beginning of year	1,161.3	4.4	1,478.0	5.3	1,442.8	102.3	4.9
Purchases	307.8	1.2	—	—	—	—	—
At end of year	(1,478.0)	(5.7)	(1,442.8)	(5.2)	(1,608.9)	(114.1)	(5.5)
Cost of Goods Sold	26,147.9	100.0	27,892.7	100.0	29,416.7	2,085.5	100.0

We have one significant supplier, ISM which is also our controlling shareholder, from whom we purchase raw materials such as wheat flour. We also purchase cooking oil and fats from a related party. In 2018, 2019 and 2020, purchases of wheat flour and cooking oil and fats from ISM and its subsidiaries represented 15.1%, 15.1% and 14.9% of consolidated net sales. See “*Related Party Transactions*”.

Selling and distribution expenses

Our selling and distribution expenses primarily consist of advertising and promotions; freight and handling; salaries, wages and employee benefits; distribution; royalty fee; bad goods; rental and depreciation; and others, in each case related to our selling and distribution activities.

The following table sets forth a breakdown of our selling and distribution expenses and as a percentage of total selling and distribution expenses for the periods indicated:

	For the years ended December 31,						
	2018		2019		2020		
	Rp.	%	Rp.	%	Rp.	US\$	%
	(Rp. in billions and US\$ in millions, except percentages)						
Advertising and promotions	1,359.4	30.7	1,543.6	30.8	1,884.4	133.6	34.0
Freight and handling	1,045.1	23.6	1,194.8	23.9	1,259.5	89.3	22.7
Salaries, wages and employee benefits	544.6	12.3	600.8	12.0	606.5	43.0	10.9
Distribution	379.1	8.6	455.6	9.1	418.8	29.7	7.5
Royalty fees	339.7	7.7	404.3	8.1	476.4	33.8	8.6
Bad goods	297.9	6.7	252.3	5.0	219.1	15.5	3.9
Rental and depreciation	153.5	3.5	182.0	3.6	240.3	17.0	4.3
Others (each below Rp.70 billion)	310.6	7.0	372.8	7.4	444.5	31.5	8.0
Total Selling and Distribution Expenses	4,429.9	100.0	5,006.2	100.0	5,549.5	393.4	100.0

General and administrative expenses

General and administrative expenses primarily consist of salaries, wages and employee benefits; corporate social responsibility, donations and representation; rental and depreciation; utilities, repairs and maintenance; outsourcing, management fees and others, in each case attributable to the administrative operations of our business. The table below sets forth a breakdown of our general and administrative expenses for the periods indicated:

	For the years ended December 31,						
	2018		2019		2020		
	Rp.	%	Rp.	%	Rp.	US\$	%
	(Rp. in billions and US\$ in millions, except percentages)						
Salaries, wages and employee benefits	1,032.8	50.0	1,053.0	49.7	1,240.9	88.0	48.5
Corporate social responsibility, donations and representation	309.4	15.0	309.8	14.6	483.4	34.3	18.9
Rental and depreciation	189.4	9.2	179.4	8.5	170.7	12.1	6.7
Utilities, repairs and maintenance	106.4	5.2	125.7	5.9	131.7	9.3	5.1
Outsourcing	82.2	4.0	91.8	4.3	106.0	7.5	4.1
Management fees	84.7	4.1	91.4	4.3	95.2	6.8	3.7
Others (each below Rp.70 billion)	259.1	12.6	268.5	12.7	329.6	23.4	12.9
Total General and Administrative Expenses . . .	2,063.9	100.0	2,119.6	100.0	2,557.5	181.3	100.0

Other operating income

Other operating income primarily consists of sale of scrap materials, technical services income, net gains on foreign exchange difference from operating activities, adjustment on fair value of investment in a subsidiary and others. We received technical services income from Pinehill and its affiliates pursuant to a technical services agreement in 2018, 2019 and 2020 of Rp.73.7 billion, Rp.90.8 billion and Rp.69.9 billion. Technical services income from certain subsidiaries has been eliminated since the acquisition of Pinehill in August 2020.

Other operating expenses

Other operating expenses primarily consists of amortization of intangible assets (primarily brand names of products produced by our Dairy division), net losses on foreign exchange differences from operating activities, allowance for decline in value of fixed assets and others.

Income (loss) from operations

We report income (loss) from operations on a segment basis across our six operating divisions. The following table sets out income (loss) from operations by each operating division and as a percentage of total consolidated income from operations, for each of the periods indicated:

	For the years ended December 31,						
	2018		2019		2020		
	Rp.	%	Rp.	%	Rp.	US\$	%
	(Rp. in billions and US\$ in millions, except percentages)						
Noodles	5,314.9	82.4	6,079.3	82.2	7,436.0	527.2	80.8
Dairy	793.7	12.3	1,140.2	15.4	994.2	70.5	10.8
Snack Foods	(198.4)	(3.1)	(42.7)	(0.6)	325.7	23.1	3.5
Food Seasonings	129.9	2.0	220.4	3.0	322.2	22.8	3.5
Nutrition & Special Foods	30.6	0.5	41.4	0.6	62.8	4.5	0.7
Beverages	(299.4)	(4.6)	(160.0)	(2.2)	(26.6)	(1.9)	(0.3)
Inter-Segment Elimination	0.5	0.0	(0.6)	0.0	3.2	0.2	0.0
Unallocated income	676.2	10.5	122.0	1.6	83.6	5.9	0.9
Total	6,447.9	100.0	7,400.1	100.0	9,201.0	652.3	100.0

Finance income

Finance income primarily consists of interest income from cash deposits with banks and time deposits and net gains on foreign exchange difference from financing activities.

Finance expenses

Finance expenses primarily consist of interest incurred on our bank loans and net losses on foreign exchange difference from financing activities. See “—*Liquidity and Capital Resources—Indebtedness*”.

Income tax expense

Total income tax expense comprises current and deferred income taxes.

Results of Operations

Year ended December 31, 2020 compared to year ended December 31, 2019

Net sales. Our net sales increased by 10.3% to Rp.46,641.0 billion in 2020 from Rp.42,296.7 billion in 2019, supported by growth in both our domestic and overseas businesses, from both export sales and the consolidation of Pinehill for four months in 2020 following the Pinehill Acquisition.

- *Noodles division.* Total sales from our Noodles division increased by 15.4% to Rp.31,966.8 billion in 2020 from Rp.27,712.0 billion in 2019, driven by sales volume growth in both domestic and overseas markets. Our domestic noodle sales increased by 2.3% to Rp.23,984.9 billion in 2020 from Rp.23,449.3 billion in 2019 mainly driven by sales volume growth, while overseas noodle sales increased 87% to Rp.7,981.9 billion in 2020 from Rp.4,262.7 billion in 2019, mainly driven by the consolidation of Pinehill for four months in 2020. Our EBIT increased by 22.3% to Rp.7,436.0 billion in 2020 from Rp.6,079.3 billion in 2019 primarily due to the contribution of Pinehill to EBIT for four months of Rp.1,147.7 billion, as our EBIT margin for the Noodles division increased to 23.3%. Pinehill’s EBIT is based on Pinehill’s consolidated income from operations for the four month period from the Pinehill Acquisition until December 31, 2020.
- *Dairy division.* Total sales from our Dairy division increased by 3.2% to Rp.8,305.0 billion in 2020 from Rp.8,048.8 billion in 2019, primarily driven by higher sales volume of SCC and UHT milk in 2020. However, our EBIT margin in the Dairy division declined to 12.0%, due to higher raw material prices, particularly skimmed milk powder.
- *Snack Foods division.* Total sales from our Snack Foods division increased by 11.2% to Rp.2,931.3 billion in 2020 from Rp.2,636.8 billion in 2019, due to strong sales volume growth of chips and extruded snacks categories in 2020. Our EBIT margin in the Snack Foods division improved from -1.6% to 11.1%, due to strong sales performance and efficiency programs as well as the closure of the loss-making biscuit operations in 2019.
- *Food Seasonings division.* Total sales from our Food Seasonings division increased by 21.9% to Rp.2,872.2 billion in 2020 from Rp.2,355.6 billion in 2019, due to higher sales volume of culinary products in 2020. EBIT margin in the Food Seasonings division improved to 11.2% from 9.4% in the previous year.
- *Nutrition & Special Foods division.* Total sales from our Nutrition & Special Foods division increased by 1.9% to Rp.999.1 billion in 2020 from Rp.980.7 billion in 2019, driven by baby foods sales despite lower sales of cereal powder drinks in 2020. EBIT margin in the Nutrition & Special Foods division increased to 6.3% from 4.2% in the previous year.
- *Beverages division.* Total sales from our Beverages division decreased by 33.2% to Rp.1,258.5 billion in 2020 from Rp.1,884.2 billion in 2019 on lower sales volume as the demand declined with the implementation of regulatory restrictions on social gatherings and out-of-home activities to curb the spread of COVID-19. However, the Beverages division improved the EBIT margin from -8.5% to -2.1% due to lower raw material prices and improvements in productivity and efficiency.

Cost of Goods Sold. Our cost of goods sold increased by 5.5%, less than our increase in net sales, to Rp.29,416.7 billion in 2020 from Rp.27,892.7 billion in 2019, mainly due to lower costs of our major raw materials.

Gross Profit. Our gross profit increased by 19.6% to Rp.17,224.4 billion in 2020 from Rp.14,404.0 billion in 2019, and our gross profit margin increased to 36.9% in 2020 from 34.1% in 2019 partly due to higher sales volume.

Selling and Distribution Expenses. Our selling and distribution expenses increased by 10.9% to Rp.5,549.5 billion in 2020 from Rp.5,006.2 billion in 2019. Given many of our selling and distribution expenses are variable, these expenses increased broadly in line with our growth in sales, remaining stable at 11.8% and 11.9% of our sales, respectively for 2019 and 2020.

General and Administrative Expenses. Our general and administrative expenses increased by 20.7% to Rp.2,557.5 billion in 2020 from Rp.2,119.6 billion in 2019, primarily due to the consolidation of Pinehill following the Pinehill Acquisition.

Other Operating Income. Our other operating income slightly decreased by 1.7% to Rp.426.7 billion in 2020 from Rp.434.3 billion in 2019.

Other Operating Expense. Our other operating expense increased by 9.9% to Rp.343.1 billion in 2020 from Rp.312.3 billion in 2019, primarily due to higher allowance for decline in value of fixed assets of Rp.94.4 billion and technical service expenses of Rp.22.3 billion.

Income Tax Expense. Our income tax expense increased by 22.3% to Rp.2,540.1 billion in 2020 from Rp.2,076.9 billion in 2019, primarily due to an increase in our profit before tax.

Income for the Year. As a result of the foregoing, our income for the year 2020 was Rp.7,418.6 billion, an increase of 38.4% from Rp.5,360.0 billion in 2019. After taking into account non-controlling interest, income for the year attributable to equity holders of the parent entity rose by 30.7% to Rp.6,586.9 billion from Rp.5,038.8 billion in 2019.

Year ended December 31, 2019 compared to year ended December 31, 2018

Net sales. Our net sales increased by 10.1% to Rp.42,296.7 billion in 2019 from Rp.38,413.4 billion in 2018, as a result of increase in sales from all of the divisions.

- *Noodles division.* Total sales from our Noodles division increased by 9.7% to Rp.27,712.0 billion in 2019 from Rp.25,263.5 billion in 2018, driven by growth in sales volume and higher average selling prices in 2019. This top line growth from both price and volume increases contributed to expanding our EBIT margin in the Noodles division to 21.9%.
- *Dairy division.* Total sales from our Dairy division increased by 6.7% to Rp.8,048.8 billion in 2019 from Rp.7,543.6 billion in 2018, primarily as a result of higher liquid milk demand in 2019. Amidst intensifying competition, the Dairy division continued to perform well in 2019, and our EBIT margin in the Dairy division expanded to 14.2%, mainly due to lower cost of sugar.
- *Snack Foods division.* Total sales from our Snack Foods division increased by 2.8% to Rp.2,636.8 billion in 2019 from Rp.2,564.1 billion in 2018, mainly due to higher sales of chips and extruded snacks in 2019. Higher sales of chips and extruded snacks resulted in improved EBIT margin in the Snack Foods division from -7.7% to -1.6% year-on-year, which was offset by expenses related to the closure of the biscuit operations in 2019.
- *Food Seasonings division.* Total sales from our Food Seasonings division increased by 60.6% to Rp.2,355.6 billion in 2019 from Rp.1,466.6 billion in 2018, partly as a result of the first full-year contribution of PT Nugraha Indah Citarasa Indonesia (“**NICI**”) powder recipe mixes since the product was brought into our portfolio following the acquisition of a 50% stake in NICI in October 2018. EBIT margin in the Food Seasonings division improved to 9.4% from 8.9% in the previous year.
- *Nutrition & Special Foods division.* Total sales from our Nutrition & Special Foods division increased by 17.1% to Rp.980.7 billion in 2019 from Rp.837.7 billion in 2018, primarily as a result of increased baby food sales in 2019. EBIT margin in the Nutrition & Special Foods division increased to 4.2% from 3.7% in the previous year, mainly due to better sales mix as well as cost efficiency and productivity improvements.
- *Beverages division.* Total sales from our Beverages division increased by 2.8% to Rp.1,884.2 billion in 2019 from Rp.1,832.3 billion in 2018, despite lower sales volume as a result of higher average selling prices in 2019. EBIT margin for the Beverages division improved from -16.3% to -8.5%, attributable to higher average selling prices as well as the lower cost of main raw materials and savings from more efficient operations.

Cost of Goods Sold. Our cost of goods sold increased by 6.7% to Rp.27,892.7 billion in 2019 from Rp.26,147.9 billion in 2018, slower than our increase in revenues due to lower costs of our major raw materials.

Gross Profit. Our gross profit increased by 17.4% to Rp.14,404.0 billion in 2019 from Rp.12,265.6 billion in 2018, and our gross profit margin increased to 34.1% in 2019 from 31.9% in 2018 primarily due to increased sales volumes.

Selling and Distribution Expenses. Our selling and distribution expenses increased by 13.0% to Rp.5,006.2 billion in 2019 from Rp.4,429.9 billion in 2018. Given many of our selling and distribution expenses are variable, these expenses increased broadly in line with our growth in sales, remaining stable at 11.5% and 11.8% of our sales, respectively, for 2018 and 2019.

General and Administrative Expenses. Our general and administrative expenses increased by 2.7% to Rp.2,119.6 billion in 2019 from Rp.2,063.9 billion in 2018, primarily due to general inflation of salaries, utilities and outsourcing expenses.

Other Operating Income. Our other operating income decreased by 47.0% to Rp.434.3 billion in 2019 from Rp.819.2 billion in 2018, primarily due to the non-recurrence of a gain arising from adjustment to the fair value of investment in subsidiaries of Rp.267.6 billion and a net gain on foreign exchange of Rp.179.2 billion which each occurred in 2018 as the value of the Rupiah fluctuated against the U.S. dollar.

Other Operating Expense. Our other operating expense increased by 118.4% to Rp.312.3 billion in 2019 from Rp.143.0 billion in 2018, primarily due to a net loss on foreign exchange of Rp.125.1 billion incurred from operating activities.

Income Tax Expense. Our income tax expense increased by 16.2% to Rp.2,076.9 billion in 2019 from Rp.1,788.0 billion in 2018, primarily due to an increase in our profit before tax.

Income for the Year. As a result of the foregoing, our income for the year 2019 was Rp.5,360.0 billion, an increase of 15.1% from Rp.4,658.8 billion in 2018 for the reasons specified above. After taking into account non-controlling interest, income for the year attributable to equity holders of the parent entity rose by 10.1% to Rp.5,038.8 billion from Rp.4,575.8 billion in 2018.

Liquidity and Capital Resources

Our liquidity requirements primarily relate to funding working capital, capital expenditures, debt service and maintaining cash reserves. We have historically financed our expansion and operations primarily through funds generated from our operations and financing under working capital facilities. Our Net Working Capital has varied significantly, to Rp.11,540.1 billion as at December 31, 2020 from Rp.10,068.6 billion and Rp.6,886.2 billion as at December 31, 2019 and 2018, respectively. The change in our Net Working Capital is primarily driven by changes in our cash balances, which are attributable to the timing of our cash flows from investing and financing activities which are variable from year to year as well as increasing cash generated from operations, which has generally been retained. The working capital required to support our operations is relatively stable. Our cash conversion cycle averaged 60 days over 2020, up from 50 days in 2019 primarily due to the technical impact of the consolidation of Pinehill, as the calculation uses year end balances while sales and cost of goods sold in 2020 only includes four months of Pinehill's operations. We have several specific working capital facilities to finance our working capital needs, see "*Description of Material Indebtedness*".

We expect that cash generated from our operations and bank loans will be our primary sources of liquidity going forward. Taking into consideration our financial resources from these sources, including our bank facilities described herein, we believe that we will have sufficient liquidity to meet our working capital and operating requirements and to service our debt for at least the next 12 months.

Cash Flows

The following table sets out a condensed summary of our cash flows:

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Consolidated Statement of Cash Flows:				
Net cash provided by operating activities	4,653.4	7,398.2	9,336.8	661.9
Net cash used in investing activities	(4,712.9)	(2,399.8)	(34,957.4)	(2,478.4)
Net cash provided by / (used in) financing activities	(4,242.1)	(1,266.1)	26,758.1	1,897.1
Net effect of changes in exchange rates on cash and cash equivalents	208.7	(95.5)	49.9	3.5
Net increase (decrease) in cash and cash equivalents	(4,092.9)	3,636.8	1,187.4	84.2
Cash and cash equivalents at the beginning of the year	8,796.7	4,703.8	8,340.6	591.3
Cash and cash equivalents at the end of the year	4,703.8	8,340.6	9,527.9	675.5

Net cash provided by operating activities

Net cash provided by operating activities increased by 26.2% to Rp.9,336.8 billion in 2020 from Rp.7,398.2 billion in 2019, primarily due to an increase in cash receipts from customers amounting to Rp.4,113.3 billion which correlated to the improvement in our operating results.

Net cash provided by operating activities increased by 59.0% to Rp.7,398.2 billion in 2019 from Rp.4,653.4 billion in 2018, primarily due to improvements in operational performance, as cash received from customers increased by Rp.3,954.2 billion.

Net cash used in investing activities

Net cash used in investing activities increased significantly to Rp.34,957.4 billion in 2020 from Rp.2,399.8 billion in 2019, primarily due to the Pinehill Acquisition for consideration of Rp.32,937.0 billion.

Net cash used in investing activities decreased by 49.1% to Rp.2,399.8 billion in 2019 from Rp.4,712.9 billion in 2018, primarily due to lower capital expenditure on fixed assets, which decreased to Rp.2,026.2 billion from Rp.3,511.6 billion.

Net cash provided by (used in) financing activities

Net cash provided by financing activities was Rp.26,758.1 billion in 2020 compared to net cash used in financing activities of Rp.1,266.1 billion in 2019, primarily due to the incurrence of the Pinehill Facility for the Pinehill Acquisition in 2020.

Net cash used in financing activities decreased by 70.2% to Rp.1,266.1 billion in 2019 compared to net cash used in financing activities of Rp.4,242.1 billion in 2018, primarily due to receipt of an additional loan in 2019.

Indebtedness

As of December 31, 2020, we had Rp.31,505.8 billion of indebtedness outstanding, of which Rp.29,012.5 billion related to the Pinehill Facility and available unused bank facilities of Rp.3,948.3 billion. Our indebtedness consists of short-term bank loans and overdrafts, long-term bank loans and other long-term debt. Most of our other outstanding indebtedness as of December 31, 2020 was denominated in Rupiah. See “*Description of Material Indebtedness*”.

Capital expenditures

Our capital expenditures consist primarily of expenditures associated with the expansion in our manufacturing capacity. The table below sets forth a breakdown of our historical capital expenditures for the periods indicated:

	For the Years Ended December 31,			
	2018	2019	2020	2020
	Rp.	Rp.	Rp.	US\$
	(Rp. in billions and US\$ in millions)			
Land rights and land improvements	1,891.5	15.1	63.2	4.5
Buildings, structures & improvements	492.0	514.0	381.3	27.0
Machinery & equipment	947.0	1,232.2	1,266.0	89.8
Transportation equipment	118.3	107.0	105.2	7.5
Furniture, fixtures and office equipment	87.9	107.4	20.5	1.5
Leasehold improvements	6.6	1.1	2.0	0.1
Gallon water	34.8	49.8	34.4	2.4
Total capital expenditure	3,578.1	2,026.6	1,872.5	132.8

We plan to add new machinery and build two noodle factories in Indonesia, and to add one new factory in Saudi Arabia which we expect to be completed by 2022. See “*Business—Business Strategies—Enhance Brand Equity and Leading Market Positions*”. We expect that the completion of these new factories, in addition to increase production capacity in several existing factories as well as future new factories, will increase our noodle production capacity by approximately 25% for domestic and 87% for overseas in stages up to 2025, compared to our production capacity as at December 31, 2020.

Our aggregate capital expenditure budget for 2021 and 2022 is Rp.4,048 billion and Rp.4,379 billion, respectively, and will primarily be used for expansion. We have funded, and plan to fund, such expenditures using cash from our internal cash flows, and if needed, bank loans.

Our overall expenditure levels and the allocation of such capital expenditures among projects remain subject to many uncertainties. We may increase, reduce, or suspend our planned capital expenditures or change the timing and area of our capital expenditure from the estimates described above in response to market conditions or for other reasons.

Contingent liabilities

As of the date of this Offering Memorandum, we are unaware of any current contingent liabilities that may have a material adverse impact on our business, results of operations or financial condition.

Off Balance Sheet Arrangements

As of the date of this Offering Memorandum, we do not have any off-balance sheet arrangements.

Quantitative and Qualitative Disclosure about Market Risk

Our businesses expose us to a variety of market risks, including interest rate risk, inflation risk, foreign exchange risk and commodity price risk.

Interest rate risk

Fluctuations in interest rates can affect our results of operations and businesses in a number of ways. We are subject to interest rate risk in relation to interest expenses under loan facilities that bear interest at floating interest rates plus a margin. Additionally, our interest income in connection with cash held on deposits at banks and time deposits is affected by fluctuations in interest rates. We historically have not used hedging instruments to hedge our interest rate exposure but may do so in the future. Based on December 31, 2020 indebtedness levels, a 50 basis-point change in prevailing market interest rates would cause our income before income tax expense for the year ended December 31, 2020 to change by Rp.527 million lower/higher, as a result of higher/lower interest charge on our loans and borrowings with floating interest rates.

Inflation risk

According to Government of Indonesia statistics, Indonesia's annual inflation rate, as measured by changes in Indonesia's consumer price index, was 3.13%, 2.72% and 1.68% in 2018, 2019 and 2020, respectively. Inflation affects our results of operations primarily by increasing costs for raw materials and fuel, as well as increases in wages and higher operating expenses, which we typically seek to address by raising prices. However, in competitive markets, our ability to pass on cost increases may be constrained. Significant inflation can also dampen overall demand for our products.

Foreign exchange risk

As of December 31, 2020, we had Rp.32,294.9 billion in net liabilities that were denominated in foreign currencies, primarily the Pinehill Facility. The Bonds offered hereby will also be denominated in foreign currency. As a result, we are subject to a certain level of foreign exchange risk. A depreciation of the Rupiah against these foreign currencies would result in an increase in the value of these liabilities in Rupiah, resulting in a foreign exchange translation loss. On the other hand, an appreciation of the Rupiah against these currencies would result in a decrease in the value of these liabilities in Rupiah terms, which would result in a foreign exchange translation gain. Additionally, as certain of our raw materials are priced in foreign currencies and the majority of our revenue is priced in Rupiah, our margins are exposed to changes in the value of the Rupiah relative to these foreign currencies. We currently hedge our foreign currency exposure over the short to medium term, as required by Bank Indonesia regulations.

Commodity price risk

A number of our raw materials are commodities, including wheat flour, cooking oil, raw milk and sugar and our energy costs, including electricity and fuel, are also impacted by changes in commodity prices. We are exposed to fluctuations in these prices and, accordingly, an increase in these prices could have a material adverse impact on our margins and in turn our financial condition, results of operations and prospects. We currently do not use hedging instruments to hedge our commodity price exposure but may do so in the future.

Critical Accounting Policies

We have prepared our consolidated financial statements contained elsewhere in this Offering Memorandum in accordance with Indonesian FAS. Our significant accounting policies are more fully described in Note 3 to our audited consolidated financial statements included elsewhere in this Offering Memorandum. Preparation of our consolidated financial statements in conformity with Indonesian FAS required our management to make judgments, estimates and assumptions as disclosed in Note 3 to our audited consolidated financial statements, that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities in our consolidated financial statements. Actual results reported in future periods may differ from those estimates. The critical accounting policies that our management believes to be the most significant are described below.

Business combinations and goodwill

Business combination, if any, are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the

amount of any non-controlling interests (“**NCI**”) in the acquiree. For each business combination, the Group elects whether it measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree’s identifiable net assets. Acquisition costs incurred are directly expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, if any, the equity interest in the acquiree previously held by the Group is remeasured to fair value at the acquisition date and gain or loss is recognized in profit or loss.

At the acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on bargain purchase after previously assessing the identification and fair value measurement of the acquired assets and the assumed liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s Cash Generating Units (“**CGU**”) that are expected to give benefit from the combination synergy, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGU.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed and the portion of the CGU retained.

If the initial accounting for a business combination is incomplete by the end of the reporting, the Group reports provisional amounts for the items for which the accounting is incomplete.

The measurement period is the period after the acquisition date during which the Group may adjust the provisional amounts recognized for a business combination. During the measurement period, the Group recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but shall not exceed one year from the acquisition date.

Receivables

The Group’s financial assets at amortized cost, among other, is accounts receivable.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Impairment of financial assets

For trade receivables, the Group applies a simplified approach in calculating expected credit loss. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime expected credit loss at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. Please refer to Note 2 of the consolidated financial statements for further information.

Fixed assets

Fixed assets are initially recognized at cost, which comprises their purchase price and any cost directly attributable in bringing the assets to their working condition and to the location where they are intended to be used. Subsequent to initial recognition, fixed assets, except land, are carried at cost less any subsequent accumulated depreciation and impairment losses, if any.

Depreciation or amortization of an asset starts when it is available for use and is computed using the straight-line method based on the estimated useful lives of the assets as described in the Note 2 of the consolidated financial statements.

Impairment of non-financial assets

The Group assesses, at each annual reporting period, whether there is an indication that an asset may be impaired. If such indication exists, or when annual impairment testing for an asset (e.g., an intangible asset with an indefinite useful life, an intangible asset not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in profit or loss.

In assessing the value in use, the estimated net future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations could be corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in profit or loss under expense categories that are consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the asset's or CGU's recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in profit or loss. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future years.

Accounting Standards Issued but Not Yet Effective

The accounting standards that have been issued up to the date of issuance of the Group's consolidated financial statements, but not yet effective are disclosed below. The management intends to adopt these standards that are considered relevant to the Group when they become effective, and the impact to the consolidated financial position and performance of the Group is still being evaluated as of the issuance date of the consolidated financial statements.

Effective beginning on or prior January 1, 2021

Amendments to PSAK 22: Definition of a business

The amendment to PSAK 22 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

These amendments effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2021 and to asset acquisitions that occur on or after the beginning of that period with earlier application permitted.

Amendments to PSAK 71: Financial instruments, Amendments to PSAK 55: Financial instruments: recognition and measurement, Amendments to PSAK 60: Financial instruments: disclosures, Amendments to PSAK 62: Insurance contracts, and Amendments to PSAK 73: Leases on interest rate reference reform—stage 2

Amendments to PSAK 71, Amendments to PSAK 55, Amendments to PSAK 60, Amendments to PSAK 62 and Amendments to PSAK 73 concerning Interest Rate Reference Reform—Phase 2 were adopted from IFRS concerning Interest Rate Benchmark Reform—Phase 2.

Interest Rate Reference Reform—Stage 2 addresses issues that may affect financial reporting during the benchmark interest rate reform, including the impact of changes in contractual cash flows or hedging relationships that arise from replacing the benchmark interest rate with a new alternative reference. These amendments amend the requirements of PSAK 71: Financial Instruments, PSAK 55: Financial Instruments: Recognition and Measurement, PSAK 60: Financial Instruments: Disclosures, PSAK 62: Insurance Contracts and PSAK 73: Leases related to:

- changes in the basis for determining the contractual cash flows of financial assets, financial liabilities and lease liabilities;
- hedge accounting; and
- disclosure.

Interest Rate Reference Reform—Stage 2 applies only to changes required by the benchmark interest rate reform for financial instruments and hedge relationships.

These amendments are effective as of January 1, 2021 with earlier application permitted.

Effective beginning on or after January 1, 2022

Amendments to PSAK 57: Provisions, contingent liabilities, and contingent assets regarding aggravating contracts—contract fulfillment costs.

This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contract is a burdensome contract.

The Amendments to PSAK 57 provide that costs to fulfill a contract comprise of costs that are directly related to the contract. Costs that are directly related to the contract consist of:

1. incremental costs to fulfill the contract, and
2. allocation of other costs that are directly related to fulfilling the contract.

An entity shall apply those amendments to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Earlier application is permitted.

2020 Annual improvements—PSAK 71: Financial instruments

This improvement clarifies the fees that are recognized by the borrower in relation to derecognition of financial liabilities. In determining the fee to be paid after deducting the fee received, the borrower only includes the fees paid or received between the borrower and lender, including fees paid or received by either the borrower or lender on other's behalf.

An entity applies the improvements to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Earlier application is permitted.

Effective beginning on or after January 1, 2023

Amendments to PSAK 1: Classification of liabilities as current or non-current

The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- what is meant by a right to defer settlement;
- that a right to defer must exist at the end of the reporting period;
- that classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. Earlier application is permitted.

THE PINEHILL GROUP

Overview

The Pinehill Group is principally engaged in the manufacture and sale of instant noodles in Saudi Arabia, Egypt, Kenya, Serbia, Morocco, Turkey, Nigeria and Ghana and the products are distributed in 33 countries and territories. The Pinehill Group holds licenses from ISM for the *Indomie*, *Supermi* and *Pop Mie* brands.

As of December 31, 2020, the Pinehill Group had twelve instant noodle factories in eight countries with a total annual production capacity of 10 billion packs. The Pinehill Acquisition also exposes us to certain new risks affecting our business, see “*Risk Factors—Risks Relating to the Pinehill Acquisition*”.

Structure of the Pinehill Group

Pinehill is an investment holding company established under the laws of the British Virgin Islands. In 2019, Pinehill and its subsidiaries underwent a restructuring exercise to form the Pinehill Group as it is currently structured. As of the time of the Pinehill Acquisition, Pinehill owned:

- (1) 59% of Pinehill Arabia Food Limited, a company incorporated in the Kingdom of Saudi Arabia which is primarily engaged in instant noodle manufacturing in the Kingdom of Saudi Arabia;
- (2) the entire issued share capital of Platinum Stream Profits Limited, a holding company incorporated in the British Virgin Islands, which owns 48.99% of Dufil Prima Foods Plc, a public company incorporated in the Federal Republic of Nigeria. Dufil Prima Foods Plc and its consolidated subsidiaries are primarily engaged in instant noodle manufacturing in the Federal Republic of Nigeria and the Republic of Ghana;
- (3) 59% of Salim Wazaran Group Limited, a holding company incorporated in the British Virgin Islands. Salim Wazaran Group Limited owns 80% or more of the shares in its subsidiaries which are engaged in the manufacturing and distribution of instant noodle in the Republic of Egypt, the Republic of Kenya, the Kingdom of Morocco and the Republic of Serbia; and
- (4) 59% of Salim Wazaran Gida Sanayi ve Yatirim Anonim Sirketi, a company incorporated in the Republic of Turkey. Salim Wazaran Gida Sanayi ve Yatirim Anonim Sirketi is a holding company owning 80% of Adkoturk Gida Sanayi ve Ticaret Limited Sirketi, a company incorporated in the Republic of Turkey and primarily engaged in manufacturing, selling and distributing of instant noodle in the Republic of Turkey.

Historical Relationship and Strategy of the Acquisition

We have had a long and close business relationship with the Pinehill Group prior to the Pinehill Acquisition. As a key supplier of flavorings and packaging to Pinehill Group, we have developed a deep understanding of Pinehill Group’s markets and we believe we are well placed to drive expansion into new flavors and product categories, and into new demographic and geographic markets based on our historical ties and combined market knowledge.

As the main business of the Pinehill Group is in the manufacturing and sale of instant noodles in Africa, the Middle East and South Eastern Europe, we believe the acquisition is directly in line with the development and expansion of our core business. In addition, the acquisition positions us in new growth markets in which Halal products are the primary choice, given that all our products are also Halal.

The Pinehill Group is well established in its fast-growing markets in Africa, the Middle East and South Eastern Europe. In addition, Pinehill Group has a wide distribution network in 33 countries/territories with a total population of approximately 885 million people. As such, the acquisition is expected to enable us to evolve into a global food products manufacturer with a strong global market share in the instant noodles market.

The Pinehill Group’s markets for instant noodles, which cover a total population of more than three times the population of Indonesia, are growing very rapidly. With an average consumption of instant noodles per capita that is still very low compared to Indonesia and other high consumption markets, the rapid growth in these markets is expected to continue in the foreseeable future. As a result, we expect that the acquisition will be a significant contributor to our future growth.

Our provision of technical services to the Pinehill Group’s instant noodles manufacturing operation ensures that equipment and machinery used in its instant noodle production factories are sourced from the same suppliers as the equipment and machinery used in our noodle factories in Indonesia and Malaysia. Procedures and policies are modeled on those we have in place, in order to ensure quality manufacturing processes and consistency for the *Indomie* brand. Historically, we have been a provider of technical services to the Pinehill Group and in doing so we acquired a detailed knowledge of the Pinehill Group’s operations and we are confident that the integration of the Pinehill Group into our organization poses low risks.

Further, the Pinehill Group's extensive factories and distribution networks in Africa, the Middle East and South Eastern Europe provides valuable and readily available platforms for us to distribute and manufacture our other consumer-branded products, which are currently mainly produced and distributed in Indonesia, in the Pinehill Group's fast-growing markets.

We believe that the Pinehill Group's key strengths include well established factories and supply chains and extensive distribution networks in its key markets. Local manufacturing is important as some of Pinehill Group's markets have inefficient import procedures, import tariffs or in some cases import bans. Distribution and market share also go hand-in-hand, as given the relatively low level of consumption per capita in many of Pinehill Group's markets, an extensive distribution network can only be justified and supported by significant market share.

For more information on Pinehill Group's operations and factories, see "*Business—Factories—Noodles Division*".

Key Terms of the Pinehill Agreement

Purchase Price:

The total purchase price paid by us for the Pinehill Acquisition was US\$2.998 billion, which was paid to the Sellers in amounts equal to the proportion of their ownership, as follows:

- US\$2,348,000,000 was paid to the Sellers in cash on the Completion Date; and
- US\$650,000,000 was retained by us (such amount, the "**Retention Amount**") to account for any purchase price adjustments pursuant to the Profit Guarantee (as defined below) provided in the Pinehill Agreement. As a result of any adjustment to the purchase price, the Retention Amount would be reduced by an amount equal to the amount of the adjustment value, following which the remaining balance of the retention amount (if any) together with one time compensation of 2.63% of such remaining balance of the Retention Amount which should be paid to the Sellers on April 30, 2022 (or such later date as an adjustment to the purchase price, if any, is definitively determined).

Profit Guarantee:

Under the Pinehill Agreement, the Sellers have agreed to guarantee (the "**Profit Guarantee**") that the average audited consolidated net profit after tax of the Pinehill Group attributable to the equity holders of Pinehill for financial years 2020 and 2021 (the "**Guaranteed Period**") is at least US\$128.5 million per annum (the "**Guaranteed Profit**"). Subject to a deviation tolerance of 5% (as described below), if the annual Guaranteed Profit is not achieved then the total purchase price payable under the Pinehill Agreement will be adjusted pursuant to the following formula:

Adjusted Value = (Guaranteed Profit – Actual Profit) x PE Pinehill Group; where

- "Guaranteed Profit" is US\$128,500,000;
- "Actual Profit" is the actual average audited consolidated net profit after tax of the Pinehill Group for the Guaranteed Period as set forth in the consolidated financial statements of Pinehill for the years 2020 and 2021; and
- "PE Pinehill Group" is the agreed price earnings multiple of 23.

The terms of the Profit Guarantee allow a 5% deviation tolerance before an adjustment is triggered, however, once an adjustment is triggered, the amount to be deducted from the total purchase price will be based on the entire shortfall, multiplied by PE Pinehill Group, as set out in the formula above.

If the Adjusted Value exceeds the Retention Amount then there would be no compensation paid by us to the Sellers and the Sellers would be obligated to pay in full the shortfall amount to us on April 30, 2022 or such later date as any adjustment to the purchase consideration is definitively determined.

If the Actual Profit, after taking into account a 5% deviation tolerance, exceeds the Guaranteed Profit then no upward adjustment of the total purchase consideration will be made. The Retention Amount is recorded under "Other long-term liabilities" in our consolidated financial statements.

Recent Trends of the Pinehill Group

Pinehill's revenue for the year ended December 31, 2020 increased by 21.4% compared to the revenue for the year ended December 31, 2019, primarily driven by increasing sales volumes. Pinehill disaggregates its revenue

into three regions: Africa, the Middle East and Others (primarily South Eastern Europe). The Middle East accounts for the large majority of revenue, with a smaller portion of revenue derived from Africa and Others. All three geographies have recently experienced revenue growth, with Others and Africa growing most rapidly, albeit from a low base.

Pinehill's expenses related to cost of goods sold have also been increasing broadly in line with its growing revenue, resulting in a stable operating margin. General and administrative expenses have been increasing at a lower rate than revenue, while selling and distribution expenses have decreased, partly due to lower advertising and promotion spend due to the COVID-19 pandemic.

From a balance sheet perspective, Pinehill's borrowings have been fully repaid and Pinehill now has an insignificant level of finance costs as compared to the year ended December 31, 2019. Primarily due to the decrease in finance costs compounded by its growing revenue, Pinehill's profit before tax and net income have nearly doubled in 2020.

BUSINESS

Overview

We are a leading player in the consumer branded products sector in Indonesia where we produce and market a diverse range of products in categories including noodles, dairy, snack foods, food seasonings, nutrition and special foods, and beverages. We provide everyday solutions for consumers of all ages across market segments with more than 30 leading product brands. Many of our product brands are market leaders and enjoy high brand recognition in their respective categories, having gained the trust and loyalty of millions of consumers over decades.

Our operations are supported by more than 60 factories located in key areas across Indonesia. This puts us in close proximity with our customers and ensures product freshness and availability. Besides Indonesia, we also export our products worldwide. As part of our core business expansion strategy, we acquired Pinehill, an instant noodle producer with more than 20 manufacturing facilities (including supporting facilities) in Africa, the Middle East and South Eastern Europe, making us one of the world's largest instant noodles producers with a strong market share globally.

We are a member of the Indofood Group of companies. Our parent company, ISM and its subsidiaries operate in all stages of food manufacturing from the production and processing of raw materials to the manufacture and distribution of consumer food and beverage products. The Indofood Group capitalizes on economies of scale and a resilient business model with four complementary business groups, namely: consumer branded products, Bogasari a flour producer, agribusiness and distribution. As part of the Indofood Group, our operations are supported by our parent company's extensive raw materials production and finished product distribution network allowing us to meet market demands in a timely and efficient manner.

We originated out of the consumer branded product business group of our parent company, where the business operations began in 1982 with the production of instant noodles. The Indofood Group entered into nutrition and special foods in 1985, and in 1990, expanded into snack foods. The food seasonings business was set up in 1991. We entered the dairy business in 2008. In 2009, all of these businesses were restructured to establish us. Since our establishment as a separate entity, we have continued developing our businesses and strengthened our leading position in most of our market segments. We also operate a packaging business, producing both flexible and corrugated packaging to support our core business.

We completed our initial public offering in 2010 and are listed on the Indonesian Stock Exchange under the trading symbol "ICBP". As of December 31, 2020, our market capitalization was Rp.111,662.8 billion.

We focus on the following business categories:

Noodles. We are one of the world's largest instant noodles manufacturers and the market leader in Indonesia, Egypt, Saudi Arabia, Turkey, Nigeria and United Arab Emirates, according to Euromonitor. The Noodles division produces and markets instant noodles products in various brands and formats that serve different market segments. *Indomie*, our flagship brand, has stayed top-of-mind among consumers. *Supermi*, *Sarimi* and *Sakura* are equally entrenched as familiar household brands in bag noodles, while *Mie Telur Cap 3 Ayam* is an egg noodle brand popular among consumers, noodle street vendors and traditional food services. In the cup noodle category, *Pop Mie* is also the Indonesian market leader. In our overseas markets, *Indomie* is also our flagship brand while *Supermi* and *Sarimi* are also available in the markets to complement *Indomie* in different segments of the business. In the cup noodle category, *Indomie Cup* and *Pop Mie* are also market leaders in several countries.

Our packaging unit produces flexible and corrugated packaging to support other divisions operations and plays a pivotal role in assuring product quality and safety from the factory to the table.

Dairy. We are one of Indonesia's leading dairy producers with a broad range of products including UHT milk, sterilized bottled milk, SCC, evaporated milk, pasteurized liquid milk, multi cereal milk, milk flavored drinks, powdered milk, ice cream and butter. Our Dairy division is recognized for its distinguished brands and quality products. Our dairy products are marketed under the household names of *Indomilk*, with more than 50 years of market presence in Indonesia, *Cap Enaak*, *Kremer*, *Tiga Sapi*, *Indomilk Kids*, *Indomilk Good To Go* and *Milkuat*; and ice cream under *Indofood Ice Cream* and butter products under *Orchid Butter*.

Snack Foods. Our Snack Foods division produces modern snacks and contemporized traditional Indonesian snacks made from potato, cassava, soybean and corn, as well as various extruded snacks marketed under the *Chitato*, *Qtela*, *Jetz* and *Chiki* brands. *Chitato* and *Qtela* are market leaders in Indonesia, with a presence of more than 30 years and 10 years, respectively.

Food Seasonings. Our Food Seasonings division is one of the leading producers of culinary products in Indonesia. Our offerings, which range from soy, chili and tomato sauces to recipe mixes, are marketed under *Indofood* and *Indofood Racik* brands.

Nutrition and Special Foods. Our Nutrition & Special Foods division is one of the leading players in Indonesia's baby food industry. This division produces a range of nutritionally balanced specialty foods that adhere to the highest international food safety standards at several price points. These include baby cereals, baby snacks (rice puffs, crunchies, biscuits and puddings) and noodle soups for infants and toddlers, milk for expectant and lactating mothers, and cereal powdered drinks which are marketed under the *Promina*, *SUN* and *GoWell* brands.

Beverages. Our Beverages division offers a range of ready-to-drink teas, packaged water and fruit flavored drinks, which are marketed under *Ichu Ocha*, *Club* and *Fruitamin* brands.

We employed a total of 35,355 employees as of December 31, 2020. Our net sales were Rp.38,413.4 billion, Rp.42,296.7 billion and Rp.46,641.0 billion in 2018, 2019 and 2020, respectively. Our income for the year attributable to equity holders of the parent entity were Rp.4,575.8 billion, Rp.5,038.8 billion and Rp.6,586.9 billion in 2018, 2019 and 2020, respectively.

Competitive Strengths

Leading Packaged Food Player in Markets

Indonesia's packaged food industry is sizeable and growing steadily as consumer demand increases along with rising disposable income. According to Euromonitor, we are the number one player in the industry with approximately 11% retail value share in 2020. Compared to our competitors, we are 2.6 times larger than the second largest player and 5.8 times larger than the second largest local packaged food player.

We provide daily food solutions to our consumers including noodles, dairy, snack foods, food seasonings, nutrition and special foods and beverages products. We enjoy leading market positions in many of our product categories. Based on Euromonitor's total retail sales value in 2020, we were the market leader in the noodles industry with 73.0% market share. Our Dairy division which has been present in Indonesia's dairy industry for more than five decades, has a market share of 33.9% and 10.4% in condensed milk and drinking milk categories, respectively. It positioned us as the number two and number four player in the respective categories. In addition, we are the largest producer of salty snacks with 21.5% market share, number one in the dry sauces category with 35.6% market share and the second largest player in chili sauces with 21.4% market share.

Our *Indomie* noodles brand is not only strong in the Indonesian market but also internationally. Currently the consumption per capita ("CPC") of instant noodle in Indonesia is around 3.8 kilograms while South Korea has the highest CPC of 8.5 kilograms and Malaysia has a CPC of 5.4 kilograms. In our markets outside South-East Asia, CPC in Egypt, Saudi Arabia and Nigeria are still lower at approximately 0.7, 1.4 and 1.0 kilograms per capita, respectively, according to Euromonitor. Looking at such CPCs, there is still tremendous potential growth of instant noodle in Indonesia and our other markets. Based on Euromonitor's total retail sales value in 2020, we were positioned as the number one player in the Middle East and Africa, number two player in Australasia and number three player in Asia Pacific with 29.7%, 16.0% and 6.9% market share respectively.

Strong Brand Awareness and Brand Equity

We believe our brands are among the strongest brands in their markets with significant mindshare and have gained the trust and loyalty of millions of consumers over decades. Our brands have received multiple awards. Based on Kantar Indonesia's Brand Footprint 2020 publication, *Indomie* continues to be the most chosen brand in Indonesia for six consecutive years while *Indomilk* has been one of the top three most chosen Dairy brands in Indonesia for the last three consecutive years. Similarly, based on Kantar Brand footprint 2020 publication, *Indomie* has been one of the top three most chosen food brands in the world for the last five consecutive years.

In a study conducted by NielsenIQ, both our brands and corporate brand have shown excellent exposure to consumers. The study shows that 90% or more consumers are aware of *Indomie*, *Indomilk*, *Chitato*, and *Sambal Indofood*. Similarly, our corporate brand *Indofood* also has high total brand awareness at 97% of respondents and has become the top of mind brand compared to other multinational and local food and beverage companies that operate in Indonesia.

We believe that our strong brand awareness and brand equity as well as leading market positions will not only reinforce our ability to maintain a resilient and sustainable business, but also provide us with an invaluable platform to introduce new categories and products in order to increase our market share. See "*Marketing*".

Access to Extensive Distribution Network and End-To-End Supply Chain

As a leading packaged food player, it is key to ensure the availability of quality finished products to consumers hence we continue to strengthen our supply chain by diversifying our raw material sourcing. As part of the Indofood Group, we have access to a steady supply of quality key raw materials such as wheat flour and cooking oil. We also cooperate with local farmers to get quality fresh raw materials such as potatoes, cassavas, chili and fresh milk.

To support our operations, we operate 86 production facilities, comprising 30 noodles factories (which consist of 17 in Indonesia spread across the country, one in Malaysia and 12 in Africa, the Middle East and South Eastern Europe) as well as seven dairy factories, three snack foods factories, three food seasonings factories, one nutrition and special foods factory and 19 beverages factories in Indonesia. In addition, we have 23 supporting facilities which consist of 12 in Indonesia and 11 spread across Africa, the Middle East and South Eastern Europe.

As part of the Indofood Group, we benefit from Indofood's distribution arm which has an extensive network to service Indonesia, an archipelagic market which has a population of approximately 270 million people. We distribute our products primarily through Indofood's distribution arm as well as through third-party distributors. Indofood's distribution arm has a wide-reaching coverage of 26 branches and headquarter spanning across Indonesia, while most of its competitors are regional. It has more than 1,300 distribution points throughout Indonesia, with each distribution point generally located in areas with a high density of retail outlets and/or near traditional markets serving the retail outlets. Indofood's distribution arm is able to cover an extensive distribution network of around 750,000 registered retail outlets across the nation. We also continue to maintain and grow our relationships with third-party distributors in order to distribute our products more widely.

We believe that the large number of distribution points and their proximity to demand centers provides us with a significant competitive advantage, allowing faster and more frequent deliveries, which enhances product availability and freshness. Indofood's distribution arm is also supported by a management information system that is able to provide market information to us on a timely basis, allowing us to closely monitor the market and respond more quickly to market changes. Such an extensive distribution network has proven to be a key success factor as reflected in a NielsenIQ study which shows that our products are perceived to be much more easily found as compared to other multinational and local food and beverage companies' products.

In addition, our products are also available in more than 100 countries around the world. We have broad distribution capabilities with over 100 distributors in overseas markets which allow us to ensure easy access to our consumers.

Best-in-class Operations Supported by Strong Execution and Continued Economies of Scale

We have been developing our core noodles business for the past 50 years, and now we have a total of 30 factories across Indonesia, Malaysia, Africa, the Middle East and South Eastern Europe, with an annual production capacity of 29 billion packs. This has enabled us to become one of the largest instant noodle producers in the world and the largest packaged food producer in Indonesia, according to Euromonitor, with significant sales volume. Furthermore, we are able to achieve economies of scale which further maintains our competitive advantage. By having multiple production facilities for various products, which are located in key areas across Indonesia and the ability to access Indofood Group's raw material supplies and extensive distribution network, we enjoy strong synergies with the Indofood Group in terms of securing major raw materials supply with consistent quality and increasing traceability as well as capturing and serving demand across Indonesia in timely and cost-efficient manner. We believe our economies of scale combined with our leading market positions, also enable us to conduct significant advertising and promotional activities in a cost-efficient manner.

With continuous efforts to innovate and refresh our product portfolio as well as improve productivity and efficiency, we have been able to continuously grow both revenue and EBIT. Since 2010 our revenue has grown from Rp.17,960.1 billion to Rp.46,641.0 billion in 2020, whilst our gross profit margin grew from 27.7% to 36.9% and EBIT margin from 14.2% to 19.7%, respectively over the same period. This increased revenue and profitability has been driven by:

- our pricing power for our main brands, where we have a leading market share, and strong brand equity. This enables us to increase prices and to pass on the increased costs of raw materials to our customers;
- we have integrated sales and marketing strategies, which have driven strong volume growth allowing us to achieve economies of scale;
- we have continued to launch new products on an annual basis, to refresh our portfolio and to ensure our products meet and exceed the evolving consumer demands; and

- our continued investments in our factories, to ensure we can increase productivity through increased automation and investing in new high-speed machinery.

Diversified Portfolio and Geography with Track Record of Continuing Product Innovation

We are the largest packaged food producer in Indonesia based on Euromonitor's retail sales value, with a wide range of products. Many of our products have been used by many Indonesian households for decades, providing solutions for their daily food needs. We provide a wide range of everyday food products, including staples, snacks and nutritional food products, which are targeted at multiple market segments and offer us a diversified revenue source.

We believe that our experience in selling these products to consumers in Indonesia over many years provides us with a unique understanding of consumer tastes and preferences. This has allowed us to innovate and successfully develop new products targeting specific consumer segments. Our field team continually evaluates the market to gain a better understanding of consumer tastes and preferences. We have a successful track record of product development. We introduced approximately 100 products and product variants during 2018-2020 and launched 11 new products between January 1, 2021 up to April 2021. We continue to develop new products and flavors to meet consumer expectations, for example by launching *Indomie Hype Abis Series* with *Ayam Geprek*, *Mi Goreng Chitato Rasa Sapi Panggang*, *Seblak* and *Mieghetti Bolognese* flavors during 2019-2021. Adapting to increasing health awareness, partly triggered by the COVID-19 pandemic, we launched *Supermi Nutrimi* at a slightly premium price in 2021 to cater to health-conscious consumers as the noodle is made from broccoli, is flavored with from mushroom powder, contains no preservatives and has a chicken steak flavor which we believe appeals to target consumers. We also complemented our cup noodle variants with spicy flavors in 2017-2018, while the latest development for our cup noodles in 2020 was *Pop Mie Panas* combining instant noodles and rice as Indonesians love to eat rice with noodles. For Dairy, we entered into multi cereal milk by launching *Indomilk Good To Go* which is intended to provide a nutritional solution for Indonesian consumers with a milk product which is high in fiber and helps to keep people energized during the day. We expanded our product range and format for condensed milk and liquid milk through the launch of a pouch format in 2019, which is more convenient and economical. We also introduced the Vanilla Marie biscuit flavor in 2020.

Indonesia has a young population with around 39% of its population being under 23 years old; with internet penetration reaching to 197 million people, this has resulted in rising digitization and popularity of social media primarily among the youth and young adults, according to the Indonesian Internet Service Providers Association. Youth is therefore an important target segment for us to reach and tap into. Our ability to create viral campaigns as well as developing new innovations that cater to them is key to reaching and winning this population segment. To ensure relevancy to teenagers who enjoy the taste of bold and spicy flavors, we launched *Chitato Maxx* in 2019.

We are also geographically diversified, through our existing export business, as well as the new markets we have entered through the Pinehill Acquisition. Pinehill Group's core markets in Africa, the Middle East and South Eastern Europe markets have a combined population of 550 million people with access to another 335 million people in the surrounding markets.

Experienced Management Team

Although we have a relatively short history as a separate legal entity, our management team consists of experienced and qualified professionals with a deep understanding of the markets in which we operate and a successful track record in managing our businesses. Our key executive management team comprises 10 directors with extensive industry experience in Indonesia with an average of more than 20 years of experience in the food industry.

We have experienced management, marketing and technical teams which have over the years demonstrated the ability to integrate our various businesses, develop brand recognition and customer loyalty, develop an extensive product portfolio, acquire extensive industry know-how and achieve cost efficiencies from economies of scale. We believe the quality of our management team is vital to sustaining and growing our business in the midst of increasing competition.

Business Strategies

Enhance Brand Equity and Leading Market Positions

To continuously enhance our brand equity and leading market positions, we plan to:

- *Continue to expand our product portfolio through new product development.* We intend to continue investing in product development and enhancement to meet changing customer preferences and needs. Our field team

continually evaluates the market to better understand consumer preferences. We are also continually reviewing the development of new products, flavors and packaging for our existing products. From time to time, we also introduce new product categories. We have traditionally focused on product categories in which we believe there is strong growth potential, are margin accretive and where we could establish and maintain leading domestic market shares, appeal to local tastes, gain wide acceptance and create brand loyalty, among others:

- We conducted a major re-launch of *Indofood Soy Sauce* in 2020 which included a formula upgrade, packaging design revamp, new pack sizes, new communication methods, aggressive distribution and increased in-store visibility, along with competitive pricing and attractive promotions. Recently, we also launched *Racik Nasi Goreng Special Sausage* variant in March 2021 which allows us to differentiate ourselves from existing products in the market using sausage toppings, which is well-loved by kids and families.
- We expanded into the baby snack category by launching *Promina Pudding* in 2017, for babies to transition to solid foods using ingredients such as skimmed milk and full cream. We launched *Promina Puffs*, a rice-based snack product with two flavors in 2017 (Banana and Blueberry) and two flavors in 2019 (Strawberry Apple and Sweet Potatoes), and further expanded by launching *Promina Crunchies Cheese* flavor in 2019, a corn-based snack product with cheese.
- In October 2018, we launched our first multi cereal liquid milk with a new brand *Indomilk Good To Go* targeting the growing “breakfast and meals on-the go” segment. It mainly caters to 20-35-year-old youths with busy lifestyles. In March 2019, we also launched an innovative pouch format of *Indomilk SCC* with a unique “air holder” design which is easier to hold, open and store, while in the fourth quarter of 2020, we launched the first evaporated milk with Tetra Pak packaging in Indonesia, providing economical and convenient advantages compared to traditional packaging which were typically imported in canned format in the HoReCa segment.
- *Continue to expand production capacity.* We plan to add machinery and to build two noodle factories in Indonesia. Internationally, we are in the process of adding a new factory in Saudi Arabia which we expect to be completed in 2022. Aside from noodles, we also plan to add capacity for various product lines in dairy, snack foods and food seasonings in the next five years.
- *Deepen distribution penetration in rural areas.* Even though approximately 44% of Indonesia population resided in rural areas in 2019, according to World Bank, value contribution of FMCG industry in rural area was only 11.6% in 2020, according to NielsenIQ. As the purchasing power of consumers in the rural areas has been growing along with increasing monthly wages, we plan to intensify our rural development program through deepening our distribution penetration and expanding our product offering in conjunction with various marketing and other initiatives.

Continue to Optimize Operational Efficiency and Productivity

We will continue our efforts to control costs by seeking to optimize operational efficiency and productivity through improvements in the production processes. We re-evaluate processing parameters on an ongoing basis with a focus on reducing and minimizing waste generated during production. We are also gradually increasing automation levels to enhance productivity and continue to provide training for employees in order to increase their technical skills. For example, our Dairy division applies Industry 4.0 through using real time data from shop floor to top floor, end to end, to drive the efficiency and productivity without compromising on quality. Our first-time quality indicator in our Dairy division has improved from 98.8% in 2018 to 99.7% in 2020.

Internal energy auditors of our Noodle division are trained and qualified to conduct energy audits to identify and implement energy saving opportunities and initiatives, which resulted in reducing our Noodle division’s energy use by 10.7% over three years. We advocate energy efficient operations through the implementation of systems to improve the management and monitoring of energy consumption at each operating unit. We have appointed an energy manager in each operating unit to actively monitor and manage energy usage in operations. They are required to conduct energy audits to identify opportunities for energy savings, such as steam condensate recovery, clean-in-place system, water recycling from waste water treatment plants (WWTP) and the optimization of machine load operations. We have focused on the implementation of such systems on factories with high energy consumption, and the intention is to expand the implementation to other smaller operating units.

Continue to Strengthen Supply Chain Value from Domestic Producers

To ensure the availability and quality of our raw materials supply and the traceability for fresh raw materials that can be produced domestically, we intend to continue to strengthen our supply chain by increasing our level of cooperation with local farmers. We currently source the majority of our potatoes, cassava and chili from domestic

farmers. In addition, since 2020 we have started breeding chipping potato seedling for local agriculture in order to support horticultural activities and participate in the development of new food barns in North Sumatra. By strengthening our supply chain value from domestic producers, we are also able to increase efficiency, lower raw material costs, and diversify away from international imports, thereby reducing our foreign currency exposure.

Our Product Range and Brands

We have a diversified portfolio of packaged food products under various brands.



Our principal brands, which we license from ISM (other than dairy and water) as well as some snack foods product brands, are as follows:

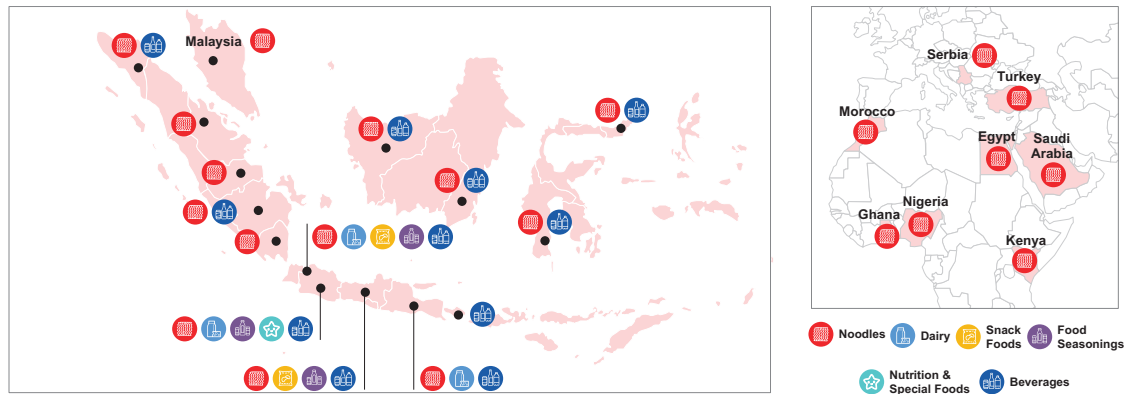
<u>Noodles</u>							
<u>Dairy ⁽¹⁾</u>							
<u>Snack Foods</u>							
<u>Food Seasonings</u>							
<u>Nutrition & Special Foods</u>							
<u>Beverages</u>							

(1) Own brands. Other than "Indofood Ice Cream" which is an ISM brand.

Production Facilities

We have 86 production facilities that service our businesses, each producing a certain set of product lines. Our primary facilities are distributed as follows: 62 in Indonesia, 29 of which are noodles and supporting factories

(including North Sumatra, Riau, Jambi, South Sumatra, Lampung, Jabodetabek, West Java, Central Java, East Java, Bali, West Kalimantan, South Kalimantan, South Sulawesi and North Sulawesi), one in Malaysia, as well as 23 in Africa, the Middle East and South Eastern Europe, 12 of which are noodles factories and supporting spread factories across (i) Africa (Nigeria, Ghana, Kenya and Morocco), (ii) the Middle East (Egypt, Saudi Arabia and Turkey) and (iii) South Eastern Europe (Serbia). The map below shows the locations of our production facilities. In general, our production facilities are well-utilized, and we seek to expand our production capacity when our current facilities reach 80-85% utilization.



Noodles Division

Our Noodles division operates 17 factories and 12 supporting facilities in Indonesia, as well as 13 factories and 11 supporting facilities outside of Indonesia. We have an annual production capacity of around 29 billion packs as of December 31, 2020, around 19 billion packs of which are produced in South-East Asia and around 10 billion packs of which are produced in Africa, the Middle East and South Eastern Europe.

Dairy Division

To support our Dairy division, we operate seven factories in Java with an annual production capacity of more than 800,000 tons.

Snack Foods Division

The Snack Foods division operates three factories in Java, with a total annual production capacity of around 50,000 tons.

Food Seasonings Division

The Food Seasonings division operates three factories in Java with an annual production capacity of more than 150,000 tons.

Nutrition & Special Foods Division

To support our Nutrition & Special Foods division, we have a factory in Padalarang, Java with an annual production capacity of 25,000 tons.

Beverages Division

To support our Beverages division, we operate 19 factories across Indonesia with a total annual capacity of around three billion liters.

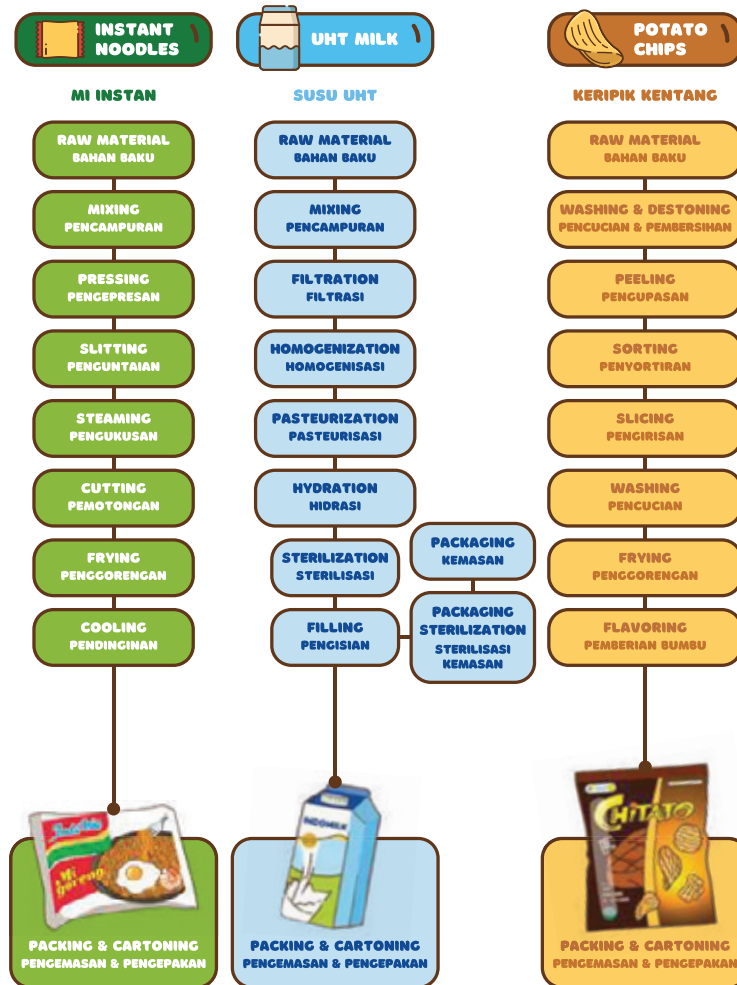
Packaging

In addition to our food and beverage production facilities and factories, we operate four corrugated packaging and four flexible packaging plants to support our operations.

Production Process

We have various production processes reflecting our wide range of product lines, the figure below provides an overview of three of our main product's production process: instant noodles, UHT milk and potato chips. All our

production processes are engineered with quality control, halal considerations and efficiency in mind, as discussed in turn below.



Quality Control

Food safety remains our top priority, and we commit to deliver only safe and high-quality products to our consumers in both Indonesia and overseas markets. We have implemented a comprehensive total quality management program and adhere to a strict quality control system throughout our value chain, from the raw material sourcing, to manufacturing processes including packing and product labeling, to distribution. We always strive to source high quality raw materials. Before appointing a supplier, we perform a supplier audit to ensure its production process fulfills the requirements. The incoming raw materials are inspected thoroughly through various processes to ensure that they fulfill our quality standards. Throughout the production process and just before the finished goods are distributed, all of our products must pass through various quality control inspections in accordance with our standard operating procedures. We also monitor the inventories at our distributors and retail outlets to ensure product freshness. Defective or expired products may be returned to us for disposal and replaced with new products.

Our production processes are certified to various international quality and food safety standards including ISO 9001, Hazard Analysis and Critical Control Points (“HACCP”), Food Safety System Certification (“FSSC”) 22000, ISO 22000, as well as ISO 17025 for laboratory competence. Each division adopts the system that is relevant to their business.

Each of our operating units has a designated quality assurance and control team to manage the food safety and quality control systems. Regular training is provided to these teams on food safety and quality control regulations and practices. We regularly assess our operating units by internal and external auditors to ensure consistency in the implementation of food safety and quality standards.

We provide essential information on product labels in accordance with prevailing laws and regulations. All of our products are clearly labeled with essential information about the product, including ingredients, nutritional values, date of expiry, place of production, and feedback channels.

Halal Products

We only produce halal products that comply with the halal requirements set by the Indonesian Government and other authorized institutions, where required. Our operating systems are certified in accordance with the Indonesian Halal Product Assurance Organizing Agency's (*Badan Penyelenggara Jaminan Produk Halal*—BPJPH) Halal Assurance System which ensure that the halal requirements are fulfilled across the supply chain from acquisition of raw materials to production and distribution. All of our suppliers and partners are required to conform to the same halal requirements.

As a member of the Indofood Group, we have joined the Indofood Halal Secretariat, comprising representatives from all divisions within Indofood Group, as part of our continued effort to monitor, audit and enforce halal compliance across our operations.

Packaging

Our packaging unit is a critical element our business strategy and plays a pivotal role in assuring product quality along the entire supply chain from factory to market. The packaging division has two operating units: corrugated packaging and flexible packaging.

Proper product packaging is essential to ensure food safety and quality control. All of our packaging is made of food-grade raw materials.

To minimize the environmental burden caused by post-consumer packaging waste, we continually strive to adopt innovative packaging designs to reduce the size and weight of our product packaging while also minimizing waste in the manufacturing process. We also recycle plastic waste from flexible packaging production into recycled resin pellets.

The reduction of post-consumer packaging waste is a multi-stakeholder effort. Together with other retail industry leaders in Indonesia, we have initiated the Packaging and Recycling Alliance for Indonesia Sustainable Environment (“**PRAISE**”) movement to tackle the post-consumer waste issue in Indonesia. PRAISE advocates the extended stakeholder responsibility concept in sustainable solid waste management. It empowers stakeholders through collaborative actions and provides a platform for the sharing of best practices, regulatory updates and dialog on issues related to solid waste management.

Pricing

When determining our pricing strategy, we take a number of factors into account in order to allow us to grow our business and realize our expected margin, including our corporate and marketing strategies, input costs, purchasing power, competition and logistics expenses. For example, we have managed to raise noodles prices in Indonesia each year and our sales volume has not been adversely affected over the last ten years.

Marketing

Our advertising and promotional expenses were Rp.1,359.4 billion, Rp.1,543.6 billion and Rp.1,884.4 billion, which accounted for 3.5%, 3.6% and 4.0% of net sales in 2018, 2019 and 2020, respectively.

We invest in our brands to promote brand awareness and brand loyalty through a comprehensive marketing strategy using multiple communication channels and a creative and innovative approach. In addition to above-the-line mass media advertising, we also have creative below-the-line activities, including brand activation, targeted promotions that seek to stimulate consumers' interest, encourage trial of our products and develop brand loyalty. Our level of expenditure for each product category varies and is dependent upon a number of factors, including our strategy for a particular product, the estimated potential size of the market, competition, and other factors. For example, we may need to increase spending on advertising and promotion to protect existing market share or increase market share. We would typically incur a higher level of expenditures for a launch of new products.

Our basic principle of marketing is “how do we reach out to our consumers”, and to be close to our consumers. Our goal is to be more accurate in targeting towards our customers, and conduct campaigns that will complement our sales strategy. For example, in the Indonesian market where the majority of the population are Muslim, it is important to understand the importance of religious holidays. In 2020, we came up with a holistic “Do Good From Home” campaign for our Noodles division starting from packaging design to creating three different advertisements which were aired during fasting, breaking fast and the day of Ramadan to wish them a successful fasting month. In the same year, we also made a social movement campaign “I Don't Mudik” supporting the government campaign to encourage people not to go home to celebrate holidays with their extended families and friends because of the concerns of spreading COVID-19 considering the pandemic situation. These campaigns

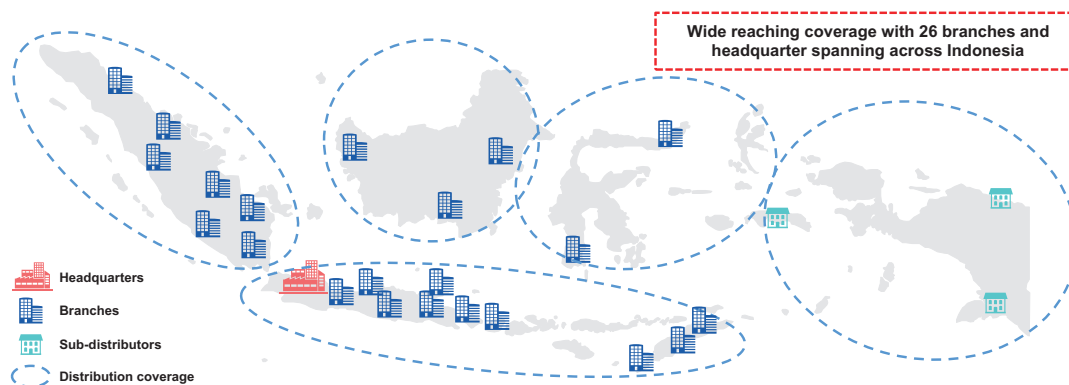
are intended to create relevance with the target market and help to increase bonding between our brand and our consumers.

Another example from our Dairy division is how we use digital technology to encourage family bonding while also creating sales: we launched the *Indomilk Tobot Hero* mobile game. *Indomilk* packaging could be scanned using the mobile app, to activate an augmented reality version of the Tobot and play online games to win monthly prizes. The app was downloaded more than a million times within four months from its launch in September 2019. We also conducted a “Limitless Recipe Contest” through omni channel to celebrate moms as super home cooks who would create limitless homemade recipes with *Indomilk*. The result was thousands of recipes being shared on social media and increased ideas for usage of our products.

Through our overseas operation, we are currently present in more than 100 countries around the world. Our key markets include the Middle East and Africa, Australia-New Zealand, Asia Pacific, US-Canada and Europe. The marketing strategies that we implement are strengthening brand awareness and increasing consumers’ consumption. For example, we executed a very prominent branding on the train line in Turkey and TV commercials in Cambodia focusing on how to cook the *Indomie* fried noodles variant when they were launched.

Distribution Network

We sell our products through modern and traditional channels. The majority of our products are sold to and distributed through Indofood’s distribution arm with the remainder distributed through various local distributors. Indofood’s distribution arm has a wide-reaching coverage with 26 branches and headquarter spanning across Indonesia which are represented by the depiction below:



Indofood’s distribution arm has more than 1,300 distribution points throughout Indonesia, with each distribution point generally located in areas with a high density of retail outlets and/or near traditional markets serving the retail outlets. Indofood’s distribution arm is able to cover an extensive distribution network of around 750,000 registered retail outlets across Indonesia. By being located in areas with high density of retail outlets including traditional markets, each distribution point is able to serve a closely defined geographical area, providing deeper penetration as well as shorter delivery time. In addition, the distribution points provide market intelligence, allowing more rapid feedback to us on competition and other product-related issues, thus enabling us to promptly respond to various changes occurring in the market.

In addition, we distribute most of our products through third-party logistics providers who are responsible for the transportation of our products to our customers, including a portion of the products we sell to Indofood’s distribution arm. We typically negotiate and enter into transportation arrangements with third-party suppliers in conjunction with the Indofood Group to leverage economies of scale and to increase efficiencies. Outside of Indonesia, our distribution network reaches more than 100 countries around the world. The Pinehill Group’s distribution network covers 33 countries and supplies over 300,000 outlets, providing coverage to the total population of 885 million people. With 150 warehouses which have a holding capacity of eight million cartons, we ensure that our products are available in the areas that we cover.

Raw Materials, Suppliers, Energy and Inventory Management

Raw Materials and Suppliers

Our raw materials consist primarily of the inputs that we use in our production of food and beverages as well as packing materials. Key raw materials for our business include wheat flour and cooking oil as well as sugar, milk, potatoes and packaging materials.

The bulk of our raw materials are commodities that we are able to source both domestically and through imports, primarily from our affiliates in the Indofood Group for wheat flour and cooking oil. We purchase our raw milk

from domestic farmers' cooperatives while we import skimmed milk powder produced mainly in New Zealand, Australia, Europe and the United States.

We source the majority of our potatoes from domestic farmers and import the rest from various countries. We have a partnership program with Indonesian potato farmers with a focus on helping to raise the capabilities of the farmers to increase the security of our potato supplies. This program includes assisting the potato farmers with obtaining access to imported high quality seeds and owned chipping potato seedling, field training exercises, improvements in horticultural technology as well as informal purchase commitments, as long as their products meet our specifications. We have also extended this program to chili and cassava farmers.

Energy

Our production facilities require a reliable source of electricity. We purchase the bulk of our energy from local utilities companies or other local suppliers.

Inventory Management

We have inventory management procedures in place to optimize our operations including to plan and allocate warehouse space and stocks of raw materials and finished products to match delivery requirement and schedules. For example, we consistently monitor the relationship among our forecasts, lot sizes and lead times in an effort to optimize our lot size orders and lead time delivery. Furthermore, we coordinate a monthly review of our inventory to identify inventory movement, which allows our sales and support teams to adjust and recalibrate orders for the subsequent month. With the exception of any goods that are defective, once the products are sold and delivered to our customer, the customer takes the risk with respect to demand for that product. In limited circumstances, we have agreed to permit customers to return certain products and to absorb certain costs related to those returns, though historically we have only done so in circumstances where we had agreed with the customer's forecasted demand for the product, which was not subsequently borne out.

Competition

The overall Indonesian packaged foods industry is still very fragmented, but a few categories like noodles, dairy, and sauces, dressings and condiments are relatively consolidated. Multinational companies compete for market share alongside local companies. However, we continue to be the leader in the packaged food industry in Indonesia.

According to Euromonitor, we are ranked first overall among instant noodles manufacturers in Indonesia. Instant noodles in Indonesia remain dominated by local brands where we hold 73.0% market share as the number one player, with foreign brands having almost no presence. Indonesian instant noodle consumers have very strong brand loyalty which is further enforced by the extensive advertising efforts by the top players.

The dairy segment has a more consolidated competitive landscape, with strong domestic and multinational players. We are also one of the top-ranked dairy product players in Indonesia. According to Euromonitor, we are ranked second in condensed milk and fourth in drinking milk products with market shares of 33.9% and 10.4%, respectively.

The salty snacks market in Indonesia is fragmented with many local players. This market caters to various taste profiles varying across different age groups and socioeconomic classes, hence players are continuously improving their product distribution nationally as well as product innovation. According to Euromonitor, we are first-ranked in the salty snacks segment holding a 21.5% market share.

There is strong international presence in the sauces, dressings and condiments segment in Indonesia, but we hold a third-place position in Indonesia according to Euromonitor. We are ranked first with 35.6% market share in the dry sauces market and second with 21.4% market share in the chili sauces market. With the top three players contributing to almost 50% of the value market share, the sauces, dressings and condiments segment is a relatively more consolidated segment.

In overseas markets, we are also ranked as the number one player in the Middle East and Africa with market share of 29.7%, number two in Australasia with market shares of 16.0%, and number three in Asia Pacific region with market shares of 6.9% for instant noodle products according to Euromonitor. Being the first mover in many of the overseas markets where we are leading, we are able to establish strong brand recognition and consumer loyalty for our instant noodle brands in those markets.

Research and Development

We continue to engage in product innovation and rejuvenation to meet changing customer preferences and needs. Our field team continually evaluates the market to gain a better understanding of consumer preferences, and we

also continually review new products, flavors and packaging for our existing products and, from time to time, introduce new product lines. We typically launch some new products and rejuvenate our existing products every year to maintain our products' relevance. We have traditionally tended to focus on product categories in which we believed we could establish and maintain leading domestic market shares, appeal to consumer tastes, gain wide acceptance and create brand loyalty.

To support product innovation and rejuvenation, we are supported by a centralized research and development division, in addition to a research and development team within each factory. The research and development teams within each factory focus on development of existing product lines and controlling product quality, while our centralized research and development division focuses on new product development and utilization of new technology, and also sets quality standards applicable to each division.

Intellectual Property

We license trademarks for the majority of our products under a licensing agreement with ISM. See “*Related Party Transactions*”.

Workplace Health and Safety

We are committed to workplace safety and have safety training, regulations and procedures that are designed to protect our workforce. Our policies require that all employees abide by safety procedures and failure to do so subjects employees to discipline, including potential termination of employment. Through consistent efforts and strict compliance with occupational health and safety policies, we have minimized workplace incidents as we strive towards a zero-accident workplace.

With regards to the COVID-19 pandemic, we responded by taking necessary measures to safeguard the health and safety of our employees and ensure smooth operations. See “*Corporate and Social Responsibilities*” and “*Occupational Safety and Health Practices and Labor Practices*”.

Corporate and Social Responsibility

As one of the leading food and beverage players in Indonesia, we endeavor to conduct our businesses in a responsible and sustainable manner. We have adopted the Indofood Group's sustainability governance framework in developing the sustainability roadmap and programs that mitigate adverse environmental impacts from our operations and improve the welfare of local communities where we operate as we strive towards long-term growth.

Environmental Stewardship

Our environmental policy is in accordance with government regulations and relevant environmental management systems. Compliance in Indonesia is maintained through environmental self-assessment based on Indonesian Government's Pollution Control, Evaluation and Rating (PROPER). We manage our carbon footprint through energy efficiency initiatives and renewable energy utilization.

Our wastewater treatment plants are in accordance with the government standard. Reduce, Reuse and Recycle practices are applied for non-hazardous solid waste, and disposal of hazardous waste is handled responsibly through authorized third parties based on regulations.

We have taken initiatives to minimize the post-consumer waste by reducing product packaging size, weight and volume; adopting aseptic filling technologies at bottle facilities and seeking opportunity to use environmentally-friendly raw materials for packaging. We take part in various initiatives on circular economies through the recycle of waste, while also supported communities in waste bank programs.

Maintaining Sustainable Supply Chain

Procuring raw materials that are produced in a sustainable manner is very crucial so we invest in building strong relationships with partner farmers, suppliers and small to medium sized enterprises, creating a robust value chain. Global warming has resulted in unpredictable weather patterns and natural disasters. Some of these events, such as erratic rainfalls, prolonged droughts, floods, declining ground water levels and wildfires, have a direct and often adverse impact on our operations, including damages to facilities and assets, deprivation of resources, and disruption to supply chains. To mitigate this risk, we maintain sufficient stock of raw materials and diversify our sources while disaster-prone areas are closely monitored, with contingency plans in place for foreseeable emergencies, and secure insurance coverage to protect against financial loss.

Delivering Responsible Products

We are certified to international quality and food safety standards including ISO 9001, FSSC 22000, ISO 22000 and ISO 17025 for laboratory competence.

We produce only halal products that comply with requirements set by the authorized institutions. Our products are labeled with clear and accurate descriptions of the contents and feedback channels.

Occupational Safety and Health Practices and Labor Practices

We apply the National Occupational Health and Safety Standard and the Occupational Health and Safety Assessment Series (OHSAS) 18001 standard accompanied with a Health and Safety Committee that monitors health and safety practices in its operating units.

In response to the pandemic outbreak in early 2020, a COVID-19 task force was established to coordinate and implement the COVID-19 mitigation measures in accordance to the Safety Protocols issued by the Government. The task force was also responsible for monitoring and adjusting the safety measures based on the latest developments.

To protect the health and safety of our employees, we activated a series of precautionary measures, including the implementation of Work from Home arrangements and shifts, the installation of thermal cameras and automatic hand sanitizer dispensers at high-traffic locations in our buildings and offices, the enforcement of safe distancing and the wearing of face masks at all times, and the issue of reminders to encourage all employees to practice good hygiene and healthy lifestyles.

All the necessary additional steps and precautions were taken across all of our factories, to ensure we could continue operations, and minimize the risks from the COVID-19 pandemic.

We offer equal career opportunities to all employees, regardless of race, religion and gender. We comply with Indonesian labor laws, including no child and forced labor. Employees are provided with development programs in accordance to employees' and business needs.

Social and Community Development

Our social and community development is based on five pillars: Building Human Capital, Nutrition for All, Strengthening Economic Value, Protecting the Environment, and Solidarity and Humanity.

During times of natural disasters and other emergencies, we set up Indofood Peduli Posts to aid in the distribution of food supplies and other necessities to the victims and other affected communities. Our nation-wide presence allows us to respond swiftly in providing essential supplies, including instant noodles, drinking water, blankets and tents, as well as baby diapers.

In 2020, we provided food supplies and other necessities to flood victims in Jakarta, Tangerang, Lebak-Serang and South Solok. We also distributed school bags and stationery items to primary school students affected by the floods, as well as disinfectant refills and mattresses to flood victims in East Jakarta and Gorontalo, respectively. In mid of 2020 we handed over the permanent houses that were built for the earthquake victims in Palu, Sigi, Lombok and Jayapura-Papua that took place in 2019. These housing projects are integrated with schools, playgrounds, markets and places of worship, and were built through a collaboration between ISM and other donors.

To support our medical workers in fighting the pandemic, we together with ISM and other relevant parties raised funds to purchase medical equipment which was distributed to more than 600 institutions, hospitals and health centers.

Employees

As of December 31, 2020, we had 35,355 employees. Of these employees, 85% were permanent and fixed-term employees. An additional 4,359 personnel were employed by a third-party staffing business and outsourced to us on a temporary basis for cleaning services and security staffing.

Our employees are covered by collective labor agreements. The existing agreements are generally for terms of two years and expire on several dates up to September 2022.

Our relationships with our employees and the union have historically been positive.

Properties

We generally own the real property where we operate our business, other than our factories in Jakarta, Banten, West Java, Central Java, East Java, North Sumatera, Lampung, Riau, South Sumatera, Jambi, West Kalimantan, South Kalimantan, and North Sulawesi and our office in Jakarta, which is rented from ISM.

Certifications

We have several certifications which are used throughout our business, we are subjected to audits by certain of the issuers of these certificates, some annually and others on a less frequent basis.

Certifications	Issuer	Expiry Year
Halal	LPPOM MUI	2021
Halal Assurance System (Sistem Jaminan Halal)	LPPOM MUI	2023
FSSC 22000	• Bureau Veritas Certification	2022
ISO 22000	• SGS United Kingdom Ltd.	2023
SNI (Indonesian National Standard)	• Centre for Agro-Based Industry Product Certification (ABI PRO) • Ministry of Industry of the Republic of Indonesia	2023
ISO 50001	• PT TÜV NORD Indonesia • TÜV SUD Management Service GmbH	2022
ISO 9001	• Centre for Agro-Based Industry Certification Services • PT TÜV NORD Indonesia • SGS United Kingdom Ltd.	2023
ISO 45001	SGS United Kingdom Ltd.	2022
OHSAS 18001	• PT Bureau Veritas Indonesia	2021
ISO 14001	• SGS United Kingdom Ltd. • Sucofindo International Certification Services	2022
ISO 17025	National Accreditation Committee (KAN)	2021
FSC (Forest Stewardship Council) Chain-of-Custody	SGS South Africa (Pty) Ltd.	2021
SMK3 (Occupational Safety and Health Management System)	• Ministry of Manpower of the Republic of Indonesia	2023

Awards and Accolades

We, our business units and brands have received many awards and accolades, a selection of which are presented below:

Corporate

- Best of The Best Awards 2020—PT Indofood CBP Sukses Makmur Tbk as The Top 50 Companies for 2020, from Forbes Indonesia.
- Best of The Best Awards 2020—PT Indofood CBP Sukses Makmur Tbk as Trifecta Award Winner for Winning Three Years in a Row, from Forbes Indonesia.
- LPPOM MUI Award 2020—PT Indofood CBP Sukses Makmur Tbk as an industrial leader in implementing the Halal Assurance System in the Processed Food Category, from Assessment Institute for Foods, Drugs, and Cosmetics of Indonesian Council of Ulama (*Lembaga Pengkajian Pangan, Obat-Obatan dan Kosmetika Majelis Ulama Indonesia* or “LPPOM MUI”).

Operational Unit

- Energy Management Award of Excellence 2020—Noodles Division as Exemplary Implementation of The ISO 50001 Energy Management System Standard, from Clean Energy Ministerial.
- Industry 4.0 Award 2020—PT Indolakto as National Lighthouse Industry 4.0, from The Ministry of Industry of The Republic of Indonesia.
- Most Chosen Brand 2020—Indomie as #01 on 2020 Indonesia Urban FOOD, from Kantar.

- Asia's Top 1000 Brands 2020—Indomie as #1 Indonesia's Top Local Brand, from Campaign Asia.
- YouGov Best Brand 2020—Indomie as #1 Best Brand in Indonesia, from YouGov.
- Citra Pariwara Advertising Festival 2020—Indomie TVC and Ramadan Special Edition Packaging of “Where's The Noodle?!” or “*Piring Kosong*” as Silver Winner on Viral Marketing—Digital Category; Bronze Winner on Online Video—Digital Category; Bronze Winner on Packaging—Design Category; Bronze Winner on Film Campaign—Film Category; Bronze Winner on Food—Film Category; and Bronze Winner on Media Mix—Integrated Category, from Citra Pariwara.
- Citra Pariwara Advertising Festival 2020—Indomie social movement campaign of “I don't mudik” as Bronze Winner on Best Use of Social Media Marketing—Media Category; and its supporting material of “*Sekerdus Me*” and “*Ayam Tenkyu*” as Bronze Winner on Supporting Material, from Citra Pariwara.
- Mobile Marketing Asia Award 2020—Indomie social movement campaign of “I don't mudik” as Silver Winner on Purposeful Marketing Category—Indonesia, from Mobile Marketing Association.
- Citra Pariwara Advertising Festival 2020—Sarimi social media campaign of “*Karaoke Karo Kowe*” or “Karaoke with You” as Bronze Winner on Social Media Campaign—Digital Category, from Citra Pariwara.
- Most Chosen Brand 2020—*Indomilk* as #03 on 2020 Indonesia Urban DAIRY, from Kantar.
- Asian Digital Media Award 2020—*Indomilk* SCM as Best Native Advertising/ Branded Content Campaign, from WAN IFRA.
- Citra Pariwara Advertising Festival 2020—*Indomilk* digital media campaign of “*Indomilk Tobot Hero*” as Bronze Winner on Best Use of Digital Media—Media Category, from Citra Pariwara.
- Silver Creator Award 2020—Indofood Ice Cream as Silver Play Button recipient, from YouTube.
- Yummy Masak Award 2020—*Indomilk* SCM as the Most Favorite Condensed Milk, from Yummy and IDN Media.
- Indonesia WOW Brand 2020—Sambal Indofood—as Silver Champion in Chili Sauce Category, from Markplus Inc.
- Reader's Choice Award 2020—Promina as the Best of the Best on Baby Cereals and Baby Snacks Categories, from Mother & Baby Magazine.

Insurance

We carry insurance coverage consistent with companies engaged in similar manufacturing operations with similar properties. Our significant insurance policies include Property All-Risk and Earthquake insurance, which also covers our inventories, that insure against losses resulting from fire, lightning, explosion, impact of aircraft, smoke, riot, strikes, malicious damage, civil commotion, flood, tempest, windstorm, water damage, machinery breakdown, earthquake, volcanic eruption, and tsunami. In addition, we have insurance coverage for vehicles that covers losses resulting from physical damage, riot, strike, civil commotion, flood, tempest, windstorm, water damage and third-party liability. We also maintain certain insurance coverage on Marine Cargo, Product Liability, Health and Personal Accident. These insurance policies are subject to certain limits, deductibles and typical policy exclusions.

Litigation and Regulatory Proceedings

We may be involved in legal proceedings from time to time in connection with our business. At this time, we are not party to any legal or arbitral proceedings which, if adversely determined, would have a material adverse effect on our business, financial condition, results of operations or prospects.

INDUSTRY

The information in the section below has been derived, in part, from various industry sources and publications. This information has not been independently verified by us, the Joint Lead Managers, the Trustee and the Agents or any of their respective affiliates or advisors and no representation is made as to the accuracy or completeness of the information in this section. The information may not be consistent with other information compiled within or outside Indonesia and other countries covered in this section. We believe that industry sources and publications used to derive this information from are reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Neither we, the Joint Lead Managers, the Trustee nor the Agents have actual knowledge of any material misstatement contained in this section.

Macroeconomic Overview of Indonesia

GDP Growth

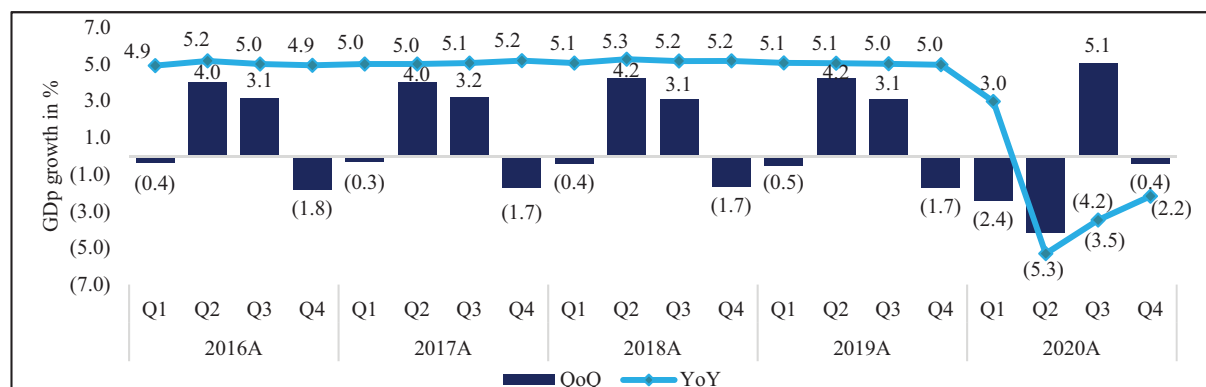
The global economy contracted by 3.3% in 2020 (based on IMF estimates) primarily due to the COVID-19 pandemic which affected both developed and emerging markets. IMF expects a recovery in the global economy and projects global growth at 6.0% for 2021.

The Indonesian economy, being the largest in South East Asia, has charted an impressive economic growth since overcoming the Asian financial crisis of the late 1990s. It has continued to perform relatively well compared to other countries, registering a real growth at a CAGR of 5.1% from 2016 to 2019 (Source: Euromonitor). This was primarily supported by domestic private consumption and investment. Prior to the COVID-19 crisis, Indonesia's ability to maintain such consistent economic growth has qualified the country to reach upper middle-income status. It has also been rated investment grade by Moody's, S&P and Fitch since 2017.

Due to the pandemic, Indonesia's economy contracted by 2.1% in 2020 primarily driven by weaker domestic private consumption (-2.6%) which was partly offset by an increase in government spending (+1.9%) (Source: Bank Indonesia). In the past three quarters of 2020, the Indonesian economy contracted compared to the previous year but it improved from quarter to quarter (-4.2% in 2Q20, +5.1% in 3Q20 and -0.4% in 4Q20) (Source: Bank Indonesia). The Indonesian Government raised its budget for the National Economic Recovery program to US\$39.4 billion in order to strengthen the economy and aid in economic development. This improvement starting from the third quarter of 2020 was in response to increasing realization of government stimuli along with early signs of greater public mobility and stronger global demand.

According to Euromonitor, Indonesia's economy is expected to return to growth in 2021 and gradually strengthen in 2022. This would be driven by the steady reopening of the economy as COVID-19 vaccines become available and monetary and fiscal stimulus measures are extended. Private consumption is expected to be the primary growth driver as consumer confidence improves and household income losses remain low in part due to improved labor market outcomes and adequate social assistance. Bank Indonesia projects economic growth in 2021 in the range of 4.8%-5.8%.

Figure 1: Indonesia GDP Growth QoQ and YoY



Source: BPS, Investor Relations Unit of the Republic of Indonesia, World Bank

Figure 2: Indonesia vs World GDP

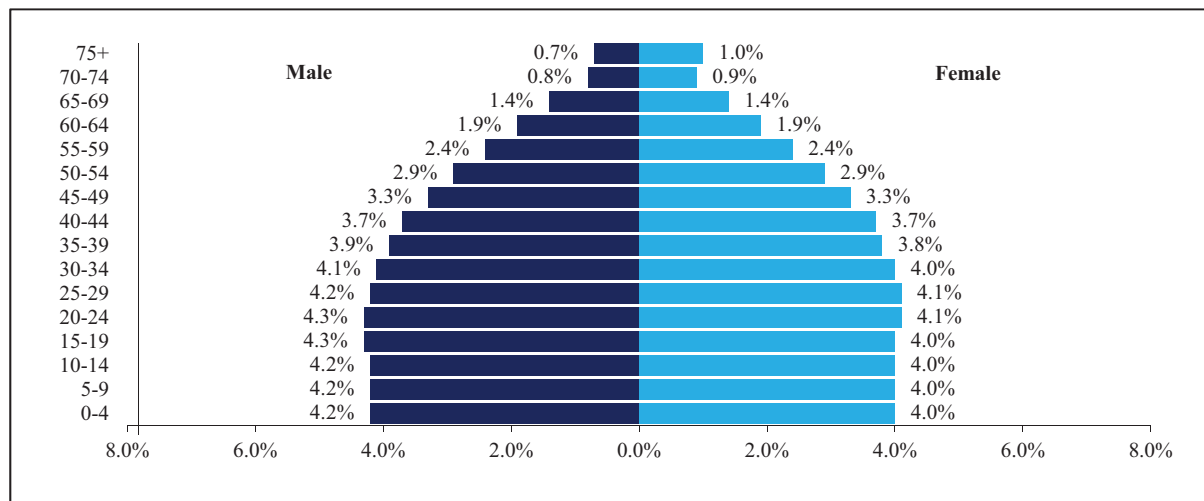
	2016A	2017A	2018A	2019A	2020A	CAGR 16-20
World Economic Growth	3.29%	3.76%	3.57%	2.76%	(3.27%)	
Indonesia Nominal GDP (Rp. trillion)	12,402	13,590	14,839	15,833	15,434	
Indonesia Real GDP (Rp. trillion)	9,435	9,913	10,426	10,949	10,722	
Indonesia Real GDP Growth	5.03%	5.07%	5.18%	5.02%	(2.07%)	3.25%

Source: BPS, Investor Relations Unit of the Republic of Indonesia, World Bank

Population

Indonesia, a diverse archipelago nation of more than 300 ethnic groups, is the fourth most populous country in the world with around 270 million people in 2020. Looking at its demographic profile, Indonesia is a country with a lot of opportunities given that 69% of its population are in the productive age category between 15 and 64 years of age. In addition, people aged below 30 years old account for around 50% of the total population. These demographics are expected to boost future economic and domestic consumption growth.

Indonesia's population has grown at CAGR of 1.1% from 2016 to 2020 according to IMF.

Figure 3: Indonesia Population Pyramid

Source: BPS 2020 Indonesia Population Census

Figure 4: Indonesia Population Growth

	2016A	2017A	2018A	2019A	2020A	CAGR 16-20
Indonesia Population (thousand)	258,497	261,356	264,162	266,912	270,204	
Indonesia Population Growth	1.14%	1.11%	1.07%	1.04%	1.23%	1.11%

Source: IMF

As a result of lower population growth in comparison to GDP growth, real GDP per capita has increased from Rp.36.5 million in 2016 to Rp.39.7 million in 2020 according to IMF. This represents a CAGR 2016-2020 of 2.1% over the same period. Over the years, Indonesia has also made significant progress in poverty reduction, cutting the poverty rate by more than half since 1999, to 9.78% in 2020 (Source: World Bank). This improvement along with rising income levels translated to higher disposable income and eventually increased consumption.

Figure 5: Indonesia Real GDP

	2016A	2017A	2018A	2019A	2020A	CAGR 16-20
Indonesia Real GDP per Capita (Rp. thousand) . . .	36,498	37,929	39,468	41,021	39,683	
Indonesia Real GDP per Capita Growth	3.85%	3.92%	4.06%	3.94%	(3.26%)	2.11%

Source: IMF

Wages

As the Indonesian economy continued to grow steadily, purchasing power has also increased. Although, due to the onset of the pandemic in 2020, the average monthly wage in Indonesia declined compared to average monthly wages in the past two years. According to data from BPS, wages in rural areas experienced a smaller decline in comparison to urban areas.

Figure 6: Indonesia Average Monthly Wage

	2016A	2017A	2018A	2019A	2020A	CAGR 16-20
Indonesia Average Monthly Wage (Rp. thousand)	2,553	2,743	2,820	2,908	2,756	1.9%
Indonesia Urban Average Monthly Wage (Rp. thousand)	2,797	3,031	3,115	3,211	3,026	2.0%
Indonesia Rural Average Monthly Wage (Rp. thousand)	1,997	2,034	2,103	2,215	2,138	1.6%

Source: BPS

In addition, Indonesia's consumption levels also increased in conjunction with an increase in middle-income population. According to World Bank, the middle income class (including the aspiring middle income class) in Indonesia with a daily per capita consumption ranging from US\$3.3 to US\$38 accounted for more than 60% of the total Indonesian population in 2020.

Domestic Private Consumption

With the increase in disposable income of Indonesians, private consumption has been increasing at a CAGR of 3.0% during 2016-2020. Domestic private consumption increased from Rp.5,126 trillion in 2016 to Rp.5,780 trillion in 2020 according to BPS.

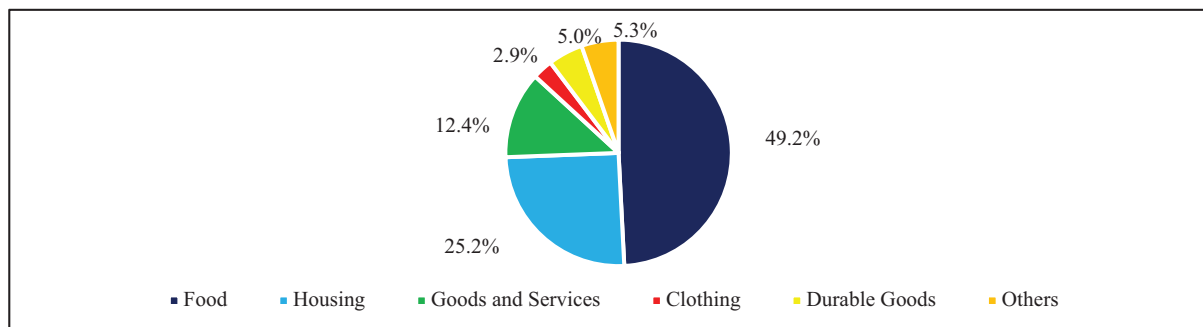
Figure 7: Indonesia Domestic Private Consumption

	2016A	2017A	2018A	2019A	2020A	CAGR 16-20
Indonesia Domestic Private Consumption (Rp. trillion)	5,126	5,380	5,652	5,936	5,780	3.05%

Source: BPS

Higher disposable income is likely to benefit the packaged food industry as food accounted for the largest proportion of private consumption in Indonesia in 2020 according to BPS.

Figure 8: Indonesia Monthly Expenditure Breakdown in 2020



Source: BPS

According to BPS, food accounted for the largest proportion of private consumption in Indonesia (49.2% of 2020 monthly expenditure of Indonesians). Historically, total food expenditure has grown at 7.0% CAGR, which is faster than the real GDP growth in Indonesia, while expenditure for prepared food and beverage has grown even faster at 11.5% CAGR from 2016 to 2020. (Source: BPS)

Figure 9: Indonesia Monthly Food Expenditure

	2016A	2017A	2018A	2019A	2020A	CAGR 16-20
Indonesia Monthly Food Expenditure (Rp.)	460,638	527,957	556,899	572,553	603,238	7.00%
Indonesia Monthly Prepared Food and Beverage (Rp.)	133,834	182,600	189,223	201,107	206,736	11.50%

Source: BPS

Packaged Food Industry in Indonesia

According to Euromonitor, the Indonesian packaged food industry continued to grow steadily at 7.5% in 2020 despite the COVID-19 pandemic. Retail sales value of the packaged food industry increased from US\$26.5 billion in 2016 to US\$34.2 billion in 2020.

Figure 10: Indonesia Package Food Industry

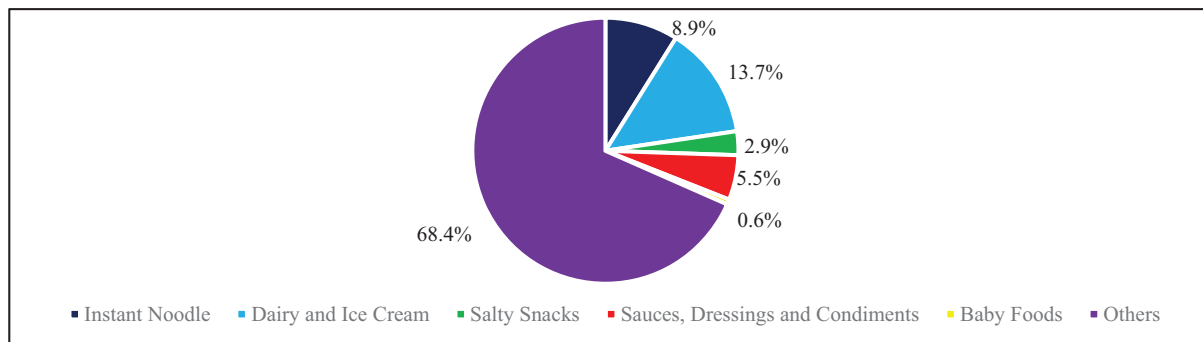
	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Packaged Food Industry in Indonesia (Rp. billion)	372,968	396,058	417,429	446,783	480,214		
Packaged Food Industry in Indonesia (US\$ million)	26,542	28,185	29,706	31,795	34,174		
Packaged Food Industry Growth in Indonesia	11.0%	6.2%	5.4%	7.0%	7.5%	6.2%	6.5%

Source: Euromonitor International Limited

ICBP operates in selected, growing sub-segments of the Indonesian packaged food industry. ICBP is a player in instant noodles; dairy and ice cream; salty snacks; sauces, dressings and condiments; and baby food (consisting of dried baby food and other baby food) which together account for approximately 32% of the total packaged food sector in Indonesia for 2020.

According to Euromonitor, ICBP's key operating segments grew at between 6.2% - 9.7% CAGR between 2018 to 2020. The instant noodles segment increased from US\$2,670 million in 2018 to US\$3,042 million in 2020, dairy & ice cream from US\$3,985 million in 2018 to US\$4,695 million in 2020, salty snacks from US\$864 million in 2018 to US\$988 million in 2020, sauces, dressings and condiments from US\$1,651 million in 2018 to US\$1,863 million in 2020, baby food from US\$177 million in 2018 to US\$213 million in 2020. In total, the size of ICBP's key operating segments increased from US\$9,347 million in 2018 to US\$10,801 million in 2020.

Figure 11: ICBP Key Operating Segments as % of Indonesia Packaged Food Industry



Source: Euromonitor International Limited

Further, the aforementioned segments all recorded a CAGR growth of 5.7% to 9.0% from 2016 to 2020

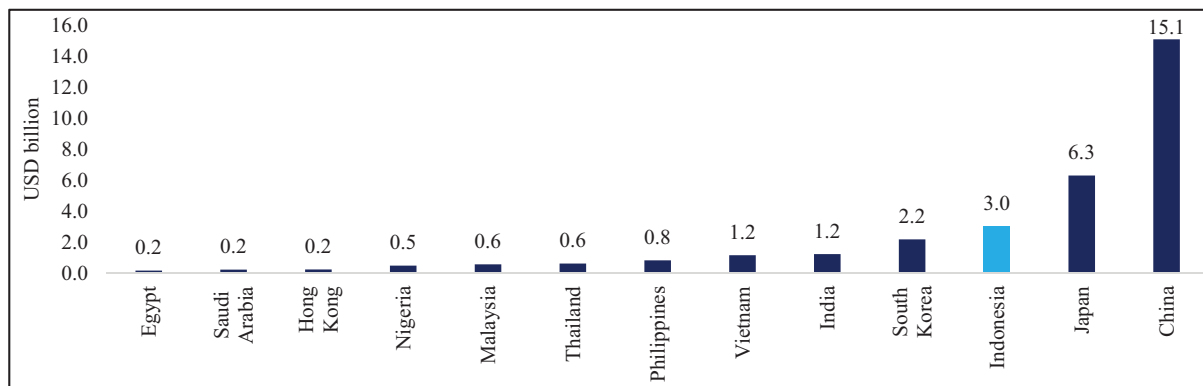
Figure 12: ICBP Key Operating Segments Retail Sales Value Growth

	CAGR 16-20
Instant Noodles	6.0%
Dairy and Ice Cream	8.5%
Salty Snacks	5.7%
Sauces, Dressings and Condiments	6.7%
Baby Food	9.0%
Total	7.2%

Source: Euromonitor International Limited

Instant noodles in Indonesia

Figure 13: Instant Noodle Retail Sales Value Globally in 2020



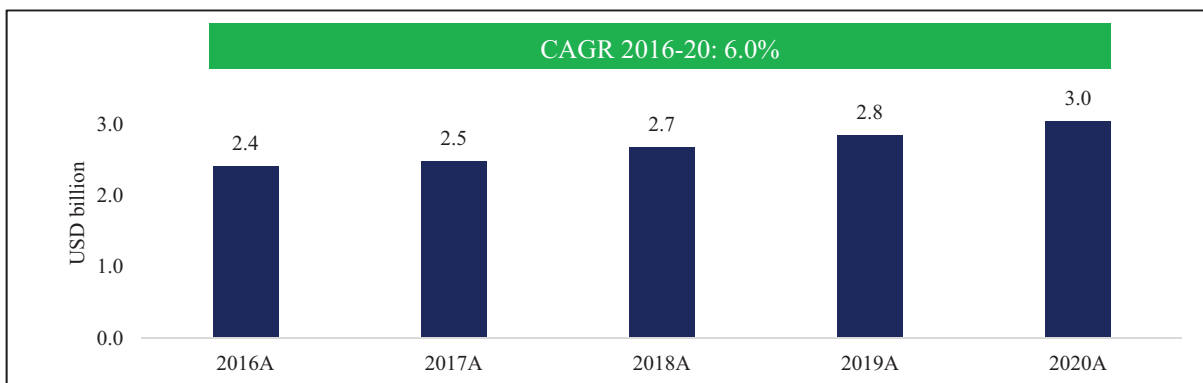
Source: Euromonitor International Limited

According to Euromonitor, the instant noodles retail sales value in Indonesia was US\$3.0 billion in 2020, ranking the 3rd globally and lower than other Asian peers such as Japan and China which had retail sales value of US\$6.3 billion and US\$15.1 billion, respectively.

Instant noodles are considered as a staple food in Indonesia that is widely consumed by all age groups. Convenience, versatility, good taste and value for money are the main factors contributing to the high levels of noodles consumption. According to Euromonitor, instant noodles retail sales value in Indonesia increased from US\$2.4 billion in 2016 to US\$3.0 billion in 2020, representing a CAGR of 6.0% and is expected to grow at a CAGR of 7.1% between 2020 and 2025. Launching of new flavors of instant noodles is also expected to remain important in attracting consumers.

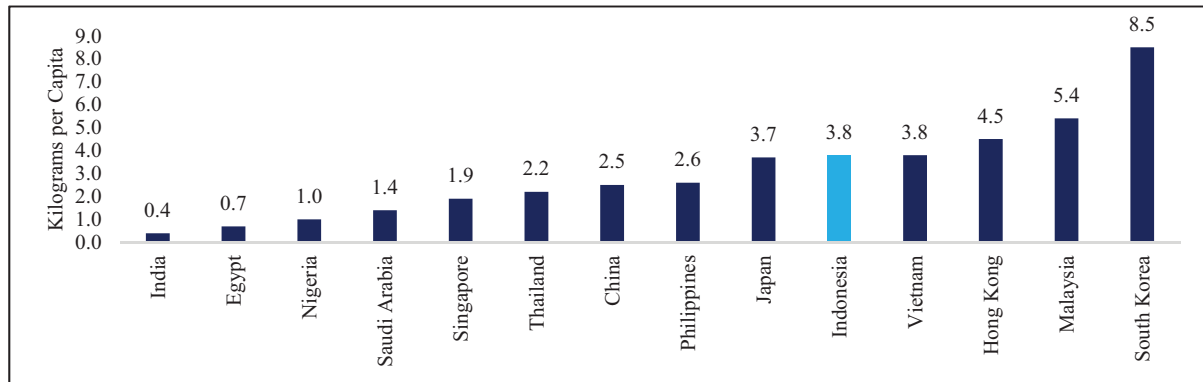
According to Euromonitor, the instant noodles consumption per capita in Indonesia was 3.8 kilograms in 2020, which is lower than its Asian peers such as Hong Kong with 4.5 kilograms, Malaysia with 5.4 kilograms, and South Korea with the highest instant noodles consumption of 8.5 kilograms. This indicates a growth potential for instant noodles consumption in Indonesia.

Figure 14: Instant Noodles Retail Sales Value in Indonesia



Source: Euromonitor International Limited

Figure 15: Instant Noodles Consumption per Capita in 2020



Source: Euromonitor International Limited

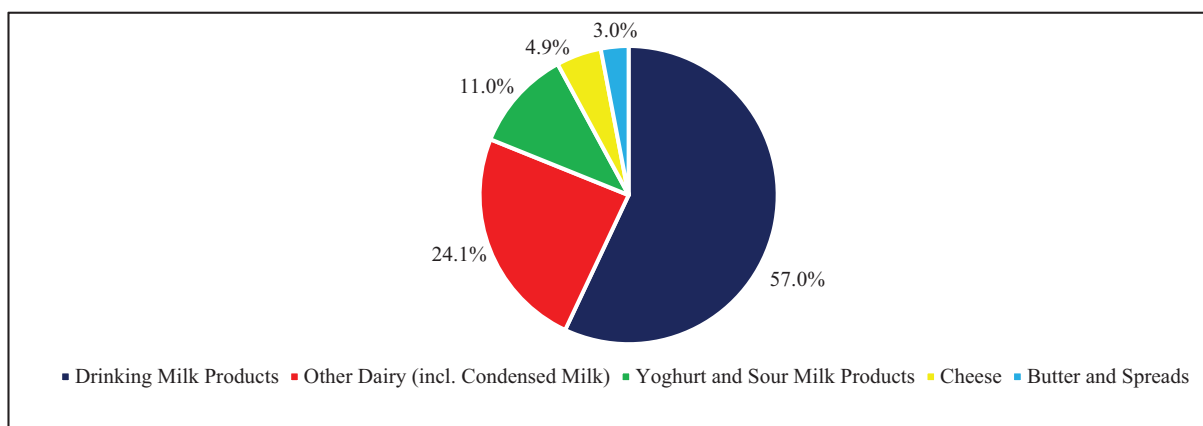
Competitive landscape for Instant Noodles in Indonesia

The Indonesian instant noodles market is highly concentrated. ICBP dominates the market with a strong market share of 73% as of 2020, according to Euromonitor. It leads with its flagship brand, *Indomie*. ICBP is one of the largest instant noodles manufacturers in the world, widely known for its strong brands and as a leader of product innovations. It offers various flavours for its instant noodles targeting a wide range of consumers, with classic soup flavours such as chicken, vegetable, chicken curry as well as the popular *Indomie Mi Goreng* flavour. The company also has various brands under its broader corporate umbrella such as *Indomie*, *Supermi*, *Sarimi*, *Sakura*, *Pop Mie* and *Mie Telur Cap 3 Ayam*.

Dairy in Indonesia

According to Euromonitor, dairy retail sales value in Indonesia posted a CAGR of 8.9% between 2016 and 2020 to reach US\$4.2 billion in 2020 from US\$3.0 billion in 2016. Within the dairy segment, drinking milk and condensed milk are the two biggest segments, representing about 75% of the total market. According to Euromonitor, in 2020, the dairy consumption per capita in Indonesia was 5.5 liters, lower than its Southeast Asia peers such as Thailand (17.9 liters) and Singapore (18.3 liters) and its Asian peers such as South Korea (21.6 liters) and Japan (22.7 liters). This indicates a robust industry growth potential. Euromonitor expects dairy sales value in Indonesia to continue to grow at similar pace on the back of consumers understanding of the nutritional value of dairy and the growing middle class in Indonesia.

Figure 16: Dairy in Indonesia Segmental Breakdown



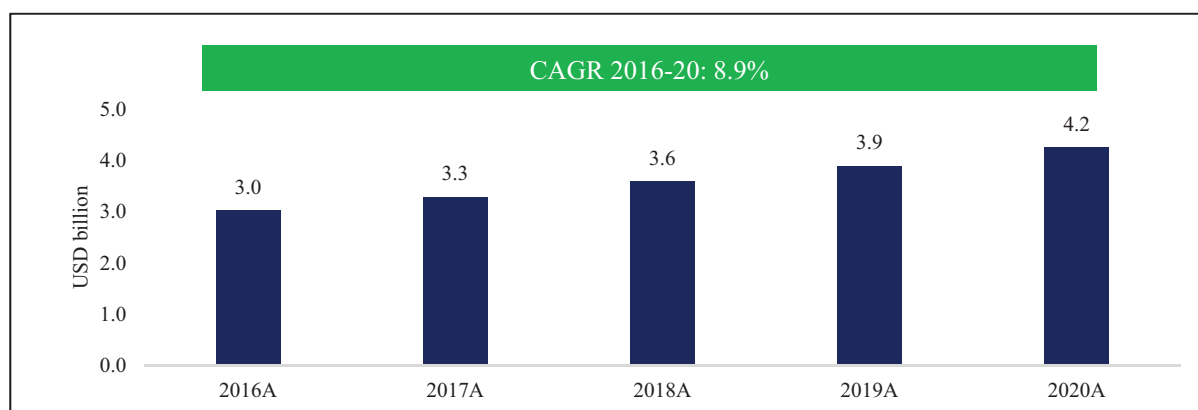
Source: Euromonitor International Limited

Figure 17: Indonesia Dairy Industry Retail Sales Value Growth

	CAGR 16-20
Dairy	8.9%
Drinking Milk Products	10.0%
Other Dairy (incl. Condensed Milk)	4.8%
Butter and Spreads	4.8%
Cheese	17.0%
Yoghurt and Sour Milk Products	11.5%

Source: Euromonitor International Limited

Figure 18: Dairy Retail Sales Value in Indonesia



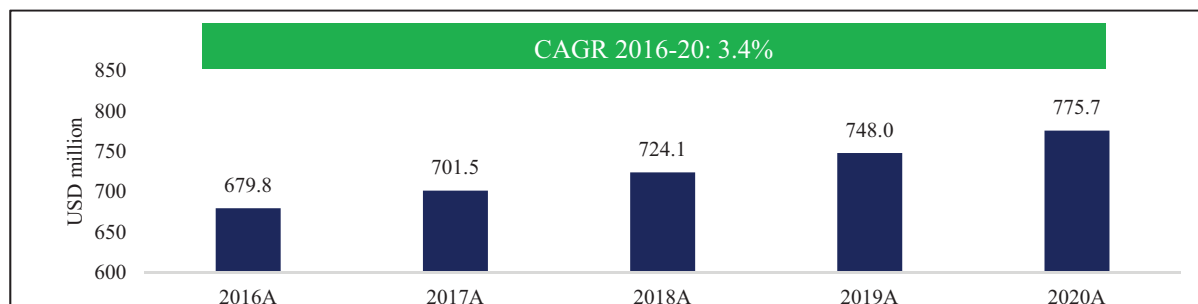
Source: Euromonitor International Limited

Condensed Milk & Drinking Milk Products in Indonesia

According to Euromonitor, the condensed milk retail sales value in Indonesia posted a CAGR of 3.4% between 2016 and 2020 to reach US\$775.7 million in 2020 from US\$679.8 million in 2016. In 2020, the condensed milk consumption per capita in Indonesia was 1.5 liters, lower than its Southeast Asian peers such as Malaysia (3.4 liters), and Thailand (2.1 liters). Euromonitor expects condensed milk retail sales value in Indonesia to continue to grow at steady pace as the versatility of the product continues to be explored by consumers. It is widely used both in F&B outlets as well as in-home consumption. It is easily accessible throughout the country with wide distribution across both modern and traditional retailers. The affordability of condensed milk also plays a significant role in driving consumer demand.

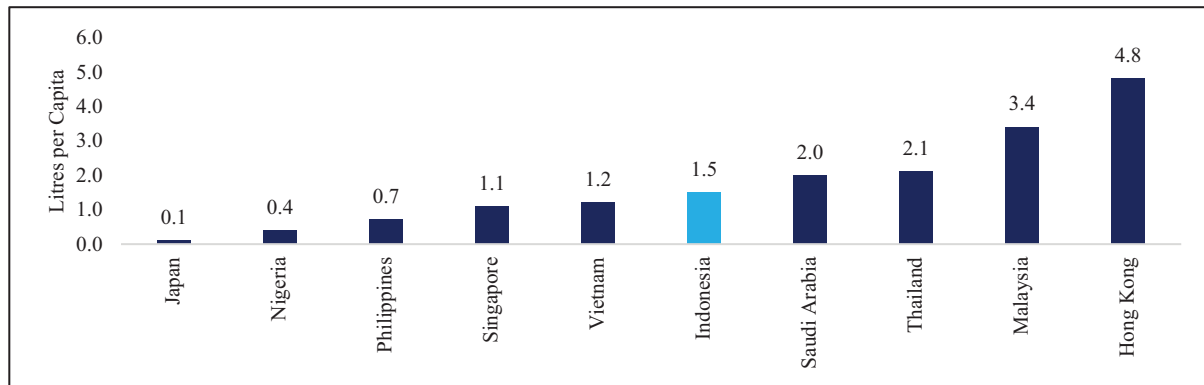
Innovations such as introduction of tall can and pouch formats, which reduces spillage when pouring have also helped to support consumption in the condensed milk and drinking milk products market.

Figure 19: Condensed Milk Retail Sales Value in Indonesia



Source: Euromonitor International Limited

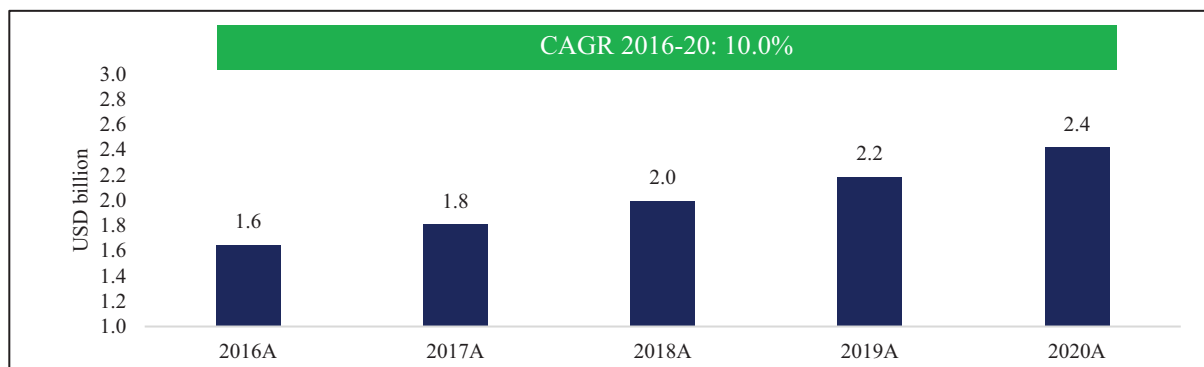
Figure 20: Condensed Milk Consumption per Capita in 2020



Source: Euromonitor International Limited

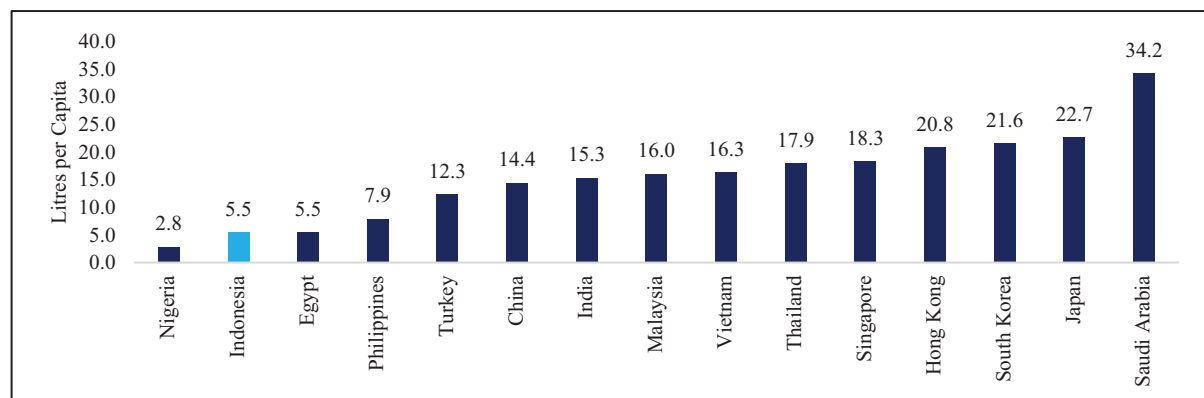
According to Euromonitor, drinking milk products retail sales value in Indonesia posted a CAGR of 10.0% between 2016 and 2020 to reach US\$2,417.5 million in 2020 from US\$1,648.5 million in 2016. In 2020, the drinking milk products consumption per capita in Indonesia was 5.5 liters, lower relative to its Southeast Asian peers such as Vietnam (16.3 liters) and Philippines (7.9 liters). The key market drivers for this category include its practicality whereby consumers can consume directly from the packaging as well as the perceived health benefits. Drinking milk products continue to benefit from a perception of being beneficial for health, particularly among mid to higher income consumers and consumers looking to maintain their immune systems and stay healthy, especially in light of the ongoing COVID-19 pandemic. Manufacturers continue to invest in innovations and expand target consumer by age group through segmentation of needs. Euromonitor expects drinking milk products retail sales value in Indonesia to continue its positive growth.

Figure 21: Drinking Milk Products Retail Sales Value in Indonesia



Source: Euromonitor International Limited

Figure 22: Drinking Milk Products Consumption per Capita in 2020



Source: Euromonitor International Limited

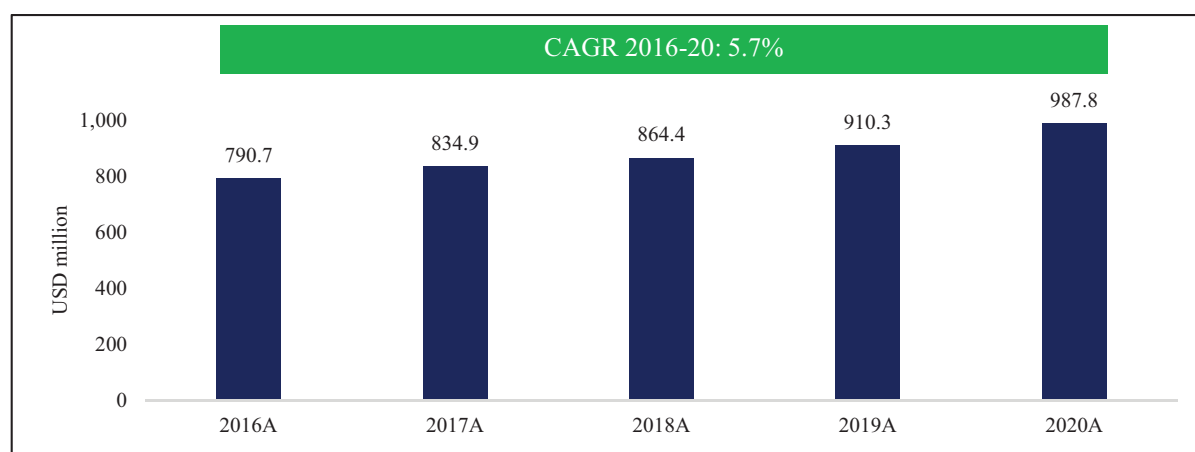
Competitive landscape in Indonesia

According to Euromonitor, the Indonesian condensed milk market is concentrated in the hands of two leading manufacturers, jointly holding 88.4% of value share in 2020, while the Indonesian drinking milk products market is concentrated in the hands of four leading manufacturers, jointly holding 69% of value share in 2020. ICBP, being one of the leading players in this category according to Euromonitor, is poised to continue to strengthen its positions due to its familiar and trusted brand which has been around for more than five decades, wide product portfolio offering, and its position as one of the pioneers in innovation as demonstrated by some of its latest innovations. For example, it became the first in Indonesia to launch its condensed milk products using an innovative packaging format such as a tall can as well as pouch packaging with “air holder” that is attractively priced and brings additional hygienic benefits.

Salty snacks in Indonesia

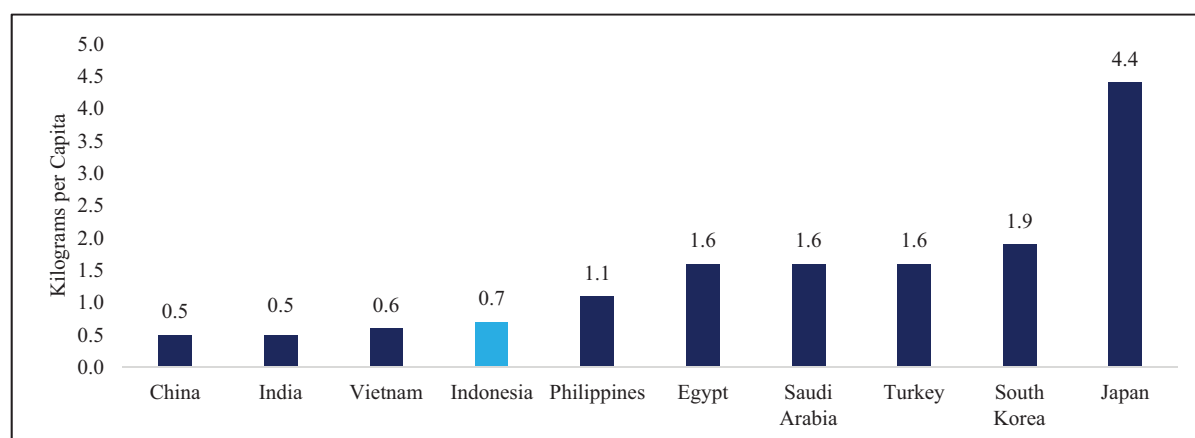
According to Euromonitor, salty snacks retail sales value in Indonesia posted a CAGR of 5.7% between 2016 and 2020 to reach US\$987.8 million in 2020 from US\$790.7 million in 2016. The consumer base for salty snacks in Indonesia is very diverse as products come in various pack sizes, price points, flavors, shapes, textures and ingredients. Salty snacks cater to various taste profiles with varying age groups and socioeconomic classes. They are also widely available across different sales channels, from the smallest traditional stores to the bigger hypermarket stores. Additionally, according to Euromonitor, the salty snacks consumption per capita in Indonesia for 2020 is 0.7 kilograms, lower than Philippines (1.1 kilograms) and Japan (4.4 kilograms) and South Korea (1.9 kilograms). This highlights a potential runway for growth in Indonesia.

Figure 23: Salty Snacks Retail Sales Value in Indonesia



Source: Euromonitor International Limited

Figure 24: Salty Snacks Consumption per Capita in 2020



Source: Euromonitor International Limited

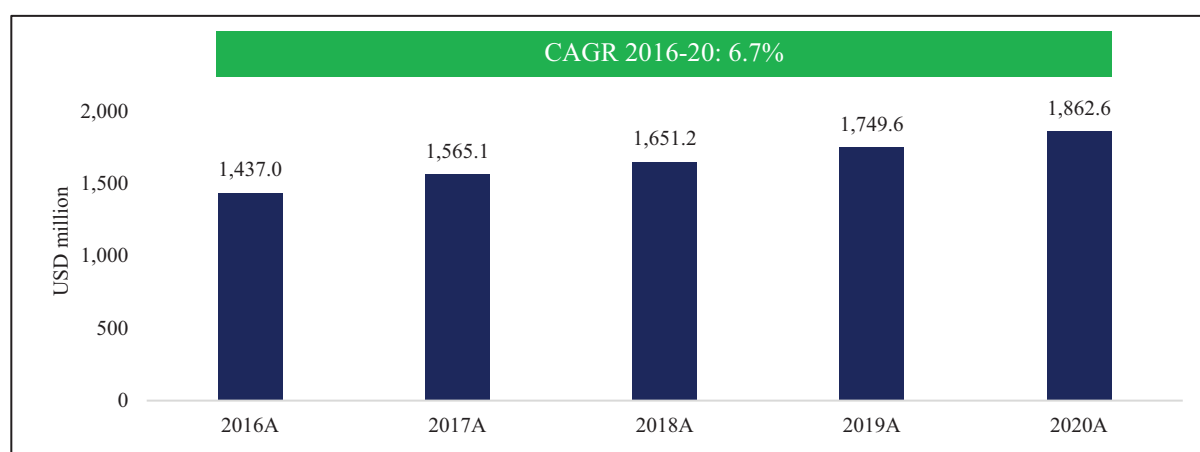
Competitive Landscape for Salty Snacks in Indonesia

According to Euromonitor, ICBP is the market leader in the Indonesian salty snack market with a market share of 21.5% as of 2020. It offers a complete range of product offering and is present in almost all of the snacks segment—potato, tortilla, vegetable, and puffed.

Food seasonings¹ (Sauces, Dressings and Condiments) in Indonesia

Food seasonings retail sales in Indonesia posted a CAGR of 6.7% between 2016 and 2020 to reach US\$1.9 billion in 2020 from US\$1.4 billion in 2016. In 2020, dry sauces, chili sauce and soy sauce accounted for approximately 55.6% of the overall food seasonings category. As a commonly used item within households in Indonesia, the category is expected to see year-on-year growth in the next few years, mainly driven by soy sauce and chili sauce (Source: Euromonitor). Food seasonings consumption per capita in Indonesia is 2.4 kilograms in 2020, lower than other Southeast Asian peers such as Vietnam (6.5 kilograms), Thailand (6.3 kilograms) and other Asian peers such as Japan (18.9 kilograms) and China (5.0 kilograms), according to Euromonitor.

Figure 25: Food Seasonings (Sauces, Dressings and Condiments) Retail Sales Value in Indonesia

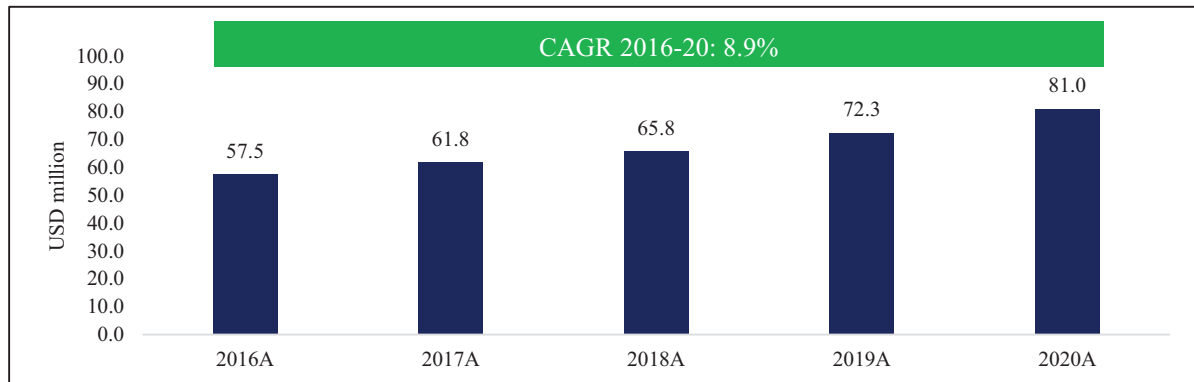


Source: Euromonitor International Limited

Dry sauces represent 4.4% of total sauces, dressings, and condiments in terms of retail sales value according to Euromonitor. It is a growing category, with retail sales value in Indonesia reaching a CAGR of 8.9% between 2016 and 2020 to reach US\$81.0 million in 2020 from US\$57.5 million in 2016, according to Euromonitor. The presence of this category has simplified the cooking process and made meal preparation easier. In light of COVID-19, increased in-home consumption has been favorable to the industry. According to Euromonitor, in 2020, the dry sauces consumption per capita in Indonesia was 0.1 kilograms, on par with Southeast Asian peers such as Vietnam (0.1 kilograms) and Philippines (0.1 kilograms). However, consumption per capita of dry sauces in Indonesia for 2020 was much lower compared to its Asian peers such as Japan (0.9 kilograms consumption per capita). In line with urbanization and increasing busy lifestyles in Indonesia, this category is profoundly relevant, highlighting the potential room for growth. The convenience of dry sauces provides a quick and easy way to prepare home-cooked meals. Its affordability and accessibility are also key drivers. Dry sauces can be easily accessed across Indonesia and are even sold by *tukang sayur* (vegetable hawkers). According to Euromonitor, the dry sauces retail sales value in Indonesia is expected to grow at low double digit over the next few years.

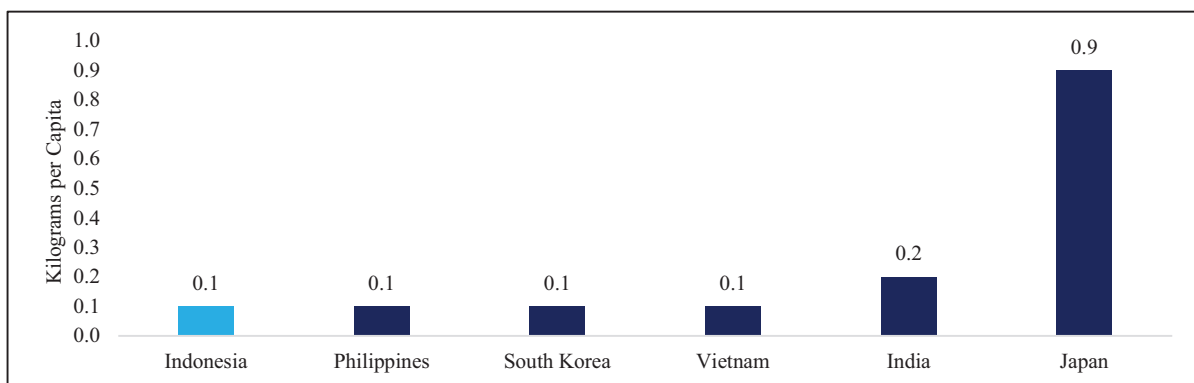
¹ Food seasonings refers to “Sauces, Dressings and Condiments” as defined by Euromonitor Terminology. According to Euromonitor, “Sauces, Dressings and Condiments” includes sub verticals such as “Cooking Ingredients”, “Pickled Products”, “Tomato Pastes and Purees”, “Dips”, “Table Sauces”, “Yeast-based Spreads” and “Other Sauces, Dressings and Condiments”. “Dry Sauce” and “Chilli Sauce” are part of “Table Sauces” segment.

Figure 26: Dry Sauce Retail Sales Value in Indonesia



Source: Euromonitor International Limited

Figure 27: Dry Sauce Consumption per Capita in Indonesia

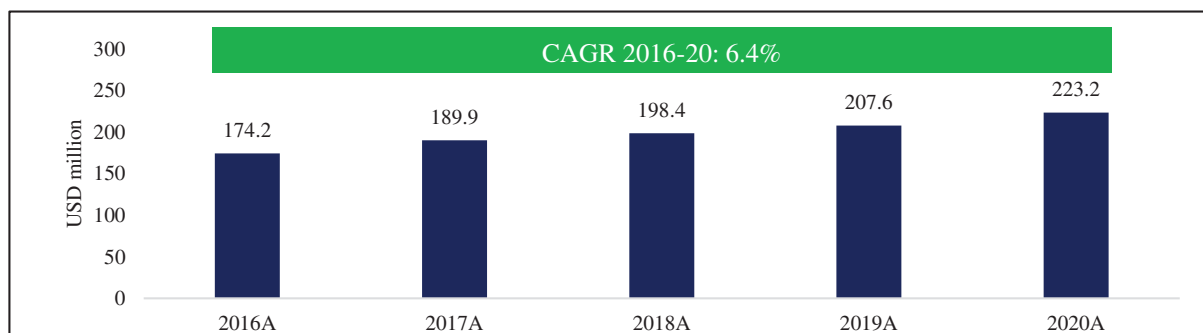


Source: Euromonitor International Limited

Chili sauce, being one of Indonesian's most popular meal accompaniment, has always been a key component in Indonesian cuisine. According to Euromonitor, its retail sales value in Indonesia posted a CAGR of 6.4% between 2016 and 2020 to reach US\$223.2 million in 2020 from US\$174.2 million in 2016. In 2020, the chili sauces consumption per capita in Indonesia is 0.3 kilograms, which is lower than Southeast Asian peers such as Vietnam (0.4 kilograms) and South Korea (0.5 kilograms) highlighting the room for growth. The category is projected to continue growing at a similar pace over the next few years, according to Euromonitor.

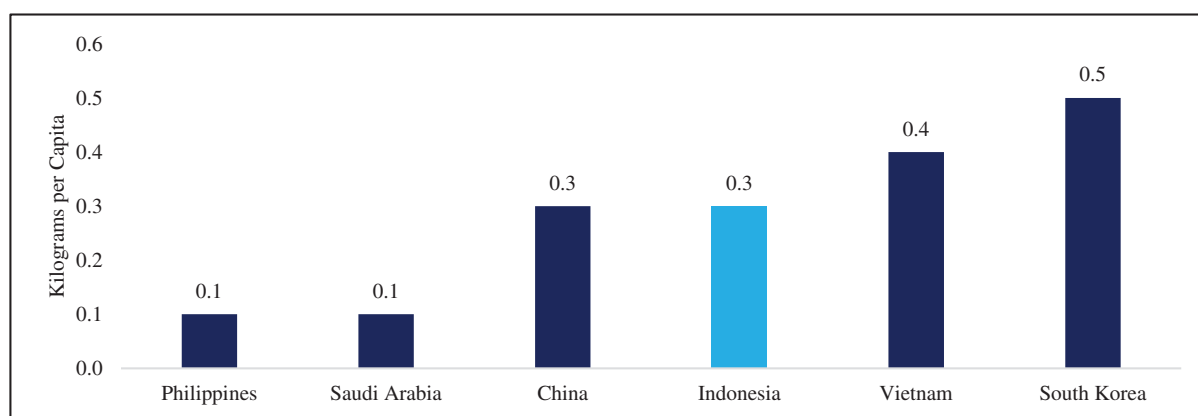
Soy sauce is another key component in Indonesian cuisine. It serves not only as a meal accompaniment, it is also commonly used as cooking ingredient. Retail sales value of soy sauce in Indonesia grew at a CAGR of 6.6% between 2016 and 2020 to reach US\$731 million in 2020 from US\$566 million in 2016. In 2020, soy sauce consumption per capita was 1.3 kilograms, lower than other Asian peers such as China (3.6 kilograms) and Japan (3.1 kilograms).

Figure 28: Chili Sauce Retail Sales Value in Indonesia



Source: Euromonitor International Limited

Figure 29: Chili Sauce Consumption per Capita in 2020



Source: Euromonitor International Limited

Competitive Landscape in Indonesia

ICBP is the leading player holding the number one position in dry sauces and second position in chili sauces according to Euromonitor.

Key Overseas Markets

Macroeconomic Overview of Saudi Arabia

According to IMF, Saudi Arabia is one of the largest economies in the Middle East. Saudi Arabia is currently rated A- by S&P, A1 by Moody's and A+ by Fitch.

Figure 30: Macroeconomic Summary of Saudi Arabia

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Nominal GDP (US\$ millions)	644,936	688,586	786,522	792,967	700,118	7.1%	2.1%
Nominal GDP per Capita (US\$)	19,879	20,802	23,337	23,320	21,306	5.5%	1.7%
Disposable Income per Capita (US\$) . . .	8,554	8,598	8,865	9,084	9,158	2.0%	1.7%
Total Population (000')	32,443	33,101	33,703	34,003	32,861	1.6%	0.3%
% of Population Aged 0-14	25.5%	25.1%	24.7%	24.5%	24.4%		
% of Population Aged 15-29	23.8%	23.4%	22.9%	22.4%	21.9%		
% of Population Aged 30-64	47.5%	48.3%	48.9%	49.5%	50.0%		
% of Population Aged 65+	3.1%	3.3%	3.4%	3.6%	3.8%		

Source: Euromonitor International Limited

Saudi Arabia experienced a marginal GDP growth rate of 7.1% from 2016 to 2019. In 2020, nominal GDP declined from US\$793.0 billion in 2019 to US\$700.1 billion in 2020 due to the COVID-19 pandemic impacting both the oil and non-oil sector. The Saudi economy is forecast to return to positive growth in 2021 as the global economy emerges from the coronavirus pandemic and improved oil price environment. Saudi nominal GDP is forecast to grow at a CAGR of 4% from 2020 to 2025 according to Euromonitor. As an oil-driven economy, Saudi Arabia is looking to diversify away from traditional crude oil exports and expand into both alternative energy and non-oil sectors. Diversification of the economy away from oil and gas related revenues and increased investments into manufacturing and service sectors will continue to drive future growth in Saudi Arabia.

As the vaccination program gains more momentum and COVID-related restrictions are eased, non-oil sectors will continue their growth trajectory. It is estimated by World Bank that the GDP growth of non-oil sector will reach 3.5% in 2021, reflecting stronger private consumption, gradual resumption of religious tourism, and higher domestic capital spending signaled through Saudi Arabia sovereign public wealth fund, Public Investment Fund (PIF) five-year strategy (2021-2025). In addition to consumer spending, another measure of non-oil activity, the Markit Purchasing Managers' Index, showed steady expansion in the final quarter of last year, implying non-oil growth. This level of recovery is stronger than that of many emerging markets.

According to Euromonitor, the nominal GDP and disposable income per capita in Saudi Arabia have remained relatively steady from 2016 to 2020.

Disposable income per capita was US\$8,554 in 2016 and US\$9,157.6 in 2020 (a CAGR of 1.7%) according to Euromonitor. By 2025, Euromonitor projects total disposable income to increase to US\$10,988 per capita, growing at a CAGR of 3.7% over the forecast period. The young population (approximately 45% under the age of 30 years old) and relatively high disposable income per capita highlights the potential for increased consumption expenditure which has grown at a CAGR of 2.2% from US\$286.6 billion in 2016 to US\$313.0 billion in 2020.

According to Euromonitor, consumer expenditure on food per capita amounted to US\$1,633.0 in 2016. In 2020, the indicator rose to US\$1,771.8 (a CAGR of 2.1% over the review period) and is expected to increase to reach US\$2,091 in 2025 (a CAGR of 3.4%).

Figure 31: Breakdown of Consumer Expenditure in Saudi Arabia

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Consumer Expenditure on Food (US\$ millions)	52,978	54,616	57,236	59,217	58,224	3.8%	2.4%
Consumer Expenditure on Food per Capita (US\$)	1,633	1,650	1,698	1,742	1,772	2.2%	2.1%
Total Consumer Expenditure (US\$ millions)	286,609	295,645	309,814	320,890	313,041	3.8%	2.2%

Source: Euromonitor International Limited

Packaged Food Industry in Saudi Arabia

According to Euromonitor, the Saudi Arabian packaged food industry continued to grow steadily at 6.2% in 2020 despite the COVID-19 pandemic. Retail sales value of the packaged industry increased from US\$18.3 billion in 2016 to US\$20.6 billion in 2020.

Figure 32: Packaged Food Industry Retail Sales Value in Saudi Arabia

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Packaged Food Industry in Saudi Arabia (SAR millions)	68,725	68,721	71,178	72,812	77,350		
Packaged Food Industry in Saudi Arabia (US\$ millions)	18,327	18,326	18,981	19,417	20,627		
Packaged Food Industry Growth in Saudi Arabia	5.1%	0.0%	3.6%	2.3%	6.2%	1.9%	3.0%

Source: Euromonitor International Limited

Instant noodles in Saudi Arabia

The instant noodles retail sales value in Saudi Arabia posted a CAGR of 6.9% between 2016 and 2020 to reach US\$232.1 million in 2020 from US\$177.9 million in 2016. Instant noodles exhibited a strong growth amidst COVID-19 in 2020, as it is viewed as an attractive option for quick meals whilst at home. According to Euromonitor, in 2020, the instant noodle consumption per capita was 1.4 kilograms in 2020 in Saudi Arabia, which is still low compared to Indonesia's consumption per capita of 3.8 kilograms. Convenience, affordability and increasing popularity of Asian foods are expected to be the key drivers of growth for the instant noodles category in Saudi Arabia. Instant noodles are available in a range of flavors to suit a variety of tastes, and there is potential to further increase the consumption per capita with an increase in the range of flavors.

Figure 33: Instant Noodle Retail Sales Value in Saudi Arabia

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Instant Noodles Industry in Saudi Arabia (SAR millions)	667.0	712.8	753.3	784.3	870.4		
Instant Noodles Industry in Saudi Arabia (US\$ millions)	177.9	190.1	200.9	209.2	232.1		
Instant Noodles Industry Growth in Saudi Arabia	2.9%	6.9%	5.7%	4.1%	11.0%	5.5%	6.9%

Source: Euromonitor International Limited

Competitive landscape for Instant Noodles in Saudi Arabia

The instant noodles market in Saudi Arabia is dominated by ICBP with a value share of 95% in 2020 according to Euromonitor.

Macroeconomic Overview of Nigeria

With a total population of approximately 202 million people, Nigeria is the most populous country in Africa, and the seventh most populous country globally according to the World Bank. According to IMF estimates, Nigeria has the potential to be a fast growing large African economy, with a projected annual GDP growth rate of 4.2% in the period 2016-2050.

The trajectory of economic growth had been improving since 2017. Nigeria has experienced a relatively high nominal GDP growth rate in local currency terms at a CAGR of 10.7% from NGN 102.6 trillion in 2016 to NGN154.3 trillion in 2020 according to Euromonitor.

Policy adjustments and reforms are designed to manage inflation, shift the country from its dependence on oil and diversification of the economy towards private sector-led growth. The economy is projected to grow at a CAGR of 13.2% from NGN154.3 trillion in 2020 to NGN286.8 trillion in 2025.

The Nigerian government has also launched a public-private infrastructure fund (US\$39 billion) to encourage long-term growth prospects by investing in transport networks and other industries where low-skilled labor can be absorbed to achieve a sustainable growth path.

Figure 34: Macroeconomic Summary of Nigeria

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Nominal GDP (NGN trillions)	102.6	114.9	129.1	145.6	154.3	12.4%	10.7%
Nominal GDP per Capita (NGN thousands)	551.6	602.0	659.0	724.7	748.3	9.5%	7.9%
Disposable Income per Capita (NGN thousands)	467.3	501.2	524.6	561.8	606.8	6.3%	6.8%
Total Population (000')	185,960	190,873	195,875	200,964	206,140	2.6%	2.6%
% of Population Aged 0-14	44.1%	44.0%	43.8%	43.7%	43.5%		
% of Population Aged 15-29	26.4%	26.5%	26.5%	26.6%	26.7%		
% of Population Aged 30-64	26.8%	26.9%	26.9%	27.0%	27.1%		
% of Population Aged 65+	2.7%	2.7%	2.7%	2.7%	2.7%		

Source: Euromonitor International Limited

Disposable income per capita was NGN467.3 thousand in 2016 and NGN606.8 thousand in 2020 (a CAGR of 6.8%). By 2025, total disposable income is forecast to increase to NGN963.5 thousand per capita, increasing at a CAGR of 9.7% over the forecast period according to Euromonitor.

Nigeria has experienced a strong population growth with a CAGR of 2.6% for the five year period from 2016 to 2020 according to Euromonitor. The population is predominantly youthful with over 70% aged under 30 years old. This highlights a young and growing demographic, which presents an attractive market opportunity.

According to Euromonitor, consumption expenditure on food has grown in line with total consumption expenditure at a CAGR of approximately 9.5% from 2016 to 2020. Consumer expenditure on food accounted for 57% of total consumption expenditure underscoring the importance of the food sector to Nigeria's large population as of 2020. Consumer expenditure on food per capita amounted to NGN251.7 thousand in 2016. In 2020, the indicator rose to NGN 327.9 thousand (a CAGR of 6.8% between 2016 and 2020) and is expected to continue increasing to reach NGN519.4 thousand in 2025 (a CAGR of 9.6%) driven by a youthful population and increasing disposable income per capita (Source: Euromonitor).

Figure 35: Breakdown of Consumer Expenditure in Nigeria

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Consumer Expenditure on Food (NGN trillions) ..	46.8	51.6	55.4	60.9	67.6	9.2%	9.6%
Consumer Expenditure on Food per Capita (NGN thousands)	251.7	270.2	282.9	303.0	327.9	6.4%	6.8%
Total Consumer Expenditure (NGN trillions)	82.8	91.2	97.9	107.6	119.2	9.1%	9.5%
% of Total Consumer Expenditure on Food	56.5%	56.6%	56.6%	56.6%	56.7%		

Source: Euromonitor International Limited

Packaged Food Industry in Nigeria

According to Euromonitor, the Nigerian packaged food industry continued to grow steadily at 12.8% in 2020 despite the COVID-19 pandemic. The retail sales value of the packaged industry increased from US\$6.1 billion in 2016 to US\$8.6 billion in 2020.

Figure 36: Packaged Food Industry in Nigeria

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Packaged Food Industry in Nigeria (NGN billions)	1,862.2	2,088.4	2,132.5	2,326.0	2,624.5		
Packaged Food Industry in Nigeria (US\$ millions)	6,079.3	6,817.8	6,961.9	7,593.5	8,567.9		
Packaged Food Industry Growth in Nigeria	(1.3%)	12.1%	2.1%	9.1%	12.8%	7.7%	9.0%

Source: Euromonitor International Limited

Instant noodles in Nigeria

Over the last 20 years, instant noodles has grown very strongly to become an essential staple, consumed by virtually all urban households on a regular basis due to its convenience and affordability. It is particularly popular among the growing young population. According to Euromonitor, the instant noodles retail sales value in Nigeria posted a CAGR of 10.0% between 2016 and 2020 to reach US\$493.3 million in 2020 from US\$337.3 million in 2016. Noodles demand continues to benefit from the growing Nigerian population because they are seen as a particularly convenient and cheap meal option combined with the home seclusions due to COVID-19 in 2020. In 2020, instant noodles consumption per capita in Nigeria was 1.0 kilograms, lower than Middle Eastern countries such as Saudi Arabia (1.4 kilograms) and also Indonesia (3.8 kilograms).

Figure 37: Instant Noodle Retail Sales Value in Nigeria

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Instant Noodle Industry in Nigeria (NGN billions)	103.9	128.9	131.8	137.7	151.7		
Instant Noodle Industry in Nigeria (US\$ millions)	410.6	422.1	431.5	449.5	495.4		
Instant Noodle Industry Growth in Nigeria	23.4%	24.2%	2.3%	4.4%	10.2%	9.9%	10.0%

Source: Euromonitor International Limited

Competitive landscape for Instant Noodles in Nigeria

The Nigerian instant noodles market is concentrated in the hands of four leading manufacturers, jointly holding 91% of value share in 2020, with ICBP holding the largest share at 67.2% and the no.2 player at 10.8% according to Euromonitor.

Macroeconomic Overview of Egypt

Egypt has experienced robust GDP growth at a CAGR rate of approximately 5.0% from 2016 to 2019 according to Euromonitor. This has been driven by an upswing in tourism, strong remittances from Egyptian workers

abroad and recently discovered natural gas fields coming on-stream. In 2020, GDP grew at a slower rate of 3.6% due to the COVID-19 pandemic. Notably, Egypt was one of the few African countries to record positive growth in 2020. Since the COVID-19 outbreak, tourism has declined, the price of gas has weakened and worker remittances have come under threat with the decline of oil revenue in Gulf Arab states, where many Egyptians are employed. The halt in tourism and decline in manufacturing and construction were partly offset by modest growth in most other sectors, despite pandemic-related restrictions (Source: IMF). The GDP growth rate for 2020-2025 is projected at 7.7% which is higher compared to the 2019-2020 growth rate, according to Euromonitor.

In March 2020, the government announced an US\$6.39 billion stimulus package, including compensation for day laborers affected by lockdown measures and support for tourism sector.

According to Euromonitor, Egypt's population has grown at a CAGR of 2.1% from 2016 to 2020 and has also exhibited an increase in disposable income per capita from US\$2,536 in 2016 to US\$3,275 in 2020, representing a CAGR of 6.6%. Over 50% of the population is aged under 30 years old, young adults represent a favorable demographic profile given their spending patterns and tendency to embrace modern consumption trends.

Figure 38: Macroeconomic Summary of Egypt

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Nominal GDP (US\$ millions)	271,094	194,673	249,046	316,468	367,796	5.3%	7.9%
Nominal GDP per Capita (US\$)	2,951	2,068	2,587	3,226	3,685	3.0%	5.7%
Disposable Income per Capita (US\$)	2,539	1,858	2,286	2,753	3,275	2.7%	6.6%
Total Population (000')	91,853	94,143	96,279	98,100	99,800	2.2%	2.1%
% of Population Aged 0-14	35.1%	35.2%	35.2%	35.0%	34.9%		
% of Population Aged 15-29	24.7%	24.2%	23.7%	23.5%	23.3%		
% of Population Aged 30-64	35.0%	35.4%	35.9%	36.2%	36.4%		
% of Population Aged 65+	5.2%	5.2%	5.3%	5.3%	5.4%		

Source: Euromonitor International Limited

Consumer expenditure on food has exhibited a strong growth from 2016 to 2020 and grown at a CAGR of 14.8%, according to Euromonitor. The proportion of consumer expenditure on food to total consumer expenditure has increased from 32.3% in 2016 to 38.2% in 2020. Disposable income per capita was US\$2,539 in 2016 and US\$3,275.1 in 2020 (a CAGR 6.6%). By 2025, total disposable income will increase to US\$4,654.7 per capita, increasing at a CAGR of 7.3% over the forecast period according to Euromonitor. Higher disposable income per capita will further drive increases in total consumer expenditure of which food accounts for a significant portion according to Euromonitor.

Consumer expenditure on food per capita amounted to US\$775 in 2016 according to Euromonitor. In 2020, the indicator rose to US\$1,239 (a CAGR of 12.4% over the review period) and Euromonitor expects this trend to continue increasing over the forecast period to reach US\$1,588.8 in 2025 (a CAGR of 5.1%).

Figure 39: Breakdown of Consumer Expenditure in Egypt

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Consumer Expenditure on Food (US\$ millions)	71,170	56,152	73,333	94,579	123,623	9.9%	14.8%
Consumer Expenditure on Food per Capita (US\$)	775	596	762	964	1,239	7.5%	12.4%
Total Consumer Expenditure (US\$ millions)	220,654	172,956	219,397	272,140	323,797	7.2%	10.1%
% of Total Consumer Expenditure on Food	32.3%	32.5%	33.4%	34.8%	38.2%		

Source: Euromonitor International Limited

Packaged Food Industry in Egypt

According to Euromonitor, the Egypt packaged food industry continued to grow steadily at 9.7% in 2020 despite the COVID-19 pandemic. Retail sales value of the packaged industry increased from US\$7.8 billion in 2016 to US\$14.6 billion in 2020.

Figure 40: Packaged Food Industry in Egypt

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Packaged Food Industry in Egypt (EGP millions)	127,925	162,403	192,950	217,748	238,918		
Packaged Food Industry in Egypt (US\$ millions)	7,810	9,914	11,779	13,293	14,585		
Packaged Food Industry Growth in Egypt	15.0%	27.0%	18.8%	12.9%	9.7%	19.4%	16.9%

Source: Euromonitor International Limited

Instant noodles in Egypt

Instant noodles retail sales value in Egypt posted a CAGR of 38.0% between 2016 and 2020 to reach US\$168.9 million in 2020 from US\$46.6 million in 2016 according to Euromonitor. In 2020, the instant noodles consumption per capita in Egypt was 0.7 kilograms, lower than other Middle Eastern and African countries such as Nigeria (1.0 kilograms) and Saudi Arabia (1.4 kilograms) according to Euromonitor. Instant noodles products are easy and quick to prepare, can be served with a variety of dishes and are perceived as affordable by most consumers. Product innovation in the form of new flavors and redesigned packaging has also been well received by consumers in Egypt. Egypt's young population is another key driver for the category as they are open to consume other foods such as instant noodles products. The population is expected to grow strongly which will further drive the consumption of instant noodles in the coming years.

Figure 41: Instant Noodles Retail Sales Value in Egypt

	2016A	2017A	2018A	2019A	2020A	CAGR 16-19	CAGR 16-20
Instant Noodles Industry in Egypt (EGP millions)	763	1,229	1,759	2,418	2,766		
Instant Noodles Industry in Egypt (US\$ millions)	46.6	75.0	107.4	147.6	168.9		
Instant Noodles Industry Growth in Egypt	37.1%	61.1%	43.2%	37.4%	14.4%	46.9%	38.0%

Source: Euromonitor International Limited

Competitive landscape for Instant Noodles in Egypt

The Egypt instant noodles market is highly concentrated with ICBP the dominant player with 82.6% market share in 2020, according to Euromonitor.

REGULATIONS

Industrial and Main Business Activities

General Regulation on Industrial Sector

Industry is a form of economic activities that processes raw materials and/or utilizes industrial resources, resulting a value-added goods which in its principle regulated under the Law No. 3 of 2014 on Industry, as amended by the Job Creation Law (“**Industry Law**”). The Industry Law and its implementing regulation under the Government Regulation No. 28 of 2021 on The Implementation of Industrial Sector (“**GR No. 28/2021**”) and Minister of Industry Regulation No. 64/M-IND/PER/7/2016 on The Amount of Workers and Investment Value for Industrial Business Classification (“**MOI Regulation No. 64/2016**”) sets out types of industry based on number of employee and/or investment value, namely (i) small-scaled industry; (ii) medium-scaled industry; and (iii) large-scaled industry. It is mandatory for every industry business to possess an Industrial Business License (*Izin Usaha Industri* or “**IUI**” or *Perizinan Berusaha Industri* under the Job Creation Law) in order to carry out industrial activities seamlessly. Failure to secure the IUI may result in administrative sanctions, among others, written notice, fines and/or temporary closure.

In 2020, the Government of the Republic of Indonesia issued Job Creation Law and its implementing regulation on Business Licensing namely Government Regulation Number 5 of 2021 on The Implementation of Risk-Based Business Licensing (“**GR No. 5/2021**”) which stipulate that every business licensing or sectoral license that has been obtained prior to the enactment of Job Creation Law remains valid until the expiry of such license(s). In this case, should the related industrial company has already obtained its IUI before the enactment of Job Creation Law and such IUI is still applicable, then such IUI will remain valid.

Further according to the Government Regulation No. 107 of 2015 on the Industrial Business License (“**GR No. 107/2015**”), one IUI shall only apply to one industry company that:

- (1) owns an industrial business under one business group with a five-digit Indonesia Standard Industrial Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* or “**KBLI**”) number and is located within one industrial location;
- (2) owns several industrial businesses under one integrated production unit with different five-digit KBLI numbers within one industrial zone; or
- (3) owns several industrial businesses under one business group with the same five-digit KBLI number in several locations within one industrial zone.

However, in the event that an industry company owns an industry business outside the above-mentioned provision, such industry company must own a new IUI.

Upon obtaining IUI, it also eligible for an industry company to expand its industrial activities by submitting an application of Expansion License (*Izin Perluasan*) for certain circumstances. There is no specific validity period of IUI, but it is valid as long as the industry carries out its activities. Moreover according to the Industry Law, an industry must be located in an industrial zone, but it is exempted for an industry that is located in a city/regency that: (i) does not have any industrial zone; (ii) does not have remaining industrial zone; (iii) has special economic zones containing industrial area; (iv) small-scaled and medium-scaled industry that does not harm the environment; or (v) using special raw material and/or its production process requires special location.

Other strict obligation that shall be fulfilled by industry businesses is the requirement for industry companies to submit their industrial data accurately, completely, on time and continued to the relevant government institution as required by Industry Law and GR No. 28/2021. The industrial data shall be submitted through the National Industrial Information System (*Sistem Informasi Industri Nasional* or “**SIINas**”) and such data consists of:

A. Industrial data on the construction stage, consisting of:

- (1) Legality of the company;
- (2) Planning aspect;
- (3) Construction aspect;
- (4) Technical aspect related to the construction, completeness of facility and infrastructure; and
- (5) Management aspect.

B. Industrial data on the production/commercial stage, consisting of:

- (1) Legality of the company;

- (2) Industrial activity aspect;
- (3) Technical aspect; and
- (4) Management aspect.

The management aspect as part of industrial data consists of the management on environment, public-social impact, energy, resources, business management, and international cooperation in industry sector.

Food and Beverage Regulation

In principal, industrial businesses in Indonesia shall not only comply with the general provision under the Industry Law but also shall comply with the relevant regulations/standards based on its industrial activities. In relation to a food and beverages industry, such businesses shall be mandatory to comply with the Law No. 18 of 2012 on Food as amended by the Job Creation Law (“**Food Law**”), in which this law set out general provisions on several aspects, including food and beverage label and advertising, food packaging, permit and standardization.

Regarding to this business, The Government of Republic Indonesia through Presidential Regulation No. 80 of 2017 on The National Agency of Drug and Food Control (“**Presidential Regulation No. 80/2017**”) authorizes The National Agency of Drug and Food Control (*Badan Pengawas Obat dan Makanan* or “BPOM”) to represent the Government to supervise drug and food and beverage distributions in Indonesia. Besides the food and beverage distribution, BPOM also supervises on the food label and advertising and in regard to the food and beverage advertising and BPOM strictly regulates technical principles of food and beverage advertising. To summarize technical principles of food and beverage advertising, the advertisement itself under the Government Regulation No. 69 of 1999 on Food Label and Advertisement (“**GR No. 69/1999**”) shall provide true statements and must not contravene any prevailing norms of decency and public order. Infringement of the above provisions results written warning to revocation of relevant permit.

In order to distribute food and beverage products in Indonesia, every food and beverage business must obtain a marketing authorization (*izin edar*) from BPOM as obliged under BPOM Regulation No. 27 of 2017 as amended by BPOM Regulation No. 7 of 2021 on Processed Food Registration (“**BPOM Regulation No. 27/2017**”). The marketing authorization is an approval of an assessment of a food and beverage which issued by the BPOM and this permit itself shall be valid for five years and re-registrable. By obtaining a marketing authorization, the holder or a food and beverage company must ensure the safety, quality, nutrition and label of the food and beverage.

BPOM also sets out provisions on technical safety, quality and nutrition for food and beverage distributed in Indonesia. It also requires every food and beverage business to comply with the requirements of the Indonesian National Standard (*Standar Nasional Indonesia* or “**SNi**”) certification for certain products as set out by the Food Law or Industry Law. Moreover, most of food and beverage producers shall also comply with the halal assurance under supervision of the Indonesian Halal Product Assurance Organizing Agency (*Badan Penyelenggara Jaminan Produk Halal* or BPJPH) (which was previously conducted by the assessment Institute for Foods, Drugs and Cosmetics Indonesian Council of Ulama (*Lembaga Pengkajian Pangan, Obat-obatan dan Kosmetika Majelis Ulama Indonesia* or “**MUI**”)) as required by Law No. 33 of 2014 on Halal Guaranty Product as amended by the Job Creation Law (“**Law No. 33/2014**”).

Food and Beverage Packaging Regulation

In general, food packaging industry activities are regulated under the Food Law which states that the provision on food packaging standard is considered as a part of food safety implementation. Food packaging is essential due to its purpose in protecting the food product from any putrefaction and damages and it is important for food industry businesses to ensure that their food packaging will not harm consumer’s health and safety. For implementing the Food Law, the Government has issued Government Regulation No. 86 of 2019 on Food Safety (“**GR No. 86/2019**”) and this regulation only allows food packages are made based on paper and plastic materials. In addition, the GR No. 86/2019 requires the food-packaged producers to ensure that the packaging material is free from any food-contacted-substances (*Zat Kontak Pangan*, defined as the substances of food package that directly contacted with the packaged food) that might harm or contaminate the food itself and make it dangerous for the consumer. In relation to this condition, GR No. 86/2019 stipulates several minimum requirements that shall be fulfilled in the procedures of food packaging, which the food packaging shall:

- (1) Protecting and maintaining the food quality from the outside;
- (2) Resistant to any activities during the food processing, food transporting, and food distribution;
- (3) Protecting the food from contamination, preventing damages, and enable a good labeling; and

- (4) The material of food packages shall be kept and handled in a hygienic condition and separated from its raw material and final product.

Besides the GR No. 86/2019, the provisions related to food packaging activities are also specifically regulated under the BPOM Regulation No. 20 of 2019 on Food Packaging (“**BPOM Regulation No. 20/2019**”). This regulation provides certain provisions on the food-contacted-substances and food-contacted-materials (*Bahan Kontak Pangan*, defined as the material of food package that directly contacted with the packaged food, including food cutlery, or food processing equipment) especially on the permitted and prohibited substances and/or materials for the food package.

Other important provisions regarding food packaging activities is the obligation for food industry businesses to attach food label in their product’s package. According to the Food Law, food labeling is intended to give an accurate and clear information to the public on every packaged food product before they purchase or consumer the products. Such information is consisting of source, safety, quality, nutrition content, and other required information. In addition to the stipulated information under the Food Law, the BPOM Regulation No. 31 of 2018 on Processed Food Label (“**BPOM Regulation No. 31/2018**”) provides other information that shall be included in a processed food label such as:

- (1) Product’s name;
- (2) List of used ingredients;
- (3) Net weight or net content;
- (4) Name and address of the party who produces or imports the product;
- (5) Halal information for required products;
- (6) Production date and code;
- (7) Expiration information;
- (8) Distribution license number; and
- (9) Sources of specific food ingredients.

The food label is not the only thing that should be attached to a food package. Based on the Minister of Industry Regulation No. 24/M-IND/PER/2/2010 on the Attachment of Food Package Safety Logo and Recycling Code for Food Package Made of Plastic (“**MOI Regulation No. 24/2010**”), every plastic-based food package shall be attached with a food package safety logo (*Logo Tara Pangan*) and recycling code. The attachment of food package safety logo is intended in the purpose to inform the consumer that the food package is safe for packaging the food. The recycling code contains information on (i) the type of plastic material; and (ii) as a recycle-able mark. Due to its purpose, the MOI Regulation No. 24/2010 requires the food package producers to give a right information on the type of plastic material for producing its food package.

In relation to the paper and cardboard-based food package, the Minister of Industry has issued Minister of Industry Regulation No. 20 of 2020 on Mandatory Enforcement of The Indonesian National Standard for Paper and Cardboard for Food Packaging dated August 6, 2020 (“**MOI Regulation No. 20/2020**”). By this regulation, the Minister of Industry enforced the paper and cardboard for food packaging to be standardized with SNI No. 8218:2015. This requirement will apply to packages that are produced in Indonesia and/or imported but distributed inside Indonesia. The fulfillment of SNI standardization for paper and cardboard shall be required for the producers of such food packages, further such producer shall be granted with the SNI Paper and Cardboard Mark Utilization for Food Packaging Product Certificate (*Sertifikat Produk Penggunaan Tanda SNI Kertas dan Karton untuk Kemasan Pangan* or “**SPPT SNI**”) however, this requirement will only be effective after 18 months from the regulation issuance date i.e., February 11, 2022.

Trade Business

In Indonesia, all trading activities are regulated generally under Law No. 7 of 2014 on Trade as amended by the Job Creation Law (“**Trade Law**”) with the scope of regulation are as follows:

- (1) Domestic Trade;
- (2) Foreign Trade;
- (3) Border Trade;
- (4) Standardization;
- (5) Trade through electronic systems;

- (6) Trade protection and security;
- (7) Empowerment of cooperatives and micro, small, and medium business;
- (8) Export development;
- (9) International trading cooperation;
- (10) Trading Information System;
- (11) Government's duty and authorization in trade sector;
- (12) National Trading Board;
- (13) Monitoring; and
- (14) Investigation.

According to the Trade Law, every business which conduct trade business activities shall obtain business license from the Government and for trading sector such license was known as the Trade Business License (*Surat Izin Usaha Perdagangan* or “**SIUP**”). According to the Minister of Trade Regulation No. 36/M-DAG/PER/9/2007 of 2007 as amended by Minister of Trade Regulation No. 07/M-DAG/PER/2/2017 of 2017 on The Issuance of Trade Business License (“**MOT Regulation No. 36/2007**”), this SIUP will remain valid and can be used as long as the company runs its trade business activities.

Additionally, as Trade Law has been amended by Job Creation Law, it is now subject to the provisions on Business Licensing (unification of business licensing) concept under Job Creation Law. However, since Job Creation Law and its implementing regulations namely GR No. 5/2021 and Government Regulation Number 29 of 2021 on The Implementation of Trade Business Sector (“**GR No. 29/2021**”) stipulate that any business license issued prior to the enactment of Job Creation Law is still valid, then any trading companies holding SIUP prior to the effective date of Job Creation Law may still use their existing SIUP.

In relation to the foreign trade that required businesses to conduct an export and import activities, GR No. 29/2021 provides specific provisions on export-import activities. In general, the Government requires company that conduct export and/or import activities to have a Single Business Number (*Nomor Induk Berusaha* or “**NIB**”) which this number shall be obtained through the Online Single Submission System (“**OSS System**”). Specifically, for import activities, the GR No. 29/2021 stipulates that the NIB shall also valid as an Importer Identification Number (*Angka Pengenal Importir* or “**API**”) which according to Indonesia's trade regulation, the API is categorized into General API (*API Umum* or “**API-U**”) for importing commercial goods and Producer API (*API Produsen* or “**API-P**”) for importing material goods that will be used for the importer's production activities. Principally the GR No. 29/2021 does not require any specific business licenses for companies to conduct their export and import activities instead it only requires obtaining the NIB. However, there are certain export and import activities that requires a company to obtain additional business license besides the NIB as follows:

- A. For a certain export activity
 - (1) Registered Exporter; and/or
 - (2) Export Approval.
- B. For a certain import activity
 - (1) Registered Importer;
 - (2) Producer Importer; and/or
 - (3) Importer Approval.

The GR No. 29/2021 stipulates that export or import activities that will require additional business license will be further regulated under a Ministerial Regulation. However, until the date of this Offering Memorandum the Minister of Trade has not issued such Ministerial Regulation.

Warehousing

Minister of Trade Regulation No. 90/M-DAG/PER/12/2014 of 2014 as amended by Minister of Trade Regulation No. 16/M-DAG/PER/3/2016 of 2016 on Arrangement and Development of Warehouse (“**MOT Regulation No. 90/2014**”) regulates that a warehouse owner must obtain Warehouse Registration Certificate (*Tanda Daftar Gudang* or “**TDG**”).

Based on MOT Regulation No. 90/2014, to obtain TDG, warehouse owner must submit written submission to TDG Issuing Official. A TDG has a validity period as long as the warehouse is used to store traded goods and must be re-registered every five years. If the warehouse owner does not have a TDG or fails to re-register its TDG, the warehouse owner will be subject to sanctions for warehouse closure or fines.

Land Ownership

Ownership of land in Indonesia is principally regulated under the Law No. 5 of 1960 on Basic Principles of Agrarian Law (“**Basic Agrarian Law**”). The Basic Agrarian Law and its implementing regulations, including (i) Government Regulation No. 24 of 1997 (“**GR No. 24/1997**”) and (ii) Government Regulation No. 40 of 1996 (“**GR No. 40/1996**”), provide for various forms of land title and a registration system to protect legal ownership upon the land. These include, an Ownership Right (*Hak Milik* or “**HM**”), Right to Cultivate (*Hak Guna Usaha* or “**HGU**”), Right to Build (*Hak Guna Bangunan* or “**HGB**”), and Right to Use (*Hak Pakai* or “**HP**”). On February 2, 2021, the Government enacted Government Regulation No. 18 of 2021 on Right to Manage, Land Rights, Strata Title, and Land Registrations (“**GR No. 18/2021**”), which partially revokes the GR No. 24/1997 and entirely revokes GR No. 40/1996. GR No. 18/2021 is one of the implementing regulations of the Job Creation Law. See “*Regulation—Job Creation Law*”.

HM title is available only to Indonesian individuals and certain legal entities referred to in Government Regulation No. 38 of 1963 on Entities Eligible for HM, such as state-owned banks and religious or social organizations, so long as such land is utilized for religious and social purposes and are acknowledged and protected. HM is not available to companies (whether local or foreign investment) or foreign individuals.

HGB title may be held by Indonesian individuals and legal entities established under the laws of Indonesia and domiciled in Indonesia. A foreign company or foreign individual may not acquire HGB title. However, a foreign investment company (“**PT PMA**”), a limited liability company established within the territory of the Republic of Indonesia by a foreign investor using entirely foreign capital, or by a joint venture with a domestic investor, may hold HGB title and therefore, foreign shareholders can hold HGB title indirectly. A holder of HGB title has the right to build and own any buildings on the parcel of land owned and transfer and encumber all or part of such parcel of land. HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, HGB title may be extended for an additional term, not to exceed 20 years. Following expiration of the initial term and the additional term, an application for renewal of HGB title may be made by the landowner and a new HGB title may be granted on the same land to the same owner following the satisfaction of certain requirements.

GR No. 18/2021 amends the provisions in relation to the extension and renewal of the land titles (i.e., HGU, HGB and HP). Applications for extension of HGB and HP can be submitted after the land has been utilized in accordance with the purpose or before the expiration date of the land title. Meanwhile, the application for extension of a HGU can be submitted after the business carried out on the land is effective. As for the renewal of land titles, GR No. 18/21 states that applications for renewal of HGU, HGB and HP can be submitted at the latest two years after the expiration date of the land title. The application for extension and/or renewal of HGB title must be made no later than two years prior to the expiration term. Although, the land office has discretion in regard to granting the various extensions, the land office tends to grant extensions and renewal cycles for HGB titles. The National Land Office tends to grant extensions and renewals of HGB titles when there has been no change in the zoning policies of the government, abandonment or destruction of land, egregious breaches by the owners of the land of conditions under the existing HGB title or revocation of the HGB title due to public interest considerations.

While both HM and HGB titles are not available for foreign individuals and foreign legal entities domiciled in Indonesia, foreign individuals and foreign legal entities may apply for HP title which is available for foreign individuals and foreign legal entities. Pursuant to GR No. 18/2021, a foreign citizen holding a stay permit may own a (a) house constructed above land with (i) HP title, (ii) HP title above a HM title based on an agreement with Land Deed Official (*Pejabat Pembuat Akta Tanah*) to grant HP title, or (iii) a HP title above a right to manage land (*Hak Pengelolaan* or “**HPL**”), based on a land utilization agreement with the holder of such HPL, and (b) an apartment constructed in a special economic zone, free trade zone, industrial zone and other economic zone, above a land with (i) a HP or HGB title above state owned land, (ii) a HP or HGB title above a HPL title, or (iii) a HP or HGB title above a HM title. Further provisions as to the title are expected to be set out in the implementing regulation of GR No. 18/2021. GR No. 18/2021 also revokes Government Regulation No. 103 of 2015 on Ownership of Residential Houses by Foreigners Domiciled in Indonesia. GR No. 18/2021 allows (i) foreign citizens with the relevant permit, (ii) foreign legal entities with a representative office in Indonesia, (iii) representatives of foreign countries and (iv) international institutions to own strata title right of ownership of apartment units (*sertifikat satuan hak milik atas satuan rumah susun*).

The Basic Agrarian Law also recognizes a form of title based on Indonesian traditional law (also known as *Hukum Adat* or *Adat Law*) commonly referred to as *Girik* title or *Hak Milik Adat* or *Hak Ulayat* title (or other name depending on the region) or communal right to the extent that such communal right and the relevant *Adat Law* community (*masyarakat hukum adat*) still exist. The determination of the existence of the *Adat Law* community and the registration of the communal right is further regulated in Minister of Domestic Affairs Regulation No. 52 of 2014 on Guidelines for the Recognition and Protection of *Adat Law* Community and Minister of Agrarian Affairs and Spatial Planning/Head of National Land Agency Regulation No. 18 of 2019 on Procedures for Administering *Ulayat* Land for *Adat Law* Community. *Girik* title arises as a result of occupation or residence on land and payment of taxes and retributions with respect to the land, or by renouncement of right by the previous holder of land covered by *Girik* title. *Girik* title is an unregistered form of title but may be evidenced by certificates registered in the books of the relevant local sub-district office. Such certificates include a brief description of the land and the holder of *Girik* title and details with respect to the payment of taxes and retributions with respect to the land.

Intellectual Property Rights

Trademark Regulation

It is a common thing for a company to have a trademark to build its reputation and credential. In Indonesia, a regulatory framework on trademark is stipulated under Law Number 20 of 2016 on Trademark and Geographical Indication, as amended by the Job Creation Law (“**Trademark Law**”). In General, the Trademark Law implements first-to-file principle which the eligible trademark owner is the one who submit the trademark application in the first place. A registered trademark will be protected for 10 (ten) years since application date, and extendable for the next 10 (ten) years without any limitation number of extensions.

The Trademark Law also stipulates on (among others) trademark registration process, recordation on assignment of rights on trademark and trademark license agreement, trademark dispute settlement and criminal sanctions.

Regarding the assignment of rights on trademark, the assignment occurs due to inheritance, testament, waqf, grant, agreement or any reasonable cause in accordance with the laws and regulations. Assignment of rights on several similar or identical trademarks only occurs if it is assigned to the same party. In order to make the assignment legally binding to third parties, such assignment must be recorded at the Ministry of Law and Human Rights.

Further, the trademark owner is able to provide license to other parties to use its trademark in the form of license agreement. The license agreement is valid across Indonesia, unless otherwise stated. In order to make the license agreement legally binding to third parties, the license agreement must be recorded at the Ministry of Law and Human Rights. A license agreement must not have any direct/indirect clause which (i) affects the economy of Indonesia or the national interests of Indonesia; (ii) provides restriction that inhibit the ability of Indonesia to transfer, possess and develop technology; (iii) results unfair business competition; and/or (iv) contravene the provisions of laws and regulations, religious principles, decency and public order.

Trade Secret

Trade secret is regulated under Law Number 30 of 2000 on Trade Secret (“**Trade Secret Law**”). Trade secret is an information that is undisclosed to the public in the field of technology and/or business, holds economic value due to its worthiness in the business activities, and protected by the trade secret owner. The protection of trade secret covers production method, processing method, sales method, or any information on technology and/or business holding economic value and undisclosed to the public. Therefore, a trade secret obtains a protection if the information is confidential, holds economic value and protected by taking any reasonable actions.

Regarding the assignment of rights on trade secret, the assignment occurs due to inheritance, testament, waqf, grant, agreement or any reasonable cause in accordance with the laws and regulations. In order to make the assignment legally binding to third parties, such assignment must be recorded at the Ministry Law and Human Rights.

Further, the trade secret owner is able to provide license to other parties to use its trade secret in the form of license agreement. In order to make the license agreement legally binding to third parties, the license agreement must be recorded at the Ministry of Law and Human Rights. A license agreement must not have any direct/indirect clause which (ii) affects the economy of Indonesia or the national interests of Indonesia; (ii) provides restriction that inhibit the ability of Indonesia to transfer, possess and develop technology; (iii) results unfair business competition; and/or (iv) contravene the provisions of laws and regulations, religious principles, decency and public order.

Environmental Regulation

Environmental protection in Indonesia is governed by various laws, regulations, and decrees, including Law No. 32 of 2009 on Environmental Protection and Management, which was enacted on October 3, 2009 and its amendments set out under the Job Creation Law (“**Law No. 32/2009**”), and Government Regulation No. 22 of 2021 on Implementation of Environmental Protection and Management (“**GR No. 22/2021**”) (collectively, the “**Environmental Law**”). The Environmental Law stipulates that all business sectors which have a significant impact on the environment are required to obtain an Environmental Feasibility Decree issued by the central or regional government based on AMDAL. Businesses with no significant effect to the environment should provide a Capability Statement regarding their commitments to conduct environmental management and compliance with the standards of the Environment Management Effort and UKL & UPL.

The Environmental Feasibility Decree and Capability Statement is a pre-requisite for the issuance of business license (*perizinan berusaha*) or the central or regional government’s approval. A business license may be annulled where the following conditions are met: (i) the requirements filed in the business licensing application contain legal flaws, errors, misuse as well as untruth and/or falsification of document, data and/or information; (ii) the issuance of the license does not comply with the requirements set out under the Environmental Feasibility Decree or Capability Statement; or (iii) the obligations set out under AMDAL or UKL-UPL are not complied with by the relevant parties.

The Environmental Law further stipulates that within two years after its enactment date, all businesses that have obtained business licenses but do not yet have an AMDAL document or UKL and UPL are obligated to either complete an environmental audit, if they need an AMDAL, or to have an environment management document, if they need a UKL and UPL. Furthermore, Law No. 32/2009 obliges businesses to integrate their current environmental permits (AMDAL or UKL/UPL documents) issued by the minister, governor or mayor, into an Environmental License by the first anniversary of the enactment date of Law No. 32/2009 on October 3, 2009. Businesses that fail to comply with the environmental law requirements are subject to administrative sanctions, which may be in the form of (i) a written warning; (ii) Government coercion; (iii) administrative fine, (iv) suspension of the Business License; or (v) revocation of the Business License.

GR No. 22/2021 also regulates the management and disposal procedures for toxic and hazardous waste substances (“**hazardous waste**”) covering:

- (a) the method of identifying, reducing, storing, collecting, transporting, utilizing, processing, and hoarding hazardous wastes;
- (b) the procedures for dumping hazardous wastes into the open sea or land;
- (c) risk mitigation and emergency responses to address environmental pollution caused by hazardous waste; and
- (d) sanctions for non-compliance.

To store hazardous waste, businesses must fulfill:

- (a) standard for hazardous waste storage integrated into NIB, for producers of hazardous waste from businesses and/or activities with mandatory capability statement for environmental management and monitoring, and/or
- (b) technical details of hazardous waste storage contained in the environmental agreement for producer of hazardous waste from businesses and/or activity with mandatory AMDAL or UKL & UPL.

Every business that produces hazardous waste must process their waste either by themselves or assign a third-party to do so. Three types of processing methods are provided for under GR No. 22/2021, namely: 1) thermal; 2) stabilization and solidification; and/or 3) other methods in accordance with technological developments. Businesses or appointed third parties must obtain Environmental Approval and business licensing in the field of hazardous waste processing. To obtain such environmental approval, hazardous waste processor must obtain hazardous waste management technical approval for hazardous waste treatment activities.

GR No. 22/2021 also regulates the management and disposal procedures for wastewater. Every business and/or activity who carry out the disposal and/or utilization of wastewater with AMDAL or UKL & UPL must make studies or use technical standards provided by the government as a basis for consideration in determining the technical approval for the fulfillment of wastewater quality standards.

Capital Market Regulation

On April 21, 2020, OJK issued the Material Transaction Regulation, which was effective on October 21, 2020, and revoked Bapepam-LK Regulation No. IX.E.2 on Material Transactions and Change of Main Business Activities as attached to Decree of Chairman of Bapepam-LK No. 614/BL/2011. Pursuant to the Material

Transaction Rule, each borrowing and lending in one transaction or a series of related transactions for a particular purpose or activity having a transaction value of 20% to 50% of the public company's equity, as determined by the latest audited annual financial statements, semi-annual limited reviewed financial statements or audited interim financial statements (if any), must be announced to the public and the public company must also obtain an appraisal report from an independent appraiser, subject to certain exemptions available under the Material Transactions Rule. The announcement relating to the material transaction for a publicly-listed company must be made to the public on at least the public company's website and the IDX's website no later than the end of the second business day after the date of the material transaction. The announcement is required to include a summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company's financial condition, a summary of the appraisal report (including its purpose, the object, the parties involved, the assumptions, qualifications and methodology used in the appraisal report, the conclusion on the value of the transaction, and the fairness opinion on the transaction), which must not be dated more than six (6) months prior to the date of the material transaction, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending (including the information on the outstanding amount, interest, period, security and negative covenants of the borrower), non-affiliated statement from the Board of Directors, non-conflict of interest statement and statement that all of material information has been disclosed and are true from the Board of Commissioners and the Board of Directors. Publicly listed companies must submit evidence of an announcement as referred to above, including the independent appraiser report to the OJK by the end of the second business day after the date of the Material Transaction.

Subject to certain exceptions under the Material Transactions Rule, a material transaction (in this case, borrowing and lending) with a value in excess of 50% of a public company's equity must be approved by shareholders holding more than half of all shares with valid voting rights who are present or represented at the general meeting of shareholders, and more than half of such shareholders present or represented at the meeting approve the transaction, in addition to fulfilling the appraisal disclosure requirements (which disclosure in this case must be published at the date of the announcement of the general meeting of shareholders).

Publicly listed companies are required to submit periodic financial reports, including annual financial statements and semi-annual financial statements to the OJK in accordance with Bapepam-LK Regulation No. X.K.2 on Obligation to Submit Periodic Financial Statements. In addition, the IDX requires publicly listed companies to submit annual and interim (quarterly) financial statements under IDX Regulation No. I-E, attachment to the Board of Directors of IDX's Decree No. Kep- 00015/BEI/01-2021 dated February 1, 2021 on the Obligation of Information Submission ("**IDX Regulation No. I-E**").

Under OJK Regulation No. 31/POJK.04/2015 on Disclosure on Material Information or Facts by Issuers or Public Companies ("**OJK Regulation No. 31/2015**") and IDX Regulation No. I-E, publicly-listed companies are required to report to the OJK and the IDX and are required to announce to the public any material public information or facts that may affect the price of securities or investors' decisions, no later than two business days after the event has occurred.

In addition, under OJK Regulation No. 31/2015, the announcements must include:

- (a) The date of the event;
- (b) The types of material information;
- (c) A description of the material information; and
- (d) The impact caused by that material information.

Public companies are also required to submit an annual report to the OJK and the IDX consisting of a summary of material financial data, information on shares (if any), the reports of the Board of Directors and the Board of Commissioners, company profile, management analysis and discussion, corporate governance, corporate social and environmental responsibility, audited annual financial statements and statement letter on the responsibilities of the Board of Directors and the Board of Commissioners in relation to the content in the annual report pursuant to OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuers or Public Companies and IDX Regulation No. I-E. The annual report must be submitted to the OJK and the IDX within four months of the end of the relevant financial year of that publicly listed company.

Job Creation Law

On November 2, 2020, the Job Creation Law came into force. The Job Creation Law aims to attract investment, create jobs and stimulate the Indonesian economy by, among other things, simplifying the licensing process and

harmonizing various laws and regulations, and easing the process of making policy decisions for the central Government.

The Job Creation Law amended more than 75 laws. On February 2021, more than 50 implementing regulations of the Job Creation Law have been issued. Some notable changes introduced by the Job Creation Law include, among others:

- (1) confirmation that business licenses will be generally issued by the central Government and if the power to issue business licenses is given to a local government, such issuance shall be subject to the procedures and criteria determined by the central Government;
- (2) key amendments to the Labor Law and Law No. 40 of 2004 on the National Social Security System, particularly on definite period employment, outsourcing, overtime, minimum wage, termination of employment and manpower social security; and
- (3) amendments to several tax provisions such as tax exemptions for dividends obtained by individual resident taxpayers that are re-invested in Indonesia, lowering the withholding tax rate on interest paid to non-resident taxpayers and lowering the administrative penalty imposed for administrative errors by taxpayers.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following summary of the principal terms of our material indebtedness may not contain all of the information that may be important to you. You should read the notes to our consolidated financial statements for additional information about our indebtedness and the indebtedness of our subsidiaries.

JPY and US\$ Facilities Agreement dated as of August 18, 2020, as amended by Amendment Letter dated May 10, 2021 (the “Pinehill Facility”)

On August 18, 2020 we entered into a combined JPY and U.S. dollar Facilities Agreement for aggregate credit facilities in the amount of US\$2.05 billion (U.S. dollar-equivalent) as a five-year amortizing unsecured term loan. The Facilities Agreement was signed on August 18, 2020 and fully funded on August 26, 2020 and was used to acquire Pinehill shares. The proceeds of this Offering will be used to partially prepay the Pinehill Facility.

The Pinehill Facility is denominated partly in US\$ and partly in Japanese Yen, with ICBP as the borrower, Sumitomo Mitsui Banking Corporation, Singapore Branch (“SMBC”) as Agent, Bank of China (Hong Kong) Limited, BNP Paribas, Singapore Branch, Mizuho Bank, Ltd., Singapore Branch, Natixis, Hong Kong Branch, Oversea-Chinese Banking Corporation Limited and SMBC as the Mandated Lead Arrangers and Bookrunners. On November 24, 2020 pursuant to a syndication agreement between the parties to the Facilities Agreement as mentioned above, the following banks became additional new lenders under the Pinehill Facility: China CITIC Bank International Limited, Singapore Branch, China Minsheng Banking Corp. Ltd. Hong Kong Branch, Credit Agricole Corporate and Investment Bank, Singapore Branch, Fubon Bank (Hong Kong) Limited, Intesa Sanpaolo S.p.A., Singapore Branch, Land Bank of Taiwan, Singapore Branch, PT Bank Mizuho Indonesia, RHB Bank Berhad, RHB Bank (L) Ltd, State Bank of India, Singapore Branch, Taipei Fubon Commercial Bank Co., Ltd., The Bank of East Asia, Limited, Singapore Branch, The Korea Development Bank, The Korea Development Bank, Singapore Branch, Bank of China (Hong Kong) Limited, Jakarta Branch, PT Bank Maybank Indonesia, Tbk and The Norinchukin Bank, Singapore Branch.

The Pinehill Facility bear interest at USD LIBOR and JPY LIBOR, as applicable, plus a margin that varies in accordance with our net leverage ratio (as defined in the facility) which is one of the financial covenants we have to fulfill together with the Debt Service Cover Ratio. The Pinehill Facility has 18 months grace period and will begin to amortize in May 2022 on a quarterly basis. Prepayment in full or any part of the loan is allowed at our option upon giving of at least five business days’ prior notice in a minimum amount of US\$20 million (or its equivalent) and prepaid in amounts which reduce the U.S. dollar and JPY facilities by the same proportion.

The Pinehill Facility include customary covenants including a mandatory prepayment upon a change of control or our disposal of Pinehill shares; negative pledge, cross default with certain threshold and financial covenants as mentioned above. The agreement also defines some permitted corporate actions related to acquisitions and disposals, incurrence of financial indebtedness, giving out loans, and the giving of guarantees and securities. The Pinehill Facility are governed by English law and is subject to arbitration in Singapore. For further details, see Note 17(a) to our consolidated financial statements included elsewhere in this Offering Memorandum.

Other Facility Agreements

We and certain of our operating subsidiaries also have loan facilities of various descriptions with a wide variety of lenders. All of these facilities are unsecured. For further details, see Note 17(a) to our consolidated financial statements included elsewhere in this Offering Memorandum.

MANAGEMENT

As stated in Article 3 of our Articles of Association (“AoA”), the scope of our activities comprises, among others, the manufacture of noodles and food ingredients, culinary food products, biscuits, snacks, nutrition and special foods, non-alcoholic beverages, packaging, trading, transportation, warehousing and cold storage, management services, research and development, agriculture, livestock, education and training, construction, real estate, food & beverages services, and investment participation.

Pursuant to our AoA, we are directed and managed by a board of directors. In general, our directors are elected by a general meeting of shareholders, for a period from the date specified at the relevant general meeting of shareholders that appoints such members of the board of directors until the closing of the third annual general meeting of shareholders from the date of the appointment of such members of the board of directors, without prejudice to the general meeting of shareholders’ right to dismiss the appointed directors at any time. The AoA requires that there be at least five directors. The current term of each director ends at the closing of the annual general meeting of shareholders in 2021.

According to OJK Regulation No. 33/POJK.04/2014 on Board of Directors and Board of Commissioners of Issuers or Public Companies and the Board of Directors Charter, the board of directors holds meetings at least once a month. The board of directors is also required to have periodic meetings with the board of commissioners at least once in every four months. The president director presides over the meetings of the board of directors, and in the absence of a president director, any director elected by and amongst the directors present in such meetings of board of directors, presides over the meetings of the board of directors. Each member of the board of directors shall have one vote at each meeting. The resolution of the meetings of the board of directors shall be adopted by a consensus. If no consensus is reached by deliberation, the resolution shall be adopted by voting based on affirmative vote of more than one-half of the total votes lawfully cast at the meeting. Our board of directors are responsible for managing our business in accordance with the purposes and objectives stipulated in the AoA and for the appointments of our senior management.

Pursuant to the AoA, our board of commissioners are responsible for the supervision of management policies, general management, our business and for giving advice to our directors. In general, our commissioners are elected by a general meeting of shareholders for a period from the date specified at the relevant general meeting of shareholders that appoints such members of the board of commissioners until the closing of the third annual general meeting of shareholders from the date of the appointment of such members of the board of commissioners, without prejudice to the general meeting of shareholders’ right to dismiss the appointed commissioners at any time. The AoA requires there be at least five commissioners. The current term of each commissioner ends at the closing of the annual general meeting of shareholders in 2021.

Pursuant to the AoA, meetings of the board of commissioners shall occur at least once every two months and as otherwise necessary. The board of commissioners is also required to have periodic meetings with the board of directors at least once in every four months. The resolution of the meetings of the board of commissioners shall be adopted by consensus. If no consensus is reached by deliberation, the resolution shall be adopted by voting based on affirmative vote of more than one-half of the total votes lawfully cast at the meeting.

Our board of directors and board of commissioners are elected by our general meeting of shareholders. The current members of our board of directors and board of commissioners comprise ten directors and five commissioners.

Board of Commissioners

The table below sets forth the names, positions and ages of the current members of our board of commissioners.

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>First year of appointment</u>
Mr. Franciscus Welirang	President Commissioner	69	2015
Mr. Paulus Moleonoto	Commissioner	58	2009
Mr. Alamsyah	Commissioner	52	2009
Mr. F.G. Winarno	Independent Commissioner	83	2010
Mr. Hans Kartikahadi	Independent Commissioner	79	2015
Mr. A. Prijoandojo Kristanto ⁽¹⁾	Independent Commissioner	71	2016

(1) Passed away on January 7, 2021.

The business address of each commissioner is the address of our registered office.

Mr. Franciscus Welirang was first appointed as President Commissioner in 2015 and re-appointed in 2018. He has served as a commissioner from 2009 and as a member of the Nomination and Remuneration Committee since

2015. He has held and holds various roles within the Indofood Group and concurrently serves as vice president director of PT Indocement Tunggal Prakarsa Tbk (“**ITP**”) (2011-present), commissioner of PT Unggul Indah Cahaya Tbk (2011-present), director of ISM (1995-present), Advisory Board Member of the Employer’s Association of Indonesia (2017-present), co-chair of the advisory board to the Association of Philanthropy Indonesia (2015-present), Advisory Board Member of the Indonesian Public Listed Companies Association (2020-present), Advisory Board Member of Nature Conservancy Indonesia (2014-present), Secretary General of Partnership for Indonesia Sustainable Agriculture (2012-present), Head of the Permanent Committee on Food Security at the Indonesian Chamber of Commerce and Industry (2008-present), Member of the National Steering Committee of the Global Environment Fund (2003-present), Chairman of the Indonesian Flour Mills Association (2000-present), and Advisory Board Member of the Indonesian Association of Food Technologists (2000-present). He was previously a Commissioner of ICBP (2009-2015), President Commissioner of the Surabaya Stock Exchange (2001-2007), Vice Chairman of the National Consumer Protection Agency (2009-2012) and Chairman of Food Security at the Employer’s Association of Indonesia (2013-2017) and Chairman of the Indonesian Public Listed Companies Association (2014-2020).

Mr. Welirang obtained a Higher National Diploma in Chemical Engineering from South Bank Polytechnic in London, UK in 1974.

Mr. Welirang is related to Mr. Anthoni Salim, our President Director, and Mr. Axton Salim, our Director, and is affiliated with our substantial shareholder.

Mr. Paulus Moleonoto was first appointed as a Commissioner in 2009 with the latest reappointment in 2018. He has held and holds various roles within the Indofood Group and is concurrently a Director of ISM (2009-present) and Executive Director and Head of Finance & Corporate Services of Indofood Agri Resources Ltd (“**IndoAgri**”) (2006-present), Vice President Director of SIMP (2004-present) and President Commissioner of PT Perusahaan Perkebunan London Sumatera Indonesia (“**LSIP**”) (2015-present). He was previously Vice President Director I of LSIP (2014-2015) and Director of LSIP (2007-2014). Before joining the Plantations Division of the Indofood Group as Chief Financial Officer, he held various management positions in the Salim Plantations Group (1990-2004). He began his career with Drs. Hans Kartikahadi & Co., a public accounting firm in Jakarta (1984-1990). He is a registered accountant in Indonesia.

Mr. Moleonoto obtained a Bachelor of Accountancy degree from the University of Tarumanagara, Jakarta, in 1987; and a Bachelor’s degree in Management, and a Master of Science degree in Administration and Business Policy from the University of Indonesia in 1990 and 2001, respectively.

He has no affiliation with the members of the Board of Commissioners and Board of Directors, but is affiliated with our substantial shareholder.

Mr. Alamsyah was first appointed as a Commissioner in 2009 with the latest reappointment in 2018. He concurrently serves as Director of LSIP (2019-present), and PT Lajuperdana Indah (“**LPI**”) (2005-present). He was Commissioner of LSIP (2018-2019). He was previously Senior Corporate Finance Manager of PT Net Sekuritas, Corporate Finance Manager of ITP (1996-2002) and Senior Auditor of PT Inti Salim Corpora (1992-1996).

Mr. Alamsyah obtained a Bachelor of Arts degree in Accounting from Parahyangan Catholic University in Bandung.

He has no affiliation with the members of the board of commissioners, board of directors or our substantial shareholder.

Mr. F.G. Winarno was first appointed as Independent Commissioner in 2010 with the latest reappointment in 2018. He concurrently serves as Independent Commissioner of PT Mustika Ratu Tbk (2008-present). Mr. Winarno was previously Rector of Atma Jaya Catholic University in Jakarta (2007-2011), Secretary General of the Federation of Asian Nutrition Societies (FANS) (1981-1983), Vice President of the Federation of Institutes of Food Science and Technology of ASEAN (1991-1993), Chairman of the Codex Alimentarius Commission (1991-1995), President of the Indonesian Flavor & Fragrance Association (1996-2004), President of the International Dairy Federation in Indonesia (2004-2008), and Governing Council Member of the International Union for Food Science and Technology (1999-2001).

Mr. Winarno obtained a degree in Veterinary Medicine from the University of Indonesia in 1962, a Master of Science degree and a PhD in Food Science from the University of Massachusetts, USA, in 1968 and 1970, respectively, and a Professorship in Food Science from the Bogor Institute of Agriculture in 1982.

He has no affiliation with the members of the board of commissioners, board of directors or our substantial shareholder.

Mr. Hans Kartikahadi was first appointed as an Independent Commissioner in 2015 with the latest appointment in 2018. He concurrently serves as the Chairman of the Audit Committee (2015-present). He also serves as a member of the Board of Trustee of University of Indonesia (2019-present). He was previously the Independent Commissioner of ISM (2013-2015).

Mr. Kartikahadi was a founding member of Public Accountants Section Indonesian Accountants Association (IAI), which is now known as Indonesian Institute of Public Accountants (IAPI). He was the Chairman of the Indonesian Accounting Standards Setting Committee (Komite PAI, IAI) which is now known as the Indonesian Financial Accounting Standards Board (1986-1990 and 1990-1994). Pioneered the reform of Indonesian Financial Accounting standards to converge with International Accounting Standards/International Financial Reporting Standards (IAS/IFRS). He was the Chairman of the predecessor organization of the Indonesian Financial Accounting Standards Board (1986-1990 and 1990-1994). He was the Chairman of the Board of CPA Examination in Indonesia (2000-2003). He was also the Founder and Managing Partner of Hans Kartikahadi & Co, Public Accountants, and one of the Founding Partners of Hans, Tuanakotta & Mustof, a member firm of Deloitte Touche Tohmatsu in Indonesia. Before retirement, he was the Chairman and CEO of HTM Group, a DTT Asia Pacific Management Council Member, and the DTT International Board Member who represented at Bremer Ausschuss für Wirtschaftsforschung, Bremen, Germany, and a visiting scholar at the University of Illinois at Urbana-Champaign, USA.

Mr. Kartikahadi obtained a Doctorandus degree in Accountancy from the Faculty of Economics at the University of Indonesia in 1966.

He has no affiliation with the members of the board of commissioners, board of directors or our substantial shareholder.

Board of Directors

The table below sets forth the names, positions and ages of the current members of our board of directors.

<u>Name</u>	<u>Position</u>	<u>Age</u>	<u>First year of appointment</u>
Mr. Anthoni Salim	President Director	71	2009
Mr. Tjhe Tje Fie (Thomas Tjhe)	Director	57	2009
Mr. Taufik Wiraatmadja	Director	62	2009
Mr. Axton Salim	Director	42	2009
Mr. Joedianto Soejonopetro	Director	62	2015
Mr. Hendra Widjaja	Director	59	2009
Mr. Suaimi Suriady	Director	57	2009
Mr. Sulianto Pratama	Director	56	2009
Mr. T. Eddy Hariyanto	Director	61	2018
Mr. Mark Julian Wakeford	Director	57	2019

The business address of each director is the address of our registered office.

Mr. Anthoni Salim became President Director in 2009 with the latest reappointment in 2018. He is responsible for developing our strategic direction and ensuring that all goals and objectives are met. Mr. Salim concurrently serves as the President Director and CEO of ISM (2004-present), Chairman of First Pacific Company Limited (“**First Pacific**”) (2003-present) and a member of the Asia Business Council (2004-present), as well as President and CEO of the Salim Group. He was previously a Director of First Pacific (1981-2003).

Mr. Salim obtained a Bachelor of Arts degree from the Ewell County Technical College in Surrey, United Kingdom in 1971.

He is related to our President Commissioner, Mr. Franciscus Welirang, and Mr. Axton Salim, our Director. Mr. Salim is affiliated with our substantial shareholder.

Mr. Thomas Tjhe was first appointed as a Director in 2009 with the latest reappointment in 2018. Mr. Tjhe heads the Corporate Secretary Division and concurrently serves as Director of ISM (2004-present), Non-Executive Director of IndoAgri (2006-present) and President Commissioner of SIMP (2009-present). He was previously Director of LSIP (2007-2014), Commissioner of SIMP (2006-2009) and Director of PT Indomiwon Citra Inti (1993-2000), as well as Senior Executive of PT Kitadin Coal Mining (1990-1991).

Mr. Tjhe obtained a Bachelor’s degree in Accounting from the Perbanas Banking Institute in Jakarta in 1991.

He has no affiliation with the members of the Board of Commissioners and Board of Directors, but is affiliated with our substantial shareholder.

Mr. Taufik Wiraatmadja was first appointed as a Director in 2009 with the latest reappointment in 2018. He is responsible for the Noodles division and culinary products unit operations, and concurrently serves as Director of ISM (2004-present) and Commissioner of SIMP (2015-present).

Mr. Wiraatmadja obtained a Bachelor of Engineering in Agricultural Technology from the Bogor Institute of Agriculture in 1981, and a Master of Business Administration degree from the GS Fame Institute of Business in 1988.

He has no affiliation with the members of the Board of Commissioners and Board of Directors, but is affiliated with our substantial shareholder.

Mr. Axton Salim was first appointed as a Director in 2009, with the latest reappointment in 2018. He heads the Dairy and Corporate Marketing divisions. Mr. Salim is concurrently a Director of ISM (2009-present), Non-Executive Director of IndoAgri (2007-present), Gallant Venture Ltd. (2014-present) and First Pacific (2020-present), and Commissioner of LSIP (2009-present) and SIMP (2007-present). He also serves as Co-Chair of Scaling Up Nutrition (SUN) Business Network Global Advisory Group and Coordinator of SUN Business Network Indonesia (2014-present), Nanyang Business School Advisory Board Member (2020-present) and Director of Art Photography Centre Ltd. (2016-present). He was previously appointed as Assistant CEO of ISM (2007-2009) and Brand Manager for IFL (2004-2007).

Mr. Salim obtained a Bachelor of Science in Business Administration from the University of Colorado, USA in 2002.

He is related to Mr. Anthoni Salim, our President Director, and Mr. Franciscus Welirang, our President Commissioner, and is affiliated with our substantial shareholder.

Mr. Joedianto Soejonopetro was appointed as a Director in 2018. He heads the Beverages division and concurrently serves as Director of ISM (2015-present), President Director of PT Indomarco Adi Prima (2008-present) and President Director of PT Putri Daya Usahatama (2008-present). Prior to joining the Indofood Group, he was the Chief Operation Officer of PT Pebapan.

Mr. Soejonopetro has a Bachelor of Economics degree in Management from Parahyangan Catholic University in Bandung in 1984.

He has no affiliation with the members of the Board of Commissioners and Board of Directors but is affiliated with our substantial shareholder.

Mr. Hendra Widjaja was first appointed as a Director in 2009 with the latest reappointment in 2018. He oversees all financial operations and heads the Corporate Controller division of the Issuer. Mr. Widjaja concurrently serves as Director of ISM (2018-present), Commissioner of SIMP (2013-present) and LSIP (2009-present).

Mr. Widjaja obtained a Bachelor's degree in Management and Finance from the Atma Jaya Catholic University in Jakarta in 1986.

He has no affiliation with the members of the Board of Commissioners and Board of Directors, but is affiliated with our substantial shareholder.

Mr. Suaimi Suriady was first appointed as a Director in 2009 with the latest reappointment in 2018. He heads the Snack Foods division and is concurrently Director of SIMP (2007-present) and Executive Director of IndoAgri (2007-present). Prior to joining the Indofood Group, Mr. Suriady served with automotive battery distributor PT Menara Alam Teknik at the Astra Group (1986-1991), and consumer goods manufacturer Konica Film and Paper (1991-1994).

Mr. Suriady obtained a Master of Business Administration degree from De Montfort University in the United Kingdom in 2000.

He has no affiliation with the members of the board of commissioners and board of directors or to our substantial shareholder.

Mr. Sulianto Pratama was appointed as a Director in 2019. He heads the Food Seasonings division and food ingredients unit operations. He served as Director of ISM (2018-2019) and ICBP (2009-2018), President Director of PT Indosentra Pelangi (2005-2009) and PT Indobiskuit Mandiri Makmur (2008-2009), until the two companies merged with ICBP in 2009.

Mr. Pratama studied Accounting at Sekolah Tinggi Ilmu Ekonomi Yayasan Administrasi Indonesia, Jakarta.

He has no affiliation with the members of the board of commissioners and board of directors or to our substantial shareholder.

Mr. T. Eddy Hariyanto was first appointed as a Director in 2018. He is responsible for the flexible packaging unit operations, and concurrently serves as Vice President Director II of LSIP (2019-present). He was previously a director of LSIP (2010-2018). He began his career as a Representative Officer in PT Pakarti Sampurno (1983-1985) and subsequently served as Manager of Operations at CV Multi Connection (1985-1989). In 1989, he joined a Joint Operating Body of PT Arfak Indra and PT Wenang Sakti which were engaged in Forest Concessions with last position as Director of Operations & Production (1996-2003).

Mr. Hariyanto obtained a Bachelor's degree in Civil Engineering from Universitas Kristen Indonesia in Jakarta in 1983.

He has no affiliation with the members of the board of commissioners and board of directors or to our substantial shareholder.

Mr. Mark Julian Wakeford was first appointed as a Director in 2019. Currently, he heads our Investor Relations division. He is also President Director of SIMP (2007-present), Executive Director and CEO of IndoAgri (2007-present), and President Director of LPI (2010-present).

Mr. Wakeford started his career at Kingston Smith & Co. in London, England. He has worked in the plantation industry across Indonesia, Papua New Guinea and Thailand since 1993. He was the Finance Director of LSIP before moving to Pacific Rim Plantations Limited (“**PRPOL**”) as Chief Financial Officer, based in Papua New Guinea. In 1999, he became CEO and Executive Director of PRPOL. PRPOL was sold to Cargill in 2005, and he spent one year with Cargill prior to joining IndoAgri in January 2007. He was concurrently Director of LSIP (2007-2019).

Mr. Wakeford was trained and qualified as a Chartered Accountant in London, England. In 1998, he attended the Senior Executive Program at the London Business School.

He has no affiliation with the members of the board of commissioners and board of directors or to our substantial shareholder.

For 2020, our directors and commissioners in their capacity as such received aggregate remuneration of Rp.62.5 billion. We have not provided any guarantee of any personal liabilities of any of our directors or commissioners. We have not extended any loans to any of our directors or commissioners. Members of the board of commissioners and board of directors are normally released and discharged from any liabilities annually once our financial statements are accepted and approved by the general meeting of shareholders.

Audit Committee

Our audit committee is appointed by and reports to our board of commissioners. The audit committee is responsible for carrying out oversight duties based on good corporate governance principles, and advising the board of commissioners regarding financial reporting, recommendation for the external auditor appointment, evaluation of audit engagement by the appointed external auditor, internal control system, internal audit, regulatory compliance, and risk management. The audit committee was established in 2010. The audit committee is chaired Mr. Hans Kartikahadi, an independent commissioner. The other two members of the audit committee are the late A. Prijohandojo Kristanto, an independent commissioner and Mr. Hendra Susanto, an external professional.

The audit committee is supported by the internal audit unit which is responsible for evaluating and providing recommendations in regards to the effectiveness of our risk management and internal control system, and ensure compliance to prevailing laws, regulations, policies and procedures. We established our audit committee in accordance with OJK Regulation No. 55/POJK.04/2015 on the Audit Committee of Issuers or Public Companies.

Nomination and Remuneration Committee

Our nomination and remuneration committee is appointed by and reports to our board of commissioners. The duties and responsibilities of the nomination and remuneration committee are, among others, providing recommendations on nomination, development programs and performance evaluation as part of succession planning, as well as remuneration structures and policies of the board of commissioners and board of directors. The nomination and remuneration committee was chaired previously by the late A. Prijohandojo Kristanto, an independent commissioner. The other two members of the nomination and remuneration committee are Mr. Franciscus Welirang, President Commissioner, and Ms. Melia Setiawati, general manager of compensation, benefit and HR administration.

We established our nomination and remuneration committee in accordance with OJK Regulation No. 34/POJK.04/2014 on the Nomination and Remuneration Committee of Issuers or Public Companies.

Internal Audit Unit

The internal audit unit supports us in exercising good corporate governance practices through a systematic and disciplined approach. Its responsibilities are to evaluate and provide recommendations in regards to the effectiveness of our risk management and internal control systems, as well as to ensure compliance with prevailing laws, regulations, policies, and procedures. The internal audit unit is led by the Head of Internal Audit, who is appointed by the President Director with the approval of the board of commissioners and reports directly to the President Director and periodically to the audit committee. Ms. Lily Candra serves as the Head of internal audit based on Letter of Appointment signed by the President Director dated March 22, 2012.

We established our internal audit unit in accordance with OJK Regulation No. 56/POJK.04/2015 on the Internal Audit Unit of Issuers or Public Companies and guidelines in performing its duties are stipulated in the Internal Audit Charter.

Corporate Secretary

Our Corporate Secretary acts as a liaison between us and the capital market institutions and the public. Our Corporate Secretary is also responsible for ensuring compliance with prevailing laws and regulations, particularly those relating to capital markets. In addition, our Corporate Secretary is also responsible for ensuring that we fulfill our reporting requirements, such as disclosure of material transactions, corporate actions, financial statements, annual reports and other required reports in a timely manner. Our Corporate Secretary is Mr. Gideon A. Putro. We established the position of our Corporate Secretary in accordance with OJK Regulation No. 35/POJK.04/2014 on the Corporate Secretary of Issuers or Public Companies.

PRINCIPAL SHAREHOLDERS

We are a public company listed on the Indonesia Stock Exchange. As of December 31, 2020, our authorized share capital was 15,000,000,000 shares of which 11,661,908,000 were issued and fully paid.

The following table sets forth certain information with respect to our shareholders as of December 31, 2020:

<u>Name</u>	<u>Number of Shares Held</u>	<u>Percentage of Total Outstanding Shares</u>
Shareholders:		
PT Indofood Sukses Makmur Tbk (“ISM”)	9,391,678,000	80.53%
Public	2,270,230,000	19.47%
Total	<u>11,661,908,000</u>	<u>100.00%</u>

About ISM

Over the last two decades, ISM has progressively transformed into a total food solutions company with operations in all stages of food manufacturing, from the production of raw materials and their processing, to consumer products in the market. Today, it is regarded as a well-established company and a leading player in each business category in which it operates. In its business operations, ISM capitalizes on economies of scale and a resilient business model with four complementary strategic business groups, of which we are one strategic business group. The four strategic business groups are:

(1) Consumer Branded Products (“CBP”)

Supported by the strength of its product brands, CBP produces a diverse range of consumer branded products including noodles, dairy, snack foods, food seasonings, nutrition and special foods, and beverages.

(2) Bogasari

Bogasari is primarily a producer of wheat flour as well as pasta, with business operations supported by its own shipping and packaging units.

(3) Agribusiness

Agribusiness’s principal activities range from research and development, seed breeding, palm oil cultivation and milling, to the production and marketing of branded cooking oils, margarine and shortening. Agribusiness also cultivates and processes sugar cane, rubber and other crops.

(4) Distribution

With the most extensive distribution network in Indonesia, Distribution distributes the majority of the consumer products manufactured by Indofood Group, as well as by third parties, to the market.

RELATED PARTY TRANSACTIONS

In the normal course of business, we engage in trade and financial transactions with certain related parties. We have summarized below the key related party transactions that we have entered into with some of our affiliates.

We believe each of these arrangements as described below have been entered into on arm's-length terms or on terms that we believe have been at least as favorable to us as similar transactions entered into with non-related parties.

Background

We are a subsidiary of ISM. ISM has operations in each stage of Indonesia's food manufacturing process, including the production of raw materials and their processing. Given our role in the Indofood Group, and as an important part of its value chain, we enter into contracts for key raw materials produced as well as sales and logistical services provided by Indofood Group.

Sales to Related Parties

We sell finished goods under distributorship/supply agreements to certain related parties, including to Indofood's distribution arm at agreed prices depending on the products. The related outstanding trade receivables are presented as "Accounts Receivable—Trade—Related Parties" in our consolidated financial statements. Our sales of finished goods to certain related parties, including to Indofood's distribution arm represented 69.6%, 70.6% and 65.9% of our consolidated net sales in 2018, 2019 and 2020, respectively.

Purchases from Related Parties

We purchase raw materials such as (i) wheat flour from the flour division of ISM at agreed prices which should not be higher than the selling price of ISM to other parties engaged in similar industries, and (ii) cooking oil and fats from SIMP, a subsidiary of ISM, at agreed prices based on market conditions. The related outstanding trade payables are presented as "Accounts Payable—Trade—Related Parties" in our consolidated statement of financial position. Purchases from related parties represented 23.6%, 22.9%, and 23.7% of our consolidated cost of goods sold in 2018, 2019 and 2020, respectively.

Licensing Agreement

We are a party to a trademark license agreement, as amended from time to time, with ISM for the use of trademarks owned by ISM. As compensation for the use of trademarks, we are charged a royalty fee of 1.5% of the net sales of the branded food products including, but not limited to, instant noodles, nutrition and special foods, biscuit and syrup which use ISM's trademarks. The license is exclusive and non-transferrable in Indonesia and non-exclusive in our export territories and is valid as long as ISM maintains its majority share ownership in us. Should ISM cease to be our majority and controlling shareholder, ISM will have the right to terminate the trademark license agreement, and we will have a pre-emptive right to purchase the trademarks from ISM, and an independent valuer will be appointed to appraise the fair value of the trademarks. Should we be unable to purchase the trademarks after six months from the change of control or if we decline to purchase the trademarks, we would be required to discontinue the use of the trademarks owned by ISM.

The Pinehill Group also entered into a trademark license agreement with ISM for the use of ISM's trademarks. As compensation, the Pinehill Group is charged a royalty fee at a certain agreed percentage of the net sales of the products with the said trademarks.

Indofood (M) Food Industries Sdn. Bhd. ("IMFI"), our subsidiary, also entered into a trademark license agreement with ISM for the use of ISM's trademarks. As compensation, IMFI is charged a royalty fee of 1.5% of the net sales of the products with the said trademarks.

NICI, our subsidiary, entered into a trademark license agreement with ISM whereby NICI is granted a non-exclusive license to use ISM's trademarks for culinary products produced directly or indirectly by NICI in Indonesia for an indefinite term as long as ISM is a direct or indirect shareholder of NICI. As compensation, NICI is charged a royalty fee at a certain agreed percentage of the net sales of the products with the said trademarks.

Royalty fees paid under these agreements are presented as part of "Selling and Distribution Expenses" in our consolidated statement of profit or loss and other comprehensive income. The related outstanding payables are presented as part of "Accounts Payable—Non-trade—Related Parties" in our interim consolidated statement of financial position. Royalty fees paid to related parties represented 5.8%, 5.8%, and 5.9% of our operating expenses in 2018, 2019 and 2020, respectively.

Management Services

ISM provides management services to us. As compensation, we are charged a management fee of 0.25% of our net sales.

PT Surya Rengo Containers (“**SRC**”), our subsidiary, also entered into an agreement with ISM for consultation and management services. As compensation, SRC pays a management fee. Management fees paid to ISM were Rp.238 million, Rp.245 million, and Rp.252 million per month in 2018, 2019 and 2020, respectively and the fee is agreed to increase 3% per year going forward.

PT Indolakto (“**Indolakto**”), our subsidiary, also entered into an agreement with ISM for technical and management assistance. As compensation, Indolakto pays a service fee to ISM. Service fees paid to ISM were a fixed fee of Rp.1,023 million per month after tax for each of 2018, 2019 and 2020.

Management and service fees are presented as part of “General and Administrative Expenses” in our consolidated statement of profit or loss and other comprehensive income. The related outstanding payables are presented as part of “Accounts Payable—Non-trade—Related Parties” in our consolidated statement of financial position. Total management and service fees paid to ISM represented 1.4%, 1.2%, and 1.1% of our consolidated operating expenses in 2018, 2019 and 2020, respectively.

Rental Agreements

We and one of our subsidiaries entered into rental agreements with ISM for office spaces located in Sudirman Plaza, Indofood Tower. The related rental expenses are recorded in accordance with PSAK 73 since January 1, 2020 and presented as part of “General and Administrative Expenses” in our consolidated statement of profit or loss and other comprehensive income. The related outstanding payable is presented as part of “Accounts Payable—Non-trade—Related Parties” in our consolidated statement of financial position.

Insurance

We have entered into several agreements with PT Asuransi Central Asia (“**ACA**”), PT AJ Central Asia Raya (“**CAR**”) and PT Indosurance Broker Utama (“**IBU**”) each of which are affiliated with the ultimate controlling shareholder. Under these agreements, each of ACA, CAR, and IBU agreed to provide insurance policies relating to property all-risk, earthquake, vehicles, marine cargo, product liability, health and personal accident. The insurance expense is presented as part of “Cost of Goods Sold, Selling and Distribution Expenses and General and Administrative Expenses” in our consolidated statement of profit or loss and other comprehensive income. The related outstanding payable is presented as part of “Account Payable—Non-trade—Related Parties” in our consolidated statement of financial position. Insurance expense paid to related parties represented 1.4%, 1.2% and 1.0% of our total operating expenses in 2018, 2019 and 2020, respectively.

Communication Services

We lease Very Small Aperture Terminal (“**VSAT**”) facilities from PT Primacom Interbuana, an affiliate of our ultimate controlling shareholder, for communication purposes between our head office and branches/factories. The rental expense is recorded in accordance with PSAK 73 since January 1, 2020 and presented as part of “General and Administrative Expenses” in our consolidated statement of profit or loss and other comprehensive income.

Technical Services

We entered into technical services agreements with Salim Wazaran Bashary Food Co. Ltd. (“**SAWABASH**”), an affiliate of our ultimate controlling shareholder. As compensation, SAWABASH is charged a technical fee at a certain agreed percentage. The said fee is presented as part of “Other Operating Income” in our consolidated statement of profit or loss and other comprehensive income. The related outstanding receivables is presented as part of “Accounts Receivable—Non-trade—Related Parties” in our consolidated statement of financial position. This agreement will be extended automatically for the next three years upon the expiry date of the agreement. Fees received from SAWABASH represented 0.3%, 0.8%, and 1.3% of our consolidated other operating income in 2018, 2019 and 2020, respectively.

Supply Agreements

We entered into a supply agreement with PT Fast Food Indonesia Tbk (“**FFI**”) whereby we supply, sell and deliver certain products to FFI at agreed prices. This supply agreement was automatically extended up to December 31, 2022.

We entered into a supply agreement with PT Nippon Indosari Corpindo Tbk (“**NIC**”), an affiliate of our ultimate controlling shareholder, whereby we supply, sell and deliver certain products to NIC at agreed prices. This agreement was automatically extended to December 31, 2022. Total sales made to NIC under this agreement were 0.1% of our consolidated net sales in 2018, 2019 and 2020, respectively.

We entered into a supply agreement with Salim Wazaran Brinjikji (“**SAWAB**”), whereby we sell and supply certain products to SAWAB at agreed prices. This supply agreement was due to expire on December 31, 2019 but was automatically renewed for three years until December 31, 2022.

We entered into a supply agreement with Salim Wazaran Yahya Food Manufacturing Private Limited Company (“**SAWAYA**”), whereby we sell and supply certain products to SAWAYA at agreed prices. This supply agreement was due to expire on December 31, 2019 but was automatically renewed for three years until December 31, 2022. We entered into a supply agreement with SAWABASH, whereby we sell and supply certain products to SAWABASH at agreed prices. This supply agreement was due to expire on until December 31, 2019 but was automatically renewed for three years until December 31, 2022.

Loans to Officers and Employees

We provide loans to our officers and employees which are subject to certain criteria and terms depending on their employment levels, primarily for automobiles, which are repayable over a five-year term. These loans are repaid through salary deductions. As of December 31, 2020, loans of Rp.30.8 billion were outstanding to our officers and employees.

Human Resources Services

We have entered into human resources services agreements with PT Sumberdaya Dian Mandiri (SDM) and PT Primajasa Tunas Mandiri (PTM), affiliates of our ultimate controlling shareholder. This service agreement was due to expire on December 31, 2019 but was automatically renewed for three years until December 31, 2022. Fees paid under these human resources services agreements were Rp.51.9 billion, Rp.61.8 billion, and Rp.55.0 billion in 2018, 2019 and 2020, respectively.

Aircraft Rental Agreement

On January 1, 2016, we entered into an aircraft rental Agreement with Glory Sky Enterprise Pte Ltd (“**GSE**”). Pursuant to the agreement, GSE rents an aircraft to us, non-exclusively. This agreement was due to expire in January 2021 and can be terminated by mutual agreement of both parties. The term of this agreement was renewed for five years until January 2026. Rental expenses to GSE were Rp.42.0 billion, Rp.41.6 billion, and Rp.43.0 billion in 2018, 2019 and 2020, respectively. Since January 1, 2020, the said rental transaction is recorded in accordance with PSAK 73.

Relationship Management Services

In 2016, we entered into a service agreement with PT Transcosmos Indonesia (“**Transcosmos**”), an affiliate of our ultimate controlling shareholder. Pursuant to the agreement, Transcosmos agreed to provide relationship management services to us. This agreement was due to expire on December 31, 2019 and has been renewed until December 31, 2022. Expenses under this agreement were Rp.4.5 billion, Rp.4.3 billion, and Rp.5.2 billion in 2018, 2019 and 2020, respectively.

Digital Marketing Services

In 2017, we entered into a service agreement with PT Data Art Xperience (“**DAX**”), an affiliate of our ultimate controlling shareholder. DAX provides digital marketing services and consultation for us. This service agreement was due to expire on December 31, 2019 but was automatically renewed for three years until December 31, 2022.

TAXATION

The following summary is based on applicable tax laws, regulations, decisions, administrative guidelines, and circulars, and practices that are in effect on the date of this Offering Memorandum, and is subject to changes, including changes that could have retroactive effect. The following summary does not take into account or discuss the tax laws of any jurisdictions other than the ones described below. The summary represents a general guide only. The summary is not to be regarded as advice on the tax position of any Bondholder or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The following summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which may be subject to special rules. Prospective purchasers in all jurisdictions are advised to consult their own tax advisers as to tax consequences applicable to the acquisition, ownership and disposition of the Bonds, including, in particular, the effect of any foreign, state or local tax laws to which they are subject.

Indonesian Taxation

The following is a summary of the principal Indonesian income tax and stamp duty consequences relevant to the prospective Bondholders who are not tax residents of Indonesia and have no permanent establishment in Indonesia (“**non-resident**”) based on Indonesian tax laws and their implementing regulations in force as of the date of this Offering Memorandum. The summary does not address any laws other than the tax laws of the Republic of Indonesia in force as of the date of this Offering Memorandum.

The summary represents a general guide only. The summary does not constitute tax advice for particular individual or corporate Bondholders. Prospective investors in all jurisdictions are advised to consult their own tax advisors as to other tax consequences of the acquisition, ownership and disposition of the Bonds relevant to their facts and circumstances.

General

Generally, an individual is considered to be a non-resident taxpayer of Indonesia if the individual does not reside in Indonesia, or if the individual is a foreign citizen does not stay (or remain present) in Indonesia for more than 183 days within a 12 month period, or if the individual is an Indonesian citizen but resides outside Indonesia for more than 183 days within a 12-month period and meets certain requirements (such as having a permanent home, center of vital interest, habitual abode, the status of tax subject or other criteria outside Indonesia). A corporation will be considered as a non-resident taxpayer of Indonesia if the entity is not established or domiciled in Indonesia. Activities of a non-resident may attract Indonesian taxation if the activities are conducted through a permanent establishment in Indonesia or the income is sourced from Indonesia.

In determining the tax residence or existence of a permanent establishment of an individual or corporation, and the allocation of the right to tax income between the two countries, consideration will also be given to the provision of any applicable agreement for the avoidance of double taxation which Indonesia has concluded with other countries (“**Tax Treaty**”). In this section, non-resident individuals and non-resident corporations will be referred to collectively as “**Non-Resident Taxpayers**” unless the context states otherwise.

The non-resident Bondholders will not be considered tax residents, domiciled or carrying on business in Indonesia merely by subscribing for, purchasing, holding or receiving payment under the Bonds or solely by virtue of entering into or being a beneficiary under the documents entered into between the Issuer and the Joint Lead Managers, Trustee, or any of the Agents related to the offer and sale of the Bonds or by performing its obligations thereunder.

Non-resident taxpayers, who derive Indonesian sourced income, including interest are generally subject to a final withholding tax on that income at a rate of 20%, as long as the income is not effectively connected with a permanent establishment of the Non-Resident Taxpayer in Indonesia. Starting August 2, 2021, the withholding tax rate on bond interest will be reduced to 10% based on Indonesian Government Regulation No. 9/2021 (“**Government Regulation No. 9**”). This withholding tax may be reduced or exempted under the provisions of any applicable Tax Treaty. However, if the income is effectively connected with a permanent establishment in Indonesia, such income shall be regarded as income earned by the permanent establishment and is taxable in the same manner as for resident taxpayers.

Taxation on Interest and other payments related to the Bonds

Payments of principal under the Bonds are not subject to withholding tax in Indonesia, whilst the interest (including premium or discount or any other payments in the nature of interest in the form of additional amounts)

paid or due to be paid to the Non-Resident Taxpayer with non-permanent establishment is subject to final withholding tax in Indonesia at the statutory rate as applicable upon payment of the interest, or the relevant reduced rate under an applicable Tax Treaty between Indonesia and countries where the Bondholders are tax residents.

The amount of any payment by the Issuer under the Bonds attributable to interest payable on the Bonds to a Non-Resident Taxpayer will be subject to final withholding tax in Indonesia. The current statutory withholding tax rate is 20%, however, pursuant to Government Regulation No. 9, being the implementing regulation of the Indonesian Job Creation Law, any interest, premium or discount paid starting August 2, 2021 (i.e. six months after the enactment of Government Regulation No. 9) will be subject to a final withholding tax rate at the reduced rate of 10%. This new rate generally applies, without the need to fulfill the requirements under the relevant Tax Treaties. The Issuer or custodian in Indonesia as appointed paying agent shall be obliged to act as the withholding tax agent. Since there is no custodian in Indonesia, the withholding tax agent will be the Issuer.

To be entitled to the reduced rate under an applicable Tax Treaty, a non-resident individual and corporation must satisfy the eligibility requirements under the applicable Tax Treaty and the Indonesian tax regulations, including the requirement that there is no abuse of the Tax Treaty use, the interest recipient be the beneficial owner (“**BO**”) of the income, and certain administrative requirements are met. See “—*Anti-Avoidance Rule on the Tax Treaty and Certificate of Domicile Requirements*” below. However, as described under the “*Terms and Conditions of the Bonds—Additional Amounts*”, and subject to the limitations therein, Bondholders will generally be entitled to Additional Amounts with respect to Indonesian withholding tax irrespective of whether such Bondholders qualify for Tax Treaty benefits.

Interest due (including premium or discount, and any other payments in the nature of interest in form of additional amount, applicable premium, etc.) to any Indonesian tax resident (individual or corporation) or permanent establishment in Indonesia (“**Indonesian Tax Resident**”) Bondholder (other than banks operating in Indonesia and government approved pension funds in which case are exempt from withholding tax) are subject to a final withholding tax rate of 15%. A special tax rate of 5% is available for interest received by a mutual fund and infrastructure investment funds Taxpayer in the form of collective investment contracts, real estate investment funds in the form of collective investment contracts, and asset-backed securities in the form of collective investment contracts registered with the OJK until year 2020 and 10% thereafter.

Taxation on Sale or Disposition of Bonds

Pursuant to Government Regulation No. 16/2009 effective January 1, 2009 (“**Government Regulation No. 16**”) and amended by Government Regulation No. 100/2013 which took effect on December 31, 2013 (“**Government Regulation No. 100**”) and as amended with Government Regulation No. 55/2019 which took effect on August 7, 2019 (“**Government Regulation No. 55**”), Non-Resident Taxpayer individuals and corporations without a permanent establishment in Indonesia may be subject to Indonesian withholding tax on any gain derived from the sale or other disposal of Bonds as the DGT would treat the capital gain as Indonesian-sourced interest. Therefore, any gain from the sale of Bonds by an investor that is not an Indonesian Tax Resident where the transaction is conducted through a securities company, dealer or bank in Indonesia (either as intermediary or buyer) will be subject to the Indonesian withholding tax at the rate of 20% (to be reduced to 10% starting August 2, 2021 pursuant to Government Regulation No. 9) which is normally applicable to Indonesian-sourced interest.

However, if the Non-Resident Taxpayer individual and corporation is a tax resident of a country that has a Tax Treaty with Indonesia which defines gain on the disposal of the Bonds not as interest, but instead as capital gains and provides capital gain exemption provision for the disposal of the Bonds, relief from the imposition of such withholding tax shall be available. The reduced rate or exempted withholding tax applicable to a Non-Resident Taxpayer is also subject to the satisfaction of Anti-Avoidance Rule on the Tax Treaty and Certificate of Domicile Requirements (see below).

Any gains from disposal of the Bonds (i.e. discount) derived by Indonesian Tax Residents are subject to 15% final withholding tax.

Anti-Avoidance Rule on the Tax Treaty and Certificate of Domicile Requirements

Indonesia has concluded tax treaties with a number of countries including, among others, Australia, Belgium, China, Canada, France, Germany, Hong Kong, Japan, Luxembourg, the Netherlands, Singapore, Sweden, Switzerland, the United Kingdom, and the United States, etc. The relevant Tax Treaty may affect the definition of Non-Resident Taxpayers and the reduced rate or exemption of withholding tax that might be applied to payments on the Bonds.

Where a Tax Treaty exists and the eligibility requirements of that treaty benefit are satisfied, a reduced rate of withholding tax or exemption of withholding tax may be applicable in the case of interest (or payments in the

nature of interest, such as premium or discount). This is subject to there being no misuse of the Tax Treaties, the Non-Resident Taxpayers meeting the administrative requirements under the Indonesian tax regulations and the Non-Resident Taxpayer individual, and the income recipient must be the BO of the income received from Indonesia. Some Tax Treaties also provide an exemption from Indonesian tax on any capital gains of Non-Resident Taxpayers from the disposal of the Bonds.

In accordance with the DGT Regulation No. PER-25/PJ/2018 (“**PER-25**”) dated November 21, 2018 regarding the Procedures for Applying Tax Treaties, the Indonesian tax withholder (i.e. the Indonesian party making a payment to the Non-Resident Taxpayer) is allowed to withhold tax at the reduced rate in accordance with the provisions of a Tax Treaty, provided that:

- (a) the Non-Resident Taxpayer is not an Indonesian Tax Resident;
- (b) the Non-Resident Taxpayer is a tax resident of a Tax Treaty partner;
- (c) the administrative requirements have been fulfilled;
- (d) there is no Tax Treaty abuse by the Non-Resident Taxpayer; and
- (e) the Non-Resident Taxpayer is the beneficial owner of the income (if so required by the Tax Treaty).

In the case that the above requirements are not met, the Indonesian tax withholder shall withhold the tax in accordance with the Indonesian tax regulations, i.e. withholding tax at the rate of 20% (to be reduced to 10% starting August 2, 2021 pursuant to Government Regulation No. 9).

Under PER-25 a Non-Resident Taxpayer is considered to participate in Tax Treaty abuse if the main purpose or one of the main purposes of the arrangement(s) or transaction(s) is to directly or indirectly obtain a benefit under the Tax Treaty contrary to the intention and purposes of the Tax Treaty. In addition, a treaty abuse will not have occurred if:

- (a) there is economic substance in the establishment of the entity or in the execution of the transaction;
- (b) the legal form is the same as the economic substance in the establishment of the entity or the execution of the transaction;
- (c) the non-resident has activities managed by its own management and the management has appropriate authorities to carry out transactions;
- (d) the non-resident has fixed assets and non-fixed assets (other than the assets generating income from Indonesia), which are adequate and sufficient to conduct business activities in the Tax Treaty partner country;
- (e) the non-resident has sufficient employees with the expertise and certain skills in accordance with the line of business; and
- (f) the non-resident has activities or an active business other than receiving income in the form of dividends, interest, royalties from Indonesia.

Where the Non-Resident Taxpayer is required by a Tax Treaty to be the BO of the income (e.g. for interest income) then, in addition to satisfying the conditions for non-abuse of the Tax Treaty, that Non-Resident Taxpayer must fulfill the following conditions:

- (a) for an individual, he or she is not acting as an agent or a nominee; or
- (b) for a company, it is not acting as an agent, nominee, or conduit, which is a company that:
 - (i) has the power to use or enjoy the funds, assets, or rights to earn income from Indonesia;
 - (ii) does not use more than 50% of its total income (non-consolidated) to fulfill obligations to other parties in the form of interest, royalty, or other fees (excluding reasonable remuneration for employees, and other expenses normally incurred by the company in running the business);
 - (iii) bears the risk on its own assets, capital, and/or liabilities; and
 - (iv) has no contractual or legal obligation to transfer the whole or part of the income received from Indonesia to another party.

In the case that there is Tax Treaty abuse or the income recipient is not the beneficial owner the following will apply:

- (a) the Indonesian tax withholder is not entitled to apply the Tax Treaty benefits and must withhold tax which is payable in accordance with Indonesian tax regulations, i.e., withholding tax at the rate of 20% (to be reduced to 10% starting August 2, 2021 pursuant to Government Regulation No. 9); and

- (b) the Non-Resident Taxpayer who abuses the Tax Treaty will not be able to apply for a refund for the overpayment of the tax which should not have been payable.

If there is a difference between the legal form of a structure/scheme and the economic substance, the tax regulations will be applied in accordance with the economic substance (substance over form).

Administrative Requirements

Under PER-25, in order to enjoy Tax Treaty benefits, the certificate of domicile must meet the following administrative requirements:

- (a) in the form prescribed in the attachment to PER-25 (i.e. Form DGT);
- (b) filled in correctly, completely and clearly by the Non-Resident Taxpayers;
- (c) signed by the Non-Resident Taxpayers or equivalent mark as normally used in its country;
- (d) certified by the competent tax authority of the treaty country of the Non-Resident Taxpayers or equivalent mark as normally used (except where alternative certification arrangements are in place);
- (e) included declaration from the Non-Resident Taxpayer that there is no treaty abuse;
- (f) included declaration that the Non-Resident Taxpayer is the beneficial owner of the income (if so required by the Tax Treaty); and
- (g) used for the period stated in the Form DGT (a maximum of 12 months).

If certification from the tax authority (as set out in point (d) above) of the treaty country cannot be obtained, the Non-Resident Taxpayers may replace this with the local Certificate of Residence (“**CoR**”) issued by the competent tax authority of the treaty country. In this case, the local CoR issued by the competent tax authority is required to be attached to the Form DGT, that has been completed and signed by the Non-Resident Taxpayer. The CoR must satisfy certain requirements set by the DGT, as follows:

- (a) is in the English language;
- (b) contains, at least, information concerning the name of the Non-Resident Taxpayer, issuance date and the applicable tax year; and
- (c) bears the name and signature of the authorized tax officer of the competent tax authority of the Tax Treaty country or sign/stamp that is equal to the signature of the tax officer and the name of the tax officer as commonly used.

Non-resident taxpayers should provide the original Form DGT (including local CoR, if applicable) to the Indonesian tax withholder prior to the due date for lodgment of the relevant monthly tax return. The Indonesian tax withholder is required to attach the copy of Form DGT from the Non-Resident Taxpayer, or a receipt of earlier filing, in the relevant monthly tax return. The certified first page of Form DGT or the local CoR used in lieu thereof, has a maximum validity of twelve months.

In the case that there is income received or earned by a Non-Resident Taxpayer but no tax is withheld in Indonesia according to the Tax Treaty, the Indonesian tax withholder is still obliged to arrange reporting of the income and the Form DGT or the CoR.

Multilateral Instrument

The President of Indonesia issued Regulation No. 77 of 2019 (“**PerPres No. 77/2019**”) on November 12, 2019, which ratifies the multilateral convention implementing Tax Treaty-related measures to prevent base erosion and profit shifting (“**MLI**”). Pursuant to PerPres No. 77/2019, 47 tax treaties (also referred to as Covered Tax Agreements (“**CTAs**”)) with Indonesia are nominated by Indonesia to become subject to the changes set out under the MLI, including CTAs with Australia, Canada, France, Hong Kong, India, Japan, Luxembourg, Malaysia, Netherlands, Singapore, Switzerland, the United Kingdom and the U.S.

The MLI will become effective and modify a relevant CTA at a point (determined in the MLI) after both relevant jurisdictions have deposited the instrument of ratification, acceptance or approval and the entry into force of the MLI. On April 28, 2020, Indonesia deposited its instrument of ratification for implementation of the MLI with the Organization for Economic Co-operation and Development (“**OECD**”). The MLI entered into force in Indonesia on August 1, 2020. Out of the 47 treaty partner jurisdictions, some of the treaty partner jurisdictions have already deposited the instrument of ratification with the OECD, while others have not.

The MLI will introduce several changes to a relevant CTA including, among others, the following:

- a) the addition of the following preamble to the purpose of a CTA:

“Intending to eliminate double taxation with respect to the taxes covered by this agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this agreement for the indirect benefit of residents of third jurisdictions);” and

- b) the replacement of the existing provision relating to the prevention of treaty abuse with the below or the addition of the provision below relating to the prevention of treaty abuse:

“Notwithstanding any provisions of the CTA, a benefit under the CTA shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of the CTA”.

Bondholders should monitor the timing as to when the MLI will become effective and understand how the corresponding modifications to the provisions of a CTA will impact the Bondholders’ respective resident jurisdiction. To the extent the MLI becomes effective and modifies an applicable CTA with a Bondholder’s resident jurisdiction, the Bondholder should, in particular, note the potential implications, arising from the acquisition, sale and other dealings in respect of the Bonds, of the principal purpose test and limitation of benefits (“LOB”) under the MLI, which may operate to limit treaty benefits in certain circumstances. Only some of the nominated tax treaties will be modified to include a LOB.

Stamp Duty

In Indonesia, nominal stamp duty applies per document basis, and is not computed based on the value of the transaction. Stamp duty applies on certain documents made, executed or brought into Indonesia or intended to be used as evidence for civil proceedings. Documents subject to stamp duty include notarial deeds, documents evidencing or recording the receipt of money, and securities instruments. The issuance of Minister of Finance Regulation No. 4/PMK.03/2021 which was effective on January 20, 2021 amends the nominal amount of the Indonesian stamp duty for any kind of securities transaction having a value greater than Rp.5,000,000 is Rp.10,000. Generally, the stamp duty is due at the time the document is executed. For a securities instrument document, the stamp duty is payable by the party that issues the securities instrument.

Other Indonesian Taxes

There are no Indonesian estate, inheritance, succession or gift taxes generally applicable to the acquisition, ownership or disposal of the Bonds. There are no Indonesian registrations or similar taxes payable by Bondholders.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore (“IRAS”), the MAS and other relevant authorities in force as at the date of this Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, administrative guidelines or circulars occurring after such date, which changes could be made on a retroactive basis. These laws, administrative guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Memorandum are intended or are to be regarded as advice on the tax position of any Bondholder or of any person acquiring, selling or otherwise dealing with the Bonds or on any tax implications arising from the acquisition, sale or other dealings in respect of the Bonds. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Bonds and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective holders and holders of the Bonds are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Bonds, including, in particular, the effect of any foreign, state or local tax laws to

which they are subject. It is emphasized that none of the Issuer, the Joint Bookrunners and any other persons involved in the issuance of the Bonds accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Bonds.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is: (a) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore); or (b) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals or a Hindu joint family) is currently 17%. The applicable rate for non-resident individuals or a Hindu joint family is currently 22%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore, and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15%. The rate of 15% may be reduced by applicable tax treaties.

Certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after January 1, 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the issue of each of the 2031 Bonds and the 2051 Bonds is jointly lead-managed by UBS AG Singapore Branch, Deutsche Bank AG, Singapore Branch, Mizuho Securities (Singapore) Pte. Ltd., SMBC Nikko Capital Markets Limited, DBS Bank Ltd., Mandiri Securities Pte. Ltd., Natixis Singapore Branch, and Oversea-Chinese Banking Corporation Limited, more than half of which are Financial Sector Incentive (Bond Market) Companies, Financial Sector Incentive (Capital Market) Companies and/or Financial Sector Incentive (Standard Tier) Companies (each as defined in the ITA) at such time, and each series of the Bonds are issued as debt securities prior to December 31, 2023, each series of the Bonds would be qualifying debt securities (“QDS”) for the purposes of the ITA, to which the following treatments shall apply:

- (a) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, of a return on debt securities in respect of each series of the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with such Bonds as the MAS may prescribe and the inclusion by the Issuer in all offering documents relating to such Bonds of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost (collectively, the “**Qualifying Income**”) from such Bonds is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, and such a person acquires such Bonds using the funds and profits from such a person’s operations through a permanent establishment in Singapore, the Qualifying Income is not exempt from tax and must be included in a return of income under the ITA), Qualifying Income from such Bonds derived by a holder who is not resident in Singapore and who (a) does not have any permanent establishment in Singapore or (b) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire such Bonds are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (b) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of each series of the Bonds in the prescribed format within such period as the MAS may specify and such other particulars in connection with such Bonds as the MAS may require to the MAS), Qualifying Income from such Bonds derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of ten per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- (c) subject to:
 - (i) the Issuer including in all offering documents relating to the Bonds a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from such Bonds is not exempt from tax shall include such income in a return of income made under the ITA; and
 - (ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in the prescribed format in respect of each series of the Bonds within such period as the MAS may specify and such other particulars in connection with such Bonds as the MAS may require,

payments of Qualifying Income derived from such Bonds are not subject to withholding of tax (if applicable) by the Issuer.

Notwithstanding the foregoing:

- (A) if during the primary launch of any series of the Bonds, such series of the Bonds are issued to fewer than four persons and 50 per cent. or more of the issue of such series of the Bonds are beneficially held or funded, directly or indirectly, by related parties of the Issuer, such series of the Bonds would not qualify as QDS; and
- (B) even though a series of the Bonds are QDS, if 50 per cent. or more of the issue of such series of the Bonds which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such series of the Bonds held by:
 - (i) any related party(ies) of the Issuer; or
 - (ii) any other person where the funds used by such person to acquire such series of the Bonds are obtained, directly or indirectly, from any related party(ies) of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax of 10 per cent. as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms “prepayment fee”, “redemption premium” and “break cost” are defined in the ITA as follows:

- “prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;
- “redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
- “break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

All foreign-sourced income received in Singapore on or after January 1, 2004 by Singapore tax-resident individuals will be exempt from income tax, provided such foreign-sourced income is not received through a partnership in Singapore.

Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Bonds will not be taxable in Singapore. However, any gains derived by any person from the sale of the Bonds which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Bondholders who apply or are required to apply Singapore Financial Reporting Standard (“**FRS**”) 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (“**SFRS(I) 9**”) (as the case may be) may for Singapore income tax purposes be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Bonds, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below entitled “*Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes*”.

Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and “opt-out” provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39—Financial Instruments: Recognition and Measurement”.

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued a circular entitled “Income Tax: Income Tax Treatment Arising from Adoption of FRS 109—Financial Instruments”.

Bondholders who may be subject to the tax treatment under Sections 34A or 34AA of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Bonds.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

CLEARANCE AND SETTLEMENT OF THE SECURITIES

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that we believe to be reliable, but none of us, any of the Joint Lead Managers, the Trustee or any of the Agents takes any responsibility for the accuracy thereof. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. Neither we, any other party to the Agency Agreements, the Joint Lead Managers nor the Trustee will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Bonds held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to, or payments made on account of, such beneficial ownership interests.

Each series of the Bonds will be represented by a Global Certificate in registered form without interest coupons attached. On the original issue date of the relevant series of the Bonds, the relevant Global Certificate will be deposited with a common depository and registered in the name of the common depository or its nominee for the accounts of Euroclear and Clearstream.

Ownership of beneficial interests in a Global Certificate (the “**book-entry interests**”) will be limited to persons that have accounts with Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-entry interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear and Clearstream and their participants.

Except as set forth below under “—*Individual Definitive Certificates*”, the book-entry interests will not be held in definitive form. Instead, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant’s account with the interest beneficially owned by such participant. The laws of some jurisdictions may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge book-entry interests.

So long as the Bonds of the relevant series are held in global form, the common depository for Euroclear and/or Clearstream (or its nominee) will be considered the sole holder of the relevant Global Certificate for all purposes under the Trust Deed of the relevant series of the Bonds and “holders” of book-entry interests will not be considered the owners or “Bondholders” of Bonds of the relevant series for any purpose. As such, participants must rely on the procedures of Euroclear and Clearstream and indirect participants must rely on the procedures of the participants through which they own book-entry interests in order to transfer their interests in the Bonds of the relevant series or to exercise any rights of Bondholders of such series under the Trust Deed of the relevant series of the Bonds.

None of the Issuer, the Trustee, the Agents or any of their respective agents will have any responsibility or be liable for any aspect of the records relating to the book-entry interests. The Bonds are not issuable in bearer form.

Each series of the Bonds will be subject to certain transfer restrictions and restrictive legends as described under “*Subscription and Sale*”.

Global Clearance and Settlement Under the Book-Entry System

Book-entry interests owned through Euroclear or Clearstream accounts will follow the settlement procedures applicable. Book-entry interests will be credited to the securities custody accounts of Euroclear and Clearstream Bondholders on the business day following the settlement date against payment for value on the settlement date.

The book-entry interests will trade through participants of Euroclear or Clearstream and will settle in same-day funds. Since the purchaser determines the place of delivery, it is important to establish at the time of trading of any book-entry interests where both the purchaser’s and seller’s accounts are located to ensure that settlement can be made on the desired value date.

Information Concerning Euroclear and Clearstream

The Issuer understands as follows with respect to Euroclear and Clearstream:

Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions, such as underwriters, securities brokers and dealers, banks and trust companies, and certain other organizations. Indirect access to Euroclear or Clearstream is

also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodian relationship with a Euroclear or Clearstream participant, either directly or indirectly.

Although the foregoing sets out the procedures of Euroclear and Clearstream in order to facilitate the original issue and subsequent transfers of interests in the Bonds among participants of Euroclear and Clearstream, neither Euroclear nor Clearstream is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

None of the Issuer, the Trustee or any of their respective agents will have responsibility for the performance by Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including, without limitation, rules and procedures relating to book-entry interests.

Individual Definitive Certificates

If either Euroclear or Clearstream or any other clearing system selected by the Issuer and approved in writing by the Trustee, the Principal Paying Agent and the Registrar through which the Bonds of the relevant series are held is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention to permanently cease business or does in fact do so, owners of interests in the Bonds of the relevant series in respect of which the relevant Global Certificate is issued will be entitled to have title to the Bonds of the relevant series registered in their names and to receive individual certificates representing one or more Bonds of the relevant series in definitive form (the “**Definitive Certificates**”). Upon receipt of such notice from the common depositary or the Trustee, as the case may be, the Issuer will use its best efforts to make arrangements with the common depositary for the exchange of interests in the relevant Global Certificate for individual Definitive Certificates and cause the requested individual Definitive Certificates to be executed and delivered to the registrar in sufficient quantities and authenticated by or on behalf of the registrar for delivery to Bondholders of the relevant series.

Persons exchanging interests in a Global Certificate for individual Definitive Certificates will be required to provide the Registrar, not less than 30 days’ notice at its specified office of such holder’s intention to effect such exchange and a written order containing instructions and such other information as the Issuer and the Registrar may require to complete, execute and deliver such individual Definitive Certificates. In all cases, individual Definitive Certificates delivered in exchange for any Global Certificate or beneficial interests therein will be registered in the names, and issued in any approved denominations, requested by the relevant clearing system.

Individual Definitive Certificates will not be eligible for clearing and settlement through Euroclear or Clearstream.

SUBSCRIPTION AND SALE

Subscription Agreement

The Issuer has entered into a subscription agreement with the Joint Lead Managers dated June 2, 2021 (the “**Subscription Agreement**”) pursuant to which and subject to certain conditions contained in the Subscription Agreement, the Issuer has agreed to sell to the Joint Lead Managers, and the Joint Lead Managers have severally and not jointly agreed, to subscribe and pay for, or to procure subscribers and pay for, the 2031 Bonds at an issue price of 100.000 per cent. of their principal amount and the 2051 Bonds at an issue price of 100.000 per cent. of their principal amount, in each case in the respective principal amount of Bonds set out opposite its name below:

<u>Name of Joint Lead Manager</u>	<u>Principal amount of the 2031 Bonds to be subscribed (US\$)</u>	<u>Principal amount of 2051 Bonds to be subscribed (US\$)</u>
UBS AG Singapore Branch	143,750,000	75,000,000
Deutsche Bank AG, Singapore Branch	143,750,000	75,000,000
Mizuho Securities (Singapore) Pte. Ltd.	143,750,000	75,000,000
SMBC Nikko Capital Markets Limited	143,750,000	75,000,000
DBS Bank Ltd.	143,750,000	75,000,000
Mandiri Securities Pte. Ltd.	143,750,000	75,000,000
Natixis Singapore Branch	143,750,000	75,000,000
Oversea-Chinese Banking Corporation Limited	143,750,000	75,000,000
Total	1,150,000,000	600,000,000

The Subscription Agreement provides that the Issuer has agreed to indemnify the Joint Lead Managers in respect of certain matters set out in the Subscription Agreement. The Subscription Agreement provides that the obligations of the Joint Lead Managers are subject to certain conditions precedent and entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer in respect of the Bonds. Any subsequent offering and sale of the Bonds of any series may be at a price different from the relevant Issue Price for the relevant series of Bonds.

The Joint Lead Managers and certain of their respective affiliates are full service financial institutions engaged in various activities, which may include sales and securities trading, commercial and investment banking, lending advisory, investment management, investment research, principal investment, hedging, financing, brokerage activities and other financial and non-financial activities and services (“**Banking Services or Transactions**”). Some of the Joint Lead Managers and their respective affiliates have, from time to time, performed, and may in the future perform, various Banking Services or Transactions for the Issuer or any of its affiliates, for which they received or may in the future receive customary fees, expenses and commissions.

As stated under the “*Use of Proceeds*” section, the proceeds from the offering of the Bonds will be used to partially prepay the Issuer’s liabilities under the Pinehill Facility. Some of the Joint Lead Managers or their respective affiliates are lenders to the Issuer through the Pinehill Facility which will be partially prepaid following the Bond issuance. The lending exposure of such Joint Lead Managers and/or their respective affiliates will decrease as a result of such prepayment. See also “*Description of Material Indebtedness*” for additional information on the relevant lenders and the Pinehill Facility.

The Joint Lead Managers and their respective affiliates may purchase the Bonds and allocate the Bonds for asset management and/or proprietary purposes but not with a view to distribution. Such entities may hold or sell such Bonds or purchase further Bonds for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Bonds or other securities otherwise than in connection with the offering of the Bonds. Accordingly, references herein to the Bonds being “offered” should be read as including any offering of the Bonds to the Joint Lead Managers and/or their respective affiliates, or affiliates of the Issuer for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so. Furthermore, it is possible that only a limited number of investors may subscribe for a significant proportion of the Bonds of any series. If this is the case, liquidity of trading in the Bonds of the relevant series may be constrained. The Issuer and the Joint Lead Managers are under no obligation to disclose the extent of the distribution of the Bonds of any series amongst individual investors.

In the ordinary course of their various business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers or in their capacity as investment advisers, and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps,

repackaging and credit default swaps) in relation thereto. Such investment and securities activities may involve securities and instruments of the Issuer, including the Bonds of any series. Certain of the Joint Lead Managers or their respective affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Joint Lead Managers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the Issuer's securities, including potentially each series of the Bonds offered hereby. Any such short positions could adversely affect future trading prices of each series of the Bonds offered hereby. The Joint Lead Managers and their respective affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds of any series or other financial instruments of the Issuer, and may recommend to their clients that they acquire long and/or short positions in the Bonds of any series or other financial instruments.

If a jurisdiction requires that the offering of the Bonds be made by a licensed broker or dealer and the Joint Lead Managers or any of its affiliates is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by it or such affiliate on behalf of the Issuer in such jurisdiction.

Selling restrictions

United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each of the Joint Lead Managers has represented that it has not offered or sold, and agrees that it will not offer or sell, any of the Bonds constituting part of its allotment within the United States except in accordance with Rule 903 of Regulation S. Accordingly, neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Bonds. Terms used in this paragraph have the meanings given to them by Regulation S.

Each of the Joint Lead Managers has represented, warranted and agreed that it has not entered and agrees that it will not enter into any contractual arrangement with any distributor (as such term is defined in Regulation S) with respect to the distribution or delivery of the Bonds, except with its affiliates or with the prior written consent of the Issuer.

European Economic Area

Prohibition of Sales to EEA Retail Investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or
 - (ii) a customer within the meaning of Directive 2016/97/EU (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point 10) of Article 4(1) of MiFID II.

In relation to each Member State of the European Economic Area (each, a "**Relevant State**"), each of the Joint Lead Managers has represented and agreed that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by the Offering Memorandum to the public in that Relevant State other than the offers contemplated in the Offering Memorandum in Relevant State(s) where the Offering Memorandum will be approved or passported for the purposes of a non-exempt offer from the time the Offering Memorandum has been approved by the competent authority in the Relevant State where the Offering Memorandum will be approved and published in accordance with the Prospectus Regulation in the period beginning and ending on the dates specified in such Offering Memorandum or Pricing Supplement, as applicable, and provided that the Issuer has consented in writing to use of the Offering Memorandum for any such offers, except that it may make an offer of such Bonds to the public in that Relevant State:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Bonds shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an “offer of Bonds to the public” in relation to any Bonds in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129, as amended.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each of the Joint Lead Managers has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

Each of the Joint Lead Managers represents and agrees that it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Offering Memorandum to the public in the United Kingdom, except that it may make an offer of such Bonds to the public in the United Kingdom:

- (a) if the terms of the Bonds specify that an offer of those Bonds may be made other than pursuant to section 86 of the FSMA (a “**Public Offer**”), following the date of publication of a prospectus in relation to such Bonds which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by final terms contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;
- (b) at any time to any legal entity which is a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA) in the United Kingdom subject to obtaining the prior consent of the relevant Manager or Managers nominated by the Issuer for any such offer; or
- (d) at any time in any other circumstances falling within section 86 of the FSMA,

provided that no such offer of Bonds referred to in 3.2.2 to 3.2.4 above shall require the Issuer or any Manager to publish a prospectus pursuant to section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

For the purposes of this provision, the expression an offer of Bonds to the public in relation to any Bonds means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds and the expression UK Prospectus Regulation means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Each Joint Lead Manager has further represented, warranted and undertaken that:

- (a) in relation to any Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Bonds would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

Singapore

Each Joint Lead Manager has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused the Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell any Bonds or cause the Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore as modified or amended from time to time (the “SFA”)) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries’ rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined the classification of the Bonds as “prescribed capital markets products” (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Any reference to the “SFA” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Indonesia

The offering of the Bonds does not constitute a public offering or a private placement of debt securities in the Republic of Indonesia under the Indonesian Capital Market Law, Law No. 8 of 1995 and its implementing regulations (including the Rule of OJK No. 30/POJK.04/2019 on Issuance of Debt Securities and/or Sukuk

without Public Offering), and therefore have not been and will not be registered with the Indonesia Financial Services Authority (*Otoritas Jasa Keuangan or OJK*). Accordingly:

- (a) the Offering Memorandum and any other offering materials relating to the Bonds may not be distributed or passed on in the Republic of Indonesia or to any Indonesian nationals (wherever they are domiciled or located), entities or residents; and/or
- (b) the Bonds may not be, offered and/or sold, directly or indirectly, in the Republic of Indonesia or to any Indonesian nationals (wherever they are domiciled or located), entities or residents in a manner which constitutes a public offering or private placement of debt securities in the Republic of Indonesia under the laws and regulations of Indonesia.

Hong Kong

The Joint Lead Managers have represented and agreed that (1) they have not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) of Hong Kong or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and (2) they have not issued or had in their possession for the purposes of issue and will not issue or have in their possession for the purposes of issue any advertisement, invitation or document relating to the Bonds, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

General

Neither this Offering Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the issue of the Bonds may be used in connection with an offer or solicitation by any person in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. The distribution and publication of this Offering Memorandum or any such other document or information and the offer of the Bonds in certain jurisdictions may be restricted by law. Persons who distribute or publish this Offering Memorandum or any such other document or information or into whose possession this Offering Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

Each of the Joint Lead Managers has acknowledged that no action has been or will be taken that would permit a public offering of the Bonds, or possession or distribution of this Offering Memorandum or any other offering or publicity material relating to the Bonds, in any jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed to comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Offering Memorandum or any such other material.

RATINGS

Each series of the Bonds is expected to be rated “Baa3” by Moody’s and “BBB-” by Fitch. The ratings reflect the rating agency’s assessment of the likelihood of timely payment of the principal of and interest on each series of the Bonds. The ratings do not address the payment of any additional amounts and do not constitute recommendations to purchase, hold or sell any series of the Bonds inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by such rating agencies in the future if in their judgment circumstances so warrant. Each such rating should be evaluated independently of any other rating on the relevant series of the Bonds. See “*Risk Factors—Risks Relating to the Bonds—The ratings of the Bonds may be downgraded or withdrawn entirely by rating agencies at any time which may adversely affect the market price of the Bonds*”.

LEGAL MATTERS

Certain legal matters with respect to the Bonds will be passed upon for us by Milbank LLP, as to matters of English law, and Melli Darsa & Co, as to matters of Indonesian law. Certain legal matters will be passed upon for the Joint Lead Managers by Baker & McKenzie.Wong & Leow, with respect to English law, and Hadiputranto, Hadinoto & Partners, as to matters of Indonesian law.

INDEPENDENT PUBLIC ACCOUNTANTS

The consolidated financial statements of ICBP and its subsidiaries as of and for each of the years ended December 31, 2018, 2019 and 2020 included in this Offering Memorandum have been audited by KAP Purwantono, Sungkoro & Surja (a member of Ernst & Young Global Limited), independent public accountants, as stated in their report appearing elsewhere in this Offering Memorandum.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN INDONESIAN FINANCIAL ACCOUNTING STANDARDS AND INTERNATIONAL FINANCIAL REPORTING STANDARDS

Our financial statements included elsewhere in this Offering Memorandum have been prepared and presented in accordance with Indonesian Financial Accounting Standards (“**IFAS**”). Significant differences exist between IFAS and International Financial Reporting Standards (“**IFRS**”), which might be material to the financial statements herein. The matters described below should not be expected to reveal all differences between IFAS and IFRS that are relevant to us.

We have made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation, or classification differences that would affect the manner in which transactions or events are presented in the financial statements. Had any such quantification or identification been undertaken by management, other potential significant accounting and disclosure differences may have come to its attention which are not summarized below. Accordingly, it should not be construed that the following summary of certain significant differences between IFAS and IFRS is complete.

Regulatory bodies that promulgate IFAS and IFRS have significant ongoing projects that could affect future comparisons such as this one. Further, no attempt has been made to identify future differences between IFAS and IFRS as a result of prescribed changes in accounting standards and regulations. Finally, no attempt has been made to identify all future differences between IFAS and IFRS that may affect the financial statements as a result of transactions or events that may occur in the future.

We believe that the application of IFRS to the financial statements could have a material and significant impact upon the financial statements reported under IFAS. In making an investment decision, investors must rely upon their own examination, terms of the offering, and the financial statements. Potential investors should consult their own professional advisors for an understanding of the differences between IFAS and IFRS, and how those differences might affect the financial statements herein.

Financial Instruments

Effective from January 1, 2020, Statement of Financial Accounting Standards (“**SFAS**”) 71—Financial Instruments have become effective. SFAS 71 is adopted from IFRS 9 Financial Instruments, therefore there is no significant difference between IFAS and IFRS, except for their effective date and transition. IFRS 9 effective from January 1, 2018.

Under IFAS, prior to January 1, 2020, there are four classes of financial asset: (i) fair value through profit or loss; (ii) held to maturity; (iii) loans and receivables; and (iv) available for sale. Financial liabilities are classified either as financial liabilities measured at fair or at amortized cost. Under IFRS, instruments will be classified either at amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on both the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Under IFAS, prior to January 1, 2020, there were different impairment models for financial assets measured at amortized cost and available-for-sale financial assets. Under IFRS, there is a single impairment model for all debt instruments measured at amortized cost and at fair value through other comprehensive income. Furthermore, loan commitments and financial guarantee contracts that were previously in the scope of IFAS 37 Provisions, Contingent Liabilities and Contingent Assets are now in the scope of the IFRS 9 impairment requirements.

Under IFAS, prior to January 1, 2020, loss allowances were only recorded for impaired exposures (“**incurred loss model**”). Under IFRS, the impairment requirements are based on expected credit loss (“**ECL**”) model. The ECL model is more forward-looking than the IFAS 39 incurred loss model. This is because holders of financial assets are not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that financial assets are impaired in relation to incurred losses, but they are now required to consider reasonable and supportable information that includes forecasts of future economic conditions including, where relevant, multiple scenarios, when calculating ECLs, on an individual and collective basis.

Leases

Effective from January 1, 2020, SFAS 73—Leases has become effective. SFAS 73 is adopted from IFRS 16 Leases, therefore there is no significant difference between IFAS, SFAS 73—Leases and IFRS 16 Leases, except for their effective date and transition. IFRS 16 Leases is effective from January 1, 2019.

Under IFAS, prior to January 1, 2020, lessees apply a dual recognition and measurement approach for all leases. Lessees classify a lease as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. Otherwise a lease is classified as an operating lease.

Under IFRS, effective from January 1, 2019, lessees apply a single recognition and measurement approach for all leases, with options not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets.

Under IFAS, prior to January 1, 2020, at the commencement of the lease term, lessees recognize finance leases as assets and liabilities in their statements of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Minimum lease payments are the payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor, together with, for a lessee, any amounts guaranteed by the lessee or by a party related to the lessee.

Under IFRS, effective from January 1, 2019, at the commencement date, lessees (except short-term leases and leases of low-value assets) measure the lease liability at the present value of the lease payments to be made over the lease term. After the commencement date, lessees are required to remeasure the lease liability when there is a lease modification (i.e., a change in the scope of a lease, or the consideration for a lease that was not part of the original terms and conditions of the lease) that is not accounted for as a separate contract.

Land rights

In Indonesia, except for ownership rights granted to individuals, the titles of the land rests with the Government of the Republic of Indonesia. Land-use is accomplished through land rights whereby the holder of the rights enjoys the full use of the land for a stated period of time, subject to extensions. Land rights are generally freely tradable and may be encumbered as security under borrowing agreements. Under Indonesian FAS, the costs of acquired land rights are capitalized as land, which is not depreciated unless: (i) the condition of the land is no longer suitable for the main operation of the enterprise, (ii) the nature of the entity's main operation will result in the abandonment of land and buildings subsequent to completion of the project, or (iii) management's prediction or certainty that an extension or renewal of the land rights will not be obtained. When depreciated, land should be depreciated in accordance with the estimated length of the entity's main operation or project.

Under IFRS, an "agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time" is considered a lease. In determining whether the land use right is an operating or a finance lease, an important consideration is whether the lessee has an absolute right on such property. If the lessee does not and will not substantially own the land because the government has a right to reject the renewal, such right is accounted for as a lease and the cost is amortized over the period the holder is expected to retain the land rights.

GLOSSARY OF CERTAIN TERMS USED IN THE OFFERING MEMORANDUM

The explanations of certain terms used in this Offering Memorandum are not intended as technical definitions but have been provided to assist the reader to understand certain terms as used in this Offering Memorandum. We have also included abbreviations and acronyms of certain units of measurement in this Offering Memorandum.

AMDAL	<i>Analisis Mengenai Dampak Lingkungan</i> (Environmental Impact Analysis)
BPOM	<i>Badan Pengawas Obat dan Makanan</i> (National Agency of Drug and Food Control of the Republic of Indonesia)
BPS	<i>Badan Pusat Statistik</i> (Statistics Indonesia)
EBITDA	Income from operations plus depreciation and amortization
CAGR	Compound annual growth rate
CGU	Cash generating units
CPC	Consumption per capita
FSSC	Food Safety System Certification
GDP	Gross Domestic Product
HAACP	Hazard Analysis and Critical Control Points
IFRS	International Financial Reporting Standards
IDX	Indonesia Stock Exchange
IMF	International Monetary Fund
Indonesian FAS or IFAS	Indonesian Financial Accounting Standards
Micro PPKM	<i>Pembatasan Kegiatan Masyarakat Berbasis Mikro</i> (Decree No. 107 of 2021 dated February 8, 2021 on the Entry into Force of Micro-Scale Public Activities of the Republic of Indonesia)
MOI	Ministry of Industry of the Republic of Indonesia
MOT	Ministry of Trade of the Republic of Indonesia
NCI	Non-controlling interests
OJK	<i>Otoritas Jasa Keuangan</i> (the Indonesian Financial Service Authority)

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PT Indofood CBP Sukses Makmur Tbk
dan entitas anaknya/and its subsidiaries

Laporan keuangan konsolidasian tanggal 31 Desember 2020, 2019 dan 2018 dan untuk tahun yang berakhir pada tanggal-tanggal tersebut beserta laporan-laporan auditor independen/ *Consolidated financial statements as of December 31, 2020, 2019 and 2018 and for the years then ended with independent auditor's reports*

**PT INDOFOOD CBP SUKSES MAKMUR TBK
DAN ENTITAS ANAKNYA
LAPORAN KEUANGAN KONSOLIDASIAN
TANGGAL 31 DESEMBER 2020, 2019 DAN 2018
DAN UNTUK TAHUN YANG BERAKHIR
PADA TANGGAL-TANGGAL TERSEBUT BESERTA
LAPORAN-LAPORAN AUDITOR INDEPENDEN**

**PT INDOFOOD CBP SUKSES MAKMUR TBK
AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020, 2019 AND 2018
AND FOR THE YEARS THEN ENDED WITH
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Daftar Isi

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**SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS
LAPORAN KEUANGAN KONSOLIDASIAN
31 DESEMBER 2020, 2019 DAN 2018**

**DIRECTORS' STATEMENT
ON THE RESPONSIBILITY FOR
THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 AND 2018**

Atas nama dan mewakili Direksi, kami yang bertanda tangan di bawah ini:

For and on behalf of the Board of Directors, we, the undersigned:

1. Nama / Name	: Anthoni Salim
Alamat kantor / Office Address	: Sudirman Plaza, Indofood Tower 23th Floor Jl. Jend. Sudirman Kav. 76-78, Jakarta 12910
Alamat domisili / Domiciled at	: Jl. Gunung Sahari VI No. 24 Jakarta Pusat
No. Telepon / Phone Number	: (021) 5795-8822
Jabatan / Title	: Direktur Utama / President Director
2. Nama / Name	: Hendra Widjaja
Alamat kantor / Office Address	: Sudirman Plaza, Indofood Tower 23th Floor Jl. Jend. Sudirman Kav. 76-78, Jakarta 12910
Alamat domisili / Domiciled at	: Citra Gran Cluster The Dense Blok P. 20/I Leuwisunggal, Tapos
No. Telepon / Phone Number	: (021) 5795-8822
Jabatan / Title	: Direktur / Director

Menyatakan bahwa:

certify that :

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk dan Entitas Anak;
2. Laporan keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk dan Entitas Anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;
3. a. Semua informasi material dalam laporan keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk dan Entitas Anak telah dimuat secara lengkap dan benar;
b. Laporan keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk dan Entitas Anak tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material;
4. Kami bertanggung jawab atas sistem pengendalian intern PT Indofood CBP Sukses Makmur Tbk dan Entitas Anak.

1. We take the responsibility for the compilation and presentation of consolidated financial statements of PT Indofood CBP Sukses Makmur Tbk and Subsidiaries;
2. The consolidated financial statements of PT Indofood CBP Sukses Makmur Tbk and Subsidiaries have been prepared and presented in accordance with the Indonesian Financial Accounting Standards;
3. a. All material information in the consolidated financial statements of PT Indofood CBP Sukses Makmur Tbk and Subsidiaries has been completely and properly disclosed;
b. The consolidated financial statements of PT Indofood CBP Sukses Makmur Tbk and Subsidiaries do not contain any improper material information or fact, and do not omit any material information or fact;
4. We are responsible for the internal control system of PT Indofood CBP Sukses Makmur Tbk and Subsidiaries.

Demikian pernyataan ini dibuat dengan sebenarnya.

The statement is made truthfully.

Jakarta, 21 April / April 21, 2021


Anthoni Salim
Direktur Utama /
President Director

Hendra Widjaja
Direktur /
Director

PT INDO FOOD CBP SUKSES MAKMUR Tbk

Sudirman Plaza
Indofood Tower, 23rd Floor
Jl. Jend. Sudirman Kav. 76 - 78
Jakarta 12910, Indonesia

T. +6221 5793 7500
F. +6221 5793 7557
www.indofoodcbp.com

The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. 00620/2.1032/AU.1/04/0685-1/1/IV/2021

Pemegang Saham, Dewan Komisaris, dan Direksi
PT Indofood CBP Sukses Makmur Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2020, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. 00620/2.1032/AU.1/04/0685-1/1/IV/2021

*The Shareholders and the Boards of Commissioners and Directors
PT Indofood CBP Sukses Makmur Tbk*

We have audited the accompanying consolidated financial statements of PT Indofood CBP Sukses Makmur Tbk (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2020, 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 financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Laporan Auditor Independen (lanjutan)

Laporan No. 00620/2.1032/AU.1/04/0685-1/1/IV/2021 (lanjutan)

Tanggung jawab auditor (lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk dan entitas anaknya tanggal 31 Desember 2020, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Independent Auditors' Report (continued)

Report No. 00620/2.1032/AU.1/04/0685-1/1/IV/2021 (continued)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Indofood CBP Sukses Makmur Tbk and its subsidiaries as of December 31, 2020, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.



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The original report included herein is in the Indonesian language.

Laporan Auditor Independen (lanjutan)

Laporan No. 00620/2.1032/AU.1/04/0685-1/1/IV/2021 (lanjutan)

Hal lain

Laporan ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran efek utang Perusahaan di luar Amerika Serikat berdasarkan *Regulation S* dari *United States Securities Act of 1933*, serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

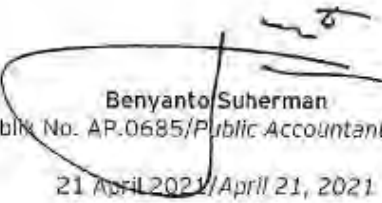
Independent Auditors' Report (continued)

Report No. 00620/2.1032/AU.1/04/0685-1/1/IV/2021 (continued)

Other matter

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company outside of the United States of America on Regulation S under the United States Securities Act of 1933, and is not intended to be, and should not be used, for any other purposes.

KAP Purwantono, Sungkoro & Surja


Benyanto Suherman
Registrasi Akuntan Publik No. AP.0685/*Public Accountant Registration No. AP.0685*
21 April 2021/*April 21, 2021*

The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. 00619/2.1032/AU.1/04/0691-1/1/IV/2021

Pemegang Saham, Dewan Komisaris, dan Direksi
PT Indofood CBP Sukses Makmur Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2019, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. 00619/2.1032/AU.1/04/0691-1/1/IV/2021

*The Shareholders and the Boards of Commissioners and Directors
PT Indofood CBP Sukses Makmur Tbk*

We have audited the accompanying consolidated financial statements of PT Indofood CBP Sukses Makmur Tbk (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Laporan Auditor Independen (lanjutan)

Laporan No. 00619/2.1032/AU.1/04/0691-1/1/IV/2021 (lanjutan)

Tanggung jawab auditor (lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyedjakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk dan entitas anaknya tanggal 31 Desember 2019, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Independent Auditors' Report (continued)

Report No. 00619/2.1032/AU.1/04/0691-1/1/IV/2021 (continued)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Indofood CBP Sukses Makmur Tbk and its subsidiaries as of December 31, 2019, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.



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language.*

Laporan Auditor Independen (lanjutan)

Independent Auditors' Report (continued)

Laporan No. 00619/2.1032/AU.1/04/0691-
1/1/IV/2021 (lanjutan)

Report No. 00619/2.1032/AU.1/04/0691-
1/1/IV/2021 (continued)

Hal lain

Other matter

Laporan ini diterbitkan dengan tujuan untuk
dicantumkan dalam dokumen penawaran
sehubungan dengan rencana penawaran efek utang
Perusahaan di luar Amerika Serikat berdasarkan
Regulation S dari United States Securities Act of
1933, serta tidak ditujukan, dan tidak
diperkenankan untuk digunakan, untuk tujuan lain.

*This report has been prepared solely for inclusion in
the offering document in connection with the
proposed offering of the debt securities of the
Company outside of the United States of America on
Regulation S under the United States Securities Act
of 1933, and is not intended to be, and should not be
used, for any other purposes.*

KAP Purwantono, Sungkoro & Surja



David Sungkoro

Registrasi Akuntan Publik No. AP.0691/Public Accountant Registration No. AP.0691

21 April 2021/April 21, 2021

The original report included herein is in the Indonesian language.

Laporan Auditor Independen

Laporan No. 00618/2.1032/AU.1/04/0696-2/1/IV/2021

Pemegang Saham, Dewan Komisaris, dan Direksi
PT Indofood CBP Sukses Makmur Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2018, serta laporan laba rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal tersebut, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

Independent Auditors' Report

Report No. 00618/2.1032/AU.1/04/0696-2/1/IV/2021

*The Shareholders and the Boards of Commissioners and Directors
PT Indofood CBP Sukses Makmur Tbk*

We have audited the accompanying consolidated financial statements of PT Indofood CBP Sukses Makmur Tbk (the "Company") and its subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2018, 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 financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audit. We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Laporan Auditor Independen (lanjutan)

Laporan No. 00618/2.1032/AU.1/04/0696-2/1/IV/2021 (lanjutan)

Tanggung jawab auditor (lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektifitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Indofood CBP Sukses Makmur Tbk dan entitas anaknya tanggal 31 Desember 2018, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Independent Auditors' Report (continued)

Report No. 00618/2.1032/AU.1/04/0696-2/1/IV/2021 (continued)

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Indofood CBP Sukses Makmur Tbk and its subsidiaries as of December 31, 2018, and their consolidated financial performance and cash flows for the year then ended, in accordance with Indonesian Financial Accounting Standards.

Laporan Auditor Independen (lanjutan)

Laporan No. 00618/2.1032/AU.1/04/0696-2/1/IV/2021 (lanjutan)

Hal lain

Laporan ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran efek utang Perusahaan di luar Amerika Serikat berdasarkan Regulation S dari United States Securities Act of 1933, serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

Independent Auditors' Report (continued)

Report No. 00618/2.1032/AU.1/04/0696-2/1/IV/2021 (continued)

Other matter

This report has been prepared solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company outside of the United States of America on Regulation S under the United States Securities Act of 1933, and is not intended to be, and should not be used, for any other purposes.

KAP Purwantono, Sungkoro & Surja



Indrajuwana Komala Widjaja

Registrasi Akuntan Publik No. AP.0696/Public Accountant Registration No. AP.0696

21 April 2021/April 21, 2021

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam Jutaan Rupiah,
Kecuali Dinyatakan Lain)**

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION
As of December 31, 2020, 2019 and 2018
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)**

	Catatan/ Notes	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
ASET					ASSETS
ASET LANCAR					CURRENT ASSETS
Kas dan setara kas	2,4,33,34,36	9.535.418	8.359.164	4.726.822	Cash and cash equivalents
Investasi Jangka Pendek	2,33,34	-	-	563.840	Short-term Investments
Piutang	2,3,33,34,36				Accounts receivable
Usaha	5				Trade
Pihak ketiga - neto		2.380.015	1.065.882	1.117.009	Third parties - net
Pihak berelasi	32	2.893.401	2.983.408	3.011.182	Related parties
Bukan usaha					Non-trade
Pihak ketiga		59.349	22.150	75.901	Third parties
Pihak berelasi	32	413.990	60.510	67.264	Related parties
Persediaan - neto	2,3,6	4.586.940	3.840.690	4.001.277	Inventories - net
Uang muka dan jaminan	7	628.839	169.941	334.441	Advances and deposits
Pajak dibayar di muka	2,16	165.439	77.638	118.152	Prepaid taxes
Beban dibayar di muka dan aset lancar lainnya	2	52.832	45.542	105.680	Prepaid expenses and other current assets
Total Aset Lancar		20.716.223	16.624.925	14.121.568	Total Current Assets
ASET TIDAK LANCAR					NON-CURRENT ASSETS
Aset pajak tangguhan - neto	2,3,15	478.140	533.188	562.770	Deferred tax assets - net
Investasi jangka panjang	1,2,3,8,31,34	10.645.239	3.890.271	2.705.398	Long-term investments
Aset tetap - neto	2,3,9	13.351.296	11.342.412	10.741.622	Fixed assets - net
Aset hak guna - neto	2,3,11	254.811	-	-	Right of use assets - net
Beban ditangguhkan - neto	2	85.940	108.686	128.010	Deferred charges - net
Goodwill	2,3,10	54.006.155	1.775.839	1.775.839	Goodwill
Aset tak berwujud - neto	2,3,10	1.858.998	2.011.090	2.136.679	Intangible assets - net
Aset tidak lancar lainnya	2,3,34,35	2.191.523	2.422.903	2.195.267	Other non-current assets
Total Aset Tidak Lancar		82.872.102	22.084.389	20.245.585	Total Non-current Assets
TOTAL ASET	31	103.588.325	38.709.314	34.367.153	TOTAL ASSETS

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian ini.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN (Lanjutan)
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam Jutaan Rupiah,
Kecuali Dinyatakan Lain)**

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION (Continued)
As of December 31, 2020, 2019 and 2018
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)**

	Catatan/ Notes	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
LIABILITAS DAN EKUITAS					LIABILITIES AND EQUITY
LIABILITAS					LIABILITIES
LIABILITAS JANGKA PENDEK					CURRENT LIABILITIES
Utang bank jangka pendek dan cerukan	2,12,33,34	512.501	458.108	862.238	Short-term bank loans and overdraft
Utang <i>trust receipts</i>	2,13,33,34,36	-	-	283.657	Trust receipts payable
Utang Usaha	2,15,33,34				Accounts payable
Usaha	14				Trade
Pihak ketiga		2.702.915	2.228.036	2.545.715	Third parties
Pihak berelasi	32	342.196	407.397	410.474	Related parties
Bukan usaha					Non-trade
Pihak ketiga		691.158	549.466	625.406	Third parties
Pihak berelasi	32	170.310	72.755	124.288	Related parties
Beban akrual	2,15,33,34	2.259.852	1.841.517	1.701.628	Accrued expenses
Liabilitas imbalan kerja					Short-term employee
jangka pendek	2,3,15	396.803	257.254	229.554	benefits liability
Utang pajak	2,3,16	1.796.428	545.825	204.886	Taxes payable
Utang jangka panjang yang jatuh tempo dalam waktu satu tahun	2,33,34, 36				Current maturities of long-term debts
Utang bank	17	212.742	196.001	245.011	Bank loans
Utang pembelian asset tetap		-	-	2.541	Liability for purchases of fixed assets
Liabilitas sewa	3,11	91.259	-	-	Lease liabilities
Total Liabilitas Jangka Pendek		9.176.164	6.556.359	7.235.398	Total Current Liabilities
LIABILITAS JANGKA PANJANG					NON-CURRENT LIABILITIES
Utang jangka panjang - setelah dikurangi bagian yang jatuh tempo dalam waktu satu tahun	2,33,34,36				Long-term debts - net of current maturities
Utang bank	17	30.772.817	1.694.785	667.099	Bank loans
Utang jangka panjang lainnya	17	7.788	7.290	184.640	Other long-term debt
Liabilitas sewa	3,11	127.259	-	-	Lease liabilities
Liabilitas pajak tangguhan - neto	2,15	269.843	364.894	379.900	Deferred tax liabilities - net
Liabilitas imbalan kerja karyawan	2,3,18	3.748.144	3.414.882	3.192.966	Liabilities for employee benefits
Liabilitas jangka panjang lainnya	1	9.168.257	-	-	Other long-term liability
Total Liabilitas Jangka Panjang		44.094.108	5.481.851	4.424.605	Total Non-current Liabilities
TOTAL LIABILITAS	31	53.270.272	12.038.210	11.660.003	TOTAL LIABILITIES

Catatan atas laporan keuangan konsolidasian terlampir
merupakan bagian integral dari laporan
keuangan konsolidasian ini.

The accompanying notes to the consolidated financial
statements form an integral part of these consolidated
financial statements.

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
DAN ENTITAS ANAKNYA
LAPORAN POSISI KEUANGAN
KONSOLIDASIAN (Lanjutan)
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam Jutaan Rupiah,
Kecuali Dinyatakan Lain)**

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
FINANCIAL POSITION (Continued)
As of December 31, 2020, 2019 and 2018
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)**

	Catatan/ Notes	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
LIABILITAS DAN EKUITAS (lanjutan)					LIABILITIES AND EQUITY (continued)
EKUITAS					EQUITY
Modal saham -					Capital stock -
Nilai nominal Rp50 (angka penuh) per saham					Rp50 (full amount) par value per share
Modal dasar -					Authorized -
15.000.000.000 saham					15,000,000,000 shares
Modal ditempatkan dan disetor penuh - 11.661.908.000 saham	20	583.095	583.095	583.095	Issued and fully paid - 11,661,908,000 shares
Tambahan modal disetor	21	5.985.469	5.985.469	5.985.469	Additional paid-in capital
Selisih atas perubahan ekuitas entitas anak dan dampak transaksi dengan kepentingan nonpengendali		(553.801)	(550.276)	(438.885)	Difference from changes in equity of Subsidiaries and transactions effect with non-controlling interests
Selisih kurs atas penjabaran laporan keuangan		(138.454)	(11.040)	(13.812)	Exchange differences on translation of financial statements
Laba yang belum terealisasi dari aset keuangan		977.780	798.386	473.427	Unrealized gains on financial assets
Saldo laba					Retained earnings
Cadangan umum	22	50.000	45.000	40.000	Appropriated for general reserve
Belum ditentukan penggunaannya		22.526.202	18.450.204	14.989.629	Unappropriated
Ekuitas yang Dapat Diatribusikan kepada Pemilik Entitas Induk		29.430.291	25.300.838	21.618.923	Equity Attributable to Equity Holders of the Parent Entity
Kepentingan Nonpengendali	19	20.887.762	1.370.266	1.088.227	Non-controlling Interests
TOTAL EKUITAS		50.318.053	26.671.104	22.707.150	TOTAL EQUITY
TOTAL LIABILITAS DAN EKUITAS		103.588.325	38.709.314	34.367.153	TOTAL LIABILITIES AND EQUITY

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian ini.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
DAN ENTITAS ANAKNYA
LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN
Untuk Tahun Yang Berakhir Pada
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam Jutaan Rupiah,
Kecuali Dinyatakan Lain)**

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
For The Year Ended December 31, 2020,
2019 and 2018
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)**

		Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	Catatan/ Notes	2020	2019	2018	
PENJUALAN NETO	2,24,31,32	46.641.048	42.296.703	38.413.407	NET SALES
BEBAK POKOK PENJUALAN	2,9,25,32	29.416.673	27.892.690	26.147.857	COST OF GOODS SOLD
LABA BRUTO		17.224.375	14.404.013	12.265.550	GROSS PROFIT
Beban penjualan dan distribusi	2,9,26,32	(5.549.481)	(5.006.244)	(4.429.860)	Selling and distribution expenses
Beban umum dan administrasi	2,9,26,32,35	(2.557.502)	(2.119.627)	(2.063.933)	General and administrative expenses
Penghasilan operasi lain	2,27,32,35	426.719	434.257	819.176	Other operating income
Beban operasi lain	2,28,32	(343.099)	(312.282)	(143.012)	Other operating expenses
LABA USAHA	31	9.201.012	7.400.117	6.447.921	INCOME FROM OPERATIONS
Penghasilan keuangan	2,29,31	1.623.565	289.408	312.998	Finance income
Beban keuangan	2,30,31	(670.545)	(161.444)	(225.568)	Finance expenses
Pajak final atas penghasilan bunga	2,31	(65.188)	(43.233)	(58.965)	Final tax on interest income
Bagian atas rugi neto entitas asosiasi dan ventura bersama	2,8,31	(130.197)	(47.876)	(29.601)	Share in net losses of associates and joint ventures
LABA SEBELUM BEBAN PAJAK PENGHASILAN	2,16,31	9.958.647	7.436.972	6.446.785	INCOME BEFORE INCOME TAX EXPENSE
Beban pajak penghasilan	3,16,31	(2.540.073)	(2.076.943)	(1.788.004)	Income tax expense
LABA TAHUN BERJALAN	31	7.418.574	5.360.029	4.658.781	INCOME FOR THE YEAR
Penghasilan (rugi) komprehensif lain					Other comprehensive income (losses)
<u>Pos yang tidak akan direklasifikasi ke laba rugi setelah pajak:</u>					<u>Items that will not be reclassified to profit or loss, net of tax:</u>
Laba pengukuran kembali atas liabilitas imbalan kerja karyawan	2	5.351	27.542	233.446	Re-measurement gain of employees' benefit liabilities
Bagian penghasilan komprehensif lain dari entitas asosiasi dan ventura bersama	8	387	66	1.527	Share of other comprehensive income of associates and joint ventures
<u>Pos yang dapat direklasifikasi ke laba rugi:</u>					<u>Items that may be reclassified to profit or loss:</u>
Laba yang belum terealisasi dari aset keuangan	2	174.274	346.080	321.557	Unrealized gains on financial assets
Selisih kurs atas penjabaran laporan keuangan	2	(176.943)	2.772	(8.444)	Exchange differences on translation of financial statements
Penghasilan komprehensif lain tahun berjalan		3.069	376.460	548.086	Other comprehensive income for the year
TOTAL LABA KOMPREHENSIF TAHUN BERJALAN		7.421.643	5.736.489	5.206.867	TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian ini.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
DAN ENTITAS ANAKNYA
LAPORAN LABA RUGI DAN PENGHASILAN
KOMPREHENSIF LAIN KONSOLIDASIAN (Lanjutan)
Untuk Tahun Yang Berakhir Pada
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam Jutaan Rupiah,
Kecuali Dinyatakan Lain)**

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
(Continued)
For The Year Ended December 31, 2020,
2019 and 2018
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)**

		Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	Catatan/ Notes	2020	2019	2018	
Laba tahun berjalan yang dapat diatribusikan kepada:					Income for the year attributable to:
Pemilik entitas induk	23	6.586.907	5.038.789	4.575.799	Equity holders of the parent entity
Kepentingan nonpengendali		831.667	321.240	82.982	Non-controlling interests
Total		7.418.574	5.360.029	4.658.781	Total
Total laba komprehensif tahun berjalan yang dapat diatribusikan kepada:					Total comprehensive income for the year attributable to:
Pemilik entitas induk		6.636.763	5.405.529	5.108.020	Equity holders of the parent entity
Kepentingan nonpengendali		784.880	330.960	98.847	Non-controlling interests
Total		7.421.643	5.736.489	5.206.867	Total
LABA PER SAHAM DASAR YANG DAPAT DIATRIBUSIKAN KEPADA PEMILIK ENTITAS INDUK (angka penuh)	2,23	565	432	392	BASIC EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT ENTITY (full amount)

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian ini.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

PT INDOFOOD CBP SUKSES MAKMUR Tbk DAN ENTITAS ANAKNYA
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN (Lanjutan)
Untuk Tahun yang Berakhir pada tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam Jutaan Rupiah, Kecuali Dinyatakan Lain)

PT INDOFOOD CBP SUKSES MAKMUR Tbk AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)
For the Year Ended December 31, 2020, 2019 and 2018
(Expressed in Millions of Rupiah, Unless Otherwise Stated)

Ekuitas yang Dapat Diatribusikan kepada Pemilik Entitas Induk/Ekuitas Atributifable to the Equity Holders of the Parent Entity

Catatan/ Notes	Modal Ditempatkan dan Disetor Penuh/Issued and Fully Paid Capital	Tambahan Disetor/ Additional Paid-in Capital	Selisih atas Perubahan Ekuitas Entitas Anak dan Dampak Transaksi dengan Kepentingan Nonpengendali/ Difference from Changes in Equity of Subsidiaries and transactions effect with Non-controlling Interests	Selisih Kurs atas Penjabaran Laporan Keuangan/ Exchange Differences on translation of Financial Statements	Laba yang belum teralisasi dari aset keuangan/ Unrealized gains on financial assets	Saldo Laba/Retained Earnings Cadangan Umum/ Appropriated for General Reserve	Sub-total	Kepentingan Nonpengendali/ Non-controlling Interests	Total Ekuitas/ Total Equity	
Saldo 31 Desember 2018	583.095	5.985.469	(438.885)	(13.812)	473.427	14.989.629	21.618.923	1.088.227	22.707.150	Balance, December 31, 2018
Kontribusi modal dari kepentingan nonpengendali	-	-	-	-	-	-	-	-	-	Capital contribution from non-controlling interest
Laba yang belum teralisasi dari aset keuangan tersedia untuk dijual	2	-	-	-	-	-	-	7.000	7.000	Unrealized gains on available-for-sale financial assets
Selisih kurs atas penjabaran laporan keuangan	2	-	14.542	-	324.959	-	339.501	6.579	346.080	Exchange differences on translation of financial statements
Pembagian dividen kas	22	-	-	2.772	-	-	2.772	-	2.772	Distribution of cash dividends
Laba pengukuran kembali atas liabilitas imbalan kerja karyawan - setelah pajak	-	-	-	-	-	(1.587.681)	(1.587.681)	(85.209)	(1.682.890)	Re-measurement gains of employees' benefit liabilities, net of tax
Bagian penghasilan komprehensif lain dari entitas asosiasi setelah pajak	-	-	-	-	-	-	-	-	-	Share of other comprehensive income of associates, net of tax
Akuisisi dari kepentingan nonpengendali	1	-	(125.933)	-	-	-	-	-	-	Acquisition from non-controlling interests
Pencadangan saldo laba sebagai cadangan umum	22	-	-	-	-	5.000	5.000	-	-	Appropriation for general reserve
Laba tahun berjalan	31	583.095	5.985.469	(550.276)	(11.040)	798.386	5.038.789	321.240	5.360.029	Income for the year
Saldo 31 Desember 2019		583.095	5.985.469	(550.276)	(11.040)	18.450.204	25.300.838	1.370.266	26.671.104	Balance, December 31, 2019
Saldo 31 Desember 2019		583.095	5.985.469	(550.276)	(11.040)	18.450.204	25.300.838	1.370.266	26.671.104	Balance, December 31, 2019
Laba yang belum teralisasi dari aset keuangan	2	-	-	-	-	-	-	-	-	Unrealized gains on financial assets
Selisih kurs atas penjabaran laporan keuangan	2	-	(3.525)	-	179.384	-	175.859	(1.585)	174.274	Exchange differences on translation of financial statements
Pembagian dividen kas	22	-	-	-	-	-	-	-	-	Distribution of cash dividends
Laba pengukuran kembali atas liabilitas imbalan kerja karyawan - setelah pajak	-	-	-	-	-	-	-	-	-	Re-measurement gains of employees' benefit liabilities, net of tax
Bagian penghasilan komprehensif lain dari entitas asosiasi setelah pajak	-	-	-	-	-	-	-	-	-	Share of other comprehensive income of associates, net of tax
Akuisisi Entitas Anak baru	1, 10	-	-	-	-	1.014	1.014	4.337	5.351	Acquisition of a new Subsidiary
Pencadangan saldo laba sebagai cadangan umum	22	-	-	-	-	5.000	5.000	-	-	Appropriation for general reserve
Laba tahun berjalan	31	583.095	5.985.469	(653.801)	(138.454)	977.780	6.588.907	831.667	7.418.574	Income for the year
Saldo 31 Desember 2020		583.095	5.985.469	(653.801)	(138.454)	22.526.202	29.430.291	20.887.762	50.318.053	Balance, December 31, 2020

Catatan atas laporan keuangan konsolidasian ini merupakan bagian integral dari laporan keuangan konsolidasian ini.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
DAN ENTITAS ANAK
LAPORAN ARUS KAS KONSOLIDASIAN
Untuk Tahun Yang Berakhir Pada
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam Jutaan Rupiah,
Kecuali Dinyatakan Lain)**

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
CASH FLOWS
For The Year Ended December 31, 2020,
2019 and 2018
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)**

		Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	Catatan/ Notes	2020	2019	2018	
ARUS KAS DARI AKTIVITAS OPERASI					CASH FLOWS FROM OPERATING ACTIVITIES
Penerimaan kas dari pelanggan		46.677.538	42.564.285	38.610.099	Cash received from customers
Pembayaran kas kepada pemasok		(22.971.605)	(21.865.155)	(21.175.658)	Cash paid to suppliers
Pembayaran untuk beban produksi dan usaha		(7.714.573)	(7.715.899)	(7.223.708)	Payments for production and operating expenses
Pembayaran kepada karyawan		(4.531.615)	(4.224.568)	(3.903.605)	Payments to employees
Kas yang diperoleh dari operasi		11.459.745	8.758.663	6.307.128	Cash generated from operations
Penerimaan penghasilan bunga		344.248	277.996	312.998	Receipts of interest income
Pembayaran pajak - neto		(1.684.628)	(1.615.934)	(2.005.525)	Payments of taxes - net
Pembayaran beban keuangan		(629.934)	(153.810)	(148.612)	Payments of finance expense
Penerimaan (pembayaran) lainnya - neto		(152.651)	131.246	187.386	Other receipts (payments) - net
Kas Neto yang Diperoleh dari Aktivitas Operasi		9.336.780	7.398.161	4.653.375	Net Cash Provided by Operating Activities
ARUS KAS DARI AKTIVITAS INVESTASI					CASH FLOWS FROM INVESTING ACTIVITIES
Penerimaan dari penjualan aset tetap	9	28.257	54.328	19.157	Proceeds from sale of fixed assets
Akuisisi Entitas Anak baru, setelah dikurangi kas yang diperoleh	10	(32.936.976)	-	(580.195)	Acquisition of a new Subsidiary, net of cash acquired
Penambahan aset tetap dan uang muka pembelian aset tetap		(1.919.170)	(2.026.189)	(3.511.630)	Additions to fixed assets and advances for purchase of fixed assets
Penyertaan di entitas asosiasi dan ventura bersama	1	(129.500)	(887.499)	(44.499)	Investment in associates and joint ventures
Pengurangan (penambahan) investasi jangka pendek		-	563.840	(415.440)	Deduction (addition) to short-term investments
Akuisisi Entitas Anak dari kepentingan nonpengendali	1	-	(96.645)	(180.275)	Acquisition of a Subsidiary from non-controlling interests
Penambahan aset tak berwujud	10	-	(7.649)	-	Additions to intangible assets
Kas Neto yang Digunakan untuk Aktivitas Investasi		(34.957.389)	(2.399.814)	(4.712.882)	Net Cash Used in Investing Activities

Catatan atas laporan keuangan konsolidasian terlampir
merupakan bagian integral dari laporan
keuangan konsolidasian ini.

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statements form an integral part of these consolidated
financial statements.

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
DAN ENTITAS ANAK
LAPORAN ARUS KAS KONSOLIDASIAN (Lanjutan)
Untuk Tahun Yang Berakhir Pada
Tanggal 31 Desember 2020, 2019 dan 2018
(Disajikan dalam Jutaan Rupiah,
Kecuali Dinyatakan Lain)**

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF
CASH FLOWS (Continued)
For The Year Ended December 31, 2020,
2019 and 2018
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)**

Catatan/ Notes	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
ARUS KAS DARI AKTIVITAS PENDANAAN				CASH FLOWS FROM FINANCING ACTIVITIES
Penerimaan utang bank jangka panjang	30.364.670	1.500.000	589.950	Proceeds from long-term bank loans
Penerimaan utang bank jangka pendek	986.502	430.000	724.500	Proceeds from short-term bank loans
Penerimaan (pembayaran) utang jangka panjang lainnya	498	(177.350)	184.640	Proceeds (payment of) from other long-term loan
Pembayaran dividen kas	(2.507.310)	(1.597.681)	(2.565.620)	Payment of cash dividends
Pembayaran utang bank jangka pendek	(897.699)	(825.838)	(693.733)	Payments of short-term bank loans
Pembayaran dividen kepada kepentingan nonpengendali dan lainnya	(615.494)	(85.209)	(124.253)	Payment of dividends to non-controlling interests and others
Pembayaran utang bank jangka panjang	17 (307.555)	(514.517)	(2.358.630)	Payments of long-term bank loans
Pembayaran liabilitas sewa	11 (265.527)	-	-	Payments of lease liabilities
Kontribusi modal dari kepentingan nonpengendali	-	7.000	3.414	Capital contribution from non-controlling interests
Pembayaran utang pembelian aset tetap	-	(2.481)	(2.367)	Payments of liability for purchases of fixed assets
Kas Neto yang Diperoleh dari/(Digunakan untuk) Aktivitas Pendanaan	26.758.085	(1.266.076)	(4.242.099)	Net Cash provided by/(Used in) Financing Activities
Dampak neto perubahan nilai tukar atas kas dan setara kas	49.885	(95.521)	208.722	Net effect of changes in exchange rates on cash and cash equivalents
Kenaikan (penurunan) neto kas dan setara kas	1.187.361	3.636.750	(4.092.884)	Net increase (decrease) in cash and cash equivalents
Kas dan setara kas pada awal tahun	8.340.556	4.703.806	8.796.690	Cash and cash equivalents at beginning of year
Kas dan setara kas pada akhir tahun	9.527.917	8.340.556	4.703.806	Cash and cash equivalents at end of year
Kas dan setara kas terdiri dari:				Cash and cash equivalents consist of:
Kas dan setara kas	4 9.535.418	8.359.164	4.726.822	Cash and cash equivalents
Cerukan	12 (7.501)	(18.608)	(23.016)	Overdraft
Neto	9.527.917	8.340.556	4.703.806	Net

Catatan atas laporan keuangan konsolidasian terlampir merupakan bagian integral dari laporan keuangan konsolidasian ini.

The accompanying notes to the consolidated financial statements form an integral part of these consolidated financial statements.

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1. UMUM

a. Pendirian Perusahaan

PT Indofood CBP Sukses Makmur Tbk (Perusahaan) didirikan di Republik Indonesia pada tanggal 2 September 2009 berdasarkan Akta Notaris Herdimansyah Chaidirsyah, S.H., No. 25. Akta pendirian ini disahkan oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia pada tanggal 31 Desember 2009 dalam Surat Keputusan No. AHU-46861.AH.01.01 dan diumumkan dalam Berita Negara Republik Indonesia No. 69 Tambahan No. 15189 tanggal 27 Agustus 2010. Perubahan terakhir Anggaran Dasar Perusahaan sehubungan dengan persetujuan pemegang saham atas perubahan nilai nominal saham Perusahaan dari Rp100 (angka penuh) per saham menjadi Rp50 (angka penuh) per saham yang dimuat dalam Akta Notaris Kumala Tjahjani Widodo, S.H. M.H. Mkn No. 8, tanggal 3 Juni 2016 dan telah disetujui oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia berdasarkan Surat Keputusan No. AHU-0077941.AH.01.11.TAHUN 2016 tanggal 23 Juni 2016.

Perusahaan merupakan hasil pengalihan kegiatan usaha Divisi Mi Instan dan Divisi Bumbu Penyedap PT Indofood Sukses Makmur Tbk (ISM), pemegang saham pengendali Perusahaan, dan mulai melakukan kegiatan usahanya sejak tanggal 1 Oktober 2009.

Berdasarkan Perjanjian Penggabungan Usaha antara Perusahaan, PT Ciptakemas Abadi (CKA), PT Gizindo Primanusantara (GPN), PT Indosentra Pelangi (ISP) dan PT Indobiskuit Mandiri Makmur (IMM) yang diaktakan oleh Herdimansyah Chaidirsyah, S.H., dalam Akta Notaris No. 172 tanggal 23 Desember 2009, perusahaan-perusahaan tersebut setuju untuk melakukan penggabungan usaha. Untuk menjalankan transaksi penggabungan usaha tersebut, dan sesuai dengan metode konversi saham yang disepakati, Perusahaan menerbitkan saham baru sehingga jumlah saham yang ditempatkan menjadi 466.476.178 saham.

1. GENERAL

a. Establishment of the Company

PT Indofood CBP Sukses Makmur Tbk (the Company) was established in the Republic of Indonesia on September 2, 2009 based on the Notarial Deed No. 25 of Herdimansyah Chaidirsyah, S.H. The deed of establishment was approved by the Minister of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-46861.AH.01.01 dated December 31, 2009 and was published in Supplement No. 15189 of State Gazette No. 69 dated August 27, 2010. The latest amendments of the Company's Articles of Association were in connection with the shareholders' approval for the change in the par value of the Company's share of stock from Rp100 (full amount) per share to Rp50 (full amount) per share as stipulated in Notarial Deed No. 8 of Kumala Tjahjani Widodo, S.H. M.H. Mkn, dated June 3, 2016. The amendments were approved by the Minister of Laws and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-0077941.AH.01.11.TAHUN 2016 dated June 23, 2016.

The Company was the result of the spin-off of Noodle Division and Food Ingredients Division of PT Indofood Sukses Makmur Tbk (ISM), the controlling shareholder of the Company, and started to carry out the related business operations on October 1, 2009.

Pursuant to the Merger Agreement among the Company, PT Ciptakemas Abadi (CKA), PT Gizindo Primanusantara (GPN), PT Indosentra Pelangi (ISP) and PT Indobiskuit Mandiri Makmur (IMM) as covered by Notarial Deed No. 172 of Herdimansyah Chaidirsyah, S.H., dated December 23, 2009, the said entities agreed and entered into a merger transaction. In effecting the merger transaction, and pursuant to the agreed method of share conversion, the Company issued new shares such that its total issued shares became 466,476,178 shares.

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1. UMUM (lanjutan)

a. Pendirian Perusahaan (lanjutan)

Berdasarkan Akta No. 28 tanggal 10 Juni 2010 yang di buat oleh Notaris Benny Kristianto, S.H., para pemegang saham Perusahaan menyetujui keputusan-keputusan antara lain, (i) pengeluaran saham tambahan kepada ISM sebanyak 122 saham dengan nilai Rp1.000 (angka penuh) per saham, sehingga jumlah saham ditempatkan Perusahaan pada saat itu menjadi 466.476.300 saham; dan (ii) perubahan nilai nominal per saham dari Rp1.000 (angka penuh) menjadi Rp100 (angka penuh). Dengan demikian, modal dasar Perusahaan berubah dari semula terdiri dari 750.000.000 saham menjadi 7.500.000.000 saham, sedangkan jumlah saham ditempatkan juga meningkat dari 466.476.300 saham menjadi 4.664.763.000 saham.

Seperti yang tercantum pada Pasal 3 Anggaran Dasar Perusahaan, ruang lingkup kegiatan Perusahaan terdiri dari, antara lain, produksi mi dan bumbu penyedap, produk makanan kuliner, biskuit, makanan ringan, nutrisi dan makanan khusus, minuman non-alkohol, kemasan, perdagangan, transportasi, pergudangan dan pendinginan, jasa manajemen serta penelitian dan pengembangan.

Kantor pusat Perusahaan berlokasi di Sudirman Plaza, Indofood Tower, Lantai 23, Jalan Jenderal Sudirman, Kav. 76 - 78, Jakarta, Indonesia, sedangkan pabrik Perusahaan, Entitas Anak dan Entitas Asosiasi berlokasi di berbagai tempat di Indonesia, antara lain, di Pulau Jawa, Sumatera, Kalimantan, Sulawesi dan di luar negeri, antara lain, Malaysia, Arab Saudi, Mesir, Turki, Kenya, Maroko, Serbia, Nigeria dan Ghana.

ISM, Indonesia, dan First Pacific Company Limited, Hong Kong ("FPC"), masing-masing adalah entitas induk dan entitas induk terakhir Perusahaan.

1. GENERAL (continued)

a. Establishment of the Company (continued)

Based on the Deed No. 28 dated June 10, 2010, made by Notary Benny Kristianto, S.H., the Company's shareholders approved the following resolutions, among others, (i) issuance of additional 122 shares to ISM at Rp1,000 (full amount) per share, as a result, the Company's total issued shares became 466,476,300 shares; and (ii) changed the par value per share from Rp1,000 (full amount) to Rp100 (full amount). Accordingly, the Company's total authorized capital increased from 750,000,000 shares to 7,500,000,000 shares while its total issued shares also increased from 466,476,300 shares to 4,664,763,000 shares.

As stated in Article 3 of the Company's Articles of Association, the scope of its activities comprises, among others, the manufacture of noodles and food ingredients, culinary food products, biscuits, snacks, nutrition and special foods, non-alcoholic beverages, packaging, trading, transportation, warehousing and cold storage, management services, and research and development.

The Company's head office is located at Sudirman Plaza, Indofood Tower, 23rd Floor, Jalan Jenderal Sudirman, Kav. 76 - 78, Jakarta, Indonesia, while the Company, its Subsidiaries and Associates' factories are located in various locations in Indonesia, among others, in Java, Sumatera, Kalimantan, Sulawesi Islands and overseas, among others, Malaysia, Saudi Arabia, Egypt, Turkey, Kenya, Morocco, Serbia, Nigeria and Ghana.

ISM, Indonesia, and First Pacific Company Limited, Hong Kong ("FPC"), are the parent entity and the ultimate parent entity, respectively, of the Company.

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1. UMUM (lanjutan)

b. Penawaran Umum Efek Perusahaan

Pada tanggal 28 - 30 September 2010, Perusahaan melakukan penawaran umum perdana saham (IPO) kepada masyarakat sebanyak 1.166.191.000 saham baru atau sebesar 20% dari modal ditempatkan dan disetor penuh setelah IPO, dengan harga penawaran sebesar Rp5.395 (angka penuh) per saham (atau nilai keseluruhan sebesar Rp6.291.600). Pada tanggal 7 Oktober 2010, Perusahaan mencatatkan seluruh saham yang telah dikeluarkan Perusahaan pada Bursa Efek Indonesia.

Pada bulan Desember 2010, Februari 2011 dan September 2011, ISM membeli sebagian saham Perusahaan sebanyak 33.576.000 saham dari publik, sehingga kepemilikan ISM terhadap Perusahaan meningkat dari 80,00% menjadi 80,58%.

Pada bulan Januari 2012, ISM menjual kepemilikan saham di Perusahaan sebanyak 2.500.000 saham. Dengan demikian kepemilikan ISM terhadap Perusahaan menurun dari 80,58% menjadi 80,53%.

Dalam Rapat Umum Pemegang Saham Luar Biasa ("RUPS-LB") yang diadakan pada tanggal 3 Juni 2016, yang risalahnya telah diaktakan dengan Akta Notaris No.06 tertanggal 3 Juni 2016 dari Notaris Kumala Tjahjani Widodo, S.H., M.H., Mkn, para pemegang saham menyetujui perubahan nilai nominal saham Perusahaan dari Rp100 (angka penuh) per saham menjadi Rp50 (angka penuh) per saham.

Efektif tanggal 27 Juli 2016, Perusahaan melakukan pemecahan nominal saham dari Rp100 (angka penuh) per saham menjadi Rp50 (angka penuh) per saham, sehingga modal dasar dan modal ditempatkan dan disetor penuh Perusahaan meningkat dari masing-masing 7.500.000.000 saham dan 5.830.954.000 saham menjadi masing-masing 15.000.000.000 saham dan 11.661.908.000 saham.

1. GENERAL (continued)

b. Public Offering of the Company's Shares

On September 28 - 30, 2010, the Company conducted an Initial Public Offering (IPO) by issuing to the public 1,166,191,000 new shares or 20% of the issued and fully paid capital after the IPO, at the offer price of Rp5,395 (full amount) per share (or for a total value of Rp6,291,600). On October 7, 2010, the Company listed all of its issued shares on the Indonesia Stock Exchange.

In December 2010, February 2011 and September 2011, ISM acquired 33,576,000 shares of the Company from the public, increasing its ownership in the Company from 80.00% to 80.58%.

In January 2012, ISM sold 2,500,000 shares of the Company. As a result, ISM's ownership in the Company decreased from 80.58% to 80.53%.

At the Extraordinary General Shareholders Meeting ("EGSM") held on June 3, 2016, which minutes were covered by Notarial Deed No.06 dated June 3, 2016 of Kumala Tjahjani Widodo, S.H., M.H., Mkn, the shareholders approved the change in the par value of the Company's share of stock from Rp100 (full amount) per share to Rp50 (full amount) per share.

Effective on July 27, 2016, the Company conducted its par value stock split from Rp100 (full amount) per share to become Rp50 (full amount) per share, thus, the Company's authorized and issued and fully paid capital increased from 7,500,000,000 shares and 5,830,954,000 shares, respectively, to become 15,000,000,000 shares and 11,661,908,000 shares, respectively.

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1. UMUM (lanjutan)

c. Penyelesaian dan Persetujuan Laporan Keuangan Konsolidasian

Direksi Perusahaan bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian yang telah diselesaikan dan disetujui untuk diterbitkan pada tanggal 21 April 2021.

d. Entitas Anak

Perusahaan mempunyai kepemilikan saham secara langsung maupun tidak langsung pada Entitas Anak berikut (bersama dengan Perusahaan selanjutnya disebut "Kelompok Usaha"):

1. GENERAL (continued)

c. Completion and Approval of the Consolidated Financial Statements

The consolidated financial statements were completed and authorized for issue by the Company's Board of Directors on April 21, 2021.

d. Subsidiaries

The Company has direct and indirect ownerships in the following Subsidiaries (together with the Company hereinafter referred to as the "Group"):

Perusahaan/Company	Domisili/ Domicile	Tahun Beroperasi Secara Komersial/ Start of Commercial Operations	Jenis Usaha/ Nature of Business	Persentase Kepemilikan Efektif/ Effective Percentage of Ownership			Total Aset Sebelum Eliminasi (dalam miliar Rupiah)/ Total Assets Before Elimination (in billions of Rupiah)		
				31 Desember/December 31, 2020	2019	2018	31 Desember/December 31, 2020	2019	2018
<u>Entitas Anak Langsung/ Direct Subsidiaries</u>									
Drayton Pte. Ltd. (Drayton)	Singapura/ Singapore	2008	Investasi dan agen perdagangan ekspor/ <i>Investment and trade export agency</i>	100,0	100,0	100,0	1.703	1.700	1.719
PT Sukses Artha Jaya (SAJ) ¹	Jakarta	-	Jasa konsultasi manajemen/ <i>Management consulting services</i>	99,9	99,9	99,9	4.567	3.930	3.134
Indofood (M) Food Industries Sdn. Bhd. (IFI)	Malaysia	2007	Produksi mi/ <i>Manufacturing of noodles</i>	100,0	100,0	100,0	115	100	90
PT Surya Rengo Containers (SRC)	Jakarta	1993	Produksi bahan kemasan/ <i>Manufacturing of packaging materials</i>	60,0	60,0	60,0	1.236	861	907
PT Indofood Fritolay Makmur (IFL)	Jakarta	1990	Produksi makanan ringan/ <i>Manufacturing of snack</i>	51,0	51,0	51,0	1.483	1.247	1.411
PT Anugerah Indofood Barokah Makmur (AIBM) [*]	Jakarta	2013	Produksi minuman non-alkohol/ <i>Manufacturing of non-alkoholic beverages</i>	99,9	99,9	99,9	2.086	2.798	3.000
PT Indofood Tsukishima Sukses Makmur (ITSM)	Jakarta	-	Industri makanan, pengolahan minyak dan lemak nabati untuk industri roti, confectionary dan restoran/ <i>Industry of foods, processing of oil and fats for bread industry, confectionary and restaurants</i>	65,0	65,0	65,0	73	84	80
PT Indofood Comsa Sukses Makmur (ICSM)	Jakarta	2014	Pengelolaan restaurant chain/ <i>Chain restaurant management</i>	86,0	86,0	51,0	20	15	19
PT Nugraha Indah Citarasa Indonesia (NICI) [*]	Jakarta	2005	Pemasaran produk kuliner dan distribusi/ <i>Marketing of culinary products and distribution</i>	99,9	99,9	99,9	846	657	528
Pinehill Company Limited (PCL)	Kepulauan Virgin Britania Raya/ <i>British Virgin Island</i>	1991	Perusahaan induk/ <i>Holding company</i>	100,0	-	-	6.051	-	-
<u>Entitas Anak Tidak Langsung/ Indirect Subsidiaries</u>									
PT Pinnacle Permata Makmur (PPM) ²	Jakarta	2008	Jasa konsultasi manajemen/ <i>Management consulting services</i>	95,0	95,0	95,0	12	10	11
PT Indolacto (IDLK) ³	Jawa Barat/ West Java	1997	Produksi dan distribusi produk yang berhubungan dengan susu dan kawasan industri/ <i>Production and distribution of dairy products and industrial estate</i>	68,8	68,8	68,8	5.954	5.209	5.093
PT Tirta Sukses Perkasa (TSP) ⁴	Jakarta	2014	Produksi air minum dalam kemasan/ <i>Production of packaged drinking water</i>	98,8	98,8	89,9	1.837	1.925	1.913
PT Indokuat Sukses Makmur (Indokuat) ⁵	Jakarta	2004	Pengembangan, produksi serta pemasaran produk yang berkaitan dengan susu/ <i>Development, production and marketing of dairy related products</i>	68,8	68,8	68,8	332	375	369

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1. UMUM (lanjutan)

1. GENERAL (continued)

d. Entitas Anak (lanjutan)

d. Subsidiaries (continued)

Perusahaan/Company	Domisili/ Domicile	Tahun Beroperasi Secara Komersial/ Start of Commercial Operations	Jenis Usaha/ Nature of Business	Persentase Kepemilikan Efektif/ Effective Percentage of Ownership			Total Aset Sebelum Eliminasi (dalam miliar Rupiah)/ Total Assets Before Elimination (in billions of Rupiah)		
				31 Desember/December 31, 2020	2019	2018	31 Desember/December 31, 2020	2019	2018
<u>Entitas Anak Langsung/ Direct Subsidiaries</u>									
Platinum Stream Profits Limited (PSPL) ⁶	Kepulauan Virgin Britania Raya/British Virgin Island	2001	Perusahaan induk/Holding company	100,0	-	-	854	-	-
Pinehill Arabia Food Limited (PAFL) ⁷	Arab Saudi/ Saudi Arabia	1993	Produksi mi instan/Manufacturing of instant noodles	59,0	-	-	3.065	-	-
Salim Wazaran Group Limited (Sawaz) ⁷	Kepulauan Virgin Britania Raya/British Virgin Island	2005	Perusahaan induk/Holding company	59,0	-	-	1.552	-	-
Timeby Group Limited (Timeby) ⁸	Kepulauan Virgin Britania Raya/British Virgin Island	2007	Perusahaan induk/Holding company	59,0	-	-	229	-	-
Salim Wazaran Kenya Company Limited (Sawake) ⁹	Kenya	2007	Produksi, penjualan, dan distribusi mi instan/Manufacturing, selling, and distribution of instant noodles	59,0	-	-	124	-	-
Transworld Company for Trade and Export Limited Liability Company (Transworld) ¹⁰	Mesir/Egypt	1998	Distribusi dan perdagangan umum/ Distribution and general trading	50,2	-	-	181	-	-
Salim Wazaran Abu Elata LLC (Sawata) ¹¹	Mesir/Egypt	2006	Produksi dan penjualan mi instan/ Manufacturing and selling of instant noodles	50,2	-	-	690	-	-
Hearty Ivory Holdings Limited (HIHL) ⁸	Kepulauan Virgin Britania Raya/British Virgin Island	2012	Perusahaan induk/Holding company	59,0	-	-	225	-	-
Indoadriatic Industry D.O.O. Indija (IAID) ¹²	Serbia	2013	Produksi, penjualan, dan distribusi mi instan/Manufacturing, selling, and distribution of instant noodles	47,2	-	-	225	-	-
Indo Serbia Food D.O.O. Beogard (ISFL) ¹³	Serbia	2010	Distribusi dan perdagangan umum/ Distribution and general trading	47,2	-	-	225	-	-
Bellapeak Investments Limited (BIL) ⁸	Kepulauan Virgin Britania Raya/British Virgin Island	2007	Perusahaan induk/Holding company	59,0	-	-	8	-	-
Triumph Fame Investments Limited (TFIL) ⁸	Kepulauan Virgin Britania Raya/British Virgin Island	2011	Perusahaan induk/Holding company	59,0	-	-	260	-	-
Salim Wazaran Maghreb Manufacturing Company SA (Sawamag) ¹⁴	Maroko/ Morocco	2014	Produksi dan penjualan mi instan/ Manufacturing and selling of instant noodles	58,9	-	-	250	-	-
Indo Morocco Distribution Company SA (IMDC) ¹⁵	Maroko/ Morocco	2012	Impor, distribusi, dan perdagangan umum/Import, distribution, and general trading	58,6	-	-	88	-	-
Salim Wazaran Gida Sanayi ve Yaritim Anonim Sirketi (SWGS) ⁷	Turki/Turkey	2019	Perusahaan induk/Holding company	59,0	-	-	499	-	-
Adkoturk Gida sanayi ve Ticaret Limited Sirketi (Adkoturk) ¹⁶	Turki/Turkey	2010	Produksi, penjualan, dan distribusi mi instan/Manufacturing, selling, and distribution of instant noodles	47,2	-	-	499	-	-

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d. Entitas Anak (lanjutan)

1	80,0% dimiliki oleh Perusahaan, 18,4% dimiliki oleh Drayton dan 1,6% dimiliki oleh PPM.
2	95,0% dimiliki oleh Drayton.
3	68,9% dimiliki oleh SAJ.
4	80,0% dimiliki oleh AIBM dan 18,8% dimiliki oleh SAJ pada tanggal 31 Desember 2020 dan 2019; 80,0% dimiliki oleh AIBM dan 10,0% dimiliki oleh SAJ pada tanggal 31 Desember 2018.
5	100% dikurangi 2 saham yang dimiliki SAJ, dimiliki oleh IDLK.
6	100% dimiliki oleh PCL.
7	59% dimiliki oleh PCL.
8	100% dimiliki oleh Sawaz.
9	100% dikurangi 1 saham yang dimiliki Timeby, dimiliki oleh Sawaz.
10	85% dimiliki oleh Timeby.
11	85% dimiliki oleh Sawaz.
12	80% dimiliki oleh HIHL.
13	100% dimiliki oleh IAID.
14	99,9% dimiliki oleh TFIL.
15	97,6% dimiliki oleh Sawamag dan 2,0% dimiliki oleh BIL.
16	80,0% dimiliki oleh SWGS.
*	100% dikurangi 1 saham yang dimiliki PT Prima Intipangan Sejati, dimiliki oleh Perusahaan.

Pinehill Company Limited ("PCL")

Penawaran Akuisisi

Pada bulan Februari 2020, Perusahaan telah mendapatkan penawaran akuisisi dan memberikan tanggapan kepada Pinehill Corpora Limited ("Pinehill Corpora"), pihak berelasi dan Steele Lake Limited ("Steele Lake"), (keduanya secara bersama-sama disebut sebagai "Para Penjual"), keduanya didirikan berdasarkan hukum negara *British Virgin Islands*, untuk menjajaki dan menilai penawaran untuk mengakuisisi seluruh saham milik Para Penjual dalam Pinehill Company Limited ("Perusahaan Target"), suatu perusahaan induk yang memiliki 4 (empat) entitas anak ("Grup Target"). Kegiatan utama Grup Target bergerak dibidang industri pembuatan mie instan di Arab Saudi, Nigeria, Turki, Mesir, Kenya, Maroko, Serbia dan Ghana dengan menggunakan merk "Indomie" berdasarkan perjanjian lisensi dengan PT Indofood Sukses Makmur Tbk, entitas induk Perusahaan.

Pada tanggal 22 Mei 2020, Perusahaan dan Para Penjual ("Para Pihak") telah menandatangani Perjanjian Jual Beli Saham Bersyarat ("Perjanjian") yang memuat dan mengatur syarat dan ketentuan bagi Perusahaan dan Para Penjual dalam melakukan dan menyelesaikan Rencana Transaksi yaitu mengakuisisi seluruh saham-saham yang dijual setelah seluruh Persyaratan Rencana Transaksi sebagaimana dijelaskan dibawah terpenuhi, dengan ketentuan batas waktu pemenuhan Persyaratan Rencana Transaksi adalah tidak boleh melebihi (yaitu sebelum atau pada) tanggal 31 Desember 2020 ("Tanggal Batas Akhir").

1. GENERAL (continued)

d. Subsidiaries (continued)

1	80.0% owned by the Company, 18.4% owned by Drayton and 1.6% owned by PPM.
2	95.0% owned by Drayton.
3	68.9% owned by SAJ.
4	80.0% owned by AIBM and 18.8% owned by SAJ as of December 31, 2020 and 2019; 80.0% owned by AIBM and 10.0% owned by SAJ as of December 31, 2018.
5	100% less 2 shares owned by SAJ, owned by IDLK.
6	100% owned by PCL.
7	59% owned by PCL.
8	100% owned by Sawaz.
9	100% less 1 share owned by Timeby, owned by Sawaz.
10	85% owned by Timeby.
11	85% owned by Sawaz.
12	80% owned by HIHL.
13	100% owned by IAID.
14	99.9% owned by TFIL.
15	97.6% owned by Sawamag and 2.0% owned by BIL.
16	80.0% owned by SWGS.
*	100% less 1 shares owned by PT Prima Intipangan Sejati, owned by the Company.

Pinehill Company Limited ("PCL")

Acquisition Offering

In February 2020, the Company has received the acquisition offering and has responded to Pinehill Corpora Limited ("Pinehill Corpora"), a related party, and Steele Lake Limited ("Steele Lake"), (both hereinafter are referred to as the "Sellers"), both duly established under the laws of *British Virgin Islands*, to explore and assess the offer to acquire all of the issued shares of the Sellers in Pinehill Company Limited ("Target Company"), a holding company which currently owns 4 (four) subsidiaries ("Target Group"). Targeted Group is primarily engaged in the manufacturing of instant noodles in Saudi Arabia, Nigeria, Turkey, Egypt, Kenya, Morocco, Serbia and Ghana, using the "Indomie" trademark under the licensing agreement with PT Indofood Sukses Makmur Tbk, parent entity of the Company.

On May 22, 2020, the Company and the Sellers (the "Parties") signed a Conditional Shares Sale and Purchase Agreement (the "Agreement") that contains and governs the terms and conditions for the Company and Sellers to conduct and complete the Proposed Transaction, regarding the acquisition of all sale shares upon the satisfaction of all of the Proposed Transaction Conditions as described below, provided that the time limit to satisfy the Proposed Transaction Conditions is not exceeding (i.e prior to or on) December 31, 2020 (the "Long Stop Date").

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1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

PCL (lanjutan)

Penawaran Akuisisi

Objek Rencana Transaksi

Perusahaan akan membeli 100% (seratus persen) dari total saham yang telah diterbitkan oleh Perusahaan Target ("Rencana Transaksi"), yang terdiri dari:

- a. seluruh saham Perusahaan Target yang dimiliki Pinehill Corpora, yaitu sebanyak 70.828.180 (tujuh puluh juta delapan ratus dua puluh delapan ribu seratus delapan puluh) saham yang merupakan 51% (lima puluh satu persen) dari total saham yang telah diterbitkan Perusahaan Target; dan
- b. seluruh saham Perusahaan Target yang dimiliki oleh Steele Lake, yaitu sebanyak 68.050.408 (enam puluh delapan juta lima puluh ribu empat ratus delapan) saham yang merupakan 49% (empat puluh sembilan persen) dari total saham yang telah diterbitkan oleh Perusahaan Target.

Setelah penyelesaian Rencana Transaksi maka Perusahaan Target akan menjadi Entitas Anak Perusahaan yang seluruh sahamnya dimiliki oleh Perusahaan dan laporan keuangan Perusahaan Target akan dikonsolidasikan ke dalam laporan keuangan konsolidasian Perusahaan.

Persyaratan Rencana Transaksi

Penyelesaian Rencana Transaksi adalah tergantung pada dan baru dapat dilakukan setelah pemenuhan Persyaratan Rencana Transaksi, yang terdiri dari Persyaratan Awal dan Persyaratan Lanjutan sebagaimana diuraikan berikut di bawah ini:

Persyaratan Awal

- a. Perusahaan telah mengumumkan Rencana Transaksi sebagaimana disyaratkan dalam Peraturan No. IX.E.2;
- b. Perusahaan telah menerima persetujuan dari RUPS dalam RUPSLB Perusahaan sesuai dengan ketentuan Peraturan No. IX.E.2; dan

1. GENERAL (continued)

d. Subsidiaries (continued)

PCL (continued)

Acquisition Offering

Object of Proposed Transaction

The Company will purchase 100% (one hundred percent) of the total issued shares of the Target Company ("Proposed Transaction"), which consists of:

- a. the entire shares of the Target Company owned by Pinehill Corpora corresponding to 70,828,180 (seventy million eight hundred twenty eight thousand one hundred and eighty) shares representing 51% (fifty one percent) of total issued shares of the Target Company; and
- b. the entire shares of the Target Company owned by Steele Lake corresponding to 68,050,408 (sixty eight million fifty thousand four hundred and eight) shares representing 49% (forty nine percent) of the total issued shares of the Target Company.

Upon the completion of the Proposed Transaction, the Target Company shall become the Subsidiary of the Company whose shares are wholly owned by the Company and the financial statements of the Target Company will be consolidated with the Company's consolidated financial statements.

The Proposed Transaction Conditions

The completion of the Proposed Transaction is subject to and will only occur after the fulfillment of the Proposed Transaction Conditions, which consist of the Pre-Conditions and Post-Conditions as described below:

Pre-Conditions

- a. The Company has announced the Proposed Transaction as required under the Regulation No. IX.E.2;
- b. The Company has obtained approval from the GMS in EGMS of the Company in accordance with the Regulation No. IX.E.2; and

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Penawaran Akuisisi (lanjutan)

Persyaratan Rencana Transaksi (lanjutan)

Persyaratan Awal (lanjutan)

- c. FPC telah mendapat persetujuan dari pemegang saham independen FPC dalam RUPSLB FPC, sesuai dengan ketentuan Peraturan Pencatatan HKSE;

Penyelenggaraan RUPSLB Perusahaan dan/atau RUPSLB FPC harus dilakukan paling lambat tanggal 28 Agustus 2020.

Persyaratan Awal tidak dapat diabaikan; apabila salah satu dari Persyaratan Awal tidak terpenuhi maka Para Pihak tidak mempunyai kewajiban untuk memenuhi Persyaratan Lanjutan dan Perjanjian menjadi berakhir dan tidak berlaku mengikat Para Pihak. Tidak ada satu pihak manapun yang akan mempunyai tuntutan kepada pihak lainnya atas biaya, kerugian atau kompensasi atau lainnya sehubungan dengan tidak dilaksanakan dan diselesaikannya Rencana Transaksi yang disebabkan karena tidak terpenuhinya salah satu Persyaratan Awal.

Dalam hal Persyaratan Awal terpenuhi maka Para Pihak masing-masing akan menggunakan semua upaya yang wajar untuk memenuhi Persyaratan Lanjutan berikut di bawah ini:

- Para Penjual telah memberikan salinan persetujuan yang mungkin disyaratkan dalam anggaran dasarnya sehubungan dengan Rencana Transaksi;
- Para Penjual telah memberikan salinan persetujuan tertulis atau pengabaian dari krediturnya yang mungkin disyaratkan bagi Para Penjual sehubungan dengan Rencana Transaksi;
- Perusahaan telah memberikan salinan persetujuan tertulis atau pengabaian (jika ada) dari para kreditur Perusahaan dan/atau ISM (sesuai kasusnya), yang mungkin disyaratkan sehubungan dengan Rencana Transaksi; dan

1. GENERAL (continued)

d. Subsidiaries (continued)

PCL (continued)

Acquisition Offering (continued)

The Proposed Transaction Conditions (continued)

Pre-Conditions (continued)

- c. FPC has obtained approval from the FPC independent shareholders in FPC's EGMS, in accordance with the HKSE Listing Rules;

The EGMS of the Company and/or the EGMS FPC shall be held no later than August 28, 2020.

The Pre-Conditions can not be waived; If any of the Pre-Conditions is not fulfilled, the Parties shall not be obligated to fulfil the Post-Conditions and the Agreement shall be terminated and cease to be binding on the Parties. None of the Parties shall have any claim against the others for costs, damages, loss, compensation or otherwise in connection with the non-execution and completion of the Proposed Transaction because of any of the Pre-Conditions has not been fulfilled.

In the event that the Pre-Conditions are fulfilled, each of the Parties shall use all reasonable endeavours to fulfill the following Post-Conditions:

- delivery by the Sellers copy of all corporate approvals as may be required under their respective memorandum and articles of association in connection with the Proposed Transaction;
- delivery by the Sellers copy of all prior written consents or waivers as may be required from creditors of the Sellers in connection with the Proposed Transaction;
- delivery by the Company copy of all prior written consents or waivers as may be required from the respective creditors of the Company and/or ISM (as the case may be) in connection with the Proposed Transaction; and

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PCL (lanjutan)

Penawaran Akuisisi (lanjutan)

Persyaratan Rencana Transaksi (lanjutan)

Dalam hal Persyaratan Awal terpenuhi maka Para Pihak masing-masing akan menggunakan semua upaya yang wajar untuk memenuhi Persyaratan Lanjutan berikut di bawah ini: (lanjutan)

- d. Perusahaan telah memberikan konfirmasi bahwa perjanjian fasilitas sehubungan dengan pembiayaan Rencana Transaksi telah ditandatangani oleh Perusahaan dan semua kondisi penarikan dalam perjanjian fasilitas tersebut telah terpenuhi.

Apabila salah satu Persyaratan Lanjutan tidak terpenuhi atau tidak dikecualikan oleh Para Pihak sesuai dengan ketentuan dalam Perjanjian pada atau sebelum Tanggal Batas Akhir, maka Para Pihak tidak mempunyai kewajiban untuk menyelesaikan Rencana Transaksi dan Perjanjian menjadi berakhir dan tidak berlaku mengikat Para Pihak; Tidak ada satu pihak manapun yang akan mempunyai tuntutan kepada pihak lainnya atas biaya, kerugian atau kompensasi atau lainnya sehubungan dengan tidak dilaksanakannya Rencana Transaksi yang disebabkan karena tidak terpenuhinya salah satu Persyaratan Lanjutan.

Penyelesaian Rencana Transaksi

Penyelesaian rencana transaksi akan dilakukan pada tanggal yang jatuh pada 5 (lima) hari kerja setelah tanggal dimana semua persyaratan rencana transaksi dipenuhi atau diabaikan (sesuai kasusnya) ("Tanggal Penyelesaian").

1. GENERAL (continued)

d. Subsidiaries (continued)

PCL (continued)

Acquisition Offering (continued)

The Proposed Transaction Conditions (continued)

In the event that the Pre-Conditions are fulfilled, each of the Parties shall use all reasonable endeavours to fulfill the following Post-Conditions: (continued)

- d. delivery by the Company a written confirmation that a facility agreement in relation to the financing of the Proposed Transaction has been signed by the Company and all conditions to drawdown under such facility agreement have been satisfied.*

If any of the Post-Conditions is not fulfilled or not waived in accordance with the Agreement on or prior to the Long Stop Date, the Parties shall not be obliged to complete the Proposed Transaction and the Agreement shall be terminated and cease to have effect to the Parties. None of the Parties shall have any claim against the others for costs, damages, loss, compensation or otherwise in connection with the non-execution and completion of the Proposed Transaction because of any of the Post-Conditions has not been satisfied.

Completion of Proposed Transaction

Completion of the Proposed transaction shall take place on the date falling 5 (five) business days after all of the Conditions Precedent are fulfilled or waived (if applicable) (the "Completion Date").

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Penawaran Akuisisi (lanjutan)

Nilai Rencana Transaksi

Nilai dari Rencana Transaksi adalah sebesar US\$2.998.000.000 (dua miliar sembilan ratus sembilan puluh delapan juta US Dolar), yang akan dibayar oleh Perusahaan kepada Para Penjual secara proporsional sesuai dengan Harga Pembelian Pinehill Corpora dan Harga Pembelian Steele Lake ("Harga Pembelian"), sebagai berikut:

- a. Pembayaran Harga Pembelian Pinehill Corpora akan dilakukan oleh Perusahaan kepada Pinehill Corpora sebagai berikut:
 - sebesar US\$1.197.480.000 (satu miliar seratus sembilan puluh tujuh juta empat ratus delapan puluh ribu US Dolar) akan dibayar pada Tanggal Penyelesaian;
 - sebesar US\$331.500.000 (tiga ratus tiga puluh satu juta lima ratus ribu US Dolar) akan ditahan oleh Perusahaan sebagai Nilai Retensi dan baru akan dibayar oleh Perusahaan kepada Pinehill Corpora, tergantung pada ketentuan mengenai penyesuaian Harga Pembelian, pada tanggal 30 April 2022 atau tanggal lain setelah penyesuaian Harga Pembelian ditentukan secara definitif.
- b. Pembayaran Harga Pembelian Steele Lake akan dilakukan oleh Perusahaan kepada Steele Lake sebagai berikut:
 - sebesar US\$1.150.520.000 (satu miliar seratus lima puluh dua juta lima ratus dua puluh ribu US Dolar) akan dibayar pada Tanggal Penyelesaian;
 - sebesar US\$318.500.000 (tiga ratus delapan belas juta lima ratus ribu US Dolar) akan ditahan oleh Perusahaan sebagai Nilai Retensi dan baru akan dibayar oleh Perusahaan kepada Steele Lake, tergantung pada ketentuan mengenai penyesuaian Harga Pembelian, pada tanggal 30 April 2022 atau tanggal lain setelah penyesuaian Harga Pembelian ditentukan secara definitif.

1. GENERAL (continued)

d. Subsidiaries (continued)

PCL (continued)

Acquisition Offering (continued)

Value of The Proposed Transaction

The value of the Proposed Transaction is US\$2,998,000,000 (two billion nine hundred and ninety eight million US Dollars) which shall be paid by the Company to the Sellers proportionally corresponding to the Purchase Consideration Pinehill Corpora and Purchase Consideration Steele Lake ("Purchase Consideration") as follows:

- a. The Purchase Consideration Pinehill Corpora shall be paid by the Company to Pinehill Corpora as follows:
 - in the amount of US\$1,197,480,000 (one billion one hundred ninety seven million four hundred and eighty thousand US Dollars) shall be made on the Completion Date;
 - in the amount of US\$331,500,000 (three hundred thirty one million and five hundred thousand US Dollars) shall be retained by the Company and only be paid by the Company to Pinehill Corpora; subject to the adjustment, on April 30, 2022 or such later date as any adjustment to the Purchase Consideration is definitively determined.
- b. The Purchase Consideration Steele Lake shall be paid by the Company to Steele Lake as follows:
 - in the amount of US\$1,150,520,000 (one billion one hundred fifty million five hundred and twenty thousand US Dollars) shall be made on the Completion Date;
 - in the amount of US\$318,500,000 (three hundred eighteen million and five hundred thousand US Dollars) shall be retained by the Company as the Retention Amount and only be paid by the Company to Steele Lake; subject to the adjustment, on April 30, 2022 or such later date as any adjustment to the Purchase Consideration is definitively determined.

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PCL (lanjutan)

Penawaran Akuisisi (lanjutan)

Keuntungan Yang Dijamin

Berdasarkan Perjanjian, Para Penjual telah setuju untuk memberikan jaminan kepada Perusahaan atas Keuntungan Yang Dijamin, yaitu nilai rata-rata per tahun dari laba periode berjalan yang dapat diatribusikan kepada pemilik entitas induk ("NPAT") Grup Target untuk periode sejak 1 Januari 2020 hingga 31 Desember 2021 ("Periode Yang Dijamin") sebesar US\$128.500.000 (seratus dua puluh delapan juta lima ratus ribu US Dolar), dengan ketentuan bahwa:

- a. Apabila Keuntungan Yang Dijamin setelah memperhitungkan toleransi deviasi sebesar 5% (lima persen), tidak tercapai oleh Grup Target maka akan dilakukan penyesuaian terhadap Harga Pembelian dengan menggunakan formula sebagai berikut:

Nilai penyesuaian = (Keuntungan Yang Dijamin - Aktual Keuntungan) x PE Grup Target

Untuk keperluan formula di atas:

- Keuntungan Yang Dijamin: US\$128.500.000 (seratus dua puluh delapan juta lima ratus ribu US Dolar);
- Aktual Keuntungan: Nilai aktual dari rata-rata per tahun NPAT Grup Target untuk Periode Yang Dijamin sebagaimana ternyata dalam Laporan Keuangan Grup Target;
- *Price earnings multiple* ("PE") Grup Target: 23 kali yang merupakan PE Grup Target yang disepakati Para Pihak;

Ketentuan mengenai Keuntungan Yang Dijamin memungkinkan toleransi deviasi sebesar 5% (lima persen) sebelum memicu penyesuaian. Akan tetapi jika penyesuaian terpicu untuk dilakukan maka jumlah yang akan dikurangkan dari Harga Pembelian didasarkan pada seluruh kekurangan, dikalikan dengan PE Grup Target.

- b. Apabila Aktual Keuntungan setelah memperhitungkan toleransi deviasi sebesar 5% (lima persen) melebihi Keuntungan Yang Dijamin maka tidak ada penyesuaian kenaikan Harga Pembelian.

1. GENERAL (continued)

d. Subsidiaries (continued)

PCL (continued)

Acquisition Offering (continued)

Profit Guarantee

Under the Agreement, the Sellers have agreed to extend its guarantee to the Company on the Guaranteed Profit, where the average annual income for the period attributable to equity holders of parent entity ("NPAT") of the Target Group for the period covered since January 1, 2020 until December 31, 2021 (the "Guaranteed Period") would be US\$128,500,000 (one hundred twenty eight million and five hundred thousand US Dollars), provided that:

- a. if the Guaranteed Profit, after taking into account 5% (five percent) deviation tolerance, is not achieved by the Target Group, then the Purchase Consideration shall be adjusted pursuant to the following formula:

Adjustment value = (Guaranteed Profit - Actual Profit) x PE Target Group

For the purpose of the above formula:

- The Guaranteed Profit: US\$128,500,000 (one hundred twenty eight million and five hundred thousand US Dollars);
- The Actual Profit: the actual annual average NPAT of the Target Group for the Guaranteed Period as stated in the Financial Report of Target Group;
- Price earnings multiple ("PE") Target Group: 23 times, being the PE Target Group as agreed between the Parties;

The terms of the Guaranteed Profit allow a 5% (five percent) deviation tolerance before an adjustment is triggered. However, once an adjustment is triggered, the amount to be deducted from the Purchase Consideration is based on the whole shortfall, multiplied by the PE Target Group.

- b. if the Actual Profit after taking into account a 5% (five percent) deviation tolerance, exceeds the Guaranteed Profit then no upward adjustment of the Purchase Consideration will be made.

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PCL (lanjutan)

Penawaran Akuisisi (lanjutan)

Keuntungan Yang Dijamin (lanjutan)

Keuntungan Yang Dijamin akan diuji dengan merujuk pada Keuntungan Aktual Grup Target sebagaimana dapat dilihat dari Laporan Keuangan Grup Target yang akan diterbitkan paling lambat tanggal 21 April 2022.

Guna menjamin pembayaran nilai penyesuaian, Perusahaan akan menahan pembayaran sebagian Harga Pembelian secara proporsional, dengan jumlah seluruhnya sebesar US\$650.000.000 (enam ratus lima puluh juta US Dolar) ("Nilai Retensi"), dan baru akan dibayarkan oleh Perusahaan kepada Para Penjual pada tanggal 30 April 2022 atau tanggal lain setelah penyesuaian Harga Pembelian ditentukan secara definitif.

Pada tanggal 31 Desember 2020, Nilai Retensi tersebut dicatat sebagai akun "Liabilitas jangka panjang lainnya" pada laporan posisi keuangan konsolidasian.

Sebagai akibat dari penyesuaian Harga Pembelian, Nilai Retensi akan dikurangi dengan jumlah yang setara dengan nilai penyesuaian, selanjutnya sisa Nilai Retensi (jika ada) bersama dengan satu kali kompensasi sebesar 2,63% (dua koma enam puluh tiga persen) dari sisa Nilai Retensi harus dibayar oleh Perusahaan kepada Para Penjual secara proporsional pada tanggal 30 April 2022 atau tanggal lain setelah penyesuaian Harga Pembelian ditentukan secara definitif.

Akan tetapi, apabila nilai penyesuaian melebihi Nilai Retensi maka tidak ada kompensasi yang akan dibayar oleh Perusahaan dan Para Penjual secara proporsional wajib membayar secara penuh seluruh jumlah kekurangan tersebut kepada Perusahaan pada tanggal 30 April 2022 atau tanggal lain setelah penyesuaian harga pembelian ditentukan secara definitif.

1. GENERAL (continued)

d. Subsidiaries (continued)

PCL (continued)

Acquisition Offering (continued)

Profit Guarantee (continued)

The Guaranteed Profit shall be tested by reference to the Actual Profit of the Target Group as stated in the Financial Report of the Target Group which will be issued no later than April 21, 2022.

To secure the payment of the adjustment value, the Company to retain its payment for part of the Purchase Consideration proportionally, in aggregate amount of US\$650,000,000 (six hundred and fifty million US Dollars) (the "Retention Amount"), and shall be paid by the Company to the Sellers on April 30, 2022 or such later date as any adjustment to the Purchase Consideration is definitively determined.

As of December 31, 2020, the Retention Amount was recorded under "Other long-term liabilities" in the consolidated statement of financial position.

As a result of any adjustment to the Purchase Consideration, the Retention Amount would be reduced by an amount equal to the amount of the adjustment value, following which the remaining balance of the retention amount (if any) together with one time compensation of 2.63% (two point sixty three percent) of such remaining balance of the Retention Amount should be paid by the Company to the Sellers proportionally on April 30, 2022 or such later date as any adjustment to the Purchase Consideration is definitively determined.

However, if the adjustment value is exceeding the Retention Amount then there would be no compensation paid by the Company and the Sellers proportionally shall be obligated to pay in full the shortfall amount to the Company on April 30, 2022 or such later date as any adjustment to the Purchase Consideration is definitively determined.

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PCL (lanjutan)

Penawaran Akuisisi (lanjutan)

Keuntungan Yang Dijamin (lanjutan)

Dalam waktu 1 (satu) bulan sebelum tanggal pembayaran Nilai Retensi, Para Pihak dapat berdasarkan kesepakatan bersama memperpanjang jangka waktu pembayaran berikut persyaratan perpanjangan tersebut.

Representasi dan jaminan atas Saham-Saham Yang Dijual

Pada Tanggal Penyelesaian, seluruh Saham-Saham Yang Dijual (i) sudah disetor penuh, (ii) bebas dari segala tuntutan, gugatan, jaminan, gadai, hak ditawarkan terlebih dahulu, hak dan kepentingan pihak ketiga lainnya dalam bentuk apapun dan (iii) termasuk dengan seluruh hak, manfaat, keuntungan yang melekat pada dan sejak tanggal Perjanjian.

Penyelesaian Akuisisi

Pada tanggal 27 Agustus 2020, Perusahaan telah menyelesaikan Rencana Transaksi tersebut, dan oleh karenanya sejak itu, laporan keuangan konsolidasian PCL telah dikonsolidasikan ke dalam laporan keuangan konsolidasian Kelompok Usaha.

NICI

Akuisisi

Pada tanggal 31 Oktober 2018, Perusahaan dan Nestle S.A., suatu perusahaan yang didirikan berdasarkan hukum negara Swiss ("Nestle") menandatangani Akta Jual Beli Saham ("AJBS") sehubungan dengan transaksi penjualan 99.999 saham Nestle di NICI kepada Perusahaan dengan harga pembelian sebesar Rp314.134. Transaksi tersebut telah diselesaikan pada saat penandatanganan AJBS.

Pada tanggal yang sama, PT Prima Intipangan Sejati (entitas anak ISM atau "PIPS") dan Nestle juga menandatangani AJBS sehubungan dengan transaksi penjualan 1 saham Nestle di NICI kepada PIPS dengan harga pembelian sebesar Rp3.

1. GENERAL (continued)

d. Subsidiaries (continued)

PCL (continued)

Acquisition Offering (continued)

Profit Guarantee (continued)

Within 1 (one) month before the payment date of the Retention Amount, the Parties may by mutual agreement extend the payment period as well as the terms governing such extension.

Representation and warranties of the Sale Shares

On the Completion Date, all of the Sale Shares should be (i) fully paid up, (ii) free from all claims, lawsuits, encumbrances, liens, pre-emptive rights, rights and interests of other third parties in any form and (iii) including all rights, benefits attached to and from the date of the Agreement.

Completion of Acquisition

On August 27, 2020, the Company has settled the Proposed Transaction. Accordingly, since then, the consolidated financial statements of PCL was consolidated into the Group consolidated financial statements.

NICI

Acquisition

On October 31, 2018, the Company and Nestle S.A., a company incorporated under the law of Switzerland ("Nestle") signed the Deed of Share Sale and Purchase ("DSSP") in relation to the sale transaction of 99,999 of Nestle's shares in NICI to the Company for the purchase consideration of Rp314,134. The completion of the transaction is done as at the signing of the DSSP.

At the same date, PT Prima Intipangan Sejati (a subsidiary of ISM or "PIPS") and Nestle also signed the DSSP in relation to the sale transaction of 1 of share of Nestle in NICI to PIPS for the purchase consideration of Rp3.

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NICI (lanjutan)

Akuisisi (lanjutan)

Sejak tanggal tersebut, Kelompok Usaha memperoleh pengendalian atas NICI dengan kepemilikan langsung sebesar 100% (dikurangi 1 saham yang dimiliki oleh PIPS).

Pembelian 50,0% (dikurangi 1 saham) kepemilikan di NICI oleh Perusahaan tersebut dicatat dengan "metode pembelian" (Catatan 11).

Divestasi Asahi Group Holdings, Limited

Pada tanggal 22 Desember 2017, Perusahaan dan PIPS (Perusahaan dan PIPS secara bersama-sama selanjutnya disebut sebagai "Pembeli"), Asahi Group Holdings, Limited, suatu perusahaan yang didirikan berdasarkan hukum negara Jepang ("AGHL") dan Asahi Group Holdings Southeast Asia PTE. LTD. ("AGSA") (AGHL dan AGSA bersama-sama selanjutnya disebut sebagai "Penjual") menandatangani Perjanjian Jual Beli Saham Bersyarat sehubungan dengan rencana penjualan 51% kepemilikan saham AGSA di AIBM dan 49% kepemilikan saham AGSA di PT Indofood Asahi Sukses Beverage ("IASB") kepada Pembeli dengan harga pembelian sebesar US\$20.000.000 ("Rencana Transaksi").

Penyelesaian Rencana Transaksi tergantung pada pemenuhan prasyarat yang disepakati oleh Penjual dan Pembeli.

Pada tanggal 29 Maret 2018, tanggal penyelesaian Rencana Transaksi, Penjual mengalihkan seluruh sahamnya sebanyak 51% di AIBM dan 49% di IASB kepada Pembeli. Dengan demikian, Kelompok Usaha memperoleh pengendalian atas AIBM dengan kepemilikan langsung sebesar 100% (dikurangi 1 saham yang dimiliki oleh PIPS) dan memiliki kepemilikan langsung sebesar 100% (dikurangi 1 saham yang dimiliki oleh PIPS) di IASB.

1. GENERAL (continued)

d. Subsidiaries (continued)

NICI (continued)

Acquisition (continued)

Since the said date, the Group obtained control of NICI with direct ownership of 100% (minus 1 share owned by PIPS).

The purchase of 50.0% (minus 1 share) ownership in NICI by the Company is recorded under "purchase method" (Note 11).

Asahi Group Holdings, Limited's divestment

On December 22, 2017, the Company and PIPS (the Company together with PIPS hereinafter were referred to as the "Purchasers"), Asahi Group Holdings, Limited, a company incorporated under the law of Japan ("AGHL") and Asahi Group Holdings Southeast Asia PTE. LTD. ("AGSA") (AGHL together with AGSA hereinafter were referred to as the "Sellers") entered into a Conditional Share Sale and Purchase Agreement in relation to the proposed sale and transfer of 51% of AGSA shares ownership in AIBM and 49% of AGSA shares ownership in PT Indofood Asahi Sukses Beverage ("IASB") to the Purchasers for the purchase consideration of US\$20,000,000 (the "Proposed Transaction").

The completion of the Proposed Transaction was conditional upon the satisfaction of certain conditions precedent as agreed between the Purchasers and the Sellers.

As of March 29, 2018, the completion date of the Proposed Transaction, The Sellers transferred all of its shares, consisting of 51% ownership in AIBM and 49% ownership in IASB to the Purchasers. Accordingly, the Group obtained control of AIBM with direct ownership of 100% (minus 1 share owned by PIPS) and also have direct ownership of 100% (minus 1 share owned by PIPS) in IASB.

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d. Entitas Anak (lanjutan)

**Divestasi Asahi Group Holdings, Limited
(lanjutan)**

Akuisisi Kepentingan Nonpengendali - IASB

Sebagaimana dijelaskan di atas, pembelian 49,0% kepemilikan saham di IASB oleh Pembeli dilakukan dengan harga US\$2.200.000 (setara Rp30.275). Transaksi tersebut merupakan akuisisi kepentingan nonpengendali sehingga selisih antara harga perolehan dan bagian Perusahaan atas nilai aset neto IASB pada tanggal akuisisi sebesar Rp323.614 dicatat sebagai bagian dari "Selisih atas perubahan ekuitas entitas anak dan dampak transaksi dengan kepentingan nonpengendali".

Akuisisi AIBM

Akuisisi 51,0% kepemilikan saham di AIBM oleh Pembeli dilakukan dengan harga US\$17.800.000 (setara Rp244.956). Transaksi tersebut dicatat dengan "metode pembelian" (Catatan 11).

**AIBM, IASB, PT Prima Cahaya
Indobeverages ("PCIB") dan PT Buana
Distrindo ("BDI")**

Transaksi Penggabungan Usaha
("Penggabungan") AIBM, IASB, PCIB dan BDI
(secara bersama-sama disebut "Perusahaan
Peserta Penggabungan")

Berdasarkan Akta Perjanjian Penggabungan Usaha No. 58 tanggal 29 Juni 2018 antara AIBM, IASB, PCIB dan BDI yang dibuat di hadapan Herdimansyah Chaidirsyah, S.H., Notaris di Jakarta, IASB, PCIB dan BDI (secara bersama-sama disebut sebagai "Perusahaan yang Menggabungkan Diri") setuju untuk melakukan penggabungan usaha ke dalam AIBM dengan persyaratan dan kondisi, antara lain:

- Penggabungan akan berlaku efektif pada tanggal tiga puluh Juni dua ribu delapan belas (30-06-2018) ("Tanggal Efektif Penggabungan").

1. GENERAL (continued)

d. Subsidiaries (continued)

**Asahi Group Holdings, Limited's
divestment (continued)**

Acquisition of Non-controlling Interests - IASB

As described above, the purchase of 49.0% share ownership in IASB by the Purchasers was done with a consideration value of US\$2,200,000 (equivalent to Rp30,275). This transaction was an acquisition of non-controlling interests, thus the difference which arose between the acquisition cost and the Company's portion in net assets value of IASB at the acquisition date of Rp323,614 was recorded as part of "Difference from changes in equity of subsidiaries and transactions effect with non-controlling interest".

Acquisition - AIBM

The acquisition of 51.0% share ownership in AIBM by the Purchasers was done with a consideration value of US\$17,800,000 (equivalent to Rp244,956). This transaction was recorded under "purchase method" (Note 11).

**AIBM, IASB, PT Prima Cahaya
Indobeverages ("PCIB") and PT Buana
Distrindo ("BDI")**

Merger Transaction (the "Merger") of AIBM,
IASB, PCIB and BDI (collectively referred to as
the "Merger Participant Entities")

Pursuant to the Deed of Merger Agreement No. 58 dated June 29, 2018 among AIBM, IASB, PCIB dan BDI made by Herdimansyah Chaidirsyah, S.H., Notary in Jakarta, IASB, PCIB and BDI (collectively referred to as the "Merged Entities") will be merged into AIBM under the following terms and conditions, among others:

- The Merger will be effective on the 30th day of June two thousand eighteen (30-06-2018) (the "Effective Date of Merger").

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d. Entitas Anak (lanjutan)

**AIBM, IASB, PT Prima Cahaya
Indobeverages ("PCIB") dan PT Buana
Distrindo ("BDI") (lanjutan)**

Transaksi Penggabungan Usaha
("Penggabungan") AIBM, IASB, PCIB dan BDI
(secara bersama-sama disebut "Perusahaan
Peserta Penggabungan") (lanjutan)

- Perusahaan yang Menggabungkan Diri akan bubar demi hukum tanpa perlu dilakukan likuidasi terlebih dahulu, terhitung sejak Tanggal Efektif Penggabungan.
- Semua aset, kewajiban dan kegiatan usaha Perusahaan yang Menggabungkan Diri akan beralih demi hukum kepada AIBM sebagai perusahaan hasil penggabungan usaha ("Perusahaan Hasil Penggabungan")
- Penggabungan dilakukan dengan menggunakan metode penyatuan kepentingan ("*pooling-of-interests*") sesuai dengan Standar Akuntansi Keuangan dan untuk keperluan perpajakan, pengalihan aktiva akan menggunakan nilai pasar.
- Penggabungan ini memerlukan persetujuan, antara lain dari:
 - a. RUPSLB dari masing-masing Perusahaan Peserta Penggabungan;
 - b. Kreditur dari masing-masing Perusahaan Peserta Penggabungan (jika disyaratkan),
 yang harus diterima sebelum Tanggal Efektif Penggabungan. Masing-masing Perusahaan Peserta Penggabungan telah memperoleh persetujuan dari RUPSLB dan dari PT Bank Central Asia Tbk., sebagai kreditur dari IASB dan PCIB, sehingga persetujuan yang diperlukan/disyaratkan untuk Penggabungan ini telah seluruhnya diperoleh.

1. GENERAL (continued)

d. Subsidiaries (continued)

**AIBM, IASB, PT Prima Cahaya
Indobeverages ("PCIB") and PT Buana
Distrindo ("BDI") (continued)**

Merger Transaction (the "Merger") of AIBM,
IASB, PCIB and BDI (collectively referred to as
the "Merger Participant Entities") (continued)

- The Merged Entities by law will be dissolved, without the need for being liquidated first, starting from the Effective Date of Merger.
- All assets, liabilities and business of the Merged Entities by law will be transferred to AIBM as the surviving entity (the "Surviving Entity").
- The Merger will be conducted with the pooling-of-interests method in accordance with the financial accounting standard and for the tax purposes, the transfer of assets will use a market value.
- The Merger will be subjected to the approval among others from:
 - a. Extraordinary General Meeting of Shareholders of each of the Merger Participants Entities;
 - b. Creditors of each of the Merger Participants Entities (if required),
 which must be obtained before the Effective Date of Merger. Each of the Merger Participant Entities has obtained the approval from its EGMS and from PT Bank Central Asia Tbk., as a creditor of IASB and PCIB, therefore all of the approval as required for the Merger have been obtained.

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**AIBM, IASB, PT Prima Cahaya
Indobeverages ("PCIB") dan PT Buana
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Transaksi Penggabungan Usaha
("Penggabungan") AIBM, IASB, PCIB dan BDI
(secara bersama-sama disebut "Perusahaan
Peserta Penggabungan") (lanjutan)

- Pemegang saham Perusahaan yang Menggabungkan Diri demi hukum akan menjadi pemegang saham Perusahaan Hasil Penggabungan, untuk itu Perusahaan Hasil Penggabungan akan melakukan perubahan pasal 4 anggaran dasar sehubungan dengan peningkatan modal dan mengeluarkan saham baru, sehingga perubahan anggaran dasar tersebut memerlukan persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia ("Menteri"), yang harus diperoleh sebelum Tanggal Efektif Penggabungan. Perubahan anggaran dasar tersebut telah disetujui oleh Menteri berdasarkan Surat Keputusan No. AHU-0013296.AH.01.02.TAHUN2018 tertanggal tanggal 29 Juni 2018.

Pada Tanggal Efektif Penggabungan, masing-masing Direksi Perusahaan Yang Bergabung telah melakukan serah terima kepada Perusahaan Hasil Penggabungan atas seluruh aset, kewajiban dan usaha Perusahaan yang Menggabungkan Diri dan seluruh transaksi Perusahaan yang Menggabungkan Diri yang terjadi sampai dengan tanggal serah terima termasuk semua hak dan kewajiban yang timbul dari transaksi tersebut, yang berlaku terhitung tanggal 1 Juli 2018 pukul 00.00 WIB karenanya terhitung sejak tanggal 1 Juli 2018, seluruh aset dan kewajiban, usaha dan transaksi, hak dan kewajiban Perusahaan yang Menggabungkan Diri beralih kepada dan akan dilanjutkan oleh Perusahaan Hasil Penggabungan.

Seluruh syarat yang diperlukan untuk berlakunya Penggabungan telah dipenuhi.

1. GENERAL (continued)

d. Subsidiaries (continued)

**AIBM, IASB, PT Prima Cahaya
Indobeverages ("PCIB") and PT Buana
Distrindo ("BDI") (continued)**

Merger Transaction (the "Merger") of AIBM,
IASB, PCIB and BDI (collectively referred to as
the "Merger Participant Entities") (continued)

- The shareholders of the Merged Entities, by law, become the shareholders of the Surviving Entity, therefore the Surviving Entity shall amend the article 4 of its articles of association in connection with the increase of capital and issuance of new shares, such amendment of articles of association should be approved by the Ministry of Laws and Human Rights of Republic of Indonesia ("Ministry") which must be obtained before the Effective Date of Merger. The said amendment was approved by the Ministry based on its Decision Letter No. AHU-0013296.AH.01.02. TAHUN2018 dated June 29, 2018.

On the Effective Date of Merger, each of the Board of Directors of the Merged Entities handed over to the Surviving Entity all of the assets, liabilities and business of the Merged Entities and all transactions of the Merged Entities which occurred until the handover date including assets and liabilities arising from such transaction, which will be applied starting on July 1, 2018 at 00.00 WIB. Accordingly, starting July 1, 2018, all of the assets and liabilities, business and transactions, rights and obligations of the Merged Entities are transferred to and will be continued by the Surviving Company.

All of the conditions as required for the Merger have been fulfilled.

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**AIBM, IASB, PT Prima Cahaya
Indobeverages ("PCIB") dan PT Buana
Distrindo ("BDI") (lanjutan)**

Transaksi Penggabungan Usaha
("Penggabungan") AIBM, IASB, PCIB dan BDI
(secara bersama-sama disebut "Perusahaan
Peserta Penggabungan") (lanjutan)

Dalam menjalankan transaksi penggabungan usaha tersebut, dan sesuai dengan metode konversi saham yang disepakati, AIBM menerbitkan saham baru sehingga jumlah saham yang beredar menjadi sejumlah Rp2.500.000 yang terdiri dari 2.500.000 saham.

PT Tirta Makmur Perkasa ("TMP") dan TSP

Akuisisi Kepentingan Nonpengendali - TSP
(sebelum penggabungan usaha)

Pada tanggal 2 April 2018, SAJ mengambil alih 58.749 saham TSP dari PT Multi Bahagia ("MB"). Sehingga sejak tanggal tersebut, AIBM, SAJ dan MB masing-masing memiliki 80,0%, 10,0% dan 10,0% kepemilikan di TSP. Transaksi tersebut merupakan akuisisi kepentingan nonpengendali.

Akuisisi Kepentingan Nonpengendali - TMP

Pada tanggal 2 April 2018, SAJ mengambil alih 50.635 saham TMP dari MB. Sehingga sejak tanggal tersebut, IASB, SAJ dan MB masing-masing memiliki 80,0%, 10,0% dan 10,0% kepemilikan di TMP. Transaksi tersebut merupakan akuisisi kepentingan nonpengendali.

Transaksi Penggabungan Usaha TMP dan
TSP ("Perusahaan Peserta Penggabungan")

Berdasarkan Akta Perjanjian Penggabungan Usaha No. 235 tanggal 31 Mei 2018 antara TSP dan TMP yang dibuat di hadapan Herdimansyah Chaidirsyah, S.H., Notaris di Jakarta, TMP (Perusahaan yang Menggabungkan Diri) setuju untuk melakukan penggabungan usaha ke dalam TSP dengan persyaratan dan kondisi, antara lain:

1. GENERAL (continued)

d. Subsidiaries (continued)

**AIBM, IASB, PT Prima Cahaya
Indobeverages ("PCIB") and PT Buana
Distrindo ("BDI") (continued)**

Merger Transaction (the "Merger") of AIBM,
IASB, PCIB and BDI (collectively referred to as
the "Merger Participant Entities") (continued)

In effecting the merger transaction, and pursuant to the agreed method of share conversion, AIBM issued new shares such that its total outstanding shares has since become Rp2,500,000 which consist of 2,500,000 shares.

PT Tirta Makmur Perkasa ("TMP") and TSP

Acquisition of Non-controlling Interests - TSP
(before merger)

As at April 2, 2018, SAJ acquired 58,749 shares of TSP from PT Multi Bahagia ("MB"). Thus, since that date, AIBM, SAJ and MB have 80.0%, 10.0% and 10.0% ownership in TSP, respectively. This transaction was an acquisition of non-controlling interests.

Acquisition of Non-controlling Interests - TMP

As at April 2, 2018, SAJ acquired 50,635 shares of TMP from MB. Thus, since that date, IASB, SAJ and MB have 80.0%, 10.0% and 10.0% ownership in TMP, respectively. This transaction was an acquisition of non-controlling interests.

Merger Transaction of TMP and TSP ("the
Merger Participants Entities")

Pursuant to the Deed of Merger Agreement No. 235 dated May 31, 2018 among TSP and TMP made by Herdimansyah Chaidirsyah, S.H., Notary in Jakarta, TMP ("Merged Entity") will be merged into TSP under the following terms and conditions, among others:

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**PT Tirta Makmur Perkasa ("TMP") dan TSP
(lanjutan)**

Transaksi Penggabungan Usaha TMP dan
TSP ("Perusahaan Peserta Penggabungan")
(lanjutan)

- Penggabungan akan berlaku efektif pada tanggal tiga puluh satu Mei dua ribu delapan belas (31-05-2018) ("Tanggal Efektif Penggabungan").
- Perusahaan yang Menggabungkan Diri akan bubar demi hukum tanpa perlu dilakukan likuidasi terlebih dahulu, terhitung sejak Tanggal Efektif Penggabungan.
- Semua aset, liabilitas dan kegiatan usaha Perusahaan yang Menggabungkan Diri akan beralih demi hukum kepada TSP sebagai perusahaan hasil penggabungan usaha ("Perusahaan Hasil Penggabungan").
- Penggabungan dilakukan dengan menggunakan metode penyatuan kepentingan ("pooling-of-interests") sesuai dengan Standar Akuntansi Keuangan dan untuk keperluan perpajakan, pengalihan aktiva akan menggunakan nilai buku.
- Penggabungan ini memerlukan persetujuan dari RUPSLB masing-masing Perusahaan Peserta Penggabungan yang harus diterima sebelum Tanggal Efektif Penggabungan. Masing-masing Perusahaan Peserta Penggabungan telah memperoleh persetujuan dari RUPSLB sehingga persetujuan yang diperlukan/disyaratkan untuk Penggabungan ini telah seluruhnya diperoleh,
- Pemegang saham Perusahaan yang Menggabungkan Diri demi hukum akan menjadi pemegang saham Perusahaan Hasil Penggabungan, untuk itu Perusahaan Hasil Penggabungan akan melakukan perubahan pasal 4 anggaran dasar sehubungan dengan peningkatan modal dan mengeluarkan saham baru, sehingga perubahan anggaran dasar tersebut memerlukan persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia ("Menteri"), yang harus diperoleh sebelum Tanggal Efektif Penggabungan.

1. GENERAL (continued)

d. Subsidiaries (continued)

**PT Tirta Makmur Perkasa ("TMP") and TSP
(continued)**

Merger Transaction of TMP and TSP ("the
Merger Participants Entities") (continued)

- The Merger will be effective on the 31st day of May two thousand eighteen (31-05-2018) (the "Effective Date of Merger").
- The Merged Entity by law will be dissolved without the need for being liquidated first, starting from the Effective Date of Merger.
- All assets, liabilities and business of the Merged Entities by law will be transferred to TSP as the surviving entity (the "Surviving Entity").
- The Merger will be conducted with the pooling-of-interests method in accordance with the financial accounting standard and for the tax purposes, the transfer of assets will use a book value.
- The Merger will be subjected to the approval from Extraordinary General Meeting of Shareholders of each of the Merger Participants Entities, which must be obtained before the Effective Date of Merger. Each of the Merger Participant Entities has obtained the approval from its EGMS, therefore all of the approval as required for the Merger have been obtained.
- The shareholders of the Merged Entities by law become the shareholders of the Surviving Entity, therefore the Surviving Entity shall amend the article 4 of its articles of association in connection with the increase of capital and issuance of new shares, such amendment of articles of association should be approved by the Minister of Laws and Human Rights of Republic of Indonesia ("Ministry") which must be obtained before the Effective Date of Merger.

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1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

**PT Tirta Makmur Perkasa ("TMP") dan TSP
(lanjutan)**

Transaksi Penggabungan Usaha TMP dan
TSP ("Perusahaan Peserta Penggabungan")
(lanjutan)

Perubahan anggaran dasar tersebut telah
disetujui oleh Menteri berdasarkan Surat
Keputusan No. AHU-
0011996.AH.01.02.TAHUN2018 tertanggal
31 Mei 2018.

Pada Tanggal Efektif Penggabungan, masing-
masing Direksi Perusahaan Yang Bergabung
telah melakukan serah terima kepada
Perusahaan Hasil Penggabungan atas seluruh
aset, kewajiban dan usaha Perusahaan yang
Menggabungkan Diri dan seluruh transaksi
Perusahaan yang Menggabungkan Diri yang
terjadi sampai dengan tanggal serah terima
termasuk semua hak dan kewajiban yang
timbul dari transaksi tersebut, yang berlaku
terhitung tanggal 1 Juni 2018 pukul 00.00 WIB
karenanya terhitung sejak tanggal 1 Juni 2018,
seluruh aset dan kewajiban, usaha dan
transaksi, hak dan kewajiban Perusahaan yang
Menggabungkan Diri beralih kepada dan akan
dilanjutkan oleh Perusahaan Hasil
Penggabungan.

Seluruh syarat yang diperlukan untuk
berlakunya Penggabungan telah dipenuhi.

Dalam menjalankan transaksi penggabungan
usaha tersebut, dan sesuai dengan metode
konversi saham yang disepakati, TSP
menerbitkan saham baru sehingga jumlah
saham yang beredar menjadi sejumlah
Rp1.093.832 yang terdiri dari 1.093.832
saham.

Akuisisi Kepentingan Nonpengendali

Pada tanggal 5 Agustus 2019, SAJ mengambil
alih 96.256 saham TSP dari MB. Sehingga
sejak tanggal tersebut, AIBM, SAJ dan MB
masing-masing memiliki 80,0%, 18,8% dan
1,2% kepemilikan di TSP. Transaksi tersebut
merupakan akuisisi kepentingan
nonpengendali.

1. GENERAL (continued)

d. Subsidiaries (continued)

**PT Tirta Makmur Perkasa ("TMP") and TSP
(continued)**

Merger Transaction of TMP and TSP ("the
Merger Participants Entities") (continued)

The said amendment was approved by
the Ministry based on its Decision Letter
No. AHU-0011996.AH.01.02.
TAHUN2018 dated May 31, 2018.

On the Effective Date of Merger, each of the
Board of Directors of the Merged Entities
handed over to the Surviving Entity all of the
assets, liabilities and business of the Merged
Entities and all transactions of the Merged
Entities which occurred until the handover date
including assets and liabilities arising from such
transaction, which will be applied starting on
June 1, 2018 at 00.00 WIB. Accordingly,
starting June 1, 2018, all of the assets and
liabilities, business and transactions, rights and
obligations of the Merged Entities are
transferred to and will be continued by the
Surviving Company.

All of the conditions as required for the Merger
have been fulfilled.

In effecting the merger transaction, and
pursuant to the agreed method of share
conversion, TSP issued new shares such that
its total outstanding shares has since become
Rp1,093,832 which consist of 1,093,832
shares.

Acquisition of Non-controlling Interests

As at August 5, 2019, SAJ acquired 96,256
shares of TSP from MB. Thus, since that date,
AIBM, SAJ and MB have 80.0%, 18.8% and
1.2% ownership in TSP, respectively. This
transaction was an acquisition of non-
controlling interests.

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1. UMUM (lanjutan)

d. Entitas Anak (lanjutan)

ICSM

Akuisisi Kepentingan Nonpengendali

Pada tanggal 26 Maret 2019, Perusahaan dan JC Comsa Corporation, suatu perusahaan yang didirikan berdasarkan hukum negara Jepang ("JCC") menandatangani Perjanjian Jual Beli Saham sehubungan dengan penjualan 8.645 saham ICSM atau mewakili 35,0% kepemilikan saham JCC di ICSM kepada Perusahaan dengan harga pembelian sebesar Rp8.645. Dengan demikian, kepemilikan langsung Perusahaan dan JCC di ICSM berubah dari masing-masing 51,0% dan 49,0%, menjadi masing-masing 86,0% dan 14,0%.

Transaksi tersebut merupakan akuisisi kepentingan nonpengendali sehingga selisih antara harga perolehan dan bagian Perusahaan atas nilai aset neto ICSM pada tanggal akuisisi sebesar Rp7.270 dicatat sebagai bagian dari "Selisih atas perubahan ekuitas entitas anak dan dampak transaksi dengan kepentingan nonpengendali".

ITSM

Peningkatan modal

Pada bulan April 2018, Perusahaan dan Tsukishima Foods Industry, Co., Ltd., ("TFI") menyetujui peningkatan modal ditempatkan dan disetor penuh ke dalam ITSM yang semula berjumlah Rp93.445 menjadi sejumlah Rp103.200. Terkait dengan hal tersebut, Perusahaan dan TFI menyeter sejumlah uang masing-masing sebesar Rp6.341 dan Rp3.414 ke dalam ITSM.

Pada bulan Mei 2019, Perusahaan dan Tsukishima Foods Industry, Co., Ltd., ("TFI") menyetujui peningkatan modal ditempatkan dan disetor penuh ke dalam ITSM yang semula berjumlah Rp103.200 menjadi sejumlah Rp123.200. Terkait dengan hal tersebut, Perusahaan dan TFI menyeter sejumlah uang masing-masing sebesar Rp13.000 dan Rp7.000 ke dalam ITSM.

1. GENERAL (continued)

d. Subsidiaries (continued)

ICSM

Acquisition of Non-controlling Interests

On March 26, 2019, the Company and JC Comsa Corporation, a company incorporated under the law of Japan ("JCC") entered into a Share Sale and Purchase Agreement in relation to sale and transfer of 8,645 shares in ICSM or represent 35.0% of JCC shares ownership in ICSM for the purchase consideration of Rp8,645. Accordingly, the direct ownership of the Company and JCC in ICSM was changed from of 51.0% and 49.0%, respectively, to become 86.0% and 14.0%, respectively.

This transaction was an acquisition of non-controlling interests, thus the difference which arose between the acquisition cost and the Company's portion in net assets value of ICSM at the acquisition date of Rp7,270 was recorded as part of "Difference from changes in equity of subsidiaries and transactions effect with non-controlling interest".

ITSM

Increase of capital

In April 2018, the Company and Tsukishima Foods Industry, Co., Ltd., ("TFI") agreed to increase the issued and fully paid capital of ITSM from Rp93,445 to Rp103,200. Related to this, the Company and TFI injected cash in ITSM amounting to Rp6,341 and Rp3,414, respectively.

In May 2019, the Company and Tsukishima Foods Industry, Co., Ltd., ("TFI") agreed to increase the issued and fully paid capital of ITSM from Rp103,200 to Rp123,200. Related to this, the Company and TFI injected cash into ITSM amounting to Rp13,000 and Rp7,000, respectively.

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1. UMUM (lanjutan)

e. Entitas Asosiasi dan Ventura Bersama

Rincian entitas asosiasi dan ventura bersama
Perusahaan adalah sebagai berikut:

1. GENERAL (continued)

e. Associates and Joint Ventures

The details of associates and joint ventures of
the Company are as follows:

Perusahaan/Company	Domisili/ Domicile	Tahun Beroperasi Secara Komersial/ Start of Commercial Operations	Jenis Usaha/ Nature of Business	Persentase Kepemilikan Efektif/ Effective Percentage of Ownership		
				31 Des. 2020/ Dec. 31, 2020	31 Des. 2019/ Dec. 31, 2019	31 Des. 2018/ Dec. 31, 2018
PT Oji Indo Makmur Perkasa (OIMP)	Jakarta	-	Produksi paper diapers/Production of paper diapers	50,0	50,0	50,0
Asian Assets Management Pte. Ltd. (AAM)	Singapura/ Singapore	-	Investasi/Investment	50,0	50,0	50,0
Harvest Gems Pte. Ltd. (HG) ¹	Singapura/ Singapore	-	Investasi/Investment	50,0	50,0	50,0
PT Aston Investama Perkasa (AIP) ²	Jakarta	-	Investasi/Investment	50,0	50,0	50,0
PT Aston Inti Makmur (AIM) ³	Jakarta	1992	Kepemilikan dan pengelolaan gedung/ Building ownership and management	50,0	50,0	50,0
PT Indo Oji Sukses Pratama (IOSP)	Jakarta	2016	Pemasaran dan distribusi produk paper diapers/ Marketing and distribution of paper diapers products	50,0	50,0	50,0
PT Arla Indofood Makmur Dairy Import (AIMDI)	Jakarta	2019	Pemasaran dan distribusi produk Dairy/ Dairy marketing and distribution	49,9	49,9	49,9
Dufil Prima Food Plc (DPFP) ⁴	Nigeria	2001	Produksi dan penjualan mi instan dan produk makanan lainnya/Manufacturing and selling of instant noodles and other food products	49,0	-	-
De United Foods Industries Limited (DUFIL) ⁵	Nigeria	1993	Produksi mi instan dan produk makanan lainnya/ Manufacturing of instant noodles and other food products	49,0	-	-
De-United Foods Industries Ghana Limited (Dufil Ghana) ⁵	Ghana	2012	Produksi, penjualan, dan distribusi mi instan dan produk makanan lainnya/Manufacturing, selling, and distribution of instant noodles and other food products	49,0	-	-
Enriched Pte. Ltd. (Enriched) ⁵	Singapura/ Singapore	2017	Perdagangan grosir berbagai barang/Wholesale trading of a variety of goods	49,0	-	-
Infinity FZCO (Infinity) ⁵	Uni Emirat Arab/ United Arab Emirates	2019	Perdagangan/Trading	49,0	-	-
Northern Noodles Limited (NNL) ⁵	Nigeria	2010	Produksi dan penjualan mi instan dan produk makanan lainnya/Manufacturing and selling of instant noodles and other food products	49,0	-	-
Pure Flour Mills Limited ⁶	Nigeria	2010	Penggilingan gandum dan biji-bijian serta penjualan dan distribusi produk dari gandum/ Wheat and grain milling and sales, distribution of wheat-based products	49,0	-	-
Raffles Oil LFTZ (ROL) ⁶	Nigeria	2012	Pemrosesan minyak kelapa sawit, penjualan dan pemasaran produk dari minyak/Processing palm oil, sales and marketing of processed oil based products	49,0	-	-
Insignia Print Technology LFTZ Enterprise (IPTLE) ⁶	Nigeria	2006	Produksi kemasan fleksibel/Producing flexible packaging	49,0	-	-

(1) 100,00% dimiliki oleh AAM/100.00% owned by AAM.

(2) 99,96% and 0,04% masing-masing dimiliki HG dan AAM/99.96% and 0,04% owned by HG and AAM, respectively.

(3) Pada tanggal 31 Desember 2020 dan 2019, 59,74%, 18,61%, dan 3,05% masing-masing dimiliki oleh AAM, Perusahaan, dan AIP, sedangkan pada tanggal 31 Desember 2018, 95,14% dan 4,86% masing-masing dimiliki oleh AAM dan AIP/As of December 31, 2020 and 2019, 59.74%, 18.61%, and 3.05% owned by AAM, the Company, and AIP, respectively, while as of December 31, 2018, 95.14% and 4.86% owned by AAM and AIP, respectively.

(4) 49,00% dimiliki oleh PSPL/49.00% owned by PSPL.

(5) 100,00% dimiliki oleh DPFP/100.00% owned by DPFP.

(6) 100,00% dikurangi 1 saham yang dimiliki DUFIL, dimiliki oleh DPFP/100.00% minus 1 share owned by DUFIL, owned by DPFP.

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1. UMUM (lanjutan)

**e. Entitas Asosiasi dan Ventura Bersama
(lanjutan)**

DPFP dan Entitas Anaknya

Sebagaimana dijelaskan pada Catatan 1d, Perusahaan memperoleh pengendalian atas PCL, sehingga sejak saat itu DPFP dan Entitas Anaknya menjadi Entitas Asosiasi Perusahaan.

NICI

Sebagaimana dijelaskan pada Catatan 1d, Kelompok Usaha memperoleh pengendalian atas NICI, sehingga sejak tanggal 31 Oktober 2018, NICI tidak lagi menjadi Entitas Asosiasi Perusahaan.

AIMDI

Pendirian perusahaan patungan

Pada bulan Februari 2018, Perusahaan dan Arla Food AMBA (Arla), suatu koperasi kemasyarakatan yang terdaftar berdasarkan hukum Kerajaan Denmark, mendirikan perusahaan patungan PT Arla Indofood Makmur Dairy Import (AIMDI) dengan modal dasar Rp80.000 yang terdiri dari 80.000 saham, dan modal ditempatkan dan disetor penuh sebesar Rp20.000 yang terdiri dari 20.000 saham. Perusahaan dan Arla menyeter sejumlah uang masing-masing sebesar Rp9.999 dan Rp10.001 ke dalam AIMDI.

Peningkatan modal

Pada bulan Juli 2019, Perusahaan dan Arla Food AMBA ("Arla") menyetujui peningkatan modal ditempatkan dan disetor penuh ke dalam AIMDI yang semula berjumlah Rp20.000 yang terdiri dari 20.000 saham menjadi sejumlah Rp68.000 terdiri dari 68.000 saham. Terkait dengan hal tersebut, Perusahaan dan Arla menyeter sejumlah uang masing-masing sebesar Rp23.999 dan Rp24.001 ke dalam AIMDI.

1. GENERAL (continued)

e. Associates and Joint Ventures (continued)

DPFP and its Subsidiaries

As described in Note 1d, the Company obtained control of PCL, since then, DPFP and its Subsidiaries, are classified as an associate of the Company.

NICI

As described in Note 1d, the Group obtained control of NICI, thus, starting October 31, 2018, NICI was no longer classified as an associate of the Company.

AIMDI

Joint venture establishment

In February 2018, the Company and Arla Food AMBA (Arla), a cooperative society with limited liability registered under law of the Kingdom of Denmark, established a joint venture company, PT Arla Indofood Makmur Dairy Import (AIMDI), with authorized share capital of Rp80,000, which consists of 80,000 shares, and issued and fully paid share capital of Rp20,000, which consists of 20,000 shares. Related to this, the Company and Arla injected cash in AIMDI amounting to Rp9,999 and Rp10,001, respectively.

Increase of capital

In July 2019, the Company and Arla Food AMBA ("Arla") agreed to increase the issued and fully paid capital of AIMDI from Rp20,000, which consists of 20,000 shares to Rp68,000, which consists of 68,000 shares. Related to this, the Company and Arla injected cash in AIMDI amounting to Rp23,999 and Rp24,001, respectively.

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1. UMUM (lanjutan)

**e. Entitas Asosiasi dan Ventura Bersama
(lanjutan)**

AIMDI (lanjutan)

Peningkatan modal (lanjutan)

Pada bulan Agustus 2020, Perusahaan dan Arla menyetujui peningkatan modal ditempatkan dan disetor penuh ke dalam AIMDI yang semula berjumlah Rp68.000 yang terdiri dari 68.000 saham menjadi sejumlah Rp268.200 terdiri dari 268.200 saham. Terkait dengan hal tersebut, Perusahaan dan Arla menyeter sejumlah uang masing-masing sebesar Rp100.000 dan Rp100.200 ke dalam AIMDI.

AIBM, PCIB dan TSP

Sebagaimana dijelaskan pada Catatan 1d, Kelompok Usaha memperoleh pengendalian atas AIBM, PCIB dan TSP ("Kelompok Usaha AIBM"), sehingga sejak tanggal 29 Maret 2018, Kelompok Usaha AIBM tidak lagi menjadi Entitas Asosiasi Perusahaan.

IOSP

Peningkatan modal

Pada bulan Juni 2018, Perusahaan dan Oji Holdings Corporation ("OHC") menyetujui peningkatan modal ditempatkan dan disetor penuh IOSP yang semula berjumlah Rp21.726 yang terdiri dari 21.726 saham menjadi sejumlah Rp41.726 terdiri dari 41.726 saham. Terkait dengan hal tersebut, Perusahaan dan OHC menyeter sejumlah uang ke dalam IOSP masing-masing sebesar Rp10.000 dan Rp10.000.

Pada bulan April 2019, Perusahaan dan Oji Holdings Corporation ("OHC") menyetujui peningkatan modal ditempatkan dan disetor penuh IOSP yang semula berjumlah Rp41.726 yang terdiri dari 41.726 saham menjadi sejumlah Rp101.726 terdiri dari 101.726 saham. Terkait dengan hal tersebut, Perusahaan dan OHC menyeter sejumlah uang ke dalam IOSP masing-masing sebesar Rp30.000 dan Rp30.000.

1. GENERAL (continued)

e. Associates and Joint Ventures (continued)

AIMDI (continued)

Increase of capital (continued)

In August 2020, the Company and Arla agreed to increase the issued and fully paid capital of AIMDI from Rp68,000, which consists of 68,000 shares to Rp268,200, which consists of 268,200 shares. Related to this, the Company and Arla injected cash in AIMDI amounting to Rp100,000 and Rp100,200, respectively.

AIBM, PCIB and TSP

As described in Note 1d, the Group obtained control of AIBM, PCIB and TSP ("AIBM Group"), thus, starting March 29, 2018, AIBM Group was no longer classified as an associate of the Company.

IOSP

Increase of Capital

In June 2018, the Company and Oji Holdings Corporation ("OHC") agreed to increase the issued and fully paid capital of IOSP from Rp21,726, which consists of 21,726 shares to Rp41,726, which consists of 41,726 shares. Related to this, the Company and OHC injected cash to IOSP amounting to Rp10,000 and Rp10,000, respectively.

In April 2019, the Company and Oji Holdings Corporation ("OHC") agreed to increase the issued and fully paid capital of IOSP from Rp41,726, which consists of 41,726 shares to Rp101,726, which consists of 101,726 shares. Related to this, the Company and OHC injected cash to IOSP amounting to Rp30,000 and Rp30,000, respectively.

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**e. Entitas Asosiasi dan Ventura Bersama
(lanjutan)**

OIMP

Peningkatan modal

Pada bulan Juni 2018, Perusahaan dan OHC menyetujui peningkatan modal ditempatkan dan disetor penuh OIMP yang semula berjumlah Rp89.000 yang terdiri dari 89.000 saham menjadi sejumlah Rp90.000 terdiri dari 90.000 saham. Terkait dengan hal tersebut, Perusahaan dan OHC menyeter sejumlah uang ke dalam OIMP masing-masing sebesar Rp500 dan Rp500.

Pada bulan September 2018, Perusahaan dan OHC menyetujui peningkatan modal ditempatkan dan disetor penuh OIMP yang semula berjumlah Rp90.000 yang terdiri dari 90.000 saham menjadi sejumlah Rp138.000 terdiri dari 138.000 saham. Terkait dengan hal tersebut, Perusahaan dan OHC menyeter sejumlah uang ke dalam OIMP masing-masing sebesar Rp24.000 dan Rp24.000.

Pada bulan April 2019, Perusahaan dan OHC menyetujui peningkatan modal ditempatkan dan disetor penuh OIMP yang semula berjumlah Rp138.000 yang terdiri dari 138.000 saham menjadi sejumlah Rp168.000 terdiri dari 168.000 saham. Terkait dengan hal tersebut, Perusahaan dan OHC menyeter sejumlah uang ke dalam OIMP masing-masing sebesar Rp15.000 dan Rp15.000.

Pada bulan Juli 2019, Perusahaan dan OHC menyetujui peningkatan modal ditempatkan dan disetor penuh OIMP yang semula berjumlah Rp168.000 yang terdiri dari 168.000 saham menjadi sejumlah Rp348.000 terdiri dari 348.000 saham. Terkait dengan hal tersebut, Perusahaan dan OHC menyeter sejumlah uang ke dalam OIMP masing-masing sebesar Rp90.000 dan Rp90.000.

1. GENERAL (continued)

e. Associates and Joint Ventures (continued)

OIMP

Increase of Capital

In June 2018, the Company and OHC agreed to increase the issued and fully paid capital of OIMP from Rp89,000, which consists of 89,000 shares to Rp90,000, which consists of 90,000 shares. Related to this, the Company and OHC injected cash to OIMP amounting to Rp500 and Rp500, respectively.

In September 2018, the Company and OHC agreed to increase the issued and fully paid capital of OIMP from Rp90,000, which consists of 90,000 shares to Rp138,000, which consists of 138,000 shares. Related to this, the Company and OHC injected cash to OIMP amounting to Rp24,000 and Rp24,000, respectively.

In April 2019, the Company and OHC agreed to increase the issued and fully paid capital of OIMP from Rp138,000, which consists of 138,000 shares to Rp168,000, which consists of 168,000 shares. Related to this, the Company and OHC injected cash to OIMP amounting to Rp15,000 and Rp15,000, respectively.

In July 2019, the Company and OHC agreed to increase the issued and fully paid capital of OIMP from Rp168,000, which consists of 168,000 shares to Rp348,000, which consists of 348,000 shares. Related to this, the Company and OHC injected cash to OIMP amounting to Rp90,000 and Rp90,000, respectively.

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1. UMUM (lanjutan)

**e. Entitas Asosiasi dan Ventura Bersama
(lanjutan)**

OIMP (lanjutan)

Peningkatan modal (lanjutan)

Pada bulan Oktober 2019, Perusahaan dan OHC menyetujui peningkatan modal ditempatkan dan disetor penuh OIMP yang semula berjumlah Rp348.000 yang terdiri dari 348.000 saham menjadi sejumlah Rp427.000 terdiri dari 427.000 saham. Terkait dengan hal tersebut, Perusahaan dan OHC menyetor sejumlah uang ke dalam OIMP masing-masing sebesar Rp39.500 dan Rp39.500.

Pada bulan Oktober 2020, Perusahaan dan OHC menyetujui peningkatan modal ditempatkan dan disetor penuh OIMP yang semula berjumlah Rp427.000 yang terdiri dari 427.000 saham menjadi sejumlah Rp486.000 terdiri dari 486.000 saham. Terkait dengan hal tersebut, Perusahaan dan OHC menyetor sejumlah uang ke dalam OIMP masing-masing sebesar Rp29.500 dan Rp29.500.

AIM

Peningkatan modal

Pada bulan Januari 2019, Perusahaan menyetor dan mengambil bagian sebesar Rp656.500 ke dalam modal AIM sehingga Perusahaan memiliki kepemilikan saham langsung di AIM sebanyak 656.500 saham atau mewakili 18,6% kepemilikan langsung di AIM. Dengan setoran modal tersebut, kepemilikan efektif Perusahaan di AIM tidak berubah yaitu sebesar 50,0%.

Pada bulan Desember 2019, Perusahaan menyetor dan mengambil bagian sebesar Rp32.500 ke dalam modal AIM sehingga Perusahaan memiliki kepemilikan saham langsung di AIM sebanyak 689.000 saham atau mewakili 19,2% kepemilikan langsung di AIM. Dengan setoran modal tersebut, kepemilikan efektif Perusahaan di AIM tidak berubah yaitu sebesar 50,0%.

1. GENERAL (continued)

e. Associates and Joint Ventures (continued)

OIMP (continued)

Increase of Capital (continued)

In October 2019, the Company and OHC agreed to increase the issued and fully paid capital of OIMP from Rp348,000, which consists of 348,000 shares to Rp427,000, which consists of 427,000 shares. Related to this, the Company and OHC injected cash to OIMP amounting to Rp39,500 and Rp39,500, respectively.

In October 2020, the Company and OHC agreed to increase the issued and fully paid capital of OIMP from Rp427,000, which consists of 427,000 shares to Rp486,000, which consists of 486,000 shares. Related to this, the Company and OHC injected cash to OIMP amounting to Rp29,500 and Rp29,500, respectively.

AIM

Increase of capital

In January 2019, the Company subscribed and paid AIM shares amounting to Rp656,500, thus the Company has direct shares ownership in AIM which consist of 656,500 shares or represents 18.6% direct ownership in AIM. By such injection, the effective ownership of the Company in AIM still remain the same for 50.0%.

In December 2019, the Company subscribed and paid AIM shares amounting to Rp32,500, thus the Company has direct shares ownership in AIM which consist of 689,000 shares or represents 19.2% direct ownership in AIM. By such injection, the effective ownership of the Company in AIM still remain the same for 50.0%.

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1. UMUM (lanjutan)

f. Manajemen Kunci dan Informasi Lainnya

Susunan Dewan Komisaris, Direksi dan Komite Audit Perusahaan adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
Dewan Komisaris			
Komisaris Utama	Franciscus Welirang	Franciscus Welirang	Franciscus Welirang
Komisaris	Moleonoto	Moleonoto	Moleonoto
Komisaris	Alamsyah	Alamsyah	Alamsyah
Komisaris Independen	Florentinus Gregorius	Florentinus Gregorius	Florentinus Gregorius
	Winarno	Winarno	Winarno
Komisaris Independen	Hans Kartikahadi	Hans Kartikahadi	Hans Kartikahadi
Komisaris Independen	A. Prijohandojo Kristanto ^{*)}	A. Prijohandojo Kristanto ^{*)}	A. Prijohandojo Kristanto ^{*)}

Direksi

Direktur Utama	Anthoni Salim	Anthoni Salim	Anthoni Salim
Direktur	Tjhie Tje Fie	Tjhie Tje Fie	Tjhie Tje Fie
Direktur	Taufik Wiraatmadja	Taufik Wiraatmadja	Taufik Wiraatmadja
Direktur	Axton Salim	Axton Salim	Axton Salim
Direktur	Joedianto Soejonopoetro	Joedianto Soejonopoetro	Joedianto Soejonopoetro
Direktur	Hendra Widjaja	Hendra Widjaja	Hendra Widjaja
Direktur	Suaimi Suriady	Suaimi Suriady	Suaimi Suriady
Direktur	Sulianto Pratama	Sulianto Pratama	-
Direktur	Tio Eddy Hariyanto	Tio Eddy Hariyanto	Tio Eddy Hariyanto ^{**)}
Direktur	Mark Julian Wakeford	Mark Julian Wakeford	-

Komite Audit

Ketua	Hans Kartikahadi	Hans Kartikahadi	Hans Kartikahadi
Anggota	A. Prijohandojo Kristanto ^{*)}	A. Prijohandojo Kristanto ^{*)}	A. Prijohandojo Kristanto ^{*)}
Anggota	Hendra Susanto	Hendra Susanto	Hendra Susanto

^{*)} Meninggal dunia pada tanggal 7 Januari 2021/Passed away on January 7, 2021
^{**)} Direktur Independen/Independent Director

Jumlah beban kompensasi bruto bagi manajemen kunci (termasuk Dewan Komisaris dan Direksi) Kelompok Usaha adalah sebagai berikut:

	2020	2019	2018
Imbalan kerja jangka pendek	250.235	213.664	209.129
Imbalan pasca kerja	13.717	13.389	10.793
Imbalan terminasi dan imbalan jangka panjang lainnya	32.615	20.637	25.335
Total	296.567	247.690	245.257

Pada tanggal 31 Desember 2020, Kelompok Usaha memiliki 35.355 karyawan (31 Desember 2019: 30.045 karyawan dan 31 Desember 2018: 31.119 karyawan) (tidak diaudit).

1. GENERAL (continued)

f. Key Management and Other Information

The composition of the Company's Boards of Commissioners, Directors and Audit Committee are as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
Board of Commissioners			
President Commissioner	Franciscus Welirang	Franciscus Welirang	Franciscus Welirang
Commissioner	Moleonoto	Moleonoto	Moleonoto
Commissioner	Alamsyah	Alamsyah	Alamsyah
Independent Commissioner	Florentinus Gregorius	Florentinus Gregorius	Florentinus Gregorius
Independent Commissioner	Winarno	Winarno	Winarno
Independent Commissioner	Hans Kartikahadi	Hans Kartikahadi	Hans Kartikahadi
Independent Commissioner	A. Prijohandojo Kristanto ^{*)}	A. Prijohandojo Kristanto ^{*)}	A. Prijohandojo Kristanto ^{*)}

Board of Directors

President Director	Anthoni Salim	Anthoni Salim	Anthoni Salim
Director	Tjhie Tje Fie	Tjhie Tje Fie	Tjhie Tje Fie
Director	Taufik Wiraatmadja	Taufik Wiraatmadja	Taufik Wiraatmadja
Director	Axton Salim	Axton Salim	Axton Salim
Director	Joedianto Soejonopoetro	Joedianto Soejonopoetro	Joedianto Soejonopoetro
Director	Hendra Widjaja	Hendra Widjaja	Hendra Widjaja
Director	Suaimi Suriady	Suaimi Suriady	Suaimi Suriady
Director	-	-	-
Director	Tio Eddy Hariyanto ^{**)}	Tio Eddy Hariyanto ^{**)}	Tio Eddy Hariyanto ^{**)}
Director	-	-	-

Audit Committee

Chairman	Hans Kartikahadi	Hans Kartikahadi	Hans Kartikahadi
Member	A. Prijohandojo Kristanto ^{*)}	A. Prijohandojo Kristanto ^{*)}	A. Prijohandojo Kristanto ^{*)}
Member	Hendra Susanto	Hendra Susanto	Hendra Susanto

The amount of gross compensation for the key management (including Boards of Commissioners and Directors) of the Group are as follows:

	2020	2019	2018	
Imbalan kerja jangka pendek	250.235	213.664	209.129	Short-term employee benefits
Imbalan pasca kerja	13.717	13.389	10.793	Post-employment benefits
Imbalan terminasi dan imbalan jangka panjang lainnya	32.615	20.637	25.335	Termination benefits and other long-term benefits
Total	296.567	247.690	245.257	Total

As of December 31, 2020, the Group has 35,355 employees (December 31, 2019: 30,045 employees and December 31, 2018: 31,119 employees) (unaudited).

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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**Dasar Penyajian Laporan Keuangan
Konsolidasian**

Laporan keuangan konsolidasian telah disusun sesuai dengan Standar Akuntansi Keuangan di Indonesia (SAK), yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan Ikatan Akuntan Indonesia dan Peraturan Nomor VIII.G.7 Pedoman Penyajian serta Pengungkapan Laporan Keuangan yang diterbitkan oleh Otoritas Jasa Keuangan (OJK) (dahulu Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM-LK)) untuk perusahaan publik.

Kebijakan akuntansi yang diterapkan oleh Kelompok Usaha adalah selaras bagi tahun yang dicakup oleh laporan keuangan konsolidasian.

Laporan keuangan konsolidasian, kecuali laporan arus kas konsolidasian, disusun berdasarkan konsep akrual dengan menggunakan konsep biaya historis, kecuali seperti yang disebutkan dalam catatan atas laporan keuangan konsolidasian yang relevan.

Laporan arus kas konsolidasian yang disajikan dengan menggunakan metode langsung, menyajikan penerimaan dan pengeluaran kas dan setara kas yang diklasifikasikan sebagai aktivitas operasi, investasi dan pendanaan.

Mata uang penyajian yang digunakan dalam penyusunan laporan keuangan konsolidasian adalah Rupiah, yang merupakan mata uang fungsional Perusahaan dan seluruh Entitas Anak di Indonesia. Tiap entitas dalam Kelompok Usaha menentukan mata uang fungsionalnya masing-masing dan mengukur transaksinya dalam mata uang fungsional tersebut.

Seluruh angka dalam laporan keuangan konsolidasian ini dibulatkan menjadi dan disajikan dalam jutaan Rupiah terdekat, kecuali dinyatakan lain.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

**Basis of Preparation of the Consolidated
Financial Statements**

The consolidated financial statements have been prepared in accordance with the Indonesian Financial Accounting Standards (SAK), which comprise the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Institute of Indonesia Chartered Accountants, and Regulation Number VIII.G.7 on Guidelines of Financial Statement Presentation and Disclosures issued by the Financial Services Authority (OJK) (formerly Capital Market and Financial Institutions Supervisory Agency (BAPEPAM-LK)) for publicly-listed companies.

The accounting policies adopted by the Group are consistently applied for the years covered by the consolidated financial statements.

The consolidated financial statements, except for the consolidated statement of cash flows, have been prepared on the accrual basis, using the historical cost concept of accounting, except as disclosed in the relevant notes to the consolidated financial statements herein.

The consolidated statement of cash flows, which was prepared using the direct method, presents receipts and disbursements of cash and cash equivalents classified into operating, investing and financing activities.

The presentation currency used in the preparation of the consolidated financial statements is the Rupiah, which is the functional currency of the Company and all Subsidiaries in Indonesia. Each entity in the Group determines its own functional currency and measures its transactions in its respective functional currency.

All figures in the consolidated financial statements are rounded to and stated in millions of Rupiah, unless otherwise stated.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Perubahan kebijakan akuntansi

Pada tanggal 1 Januari 2019, Kelompok Usaha menerapkan Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK") baru dan revisi yang efektif sejak tanggal tersebut. Perubahan kebijakan akuntansi Kelompok Usaha telah dibuat seperti yang disyaratkan, sesuai dengan ketentuan transisi dalam masing-masing standar dan interpretasi.

Penerapan standar dan interpretasi yang baru dan direvisi berikut ini tidak menghasilkan perubahan besar terhadap kebijakan akuntansi Kelompok Usaha dan tidak memiliki dampak material pada jumlah yang dilaporkan untuk tahun keuangan saat ini atau sebelumnya:

- ISAK 33: Transaksi Valuta Asing dan Imbalan di Muka
- ISAK 34: Ketidakpastian dalam Perlakuan Pajak Penghasilan
- Amandemen PSAK 24: Imbalan Kerja: Amandemen, Kurtailmen atau Penyelesaian Program
- Amandemen PSAK 22: Kombinasi Bisnis
- Amandemen PSAK 26: Biaya Pinjaman
- Amandemen PSAK 46: Pajak Penghasilan
- Amandemen PSAK 66: Pengaturan Bersama

Kelompok Usaha melakukan penerapan atas seluruh standar baru dan revisi yang berlaku efektif untuk periode yang dimulai pada 1 Januari 2020, termasuk standar baru berikut ini yang mempengaruhi laporan keuangan konsolidasian Kelompok Usaha:

Beberapa amandemen dan interpretasi lainnya yang berlaku untuk pertama kalinya pada tahun 2020, namun tidak berdampak pada laporan keuangan konsolidasian Kelompok Usaha. Kelompok Usaha belum melakukan penerapan dini atas standar, interpretasi atau amandemen apa pun yang telah diterbitkan tetapi belum efektif pada tanggal 1 Januari 2020.

PSAK 71: Instrumen Keuangan

PSAK 71: Instrumen Keuangan menggantikan PSAK 55: Instrumen Keuangan: Pengakuan dan Pengukuran untuk periode tahun yang dimulai pada atau setelah 1 Januari 2020, dimana PSAK tersebut menggabungkan ketiga aspek akuntansi untuk instrumen keuangan: klasifikasi dan pengukuran; penurunan nilai; dan akuntansi lindung nilai.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Changes in accounting principles

On January 1, 2019, the Group adopted new and revised Statements of Financial Accounting Standards ("PSAK") and Interpretations of Statements of Financial Accounting Standards ("ISAK") that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective standards and interpretations.

The adoption of the following new and revised standard and interpretation did not result in substantial changes to Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years:

- ISAK 33: Foreign currency Transaction and Advance Consideration
- ISAK 34: Uncertainty over Income Tax Treatments
- Amendments to PSAK 24: Employee Benefits - Plan Amendment, Curtailment or Settlement.
- Amendments to PSAK 22: Business Combination
- Amendments to PSAK 26: Borrowing Costs
- Amendments to PSAK 46: Income Taxes
- Amendments to PSAK 66: Joint Arrangements

The Group has adopted all the new and revised standards effective for the periods beginning on January 1, 2020, including the following new standards that have affected the consolidated financial statements of the Group:

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective as of January 1, 2020.

PSAK 71: Financial Instruments

PSAK 71: Financial Instruments replaces PSAK 55: Financial Instruments: Recognition and Measurements for annual periods beginning on or after January 1, 2020, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

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Perubahan kebijakan akuntansi (lanjutan)

PSAK 71: Instrumen Keuangan (lanjutan)

Amandemen tersebut mengharuskan instrumen utang diukur baik pada biaya perolehan diamortisasi, nilai wajar melalui penghasilan komprehensif lain ("OCI") atau nilai wajar melalui laba rugi. Klasifikasi instrumen utang, tergantung pada model bisnis entitas untuk mengelola aset keuangan dan apakah arus kas kontraktual hanya mewakili pembayaran pokok dan bunga ("SPPI"). Model bisnis entitas adalah bagaimana entitas mengelola aset keuangannya untuk menghasilkan arus kas dan menciptakan nilai bagi entitas baik dari mengumpulkan arus kas kontraktual, menjual aset keuangan, atau keduanya.

Jika instrumen utang dimiliki untuk mengumpulkan arus kas kontraktual, diukur pada biaya perolehan diamortisasi jika juga memenuhi persyaratan SPPI. Instrumen utang yang memenuhi persyaratan SPPI yang dimiliki untuk mengumpulkan arus kas kontraktual aset dan untuk menjual aset diukur pada nilai wajar melalui OCI. Aset keuangan diukur pada nilai wajar melalui laba rugi jika tidak memenuhi kriteria nilai wajar melalui OCI atau biaya perolehan diamortisasi.

Kelompok Usaha telah menerapkan PSAK 71 menggunakan pendekatan retrospektif yang dimodifikasi, dengan tanggal penerapan awal 1 Januari 2020 dan menyesuaikan dampak penerapan pada tanggal tersebut.

Penilaian model bisnis dan apakah aset keuangan memenuhi persyaratan SPPI dibuat pada 1 Januari 2020.

Instrumen utang Kelompok usaha memiliki arus kas kontraktual yang semata-mata merupakan pembayaran pokok dan bunga. Kelompok usaha memiliki aset keuangan saat ini untuk mengumpulkan arus kas kontraktual, dan karenanya diukur pada biaya perolehan diamortisasi ketika menerapkan PSAK 71.

PSAK 71 mengharuskan semua instrumen ekuitas diukur pada nilai wajar melalui laba rugi, kecuali jika entitas memilih pengakuan awal, untuk menyajikan perubahan nilai wajar dalam penghasilan komprehensif lain.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Changes in accounting principles (continued)

PSAK 71: Financial Instruments (continued)

The amendments require debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("OCI") or fair value through profit or loss. Classification of debt instruments, depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both.

If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at fair value through OCI. Financial assets are measured at fair value through profit or loss if they do not meet the criterion of fair value through OCI or amortised cost.

The Group has applied PSAK 71 using the modified retrospective approach, with the initial application date of January 1, 2020 and adjusting the impact of adoption at that date.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of January 1, 2020.

The Group's debt instruments have contractual cash flows that are solely payments of principal and interest. The Group holds its current financial assets to collect contractual cash flows, and accordingly measured at amortised cost when it applies PSAK 71.

PSAK 71 requires all equity instruments to be carried at fair value through profit or loss, unless an entity chooses on initial recognition, to present fair value changes in other comprehensive income.

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Perubahan kebijakan akuntansi (lanjutan)

PSAK 71: Instrumen Keuangan (lanjutan)

Pos-pos yang terpengaruh dalam laporan keuangan konsolidasian Kelompok Usaha atas penerapan pertama kali PSAK 71 secara adalah sebagai berikut:

- i) Pinjaman dan piutang, termasuk didalamnya adalah piutang dagang dan piutang lain-lain akan diklasifikasi sebagai biaya perolehan diamortisasi,
- ii) Aset keuangan akan diklasifikasikan sebagai nilai wajar melalui OCI.

PSAK 71 mengharuskan Kelompok usaha untuk mencatat kerugian kredit ekspektasian ("ECL") pada semua aset keuangannya yang diukur pada biaya perolehan diamortisasi atau nilai wajar melalui OCI dan jaminan keuangan. Kelompok usaha sebelumnya mencatat penurunan nilai berdasarkan model kerugian yang terjadi ketika terdapat bukti objektif bahwa aset keuangan mengalami penurunan nilai.

Setelah penerapan PSAK 71, Kelompok usaha menerapkan pendekatan yang disederhanakan menggunakan matriks pencadangan dengan menyertakan informasi masa depan (*forward looking information*) yang relevan untuk menilai ECL pada semua piutang usaha dan bukan usaha. Kelompok Usaha telah menilai dan menyimpulkan bahwa ECL adalah nihil untuk piutang usaha yang berasal dari pihak-pihak berelasi mengingat risiko gagal bayar itu rendah atau dapat dihindari. Sedangkan untuk piutang usaha yang jatuh tempo dari pihak ketiga, Kelompok Usaha menyediakan ECL yang cukup untuk menutupi kerugian akibat tidak tertagihnya piutang usaha.

Kelompok usaha telah menilai dan menyimpulkan bahwa tidak terdapat perbedaan nilai wajar sebelum dan setelah penerapan PSAK 71 atas aset keuangan.

PSAK 72: Pendapatan dari Kontrak dengan Pelanggan

PSAK 72 menggantikan PSAK 34: Kontrak Konstruksi, PSAK 23: Pendapatan dan Interpretasi terkait dan berlaku, dengan pengecualian terbatas, untuk semua pendapatan yang timbul dari kontrak dengan pelanggan. PSAK 72 menetapkan model lima langkah untuk memperhitungkan pendapatan yang timbul dari kontrak dengan pelanggan dan mensyaratkan bahwa pendapatan diakui pada jumlah yang mencerminkan imbalan yang diharapkan entitas berhak sebagai imbalan atas transfer barang atau jasa kepada pelanggan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

Changes in accounting principles (continued)

PSAK 71: Financial Instruments (continued)

The impacted line items of the Group's consolidated financial statements upon the first time adoption of the PSAK 71 are as follows:

- i) Loans and receivables, including trade receivables and other receivables, will be classified as amortized cost,
- ii) Financial Assets will be classified as fair value through OCI.

PSAK 71 requires the Group to record expected credit losses ("ECL") on all of its financial assets measured at amortised cost or fair value through OCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that financial asset is impaired.

Upon adoption of PSAK 71, the Group applies the simplified approach using provision matrix with relevant forward looking information to assess the ECL on all trade and non-trade receivables. The Group has assessed and concluded that the ECL is nil for the trade receivables due from related parties in view of the risk of default it low or remote. As for the trade receivables due from third parties, the Group provide sufficient ECL to cover the possibility of uncollectible trade receivables.

The Group has assessed and concluded that there is no difference in fair value before and after the implementation of PSAK 71 on financial assets.

PSAK 72: Revenue from Contracts with Customers

PSAK 72 supersedes PSAK 34: Construction Contracts, PSAK 23: Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. PSAK 72 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

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Perubahan kebijakan akuntansi (lanjutan)

PSAK 72: Pendapatan dari Kontrak dengan Pelanggan (lanjutan)

PSAK 72 mengharuskan entitas untuk melakukan pertimbangan, dengan mempertimbangkan semua fakta dan keadaan yang relevan ketika menerapkan setiap langkah model untuk membuat kontrak dengan pelanggan mereka. Standar ini juga menetapkan akuntansi untuk biaya tambahan untuk memperoleh kontrak dan biaya yang terkait langsung dengan pemenuhan kontrak. Selain itu, standar tersebut membutuhkan pengungkapan yang luas.

Kelompok Usaha menerapkan PSAK 72 dengan menggunakan metode penerapan retrospektif yang dimodifikasi dengan tanggal penerapan awal 1 Januari 2020. Berdasarkan metode ini, standar dapat diterapkan untuk semua kontrak pada tanggal penerapan awal atau hanya untuk kontrak yang tidak berlaku selesai pada tanggal ini. Kelompok Usaha memilih untuk menerapkan standar untuk semua kontrak pada 1 Januari 2020.

Kontrak tertentu dengan pelanggan dalam segmen bisnis kelompok usaha masing-masing memberikan insentif uang tunai dan hak pengembalian untuk produk dan diskon harga. Jumlah pendapatan yang diakui didasarkan pada harga kontrak, setelah dikurangi pengembalian barang dan diskon harga.

Tidak ada dampak material pada laporan keuangan konsolidasian Kelompok Usaha pada tahun awal penerapan PSAK 72.

PSAK 73: Sewa

PSAK 73 menggantikan PSAK 30: Sewa, ISAK 8: Penentuan apakah suatu Perjanjian mengandung suatu Sewa, ISAK 23: Sewa Operasi-Insentif dan ISAK 24: Evaluasi Substansi Beberapa Transaksi yang Melibatkan Suatu Bentuk Legal Sewa. Standar tersebut menetapkan prinsip-prinsip untuk pengakuan, pengukuran, penyajian, dan pengungkapan sewa dan mengharuskan lessee untuk mengakui sebagian besar sewa di laporan posisi keuangan.

Akuntansi Lessor berdasarkan PSAK 73 secara substansial tidak berubah dari PSAK 30. Lessor akan terus mengklasifikasikan sewa sebagai sewa operasi atau keuangan dengan menggunakan prinsip yang sama seperti dalam PSAK 30. Oleh karena itu, PSAK 73 tidak berdampak pada sewa di mana Kelompok Usaha adalah lessor.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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Changes in accounting principles (continued)

PSAK 72: Revenue from Contracts with Customers (continued)

PSAK 72 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted PSAK 72 using the modified retrospective method of adoption with the date of initial application of January 1, 2020. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts as at January 1, 2020.

Certain contracts with customers within the respective business segments of the Group provide cash incentives and rights of return for products, and price discounts. The amount of revenue recognised is based on the contractual price, net of good returns and price discounts.

There is no material impact on the Group's consolidated financial statements in the year of initial application of PSAK 72.

PSAK 73: Leases

PSAK 73 supersedes PSAK 30: Leases, ISAK 8: Determining whether an Arrangement contains a Lease, ISAK 23: Operating Leases-Incentives and ISAK 24: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under PSAK 73 is substantially unchanged from PSAK 30. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PSAK 30. Therefore, PSAK 73 did not have an impact for leases where the Group is the lessor.

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Perubahan kebijakan akuntansi (lanjutan)

PSAK 73: Sewa (lanjutan)

Kelompok Usaha menerapkan PSAK 73 dengan menggunakan metode penerapan retrospektif yang dimodifikasi dengan tanggal penerapan awal 1 Januari 2020. Berdasarkan metode ini, standar diterapkan secara retrospektif dengan efek kumulatif dari penerapan awal standar yang diakui pada tanggal penerapan awal.

Perubahan dalam definisi sewa terutama terkait dengan konsep kontrol. PSAK 73 menentukan suatu kontrak mengandung sewa apabila pelanggan memiliki hak untuk mengendalikan penggunaan aset yang diidentifikasi untuk periode waktu tertentu.

PSAK 73 mensyaratkan *lessee* untuk mengakui sebagian besar sewa pada laporan posisi keuangan. Standar ini mencakup dua pengecualian pengakuan untuk *lessee* - sewa aset 'bernilai rendah' dan sewa jangka pendek. Pada tanggal dimulainya sewa, *lessee* akan mengakui liabilitas untuk melakukan pembayaran sewa (liabilitas sewa) dan aset yang mewakili hak untuk menggunakan aset yang mendasarinya selama masa sewa (aset hak guna). *Lessee* akan diminta untuk secara terpisah mengakui beban bunga atas liabilitas sewa guna usaha dan biaya penyusutan atas aset hak guna.

Kelompok usaha telah menggunakan cara praktis yang tersedia pada transisi ke PSAK 73 untuk tidak menilai kembali apakah suatu kontrak adalah atau mengandung suatu sewa. Dengan demikian, definisi sewa sesuai dengan PSAK 30 akan terus diterapkan pada sewa yang dimasukkan atau diubah sebelum 1 Januari 2020.

Selain itu, Kelompok Usaha menerapkan cara praktis yang tersedia di mana:

- tidak mengakui aset hak guna dan liabilitas sewa untuk sewa yang berakhirnya jangka waktu 12 bulan dan aset 'bernilai rendah';
- untuk menerapkan tingkat diskonto tunggal untuk portofolio sewa dengan karakteristik yang cukup mirip.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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Changes in accounting principles (continued)

PSAK 73: Leases (continued)

The Group adopted PSAK 73 using the modified retrospective method of adoption with the date of initial application of January 1, 2020. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application.

The change in definition of a lease mainly relates to the concept of control. PSAK 73 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time.

PSAK 73 requires lessees to recognise most leases on statement of financial positions. The standard includes two recognition exemptions for lessees - leases of 'low value' assets and short-term leases. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (the lease liability) and an asset representing the right to use the underlying asset during the lease term (the right of use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset.

The Group has made use of the practical expedient available on transition to PSAK 73 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with PSAK 30 will continue to be applied to leases entered or modified before January 1, 2020.

In addition, the Group applied the available practical expedients wherein it:

- not to recognise right of use asset and lease liabilities to leases for which the lease term ends within 12 months and 'low value' assets;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

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Standar Lain

Standar berikut ini juga berlaku efektif untuk periode yang dimulai pada tanggal 1 Januari 2020, tetapi tidak mempengaruhi pelaporan keuangan konsolidasian Kelompok Usaha:

- ISAK 36: Interpretasi atas Interaksi antara Ketentuan Mengenai Hak atas Tanah dalam PSAK 16: Aset Tetap dan PSAK 73: Sewa
- Amandemen PSAK 1: Penyajian Laporan Keuangan - judul laporan keuangan.
- Amandemen PSAK 1 dan PSAK 25: Definisi Material.
- Amandemen PSAK 15: Investasi pada Entitas Asosiasi dan Ventura Bersama - Kepentingan Jangka Panjang.
- Amandemen PSAK 50, PSAK 66 dan PSAK 71: Reformasi Acuan Suku Bunga (Tahap 1).
- Amandemen PSAK 73: Sewa - Konsesi Sewa Terkait Covid-19.

Prinsip-prinsip Konsolidasian

Laporan keuangan konsolidasian meliputi laporan keuangan Perusahaan dan Entitas-entitas anak pada tanggal 31 Desember 2020. Kendali diperoleh bila Kelompok Usaha terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan *investee* dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas *investee*. Dengan demikian, investor mengendalikan *investee* jika dan hanya jika investor memiliki seluruh hal berikut ini:

- i) Kekuasaan atas *investee*, yaitu hak yang ada saat ini yang memberi investor kemampuan kini untuk mengarahkan aktivitas relevan dari *investee*,
- ii) Eksposur atau hak atas imbal hasil variabel dari keterlibatannya dengan *investee*, dan
- iii) Kemampuan untuk menggunakan kekuasaannya atas *investee* untuk mempengaruhi jumlah imbal hasil.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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Changes in accounting principles (continued)

Other Standards

The following standards were also effective for the period beginning on January 1, 2020, but did not affect the consolidated financial reporting of the Group:

- ISAK 36: Interpretation of the Interaction between Provisions regarding Land Rights, in PSAK 16: Fixed Assets and PSAK 73: Leases.
- Amendments to PSAK 1: Presentation of Financial Statements - the title of financial statements.
- Amendments to PSAK 1 and 25: Definition of Material.
- Amendments to PSAK 15: Investments in Associates and Joint Ventures - Long-term Interests.
- Amendments to PSAK 50, PSAK 66 and PSAK 71: Interest Rate Benchmark Reform (Phase 1).
- Amendments to PSAK 73: Lease - Covid-19 Related Rent Concessions.

Principles of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its Subsidiaries as at December 31, 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the *investee* and has the ability to affect those returns through its power over the *investee*. Thus, the Group controls an *investee* if and only if the Group has all of the following:

- i) Power over the *investee*, that is existing rights that give the group current ability to direct the relevant activities of the *investee*,
- ii) Exposure, or rights, to variable returns from its involvement with the *investee*, and
- iii) The ability to use its power over the *investee* to affect its returns.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Prinsip-prinsip Konsolidasian (lanjutan)

Bila Kelompok Usaha tidak memiliki hak suara atau hak serupa secara mayoritas atas suatu *investee*, Kelompok Usaha mempertimbangkan semua fakta dan keadaan yang relevan dalam mengevaluasi apakah mereka memiliki kekuasaan atas *investee*, termasuk:

- i) Pengaturan kontraktual dengan pemilik hak suara lainnya dari *investee*,
- ii) Hak yang timbul atas pengaturan kontraktual lain, dan
- iii) Hak suara dan hak suara potensial yang dimiliki Kelompok Usaha.

Kelompok Usaha menilai kembali apakah mereka mengendalikan *investee* bila fakta dan keadaan mengindikasikan adanya perubahan terhadap satu atau lebih dari ketiga elemen dari pengendalian. Konsolidasi atas entitas-entitas anak dimulai sejak Kelompok Usaha memperoleh pengendalian atas entitas anak dan berhenti pada saat Kelompok Usaha kehilangan pengendalian atas entitas anak. Aset, liabilitas, penghasilan dan beban dari entitas anak yang diakuisisi pada tahun tertentu disertakan dalam laporan keuangan konsolidasian sejak tanggal Kelompok Usaha memperoleh kendali sampai tanggal Kelompok usaha tidak lagi mengendalikan entitas anak tersebut.

Laporan keuangan (konsolidasian) Entitas Anak dibuat untuk periode pelaporan yang sama dengan Perusahaan, menggunakan kebijakan akuntansi yang konsisten.

Seluruh transaksi dan saldo akun antar perusahaan yang signifikan (termasuk laba atau rugi signifikan yang belum direalisasi) telah dieliminasi.

Perubahan dalam bagian kepemilikan entitas induk pada entitas anak yang tidak mengakibatkan hilangnya pengendalian, dicatat sebagai transaksi ekuitas. Bila kehilangan pengendalian atas suatu entitas anak, maka Kelompok Usaha menghentikan pengakuan atas aset (termasuk *goodwill*), liabilitas, KNP dan komponen lain dari ekuitas terkait, dan selisihnya diakui pada laba rugi. Bagian dari investasi yang tersisa diakui pada nilai wajar.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Principles of Consolidation (continued)

When the Group has less than a majority of the voting or similar rights of an *investee*, the Group considers all relevant facts and circumstances in assessing whether it has power over an *investee*, including:

- i) The contractual arrangement with the other vote holders of the *investee*,
- ii) Rights arising from other contractual arrangements, and
- iii) The Group's voting rights and potential voting rights.

The Group re-assesses 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The (consolidated) financial statements of the Subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All significant intercompany transactions and account balances (including the related significant unrealized gains or losses) have been eliminated.

A change in the parent's ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including *goodwill*), liabilities, NCI and other component of equity, while the difference is recognized in the profit or loss. Any investment retained is recognized at fair value.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Prinsip-prinsip Konsolidasian (lanjutan)

Seluruh laba atau rugi dan penghasilan komprehensif lain Entitas Anak diatribusikan pada pemilik Entitas Induk dan pada kepentingan nonpengendali (KNP) bahkan jika hal ini mengakibatkan KNP mempunyai saldo defisit.

KNP mencerminkan bagian atas laba rugi dan aset neto dari Entitas Anak yang tidak dapat diatribusikan secara langsung maupun tidak langsung pada Entitas Induk, yang masing-masing disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik Entitas Induk.

Klasifikasi lancar dan tidak lancar

Kelompok usaha menyajikan aset dan liabilitas dalam laporan posisi keuangan konsolidasian berdasarkan klasifikasi lancar/tidak lancar. Suatu aset disajikan lancar bila:

- i) akan direalisasi, dijual atau dikonsumsi dalam siklus operasi normal,
- ii) untuk diperdagangkan,
- iii) akan direalisasi dalam 12 bulan setelah tanggal pelaporan, atau
- iv) kas atau setara kas kecuali yang dibatasi penggunaannya atau akan digunakan untuk melunasi suatu liabilitas dalam kurun waktu 12 bulan setelah tanggal pelaporan.

Seluruh aset dan kewajiban lainnya diklasifikasikan sebagai tidak lancar.

Kombinasi Bisnis dan Goodwill

Kombinasi bisnis, jika ada, dicatat dengan menggunakan metode pembelian. Biaya perolehan dari sebuah akuisisi diukur pada nilai agregat imbalan yang dialihkan, diukur pada nilai wajar pada tanggal akuisisi dan jumlah setiap KNP pada pihak yang diakuisisi. Untuk setiap kombinasi bisnis, Kelompok Usaha memilih apakah mengukur KNP pada entitas yang diakuisisi baik pada nilai wajar ataupun pada proporsi kepemilikan KNP atas aset neto yang teridentifikasi dari entitas yang diakuisisi. Biaya-biaya akuisisi yang timbul dibebankan langsung dan disertakan dalam beban administrasi.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation (continued)

Total profit or loss and other comprehensive income of a Subsidiary is attributed to the owners of the Parent Entity and to the non-controlling interest (NCI) even if that results in a deficit balance of NCI.

NCI represents the portion of the profit or loss and net assets of the Subsidiaries not attributable directly or indirectly to the Parent Entity, which are presented respectively in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, separately from corresponding portions attributable to the equity holders of the Parent Entity.

Current and non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- i) expected to be realized and intended to be sold or consumed in the normal operating cycle,
- ii) held primarily for the purpose of trading,
- iii) expected to be realized within 12 months after the reporting period, or
- iv) cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets and liabilities are classified as non-current.

Business Combinations and Goodwill

Business combinations, if any, are accounted for using the purchase method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at fair value on acquisition date and the amount of any NCI in the acquiree. For each business combination, the Group elects whether it measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are directly expensed and included in administrative expenses.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Kombinasi Bisnis dan Goodwill (lanjutan)

Ketika melakukan akuisisi atas sebuah bisnis, Kelompok Usaha mengklasifikasikan dan menentukan aset keuangan yang diperoleh dan liabilitas keuangan yang diambil alih berdasarkan pada persyaratan kontraktual, kondisi ekonomi dan kondisi terkait lain yang ada pada tanggal akuisisi.

Dalam suatu kombinasi bisnis yang dilakukan secara bertahap, jika ada, Kelompok Usaha mengukur kembali bagian ekuitas yang dimiliki sebelumnya dalam pihak yang diakuisisi pada nilai wajar pada tanggal akuisisi dan mengakui keuntungan atau kerugian yang dihasilkan dalam laba rugi.

Pada tanggal akuisisi, *goodwill* awalnya diukur pada harga perolehan yang merupakan selisih lebih nilai agregat dari imbalan yang dialihkan dan jumlah setiap KNP atas jumlah neto teridentifikasi dari aset yang diperoleh dan liabilitas yang diasumsikan. Jika imbalan tersebut kurang dari nilai wajar aset neto entitas anak yang diakuisisi, selisih tersebut diakui dalam laba rugi sebagai keuntungan dari pembelian dengan diskon setelah sebelumnya manajemen menilai kembali identifikasi dan nilai wajar dari aset yang diperoleh dan liabilitas yang diasumsikan.

Setelah pengakuan awal, *goodwill* diukur pada nilai tercatat dikurangi akumulasi kerugian penurunan nilai. Untuk tujuan pengujian penurunan nilai, *goodwill* yang diperoleh dari suatu kombinasi bisnis, sejak tanggal akuisisi dialokasikan kepada setiap Unit Penghasil Kas (UPK) dari Kelompok Usaha yang diharapkan akan memberikan manfaat dari sinergi kombinasi tersebut, terlepas dari apakah aset atau liabilitas lain dari pihak yang diakuisisi ditetapkan atas UPK tersebut.

Jika *goodwill* telah dialokasikan pada suatu UPK dan operasi tertentu atas UPK tersebut dihentikan, maka *goodwill* yang diasosiasikan dengan operasi yang dihentikan tersebut termasuk dalam nilai tercatat operasi tersebut ketika menentukan keuntungan atau kerugian dari pelepasan. *Goodwill* yang dilepaskan tersebut diukur berdasarkan nilai relatif operasi yang dihentikan dan bagian dari UPK yang tersisa.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**Business Combinations and Goodwill
(continued)**

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, if any, the equity interest in the acquiree previously held by the Group is remeasured to fair value at the acquisition date and gain or loss is recognized in profit or loss.

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as gain on bargain purchase after previously assessing the identification and fair value measurement of the acquired assets and the assumed liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Units (CGU) that are expected to give benefit from the combination synergy, irrespective of whether other assets or liabilities of the acquiree are assigned to those CGU.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed, the goodwill associated with the operation disposed is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed in this circumstance is measured based on the relative values of the operation disposed and the portion of the CGU retained.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Kombinasi Bisnis dan Goodwill (lanjutan)

Bila pencatatan awal kombinasi bisnis belum dapat diselesaikan pada tanggal pelaporan, Kelompok Usaha melaporkan jumlah sementara bagi item yang pencatatannya belum dapat diselesaikan tersebut.

Periode pengukuran adalah periode setelah tanggal akuisisi yang di dalamnya Kelompok Usaha dapat melakukan penyesuaian atas jumlah sementara yang diakui dalam kombinasi bisnis tersebut. Selama periode pengukuran, Kelompok Usaha mengakui penambahan aset atau liabilitas bila terdapat informasi terbaru yang diperoleh mengenai fakta dan keadaan pada tanggal akuisisi, yang bila diketahui pada saat itu, akan menyebabkan pengakuan atas aset dan liabilitas pada tanggal tersebut.

Periode pengukuran berakhir pada saat pengakuisisi menerima informasi yang diperlukan mengenai fakta dan keadaan pada tanggal akuisisi atau mengetahui bahwa informasi lainnya tidak dapat diperoleh, namun tidak lebih dari satu tahun dari tanggal akuisisi.

Entitas Anak Asing

Akun-akun dari satu entitas anak asing dijabarkan dari mata uang pelaporannya menjadi Rupiah dengan dasar sebagai berikut:

- a) Aset dan kewajiban, baik moneter maupun non-moneter, dijabarkan dengan menggunakan kurs penutup;
- b) Pendapatan dan beban dijabarkan dengan menggunakan kurs yang berlaku pada tanggal transaksi atau, bila memenuhi syarat, kurs rata-rata periode tersebut; dan
- c) Selisih kurs yang terjadi disajikan dalam penghasilan komprehensif lainnya sebagai "Selisih Kurs Atas Penjabaran Laporan Keuangan" pada bagian ekuitas sampai pelepasan investasi neto tersebut.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**Business Combinations and Goodwill
(continued)**

If the initial accounting for a business combination is incomplete by the end of the reporting, the Group reports provisional amounts for the items for which the accounting is incomplete.

The measurement period is the period after the acquisition date during which the Group may adjust the provisional amounts recognized for a business combination. During the measurement period, the Group recognizes additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date.

The measurement period ends as soon as the acquirer receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable, but shall not exceed one year from the acquisition date.

Foreign Subsidiary

The accounts of a foreign subsidiary are translated from its respective reporting currency into Rupiah on the following bases:

- a) *Assets and liabilities, both monetary and non-monetary, are translated using the closing exchange rate;*
- b) *Revenues and expenses are translated using transactions date exchange rate or, if applicable, the average rate for the period; and*
- c) *The resulting exchange difference is presented in other comprehensive income as "Exchange Differences on Translations of Financial Statements" in the equity section until disposal of the net investment.*

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Investasi pada Entitas Asosiasi

Investasi Kelompok Usaha pada Entitas Asosiasi diukur dengan menggunakan metode ekuitas. Entitas Asosiasi adalah suatu entitas dimana Kelompok Usaha mempunyai pengaruh signifikan. Sesuai dengan metode ekuitas, nilai perolehan investasi ditambah atau dikurang dengan bagian Kelompok Usaha atas laba atau rugi neto dan penerimaan dividen dari entitas asosiasi sejak tanggal perolehan. *Goodwill* yang terkait dengan entitas asosiasi, jika ada, termasuk dalam nilai tercatat investasi dan tidak diamortisasi namun diuji secara individual untuk penurunan nilai.

Laporan laba rugi dan penghasilan komprehensif lain konsolidasian mencerminkan bagian Kelompok Usaha atas hasil operasi dari entitas asosiasi. Bila terdapat perubahan yang diakui langsung pada ekuitas entitas asosiasi, Kelompok Usaha mengakui bagiannya atas perubahan tersebut dan mengungkapkan hal ini, jika relevan, dalam laporan perubahan ekuitas konsolidasian. Laba atau rugi sebagai hasil dari transaksi-transaksi antara Kelompok Usaha dengan entitas asosiasi dieliminasi pada jumlah sesuai dengan porsi kepemilikan Kelompok Usaha dalam entitas asosiasi.

Jika bagian Kelompok Usaha atas rugi entitas asosiasi sama dengan atau melebihi kepentingannya pada entitas asosiasi, maka Kelompok Usaha menghentikan pengakuan bagiannya atas rugi lebih lanjut. Setelah kepentingan Kelompok Usaha dikurangkan menjadi nol, tambahan kerugian dicadangkan, dan liabilitas diakui, hanya sepanjang Kelompok Usaha memiliki kewajiban konstruktif atau hukum, atau melakukan pembayaran atas nama entitas asosiasi. Jika entitas asosiasi kemudian melaporkan laba, maka Kelompok Usaha mulai mengakui bagiannya atas laba tersebut hanya setelah bagian atas laba tersebut sama dengan bagian atas rugi yang belum diakui.

Laporan keuangan entitas asosiasi disusun atas periode pelaporan yang sama dengan Kelompok Usaha.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Investment in Associates

The Group's investment in its Associates is accounted for using the equity method. An Associate is an entity in which the Group has significant influence. Under the equity method, the cost of investment is increased or decreased by the Group's share in net earnings or losses of and dividends received from the associate since the date of acquisition. *Goodwill* relating to the associate, if any, is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share in the results of operations of the associate. Where there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any such changes and discloses this, when applicable, in the consolidated statement of changes in equity. Gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate.

If the Group's share in losses of an associate equals or exceeds its interest in the associate, it discontinues recognizing its share in further losses. After the Group's interest is reduced to nil, additional losses are provided for and a liability is recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes to recognize its share in those profits only after its share in the profits equals to the unrecognized share in losses.

The financial statements of the associates are prepared for the same reporting period of the Group.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Investasi pada Entitas Asosiasi (lanjutan)

Setelah penerapan metode ekuitas, Kelompok Usaha menentukan apakah diperlukan untuk mengakui tambahan rugi penurunan nilai atas investasi Kelompok Usaha pada entitas asosiasi. Kelompok Usaha menentukan pada setiap tanggal pelaporan apakah terdapat bukti yang obyektif yang mengindikasikan bahwa investasi pada entitas asosiasi mengalami penurunan nilai. Dalam hal ini, Kelompok Usaha menghitung jumlah penurunan nilai, jika ada, berdasarkan selisih antara jumlah terpulihkan atas investasi pada entitas asosiasi dan nilai tercatatnya dan mengakuinya dalam laba rugi.

Pada saat kehilangan pengaruh signifikan atas entitas asosiasi, Kelompok Usaha mengukur dan mengakui bagian investasi tersisa pada nilai wajar. Selisih antara nilai tercatat entitas asosiasi dan nilai wajar investasi yang tersisa dan penerimaan dari pelepasan investasi diakui pada laba rugi.

Investasi pada Ventura Bersama

Kelompok Usaha mempunyai bagian partisipasi dalam ventura bersama yaitu pengendalian bersama entitas, dimana venturer memiliki perjanjian kontraktual yang menciptakan pengendalian bersama atas aktivitas ekonomi entitas, dimana pihak yang berpartisipasi tidak memiliki pengendalian sepihak atas aktivitas ekonomi suatu pengendalian bersama entitas. Investasi Kelompok Usaha dalam ventura bersama diakui dengan menggunakan metode ekuitas, dikurangi kerugian penurunan nilai, jika ada.

Penyesuaian diperlukan untuk menyelaraskan perbedaan yang mungkin ada dalam kebijakan akuntansi. Kelompok Usaha menghentikan penggunaan metode ekuitas sejak tanggal venturer berhenti memiliki pengendalian bersama.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Investment in Associates (continued)

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in its associate. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment, if any, as the difference between the recoverable amount of the investment in associate and its carrying amount, and recognizes the amount in profit or loss.

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Investment in Joint Ventures

The Group has an interest in joint venture which is jointly-controlled entity, whereby the venturers have contractual arrangements that establish joint control over the economic activities of the entity, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity. The Group's investment in joint venture is accounted using the equity method of accounting, less any impairment losses, if any.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group discontinues the use of the equity method from the date it ceases to have joint control.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Kas dan Setara Kas

Kas terdiri atas kas dan bank. Setara kas terutama merupakan deposito berjangka dengan jangka waktu tiga bulan atau kurang sejak saat penempatan, yang tidak dibatasi penggunaannya dan dapat segera dijadikan kas tanpa terjadi perubahan nilai yang signifikan dan tidak digunakan sebagai jaminan atas pinjaman.

Persediaan

Persediaan dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi neto. Biaya perolehan ditentukan dengan menggunakan metode rata-rata bergerak (*moving-average*) untuk Perusahaan dan Entitas Anak tertentu yaitu IDLK dan IFL, serta metode rata-rata tertimbang (*weighted-average*) untuk Entitas Anak lainnya.

Nilai realisasi neto persediaan adalah estimasi harga jual dalam kegiatan usaha biasa dikurangi estimasi biaya penyelesaian dan estimasi biaya yang diperlukan untuk melakukan penjualan.

Kelompok Usaha menetapkan penyisihan untuk kerugian penurunan nilai persediaan berdasarkan hasil penelaahan berkala atas kondisi fisik dan realisasi neto persediaan.

Beban Dibayar Di muka

Beban dibayar di muka diamortisasi dan dibebankan pada operasi selama masa manfaatnya. Bagian jangka panjang dari beban dibayar di muka disajikan sebagai bagian dari akun "Aset Tidak Lancar Lainnya" dalam laporan posisi keuangan konsolidasian.

Aset Tetap

Aset tetap pada awalnya diakui sebesar biaya perolehan, yang terdiri atas harga perolehan dan biaya-biaya tambahan yang dapat diatribusikan langsung untuk membawa aset ke lokasi dan kondisi yang diinginkan agar aset siap digunakan. Setelah pengakuan awal, aset tetap, kecuali tanah, dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan kerugian penurunan nilai, jika ada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash comprises cash on hand and in banks. Cash equivalents mainly represent short-term deposits with an original maturity period of three months or less at the time of placements, not restricted for use and readily convertible to cash, without significant changes in value, and not used as collateral for credit facility.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is calculated using the moving-average method for the Company and its certain Subsidiaries, which are IDLK and IFL, and the weighted-average method for its other Subsidiaries.

Net realizable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

The Group provides allowance for decline in values of inventories based on periodic reviews of the physical condition and net realizable value of the inventories.

Prepaid Expenses

Prepaid expenses are amortized and charged to operations over the periods benefited. The long-term portion of prepaid expenses is presented as part of "Other Non-current Assets" account in the consolidated statement of financial position.

Fixed Assets

Fixed assets are initially recognized at cost, which comprises their purchase price and any cost directly attributable in bringing the assets to their working condition and to the location where they are intended to be used. Subsequent to initial recognition, fixed assets, except land, are carried at cost less any subsequent accumulated depreciation and impairment losses, if any.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Aset Tetap (lanjutan)

Penyusutan atau amortisasi aset dimulai pada saat aset tersebut siap untuk digunakan sesuai maksud penggunaannya dan dihitung dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat ekonomis aset tersebut sebagai berikut:

	Tahun/Years
Sarana dan prasarana tanah	5 - 20
Bangunan, struktur dan pengembangan bangunan	3 - 30
Mesin dan peralatan	3 - 25
Alat-alat transportasi	3 - 7
Perabotan dan peralatan kantor	2 - 15
Pengembangan gedung yang disewa	3 - 30
Galon	2

Penilaian atas nilai tercatat aset tetap dilakukan jika terjadi peristiwa atau perubahan keadaan yang mengindikasikan bahwa nilai tercatat aset mungkin tidak dapat terpulihkan seluruhnya.

Nilai tercatat komponen dari suatu aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat sudah tidak ada lagi manfaat ekonomi masa depan yang diharapkan dari penggunaan maupun pelepasannya. Keuntungan atau kerugian yang timbul dari penghentian pengakuan tersebut (ditentukan sebesar selisih antara jumlah hasil pelepasan neto dan nilai tercatatnya) dimasukkan ke dalam laba rugi pada saat penghentian pengakuan tersebut dilakukan.

Nilai residu aset, umur manfaat dan metode penyusutan atau amortisasi dievaluasi setiap akhir tahun dan disesuaikan secara prospektif jika diperlukan.

Tanah dinyatakan sebesar biaya perolehan dan tidak diamortisasi karena manajemen berpendapat bahwa kemungkinan besar hak atas tanah tersebut dapat diperbaharui/diperpanjang pada saat jatuh tempo, kecuali hak atas tanah tertentu diamortisasi selama 62 tahun.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Fixed Assets (continued)

Depreciation or amortization of an asset starts when it is available for use and is computed using the straight-line method based on the estimated useful lives of the assets as follows:

	<i>Land improvements</i>
	<i>Buildings, structures and improvements</i>
	<i>Machinery and equipment</i>
	<i>Transportation equipment</i>
	<i>Furniture, fixtures and office equipment</i>
	<i>Leasehold improvements</i>
	<i>Gallons</i>

The fixed assets are reviewed for impairment or possible impairment on its cost when events or changes in circumstances indicate that their carrying amounts may not be fully recoverable.

The carrying amount of an item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is directly included in profit or loss when the item is derecognized.

The asset's residual values, useful lives and depreciation or amortization method are reviewed at each year end and adjusted prospectively, if necessary.

Land is stated at cost and not amortized as the management is of the opinion that it is probable that the title of the land rights can be renewed/extended upon expiration, except for certain land rights amortized over the period of 62 years.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Aset Tetap (lanjutan)

Aset tetap dalam pembangunan dinyatakan sebesar biaya perolehan. Biaya perolehan termasuk kapitalisasi beban bunga dan laba/rugi selisih kurs, jika ada, atas pinjaman dan biaya lainnya yang terjadi sehubungan dengan pembiayaan aset tetap dalam pembangunan dan/atau pembangunan tersebut (Catatan 2, "Biaya Pinjaman"). Akumulasi biaya perolehan akan direklasifikasi ke aset tetap yang bersangkutan pada saat pembangunan dan/atau instalasi selesai dan aset tersebut telah siap untuk dipergunakan. Aset tetap dalam pembangunan tidak disusutkan karena belum tersedia untuk digunakan.

Beban pemeliharaan dan perbaikan dibebankan pada operasi pada saat terjadinya. Beban pemugaran dan penambahan dalam jumlah besar dikapitalisasi kepada nilai tercatat aset tetap terkait bila besar kemungkinan bagi Kelompok Usaha manfaat ekonomi masa depan menjadi lebih besar dari standar kinerja awal yang ditetapkan sebelumnya dan disusutkan sepanjang sisa masa manfaat aset tetap terkait, jika ada.

Penurunan Nilai Aset Non-keuangan

Pada setiap akhir periode pelaporan tahunan, Kelompok Usaha menilai apakah terdapat indikasi suatu aset mengalami penurunan nilai. Jika terdapat indikasi tersebut atau pada saat pengujian penurunan nilai aset (seperti aset tak berwujud dengan umur manfaat tidak terbatas, aset tak berwujud yang belum dapat digunakan, atau *goodwill* yang diperoleh dalam suatu kombinasi bisnis) diharuskan, Kelompok Usaha membuat estimasi jumlah terpulihkan aset tersebut.

Jumlah terpulihkan yang ditentukan untuk aset individual adalah jumlah yang lebih tinggi antara nilai wajar aset atau UPK dikurangi biaya untuk menjual dengan nilai pakainya, kecuali aset tersebut tidak menghasilkan arus kas masuk yang sebagian besar independen dari aset atau kelompok aset lain.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Fixed Assets (continued)

Constructions in progress are stated at cost. Costs include capitalized interest charges and gains/losses on foreign exchange, if any, on borrowings and other costs incurred to finance the said asset constructions and/or installations (Note 2, "Borrowing Costs"). The accumulated costs will be reclassified to the appropriate fixed asset accounts when the construction and/or installation are completed and the asset is ready for its intended use. Constructions in progress are not depreciated as these are not yet available for use.

Repairs and maintenance expenses are taken to profit or loss when these are incurred. The cost of major renovation and restoration is included in the carrying amount of the related fixed asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group and is depreciated over the remaining useful life of the related asset, if any.

Impairment of Non-financial Assets

The Group assesses, at each annual reporting period, whether there is an indication that an asset may be impaired. If such indication exists, or when annual impairment testing for an asset (e.g., an intangible assets with an indefinite useful life, an intangible assets not yet available for use, or goodwill acquired in a business combination) is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Penurunan Nilai Aset Non-keuangan (lanjutan)

Jika nilai tercatat aset lebih besar daripada jumlah terpulihkannya, maka aset tersebut dipertimbangkan mengalami penurunan nilai dan nilai tercatat aset diturunkan menjadi sebesar nilai terpulihkannya. Rugi penurunan nilai dari operasi yang berkelanjutan diakui pada laba rugi.

Dalam menghitung nilai pakai, estimasi arus kas masa depan neto didiskontokan ke nilai kini dengan menggunakan tingkat diskonto yang menggambarkan penilaian pasar kini dari nilai waktu uang dan risiko spesifik atas aset. Dalam menentukan nilai wajar dikurangi biaya untuk menjual, digunakan harga penawaran pasar terakhir, jika tersedia. Jika tidak terdapat transaksi tersebut, Kelompok Usaha menggunakan model penilaian yang sesuai untuk menentukan nilai wajar aset. Perhitungan-perhitungan ini dapat didukung oleh penilaian *multiple* atau indikator nilai wajar yang tersedia.

Kerugian penurunan nilai dari operasi yang berkelanjutan, jika ada, diakui dalam laba rugi sesuai dengan kategori beban yang konsisten dengan fungsi dari aset yang diturunkan nilainya.

Untuk aset selain *goodwill*, penilaian dilakukan pada akhir setiap tanggal pelaporan apakah terdapat indikasi bahwa rugi penurunan nilai yang telah diakui dalam tahun sebelumnya mungkin tidak ada lagi atau mungkin telah menurun. Jika indikasi dimaksud ditemukan, maka entitas mengestimasi jumlah terpulihkan aset atau UPK tersebut. Kerugian penurunan nilai yang telah diakui dalam tahun sebelumnya untuk aset selain *goodwill* dipulihkan hanya jika terdapat perubahan asumsi-asumsi yang digunakan untuk menentukan jumlah terpulihkan aset tersebut sejak rugi penurunan nilai terakhir diakui. Dalam hal ini, nilai tercatat aset dinaikkan ke jumlah terpulihkannya. Pemulihan tersebut dibatasi sehingga nilai tercatat aset tidak melebihi jumlah terpulihkannya maupun nilai tercatat, neto setelah penyusutan, seandainya tidak ada rugi penurunan nilai yang telah diakui untuk aset tersebut pada tahun sebelumnya. Pemulihan rugi penurunan nilai diakui dalam laba rugi. Setelah pemulihan tersebut, penyusutan aset tersebut disesuaikan di tahun mendatang untuk mengalokasikan nilai tercatat aset yang direvisi, dikurangi nilai sisanya, dengan dasar yang sistematis selama sisa umur manfaatnya.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Impairment of Non-financial Assets (continued)

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognized in profit or loss.

In assessing the value in use, the estimated net future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used to determine the fair value of the assets. These calculations could be corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations, if any, are recognized in profit or loss under expense categories that are consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the asset's or CGU's recoverable amount is estimated. A previously recognized impairment loss for an asset other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The reversal is limited so that the carrying amount of the assets does not exceed its recoverable amount nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in profit or loss. After such a reversal, the depreciation charge on the said asset is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Penurunan Nilai Aset Non-keuangan (lanjutan)

Goodwill diuji untuk penurunan nilai setiap tahun dan ketika terdapat suatu indikasi bahwa nilai tercatatnya mungkin mengalami penurunan nilai. Penurunan nilai *goodwill* ditetapkan dengan menentukan nilai terpulihkan tiap UPK (atau kelompok UPK) yang terkait dengan *goodwill* tersebut. Jika jumlah terpulihkan UPK kurang dari nilai tercatatnya, rugi penurunan nilai diakui. Rugi penurunan nilai terkait *goodwill* tidak dapat dipulihkan pada tahun-tahun berikutnya.

Aset Tak Berwujud

Aset tak berwujud diukur sebesar nilai perolehan pada pengakuan awal. Nilai perolehan aset tak berwujud yang diperoleh dari kombinasi bisnis pada awalnya diakui sesuai nilai wajar pada tanggal akuisisi. Umur manfaat aset tak berwujud dinilai apakah terbatas atau tidak terbatas.

Aset tak berwujud dengan umur terbatas

Setelah pengakuan awal, aset tak berwujud dengan umur terbatas dicatat pada nilai perolehan dikurangi akumulasi amortisasi dan akumulasi rugi penurunan nilai, jika ada. Aset tak berwujud dengan umur terbatas diamortisasi dengan menggunakan metode garis lurus selama umur manfaat ekonomi dan dievaluasi apabila terdapat indikator adanya penurunan nilai untuk aset tak berwujud. Periode dan metode amortisasi untuk aset tak berwujud dengan umur terbatas ditelaah setidaknya setiap akhir tahun tutup buku.

Aset tak berwujud dengan umur tidak terbatas

Setelah pengakuan awal, aset tak berwujud dengan umur tidak terbatas dicatat pada nilai perolehan dikurangi akumulasi rugi penurunan nilai, jika ada. Aset tak berwujud dengan umur tidak terbatas tidak diamortisasi. Masa manfaat aset tak berwujud dengan umur tidak terbatas ditinjau setiap tahun untuk menentukan apakah masa manfaat masih mendukung. Jika tidak, perubahan masa manfaat dari tidak terbatas menjadi terbatas diterapkan secara prospektif.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Impairment of Non-financial Assets (continued)

Goodwill is tested for impairment annually and when circumstances indicate that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future years.

Intangible Assets

Intangible assets are measured on initial recognition at cost. The cost of intangible assets acquired from business combinations is initially recognized at fair value as at the date of acquisition. The useful life of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite useful life

Following initial recognition, intangible assets with finite useful life are carried at cost less any accumulated amortization accumulated impairment loss, if any. Intangible assets with finite life are amortized using straight-line method over the economic useful life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful life

Following initial recognition, intangible assets with indefinite useful life are carried at cost less any accumulated impairment loss, if any. Intangible assets with indefinite life are not amortized. The useful life of intangible assets with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Aset Tak Berwujud (lanjutan)

Aset tak berwujud dengan umur tidak terbatas
(lanjutan)

Aset tak berwujud dengan umur tidak terbatas diuji untuk penurunan nilai setiap tahun dan ketika terdapat suatu indikasi bahwa nilai tercatatnya mungkin mengalami penurunan nilai.

Sewa (sebelum 1 Januari 2020)

Penentuan apakah suatu perjanjian merupakan, atau mengandung, sewa adalah berdasarkan substansi dari perjanjian tersebut pada penetapan awal. Perjanjian dievaluasi apakah pemenuhannya tergantung kepada penggunaan aset atau aset-aset tertentu secara spesifik atau perjanjian mengalihkan hak untuk menggunakan aset atau aset-aset, walaupun hak tersebut tidak secara eksplisit disebutkan dalam perjanjian.

Sewa Pembiayaan - sebagai Lessee

Suatu sewa diklasifikasikan sebagai sewa pembiayaan jika sewa tersebut mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset sewa. Sewa tersebut dikapitalisasi sejak awal masa sewa sebesar nilai wajar aset sewaan atau sebesar nilai kini dari pembayaran sewa minimum, jika nilai kini lebih rendah dari nilai wajar. Pembayaran sewa minimum harus dipisahkan antara bagian yang merupakan beban keuangan dan bagian yang merupakan pelunasan liabilitas, sedemikian rupa sehingga menghasilkan suatu tingkat suku bunga periodik yang konstan atas saldo liabilitas. Beban keuangan dibebankan langsung pada laba rugi.

Jika terdapat kepastian yang memadai bahwa lessee akan mendapatkan hak kepemilikan pada akhir masa sewa, maka aset sewaan disusutkan selama masa penggunaan aset yang diestimasi berdasarkan umur manfaat aset tersebut. Jika tidak terdapat kepastian tersebut, maka aset sewaan disusutkan selama tahun yang lebih singkat antara umur manfaat aset sewaan atau masa sewa. Laba atau rugi yang timbul dari transaksi jual dan sewa kembali, jika ada, ditangguhkan dan diamortisasi selama sisa masa sewa.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Intangible Assets (continued)

Intangible assets with indefinite useful life
(continued)

Intangible assets with indefinite life are tested for impairment annually and when circumstances indicate that the carrying amount may be impaired.

Leases (before January 1, 2020)

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Finance Lease - as Lessee

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the leased assets. Such leases are capitalized at the inception of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. Minimum lease payments are apportioned between the finance expense and reduction of the lease liability so as to achieve a constant rate of periodic interest on the remaining balance of liability. Finance charges are charged directly to profit or loss.

If there is a reasonable certainty that the lessee will obtain ownership by the end of the lease term, then, the leased assets are depreciated over their useful lives. If not, then the capitalized leased assets are depreciated over the shorter of the useful life of the asset or the lease term. Gain or loss on a sale and leaseback transaction, if any, is deferred and amortized over the lease term.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Sewa (sebelum 1 Januari 2020) (lanjutan)

Sewa Operasi - sebagai Lessee

Suatu sewa diklasifikasikan sebagai sewa operasi jika sewa tidak mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset. Dengan demikian, pembayaran sewa pada tahun berjalan diakui sebagai beban pada operasi dengan metode garis lurus (*straight-line method*) selama masa sewa.

Sewa (sesudah 1 Januari 2020)

Kelompok Usaha mengevaluasi pada inisiasi kontrak bila kontrak tersebut adalah, atau mengandung, sewa. Yaitu, bila kontrak tersebut memberikan hak untuk mengendalikan penggunaan aset identifikasi selama suatu jangka waktu untuk dipertukarkan dengan imbalan.

Kelompok Usaha sebagai Lessee

Kelompok Usaha menerapkan pendekatan pengukuran dan pengukuran tunggal untuk semua sewa, kecuali untuk sewa jangka pendek dan sewa aset bernilai rendah. Kelompok usaha mengakui liabilitas sewa untuk melakukan pembayaran sewa dan aset hak guna yang mewakili hak untuk menggunakan aset yang mendasarinya.

Aset hak guna

Kelompok Usaha mengakui aset hak guna pada tanggal permulaan sewa (tanggal aset dasar tersedia untuk digunakan). Aset hak guna diukur pada biaya perolehan, dikurangi akumulasi penyusutan dan rugi penurunan nilai, dan disesuaikan untuk setiap pengukuran kembali liabilitas sewa. Biaya perolehan aset hak guna termasuk jumlah liabilitas sewa yang diakui, biaya langsung awal yang dikeluarkan, dan pembayaran sewa yang dilakukan pada atau sebelum tanggal mulai dikurangi insentif sewa yang diterima. Aset hak guna disusutkan dengan metode garis lurus selama masa sewa.

Liabilitas sewa

Pada tanggal permulaan sewa, Kelompok Usaha mengakui liabilitas sewa yang diukur pada nilai kini dari pembayaran sewa yang akan dilakukan selama masa sewa.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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Leases (before January 1, 2020) (continued)

Operating Lease - as Lessee

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of the leased assets. Therefore, the related lease payments are recognized as expense in the current year operations using the straight-line method over the lease term.

Leases (after January 1, 2020)

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as Lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right of use assets representing the right to use the underlying assets.

Right of use assets

The Group recognises right of use assets at the commencement date of the lease (the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right of use assets are depreciated on a straight-line basis over the lease term.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

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SIGNIFIKAN (lanjutan)**

Sewa (sesudah 1 Januari 2020) (lanjutan)

Kelompok Usaha sebagai Lessee (lanjutan)

Liabilitas sewa (lanjutan)

Pembayaran sewa juga mencakup harga pelaksanaan dari opsi pembelian yang secara wajar pasti akan dilaksanakan oleh Kelompok Usaha dan pembayaran denda untuk penghentian sewa, jika masa sewa mencerminkan pelaksanaan opsi untuk mengakhiri. Pembayaran sewa variable yang tidak bergantung pada indeks atau tarif diakui sebagai beban pada periode terjadinya peristiwa atau kondisi yang memicu terjadinya pembayaran tersebut.

Dalam menghitung nilai kini dari pembayaran sewa, Kelompok Usaha menggunakan tingkat pinjaman tambahan pada tanggal dimulainya sewa karena tingkat bunga yang tersirat dalam sewa tidak dapat ditentukan dengan mudah. Setelah tanggal dimulainya, jumlah liabilitas sewa ditingkatkan untuk mencerminkan pertambahan bunga dan dikurangi untuk pembayaran sewa yang dilakukan. Selain itu, nilai tercatat liabilitas sewa diukur kembali jika ada modifikasi, perubahan jangka waktu sewa, perubahan pembayaran sewa (misalnya, perubahan pembayaran masa depan yang dihasilkan dari perubahan indeks atau kurs yang digunakan untuk menentukan pembayaran sewa) atau perubahan dalam penilaian opsi untuk membeli aset yang mendasarinya.

Kelompok Usaha menerapkan pengecualian pengakuan sewa jangka pendek untuk sewa jangka pendeknya (yaitu, sewa yang memiliki jangka waktu sewa 12 bulan atau kurang dari tanggal permulaan dan tidak memiliki opsi pembelian). Kelompok Usaha juga menerapkan pengecualian pengakuan sewa aset bernilai rendah untuk sewa yang dianggap bernilai rendah. Pembayaran sewa untuk sewa jangka pendek dan sewa dari aset pendasar bernilai rendah diakui sebagai beban dengan metode garis lurus selama masa sewa.

Kelompok Usaha sebagai Lessor

Sewa yang dalam pengaturannya Kelompok Usaha tidak mengalihkan secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan suatu aset diklasifikasikan sebagai sewa operasi. Pendapatan sewa yang timbul dicatat dengan metode garis lurus selama masa sewa dan disertakan dalam pendapatan pada laba rugi karena sifat operasinya.

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Leases (after January 1, 2020) (continued)

The Group as Lessee (continued)

Lease liabilities (continued)

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value underlying assets are recognized as expense on a straight-line basis over the lease term.

The Group as Lessor

Leases in which the Group does not transfersubstantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Lease income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the profit or loss due to its operating nature.

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SIGNIFIKAN (lanjutan)**

Sewa (sesudah 1 Januari 2020) (lanjutan)

Kelompok Usaha sebagai Lessor (lanjutan)

Biaya langsung awal yang timbul dalam negosiasi dan pengaturan sewa operasi ditambahkan ke nilai tercatat dari aset sewaan dan diakui selama masa sewa atas dasar yang sama dengan pendapatan sewa.

Beban Ditangguhkan

Biaya-biaya tertentu terutama terdiri atas biaya-biaya dan beban-beban lain sehubungan dengan biaya perpanjangan hak atas tanah dan biaya perolehan sistem perangkat lunak yang mempunyai masa manfaat lebih dari satu tahun, ditangguhkan dan diamortisasi selama masa manfaatnya dengan menggunakan metode garis lurus. Beban-beban ini disajikan dalam akun "Beban Ditangguhkan - Neto" pada laporan posisi keuangan konsolidasian.

Biaya Pinjaman

Biaya pinjaman yang dapat diatribusikan langsung dengan perolehan, pembangunan atau pembuatan aset kualifikasian, jika ada, dikapitalisasi sebagai bagian biaya perolehan aset tersebut. Sebaliknya, biaya pinjaman lainnya diakui sebagai beban pada saat terjadi. Biaya pinjaman terdiri dari biaya bunga dan biaya lain yang ditanggung Kelompok Usaha sehubungan dengan peminjaman dana.

Kapitalisasi biaya pinjaman dimulai pada saat aktivitas yang diperlukan untuk mempersiapkan aset agar dapat digunakan sesuai dengan maksudnya dan pengeluaran untuk aset kualifikasian dan biaya pinjamannya telah terjadi. Kapitalisasi biaya pinjaman dihentikan ketika secara substansial seluruh aktivitas yang diperlukan untuk mempersiapkan aset kualifikasian agar dapat digunakan sesuai dengan maksudnya telah selesai.

Pendapatan dan Beban (sebelum 1 Januari 2020)

Pendapatan diakui bila besar kemungkinan manfaat ekonomi akan diperoleh oleh Kelompok Usaha dan jumlahnya dapat diukur secara handal. Pendapatan diukur pada nilai wajar pembayaran yang diterima atau nilai piutang, tidak termasuk diskon, rabat dan Pajak Pertambahan Nilai (PPN).

Kriteria spesifik berikut juga harus dipenuhi sebelum pendapatan diakui:

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Leases (after January 1, 2020) (continued)

The Group as Lessor (continued)

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as lease income.

Deferred Charges

Certain expenditures consisting primarily of costs and expenses relating to renewal cost for land rights and for cost of software systems, which benefits extend over a period of more than one year, are deferred and amortized over the periods benefited using the straight-line method. These expenses are presented in "Deferred Charges - Net" account in the consolidated statement of financial position.

Borrowing Costs

Borrowing costs that are directly attributable to acquisition, construction or production of a qualifying asset, if any, are capitalized as part of the cost of the related asset. Otherwise, borrowing costs are recognized as expenses when incurred. Borrowing costs consist of interests and other financing charges that the Group incurs in connection with the borrowing of funds.

Capitalization of borrowing costs commences when the activities to prepare the qualifying asset for its intended use are in progress and the expenditures for the qualifying asset and the borrowing costs have been incurred. Capitalization of borrowing costs ceases when all the activities necessary to prepare the qualifying assets are substantially completed for their intended use.

Revenue and Expenses (before January 1, 2020)

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or a receivable, excluding discounts, rebates and Value-Added Taxes (VAT).

The following specific recognition criteria must also be met before revenue is recognized:

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Pendapatan dan Beban (sebelum 1 Januari 2020) (lanjutan)

Penjualan Barang dan Jasa

Pendapatan dari penjualan yang timbul dari pengiriman fisik produk-produk Kelompok Usaha diakui bila risiko dan manfaat yang signifikan telah dipindahkan kepada pembeli, yang pada umumnya bersamaan waktunya dengan pengiriman dan penerimaannya. Pendapatan jasa diakui saat jasa diberikan.

Pendapatan dan Beban (setelah 1 Januari 2020)

Kelompok Usaha bergerak dalam bisnis produksi mi dan bumbu penyedap, produk makanan kuliner, biskuit, makanan ringan, nutrisi dan makanan khusus, minuman non-alkohol, kemasan, perdagangan, transportasi, pergudangan dan pendinginan, jasa manajemen serta penelitian dan pengembangan. Pendapatan dari kontrak dengan pelanggan diakui pada saat pengendalian barang atau jasa dialihkan kepada pelanggan dalam jumlah yang mencerminkan imbalan yang diharapkan akan menjadi hak Kelompok Usaha dalam pertukaran barang atau jasa tersebut. Kelompok Usaha secara umum menyimpulkan bahwa mereka adalah prinsipal dalam pengaturan pendapatannya.

Kontrak-kontrak tertentu dengan pelanggan dalam segmen bisnis mensyaratkan akuntansi imbalan variabel.

Kelompok Usaha menawarkan imbalan variabel berupa hak pengembalian dan penyesuaian harga sehubungan klaim kualitas. Dalam menetapkan estimasi terkait, manajemen menggunakan metode nilai ekspektasian yang dikembangkan berdasarkan pengalaman historis, atau metode jumlah yang paling mungkin yang dikembangkan berdasarkan pengalaman manajemen dengan mempertimbangkan juga pola pembelian saat ini.

Manajemen menetapkan metode estimasi untuk memastikan dimasukkannya imbalan variabel tersebut hanya sedemikian agar tidak terjadi pembalikan yang signifikan atas pendapatan kumulatif yang diakui ketika ketidakpastian terkait dengan pertimbangan variabel tersebut diselesaikan ke depannya. Sedangkan pengakuan dilakukan ketika dokumen pendukung telah diterima dari pelanggan atau saat kemungkinan besar imbalan variabel akan diberikan.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Expenses (before January 1, 2020) (continued)

Sale of Goods and Services

Revenue from sales arising from physical delivery of the Group's products are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with their delivery and acceptance. Service income is recognized when the service is provided.

Revenue and Expenses (after January 1, 2020)

The Group is in the business of the manufacture of noodles and food ingredients, culinary food products, biscuits, snacks, nutrition and special foods, non-alcoholic beverages, packaging, trading, transportation, warehousing and cold storage, management services, and research and development. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements.

Certain contracts with customers within the respective business segments give rise to variable considerations.

The Group estimates the variable considerations such as right of return and price adjustments arising from quality claim, using expected value developed based on historical experience or using most likely amount developed based on management experience taking into account also current purchasing patterns.

The management established estimation method that ensure inclusion of these variable consideration only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Meanwhile, the recognition is made when supporting documents have been received from customers or when it is probable variable considerations will be given.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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**Pendapatan dan Beban (setelah 1 Januari
2020) (lanjutan)**

Piutang usaha merupakan hak Kelompok Usaha atas sejumlah imbalan yang tidak bersyarat (yaitu, hanya berlalunya waktu yang diperlukan sebelum pembayaran imbalan jatuh tempo). Lihat kebijakan akuntansi aset keuangan di bagian Instrumen Keuangan mengenai pengakuan awal dan pengukuran selanjutnya.

Penghasilan/Beban Bunga

Untuk semua instrumen keuangan yang diukur pada biaya perolehan diamortisasi, penghasilan atau beban bunga dicatat dengan menggunakan metode suku bunga efektif (SBE), yaitu suku bunga yang secara tepat mendiskontokan estimasi pembayaran atau penerimaan kas di masa yang akan datang selama harapan umur dari instrumen keuangan, atau jika lebih tepat, selama periode yang lebih singkat, terhadap nilai tercatat neto dari aset keuangan atau liabilitas keuangan.

Beban diakui pada saat terjadinya (asas akrual).

Perpajakan

Pajak Kini

Aset dan liabilitas pajak kini untuk tahun berjalan diukur sebesar jumlah yang diharapkan dapat direstitusi dari atau dibayarkan kepada otoritas perpajakan.

Beban pajak kini ditentukan berdasarkan laba kena pajak tahun berjalan yang dihitung berdasarkan tarif pajak yang berlaku.

Kekurangan/kelebihan pembayaran pajak penghasilan dicatat sebagai bagian dari "Beban Pajak Kini" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Kelompok Usaha juga menyajikan bunga/denda, jika ada, sebagai bagian dari "Beban Pajak Kini".

Koreksi terhadap liabilitas perpajakan diakui pada saat surat ketetapan pajak diterima atau, jika diajukan keberatan, pada saat keputusan atas keberatan ditetapkan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

**Revenue and Expenses (after January 1, 2020)
(continued)**

Trade receivables represent the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Financial instruments section regarding initial recognition and subsequent measurement.

Interest Income/Expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Expenses are recognized when these are incurred (accrual basis).

Taxation

Current Tax

Current income tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authority.

Current tax expense is determined based on the taxable income for the year computed using the prevailing tax rates.

Underpayment/overpayment of income tax are presented as part of "Tax Expense - Current" in the consolidated statement of profit or loss and other comprehensive income. The Group also presented interest/penalty, if any, as part of "Tax Expense - Current".

Amendments to tax obligations are recorded when a tax assessment letter is received or, if appealed against, when the result of the appeal is determined.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Perpajakan (lanjutan)

Pajak Tangguhan

Aset dan liabilitas pajak tangguhan diakui menggunakan metode liabilitas atas konsekuensi pajak pada masa mendatang yang timbul dari perbedaan jumlah tercatat aset dan liabilitas menurut laporan keuangan dengan dasar pengenaan pajak aset dan liabilitas pada setiap tanggal pelaporan. Liabilitas pajak tangguhan diakui untuk semua perbedaan temporer kena pajak dan aset pajak tangguhan diakui untuk perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal, sepanjang besar kemungkinan perbedaan temporer yang boleh dikurangkan dan akumulasi rugi fiskal tersebut dapat dimanfaatkan untuk mengurangi laba kena pajak pada masa depan.

Jumlah tercatat aset pajak tangguhan ditelaah ulang pada akhir setiap periode pelaporan dan diturunkan apabila laba fiskal mungkin tidak memadai untuk mengkompensasi sebagian atau semua manfaat aset pajak tangguhan tersebut. Pada akhir setiap periode pelaporan, Kelompok Usaha menilai kembali aset pajak tangguhan yang tidak diakui. Kelompok Usaha mengakui aset pajak tangguhan yang sebelumnya tidak diakui apabila besar kemungkinan bahwa laba fiskal pada masa depan akan tersedia untuk pemulihannya.

Pajak tangguhan dihitung dengan menggunakan tarif pajak yang berlaku atau secara substansial telah berlaku pada tanggal pelaporan. Perubahan nilai tercatat aset dan liabilitas pajak tangguhan yang disebabkan oleh perubahan tarif pajak dibebankan pada usaha periode berjalan, kecuali untuk transaksi-transaksi yang sebelumnya telah langsung dibebankan atau dikreditkan ke ekuitas.

Aset dan liabilitas pajak tangguhan disajikan secara saling hapus dalam laporan posisi keuangan konsolidasian, kecuali aset dan liabilitas pajak tangguhan untuk entitas yang berbeda, sesuai dengan penyajian aset dan liabilitas pajak kini.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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Taxation (continued)

Deferred Tax

Deferred tax assets and liabilities are recognized using the liability method for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases at each reporting date. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for deductible temporary differences and accumulated fiscal losses to the extent that it is probable that taxable income will be available in future years against which the deductible temporary differences and accumulated fiscal losses can be utilized.

The carrying amount of a 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 income will be available to allow the benefit of part or all of that deferred tax asset to be utilized. At the end of each reporting period, the Group reassesses unrecognized deferred tax assets. The Group recognizes a previously unrecognized deferred tax assets to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted or substantively enacted at the reporting date. Changes in the carrying amount of deferred tax assets and liabilities due to a change in tax rates are charged to current period operations, except to the extent that they relate to items previously charged or credited to equity.

Deferred tax assets and liabilities are offset in the consolidated statement of financial position, except if they are for different legal entities, consistent with the presentation of current tax assets and liabilities.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Perpajakan (lanjutan)

PPN

Pendapatan, beban-beban dan aset-aset diakui neto atas jumlah PPN kecuali:

- (i) PPN yang muncul dari pembelian aset atau jasa yang tidak dapat dikreditkan oleh Kantor Pajak, yang dalam hal ini PPN diakui sebagai bagian dari biaya perolehan aset atau sebagai bagian dari item beban-beban yang diterapkan; dan
- (ii) Piutang dan utang yang disajikan termasuk dengan jumlah PPN.

Jumlah PPN neto yang terpulihkan dari, atau terutang kepada, Kantor Pajak termasuk sebagai bagian dari piutang atau utang pada laporan perubahan posisi keuangan konsolidasian.

Pajak Final

Peraturan perpajakan di Indonesia mengatur beberapa jenis penghasilan dikenakan pajak yang bersifat final. Pajak final yang dikenakan atas nilai bruto transaksi tetap dikenakan walaupun atas transaksi tersebut pelaku transaksi mengalami kerugian.

Pajak final tidak termasuk dalam lingkup yang diatur oleh PSAK No. 46. Oleh karena itu, Kelompok Usaha menyajikan beban pajak final sehubungan dengan penghasilan bunga sebagai bagian tersendiri dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Provisi

Provisi diakui jika Kelompok Usaha memiliki kewajiban kini (baik bersifat hukum maupun bersifat konstruktif) yang akibat peristiwa masa lalu, besar kemungkinannya penyelesaian kewajiban tersebut mengakibatkan arus keluar sumber daya yang mengandung manfaat ekonomi dan estimasi yang andal mengenai jumlah kewajiban tersebut dapat dibuat.

Provisi ditelaah pada setiap tanggal pelaporan dan disesuaikan untuk mencerminkan estimasi terbaik yang paling kini. Jika arus keluar sumber daya untuk menyelesaikan kewajiban kemungkinan besar tidak terjadi, maka provisi dibatalkan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Taxation (continued)

VAT

Revenue, expenses and assets are recognized net of the amount of VAT except:

- (i) Where the VAT incurred on a purchase of assets or services is not recoverable from the Tax Office, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- (ii) Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the Tax Office is included as part of receivables or payables in the consolidated statement of financial position.

Final Tax

Tax regulation in Indonesia determined that certain taxable income is subject to final tax. Final tax applied to the gross value of transactions is applied even when the parties carrying the transaction recognizing losses.

Final tax is scoped out from PSAK No. 46. Therefore, the Group present all of the final tax arising from interest income as a separate item in the consolidated statement of profit or loss and other comprehensive income.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is canceled.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Imbalan Kerja Karyawan

Kelompok Usaha mencatat penyisihan manfaat untuk memenuhi dan menutup imbalan minimum yang harus dibayar kepada karyawan-karyawan sesuai dengan Undang-undang Ketenagakerjaan No.13/2003 ("Undang-undang Tenaga Kerja"). Penyisihan tambahan tersebut diestimasi dengan menggunakan perhitungan aktuarial dengan metode "Projected Unit Credit".

Pengukuran kembali, terdiri atas keuntungan dan kerugian aktuarial, segera diakui pada laporan posisi keuangan konsolidasian dengan pengaruh langsung didebit atau dikreditkan kepada saldo laba melalui penghasilan komprehensif lain pada periode terjadinya. Pengukuran kembali tidak direklasifikasi ke laba rugi pada periode berikutnya.

Biaya jasa lalu harus diakui sebagai beban pada saat yang lebih awal antara:

- i) ketika perubahan program atau kurtailmen terjadi; dan
- ii) ketika entitas mengakui biaya restrukturisasi atau imbalan terminasi terkait.

Bunga neto dihitung dengan menggunakan tingkat diskonto terhadap liabilitas imbalan kerja neto. Kelompok Usaha mengakui terjadinya perubahan terhadap liabilitas imbalan kerja neto pada "Beban Pokok Penjualan", "Beban Umum dan Administrasi" dan "Beban Penjualan dan Distribusi" yang sesuai dalam laporan laba rugi:

- i. Biaya jasa terdiri atas, biaya jasa kini, biaya jasa lalu, keuntungan dan kerugian dari kurtailmen dan penyelesaian tidak rutin, dan
- ii. Beban atau penghasilan bunga neto.

Keuntungan atau kerugian atas kurtailmen atau penyelesaian suatu program imbalan pasti diakui ketika kurtailmen atau penyelesaian terjadi.

Kurtailmen terjadi apabila salah satu dari kondisi berikut terpenuhi:

- i. Menunjukkan komitmennya untuk mengurangi secara signifikan jumlah pekerja yang ditanggung oleh program; atau
- ii. Mengubah ketentuan dalam program imbalan pasti yang menyebabkan bagian yang signifikan dari masa depan pekerja tidak lagi memberikan imbalan atau memberikan imbalan yang lebih rendah.

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING
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Employee Benefits

The Group provides provisions on top of the benefits provided in order to meet and cover the minimum benefits required to be paid to the qualified employees under Labor Law No. 13/2003 (the "Labor Law"). The said additional provisions are estimated using actuarial calculations using the "Projected Unit Credit" method.

Re-measurements, comprising of actuarial gains and losses, are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized in profit or loss at the earlier between:

- i) the occurrence of the plan amendment or curtailment; and
- ii) the date the Group recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net employee benefits liability. The Group recognizes the following changes in the net employee benefits liability under "Cost of Goods Sold", "General and Administration Expenses" and "Selling and Distribution Expenses" as appropriate in the profit or loss:

- i. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements, and
- ii. Net interest expense or income.

Gains or losses on the curtailment or settlement of a defined benefit plan are recognized when the curtailment or settlement occurs.

A curtailment occurs when an entity either:

- i. Demonstrate its commitment to make a significant reduction in the number of employees covered by a plans; or
- ii. Amends the terms of a defined benefit plan so that a significant element of future service by current employees will no longer qualify for benefits, or will qualify only for reduced benefits.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Transaksi dengan Pihak Berelasi

Perusahaan dan Entitas Anak mempunyai transaksi dengan pihak berelasi, dengan definisi diuraikan pada PSAK No. 7 (Revisi 2010) sebagai berikut:

- (i) Orang atau anggota keluarga terdekat mempunyai relasi dengan Kelompok Usaha jika orang tersebut:
 - (i.1) Memiliki pengendalian atau pengendalian bersama atas Perusahaan;
 - (i.2) Memiliki pengaruh signifikan atas Perusahaan; atau
 - (i.3) Personil manajemen kunci Perusahaan atau entitas induk Perusahaan.
- (ii) Suatu entitas berelasi dengan Kelompok Usaha jika memenuhi salah satu hal berikut:
 - (ii.1) Entitas dan Perusahaan adalah anggota dari kelompok usaha yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lain);
 - (ii.2) Suatu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu kelompok usaha, yang mana entitas lain tersebut adalah anggotanya);
 - (ii.3) Kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama;
 - (ii.4) Suatu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga;
 - (ii.5) Entitas tersebut adalah suatu program imbalan pascakerja untuk imbalan kerja dari salah satu Perusahaan atau entitas yang terkait dengan Perusahaan. Jika Perusahaan adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan Perusahaan;
 - (ii.6) Entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasi dalam poin (i); atau

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Transactions with Related Parties

The Company and Subsidiaries have transactions with related parties, as defined in PSAK No. 7 (Revised 2010) as follows:

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (i.1) Has control or joint control over the Company;
 - (i.2) Has significant influence over the Company; or
 - (i.3) Is a member of the key management personnel of the Company or of a parent of the Company.
- (ii) An entity is related to the Group if any of the following conditions apply:
 - (ii.1) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii.2) 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);
 - (ii.3) Both entities are joint ventures of the same third party;
 - (ii.4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (ii.5) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (ii.6) The entity is controlled or jointly controlled by a person identified in (i); or

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Transaksi dengan Pihak Berelasi (lanjutan)

- (ii.7) Orang yang diidentifikasi dalam poin (i.1) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas);
- (ii.8) Entitas, atau anggota dari kelompok yang mana entitas merupakan bagian dari kelompok tersebut, menyediakan jasa personil manajemen kunci kepada entitas pelapor atau kepada entitas induk dari entitas pelapor.

Transaksi ini dilakukan berdasarkan persyaratan yang disetujui oleh kedua belah pihak, yang mungkin tidak sama dengan transaksi lain yang dilakukan dengan pihak-pihak yang tidak berelasi.

Seluruh transaksi dan saldo yang material dengan pihak-pihak berelasi diungkapkan dalam Catatan yang relevan.

Kecuali diungkapkan khusus sebagai pihak-pihak berelasi, maka pihak-pihak lain yang disebutkan dalam Catatan atas laporan keuangan konsolidasian merupakan pihak ketiga.

Kombinasi Bisnis Entitas Sepengendali

Berdasarkan PSAK No. 38, oleh karena transaksi kombinasi bisnis entitas sepengendali tidak mengakibatkan perubahan substansi ekonomi kepemilikan atas bisnis yang dipertukarkan, transaksi tersebut diakui pada nilai tercatat berdasarkan metode penyatuan kepemilikan. Dalam menerapkan metode penyatuan kepemilikan, unsur-unsur laporan keuangan dari entitas yang bergabung, untuk tahun terjadinya kombinasi bisnis entitas sepengendali dan untuk tahun komparatif sajian, disajikan seolah-olah penggabungan tersebut telah terjadi sejak awal tahun entitas yang bergabung berada dalam sepengendalian. Selisih antara jumlah imbalan yang dialihkan dalam kombinasi bisnis entitas sepengendali atau jumlah imbalan yang diterima dalam pelepasan bisnis entitas sepengendali, jika ada, dengan nilai tercatat bisnis tersebut dicatat sebagai bagian dari akun "Tambahan Modal Disetor" pada laporan posisi keuangan konsolidasian.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Transactions with Related Parties (continued)

- (ii.7) A person identified in (i.1) 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);
- (ii.8) 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.

The transactions are made based on terms agreed by the parties, which may not be the same as those of the transactions between unrelated parties.

All significant transactions and balances with related parties are disclosed in the relevant Notes herein.

Unless specifically identified as related parties, the parties disclosed in the Notes to the consolidated financial statements are third parties.

Business Combination of Entities Under Common Control

Under PSAK No. 38, since the transaction of business combination of entities under common control does not result in a change of the economic substance of the ownership of businesses which are exchanged, the said transaction is recognized at its carrying amount using the pooling-of-interest method. In applying the pooling-of-interest method, the components of the financial statements of the combining entities, for the year during which the business combination of entities under common control occurred and for the comparative year, are presented in such a manner as if the combination has occurred since the beginning of the year of the combining entity under common control. Difference in value of considerations transferred in a business combination of entities under common control or considerations received in a disposal of business of entities under common control, if any, with its carrying amount is recognized as part of "Additional Paid-in Capital" in the consolidated statement of financial position.

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2. IKHTISAR KEBIJAKAN AKUNTANSI YANG SIGNIFIKAN (lanjutan)

Transaksi dan Saldo dalam Mata Uang Asing

Transaksi dalam mata uang asing dicatat dalam Rupiah berdasarkan kurs yang berlaku pada saat transaksi dilakukan. Pada tanggal pelaporan, aset dan liabilitas moneter dalam mata uang asing dijabarkan sesuai dengan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia pada tanggal transaksi perbankan terakhir untuk periode yang bersangkutan, dan laba atau rugi kurs yang timbul, dikreditkan atau dibebankan pada operasi periode yang bersangkutan.

Pada tanggal 31 Desember 2020, nilai tukar yang digunakan untuk 1 Dolar Amerika Serikat ("US\$") adalah sebesar Rp14.105 (31 Desember 2019: Rp13.901 dan 31 Desember 2018: Rp14.481).

Instrumen Keuangan

Berlaku mulai 1 Januari 2020

i. Aset keuangan

Pengakuan dan Pengukuran Awal

Aset keuangan diklasifikasikan, pada pengakuan awal, yang selanjutnya diukur pada biaya perolehan diamortisasi dan nilai wajar melalui pendapatan komprehensif lain (OCI).

Klasifikasi aset keuangan pada pengakuan awal tergantung pada karakteristik arus kas kontraktual aset keuangan dan model bisnis Kelompok Usaha untuk mengelolanya. Dengan pengecualian piutang usaha yang tidak mengandung komponen pembiayaan yang signifikan atau yang mana Kelompok Usaha telah menerapkan kebijaksanaan praktisnya, Kelompok Usaha pada awalnya mengukur aset keuangan pada nilai wajarnya ditambah, dalam hal aset keuangan tidak diukur pada nilai wajar melalui laba rugi, biaya transaksi. Piutang usaha yang tidak mengandung komponen pembiayaan yang signifikan atau yang mana Kelompok Usaha telah menerapkan cara praktis diukur pada harga transaksi yang ditentukan berdasarkan PSAK 72. Lihat kebijakan akuntansi pada bagian Catatan 2 Pendapatan dari kontrak dengan pelanggan.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currency Transactions and Balances

Transactions involving foreign currencies are recorded in Rupiah at the rates of exchange prevailing at the time the transactions are made. At the reporting date, monetary assets and liabilities denominated in foreign currencies are adjusted to reflect the average of the selling and buying rates of exchange prevailing at the last banking transaction date of the period, as published by Bank Indonesia, and any resulting gains or losses are credited or charged to operations of the current period.

As of December 31, 2020, the rate of exchange used for United States Dollar ("US\$") 1 was Rp14,105 (December 31, 2019: Rp13,901 and December 31, 2018: Rp14,481).

Financial Instruments

Effective beginning January 1, 2020

i. Financial assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost and fair value through other comprehensive income (OCI).

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of accounts receivable - trade that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Account receivable - trade that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PSAK 72. Refer to the accounting policies in section Note 2 Revenue from contracts with customers.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Instrumen Keuangan (lanjutan)

Berlaku mulai 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Pengakuan dan Pengukuran Awal (lanjutan)

Agar aset keuangan diklasifikasikan dan diukur pada biaya perolehan diamortisasi atau nilai wajar melalui OCI, aset keuangan harus menghasilkan arus kas yang 'semata-mata pembayaran pokok dan bunga (SPPI)' dari jumlah pokok terutang. Penilaian ini disebut sebagai tes SPPI dan dilakukan pada tingkat instrumen.

Model bisnis Kelompok Usaha untuk mengelola aset keuangan mengacu pada bagaimana Kelompok Usaha mengelola aset keuangannya untuk menghasilkan arus kas. Model bisnis menentukan apakah arus kas akan dihasilkan dari pengumpulan arus kas kontraktual, penjualan aset keuangan, atau keduanya.

Pengukuran Selanjutnya

Untuk tujuan pengukuran selanjutnya, aset keuangan diklasifikasikan dalam dua kategori:

- Aset keuangan pada biaya perolehan diamortisasi (instrumen utang)
- Aset keuangan yang ditetapkan pada nilai wajar melalui OCI tanpa daur ulang keuntungan dan kerugian kumulatif setelah penghentian pengakuan (instrumen ekuitas)

Aset keuangan pada biaya perolehan diamortisasi (instrumen utang)

Kategori ini adalah yang paling relevan dengan Kelompok Usaha. Kelompok Usaha mengukur aset keuangan yang diukur dengan biaya perolehan diamortisasi jika kedua kondisi berikut terpenuhi:

- Aset keuangan dimiliki dalam model bisnis dengan tujuan untuk memiliki aset keuangan untuk mengumpulkan arus kas kontraktual; dan
- Persyaratan kontraktual dari aset keuangan menimbulkan arus kas pada tanggal tertentu yang hanya merupakan pembayaran pokok dan bunga dari jumlah pokok terutang.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

i. Financial assets (continued)

Initial Recognition and Measurement (continued)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortized cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Instrumen Keuangan (lanjutan)

Berlaku mulai 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

**Aset keuangan pada biaya perolehan
diamortisasi (instrumen utang) (lanjutan)**

Aset keuangan yang diukur dengan biaya perolehan diamortisasi selanjutnya diukur dengan menggunakan metode suku bunga efektif (SBE) dan mengalami penurunan nilai. Keuntungan dan kerugian diakui dalam laba rugi pada saat aset dihentikan pengakuannya, dimodifikasi atau rusak.

Aset keuangan Kelompok Usaha pada biaya perolehan diamortisasi termasuk kas dan setara kas, piutang usaha, aset lancar lainnya, dan aset tidak lancar lainnya.

**Aset keuangan pada nilai wajar melalui OCI
(instrumen ekuitas)**

Setelah pengakuan awal, Kelompok Usaha dapat memilih untuk mengklasifikasikan investasi ekuitasnya yang tidak dapat ditarik kembali sebagai instrumen ekuitas yang ditetapkan pada nilai wajar melalui OCI jika definisi ekuitas berdasarkan PSAK 50: Instrumen Keuangan: Penyajian dan tidak dimiliki untuk diperdagangkan memenuhi definisi tersebut. Klasifikasi ditentukan berdasarkan instrumen per instrumen.

Keuntungan dan kerugian dari aset keuangan ini tidak pernah didaur ulang ke laba rugi. Dividen diakui sebagai pendapatan lain-lain dalam laporan laba rugi pada saat hak pembayaran telah ditetapkan, kecuali jika Kelompok Usaha mendapatkan keuntungan dari hasil tersebut sebagai pemulihan sebagian biaya perolehan aset keuangan, dalam hal ini, keuntungan tersebut adalah tercatat di OCI. Instrumen ekuitas yang ditetapkan pada nilai wajar melalui OCI tidak tunduk pada penilaian penurunan nilai.

Kelompok Usaha memilih untuk mengklasifikasikan investasi ekuitas yang tidak terdaftar dalam kategori ini yang tidak dapat ditarik kembali.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

i. Financial assets (continued)

**Financial assets at amortized cost (debt
instruments) (continued)**

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost includes cash and cash equivalents, accounts receivable, other current assets, and other non-current assets.

**Financial assets designated at fair value
through OCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PSAK 50: Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Instrumen Keuangan (lanjutan)

Berlaku mulai 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Penghentian pengakuan

Aset keuangan (atau, jika berlaku, bagian dari aset keuangan atau bagian dari kelompok aset keuangan serupa) terutama dihentikan pengakuannya (yaitu, dihapus dari laporan posisi keuangan konsolidasian Kelompok Usaha) ketika:

- Hak untuk menerima arus kas dari aset telah kedaluwarsa; atau
- Kelompok Usaha telah mengalihkan haknya untuk menerima arus kas dari aset atau telah mengasumsikan kewajiban untuk membayar arus kas yang diterima secara penuh tanpa penundaan material kepada pihak ketiga berdasarkan pengaturan 'pass-through'; dan salah satu (a) Kelompok Usaha telah mengalihkan secara substansial semua risiko dan manfaat aset, atau (b) Kelompok Usaha tidak mengalihkan atau memiliki secara substansial seluruh risiko dan manfaat aset, tetapi telah mengalihkan pengendalian aset.

Ketika Kelompok Usaha telah mengalihkan haknya untuk menerima arus kas dari aset atau telah menandatangani perjanjian pass-through, Kelompok Usaha mengevaluasi apakah, dan sejauh mana, telah mempertahankan risiko dan manfaat kepemilikan. Ketika Kelompok Usaha tidak mengalihkan atau mempertahankan secara substansial seluruh risiko dan manfaat dari aset, atau mengalihkan pengendalian atas aset, Kelompok Usaha terus mengakui aset yang ditransfer tersebut sejauh keterlibatannya secara berkelanjutan. Dalam kasus tersebut, Kelompok Usaha juga mengakui liabilitas terkait. Aset alihan dan liabilitas terkait diukur atas dasar yang mencerminkan hak dan kewajiban yang dimiliki Kelompok Usaha.

Keterlibatan berkelanjutan dalam bentuk jaminan atas aset yang ditransfer diukur pada nilai yang lebih rendah dari nilai tercatat asli aset dan jumlah maksimum imbalan yang mungkin diminta untuk dibayar kembali oleh Kelompok Usaha.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

i. Financial assets (continued)

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Instrumen Keuangan (lanjutan)

Berlaku mulai 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Penurunan nilai aset keuangan

Kelompok Usaha mengakui penyisihan kerugian kredit ekspektasian (ECL) untuk semua instrumen utang yang tidak dimiliki pada nilai wajar melalui laba rugi. ECL didasarkan pada perbedaan antara arus kas kontraktual yang jatuh tempo sesuai dengan kontrak dan semua arus kas yang diharapkan akan diterima Kelompok Usaha, didiskontokan dengan perkiraan suku bunga efektif awal. Arus kas yang diharapkan akan mencakup arus kas dari penjualan agunan yang dimiliki atau peningkatan kredit lainnya yang merupakan bagian integral dari persyaratan kontraktual.

ECL dikenali dalam dua tahap. Untuk eksposur kredit yang belum ada peningkatan risiko kredit yang signifikan sejak pengakuan awal, ECL disediakan untuk kerugian kredit yang diakibatkan oleh peristiwa gagal bayar yang mungkin terjadi dalam 12 bulan ke depan (ECL 12 bulan). Untuk eksposur kredit yang telah terjadi peningkatan risiko kredit yang signifikan sejak pengakuan awal, penyisihan kerugian diperlukan untuk kerugian kredit yang diperkirakan selama sisa umur eksposur, terlepas dari waktu default (ECL seumur hidup).

Untuk piutang dagang, Kelompok Usaha menerapkan pendekatan yang disederhanakan dalam menghitung ECL. Oleh karena itu, Kelompok Usaha tidak melacak perubahan dalam risiko kredit, tetapi mengakui penyisihan kerugian berdasarkan ECL seumur hidup pada setiap tanggal pelaporan. Kelompok Usaha telah menetapkan matriks provisi berdasarkan pengalaman kerugian kredit historisnya, yang disesuaikan dengan faktor-faktor perkiraan masa depan yang spesifik untuk debitur dan lingkungan ekonomi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

i. Financial assets (continued)

Impairment of financial assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Instrumen Keuangan (lanjutan)

Berlaku mulai 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Penurunan nilai aset keuangan (lanjutan)

Kelompok usaha menganggap aset keuangan gagal bayar ketika pembayaran kontraktual telah lewat 90 hari. Namun, dalam kasus tertentu, Kelompok Usaha juga dapat mempertimbangkan aset keuangan mengalami gagal bayar ketika informasi internal atau eksternal menunjukkan bahwa Kelompok Usaha tidak mungkin menerima jumlah kontraktual yang terutang secara penuh sebelum memperhitungkan setiap peningkatan kredit yang dimiliki oleh Kelompok Aset keuangan dihapuskan jika tidak ada ekspektasi yang wajar untuk memulihkan arus kas kontraktual.

ii. Liabilitas keuangan

Pengakuan dan Pengukuran Awal

Liabilitas keuangan diklasifikasikan, pada pengakuan awal, sebagai utang dan pinjaman dan utang.

Semua liabilitas keuangan pada awalnya diakui pada nilai wajar dan, untuk utang dan pinjaman dan utang usaha, setelah dikurangi biaya transaksi yang dapat diatribusikan secara langsung.

Liabilitas keuangan Kelompok Usaha meliputi utang usaha, beban akrual, utang bank jangka pendek dan cerukan, utang jangka panjang, dan liabilitas sewa.

Pengukuran selanjutnya

Pengukuran liabilitas keuangan bergantung pada klasifikasinya, seperti yang dijelaskan di bawah ini:

Utang dan pinjaman

Ini adalah kategori yang paling relevan dengan Kelompok Usaha. Setelah pengakuan awal, utang dan pinjaman yang dikenakan bunga selanjutnya diukur pada biaya perolehan diamortisasi dengan menggunakan metode SBE. Keuntungan dan kerugian diakui dalam laba rugi pada saat kewajiban dihentikan pengakuannya serta melalui proses amortisasi SBE.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii. Financial liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings and payables.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable, accrued expenses, short-term bank loans and overdraft, long-term debts, and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Instrumen Keuangan (lanjutan)

Berlaku mulai 1 Januari 2020 (lanjutan)

ii. Liabilitas Keuangan (lanjutan)

Pengukuran selanjutnya (lanjutan)

Utang dan pinjaman (lanjutan)

Biaya perolehan diamortisasi dihitung dengan mempertimbangkan diskonto atau premi atas akuisisi dan biaya atau biaya yang merupakan bagian tidak terpisahkan dari SBE. Amortisasi SBE dicatat sebagai beban keuangan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Penghentian pengakuan

Liabilitas keuangan dihentikan pengakuannya ketika liabilitas tersebut dilepaskan atau dibatalkan atau kadaluwarsa. Ketika kewajiban keuangan yang ada digantikan oleh yang lain dari pemberi pinjaman yang sama dengan persyaratan yang secara substansial berbeda, atau persyaratan dari kewajiban yang ada secara substansial dimodifikasi, pertukaran atau modifikasi tersebut diperlakukan sebagai penghentian pengakuan kewajiban awal dan pengakuan kewajiban baru. Selisih nilai tercatat masing-masing diakui pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

iii. Saling hapus instrumen keuangan

Aset keuangan dan liabilitas keuangan saling hapus dan jumlah neto dilaporkan dalam laporan posisi keuangan konsolidasian jika terdapat hak hukum yang dapat diberlakukan saat ini untuk mengimbangi jumlah yang diakui dan ada niat untuk menyelesaikan secara neto, untuk merealisasikan aset dan menyelesaikan kewajiban secara bersamaan.

Berlaku sebelum 1 Januari 2020

i. Aset keuangan

Pengakuan dan pengukuran awal

Aset keuangan dalam ruang lingkup PSAK No. 55 diklasifikasikan sebagai aset keuangan yang dinilai pada nilai wajar melalui laba rugi, pinjaman yang diberikan dan piutang, investasi yang dimiliki hingga jatuh tempo, dan aset keuangan tersedia untuk dijual. Kelompok Usaha menentukan klasifikasi aset keuangan pada saat pengakuan awal dan, jika diperbolehkan dan sesuai, akan dievaluasi kembali setiap akhir tahun keuangan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective beginning January 1, 2020 (continued)

ii. Financial Liabilities (continued)

Subsequent measurement (continued)

Loans and borrowings (continued)

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance expenses in the consolidated statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of profit or loss and other comprehensive income.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Effective prior to January 1, 2020

i. Financial assets

Initial recognition and measurement

Financial assets within the scope of the PSAK No. 55 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Group determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Instrumen Keuangan (lanjutan)

Berlaku sebelum 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Pengakuan dan pengukuran awal (lanjutan)

Pada saat pengakuan awal, aset keuangan diukur pada nilai wajar. Dalam hal investasi tidak diukur pada nilai wajar melalui laba rugi, nilai wajar tersebut ditambah dengan biaya transaksi yang dapat diatribusikan secara langsung.

Aset keuangan Kelompok Usaha mencakup kas dan setara kas, investasi jangka pendek, piutang usaha, piutang bukan usaha, investasi jangka panjang dan aset tidak lancar lainnya - piutang jangka panjang.

Pengukuran setelah pengakuan awal

- Pinjaman yang diberikan dan piutang

Pinjaman yang diberikan dan piutang adalah aset keuangan non derivatif dengan pembayaran tetap atau telah ditentukan dan tidak mempunyai kuotasi di pasar aktif. Aset keuangan tersebut dicatat pada biaya perolehan yang diamortisasi menggunakan metode SBE. Keuntungan atau kerugian diakui dalam laba rugi pada saat pinjaman dan piutang dihentikan pengakuannya atau mengalami penurunan nilai, serta melalui proses amortisasi.

Aset keuangan Kelompok Usaha dalam klasifikasi pinjaman yang diberikan dan piutang meliputi kas dan setara kas, piutang usaha dan bukan usaha dan aset tidak lancar lainnya - piutang jangka panjang.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial assets (continued)

Initial recognition and measurement
(continued)

At initial recognition, financial assets are recognized at fair value. In the case of investments not at fair value through profit or loss, the fair value shall include directly attributable transaction costs.

The Group's financial assets include cash and cash equivalents, short-term investments, accounts receivable - trade, accounts receivable - non-trade, long-term investments and other non-current assets - long-term receivables.

Subsequent measurement

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the loans and receivables are derecognized or impaired as well as through the amortization process.

The Group's financial assets classified as loans and receivables include cash and cash equivalents, accounts receivable - trade and non-trade and other non-current assets - long-term receivables.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Instrumen Keuangan (lanjutan)

Berlaku sebelum 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Pengukuran setelah pengakuan awal (lanjutan)

- Aset keuangan tersedia untuk dijual

Aset keuangan tersedia untuk dijual adalah aset keuangan non derivatif yang ditetapkan sebagai tersedia untuk dijual. Setelah pengukuran awal, aset keuangan tersedia untuk dijual diukur pada nilai wajar dengan laba atau rugi yang belum direalisasi diakui sebagai penghasilan komprehensif lain dalam "Laba (Rugi) yang Belum Terealisasi dari Aset Keuangan Tersedia untuk Dijual" sampai investasi tersebut dihentikan pengakuannya. Pada saat itu, laba atau rugi kumulatif diakui sebagai penghasilan atau beban operasi lainnya. Pada saat ditentukan terjadi penurunan nilai, rugi kumulatif direklasifikasi dari "Laba (Rugi) yang Belum Terealisasi dari Aset Keuangan Tersedia untuk Dijual" ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian sebagai "Beban Keuangan".

Kelompok Usaha mempunyai investasi dalam surat berharga yang tercatat pada bursa efek dan diklasifikasikan sebagai aset keuangan tersedia untuk dijual.

Penghentian pengakuan

Penghentian pengakuan atas suatu aset keuangan atau, apabila dapat diterapkan untuk bagian dari aset keuangan atau bagian dari kelompok aset keuangan sejenis, terjadi bila: (1) hak kontraktual atas arus kas yang berasal dari aset keuangan tersebut berakhir; atau (2) Kelompok Usaha memindahkan hak untuk menerima arus kas yang berasal dari aset keuangan tersebut atau menanggung kewajiban untuk membayar arus kas yang diterima tersebut tanpa penundaan yang signifikan kepada pihak ketiga melalui suatu kesepakatan penyerahan dan apabila (a) secara substansial memindahkan seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, atau (b) secara substansial tidak memindahkan dan tidak mempertahankan seluruh risiko dan manfaat atas kepemilikan aset keuangan tersebut, namun telah memindahkan pengendalian atas aset tersebut.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial assets (continued)

Subsequent measurement (continued)

- Available-for-sale (AFS) financial assets

AFS financial assets are non-derivative financial assets that are designated as available for sale. After initial measurement, AFS financial assets are measured at fair value with unrealized gains or losses recognized as other comprehensive income in the "Unrealized Gains (Losses) on AFS Financial Assets" until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income or expenses, or determined to be impaired, at which time the cumulative loss is reclassified from "Unrealized Gains (Losses) on AFS Financial Assets" to the consolidated statement of profit or loss and other comprehensive income as "Finance Expenses".

The Group has investments in marketable securities which are listed in the stock exchange and are classified as AFS financial assets.

Derecognition

A financial asset or where applicable, a part of a financial asset or part of a group of similar financial assets is derecognized when: (1) the contractual rights to receive cash flows from the asset have expired; or (2) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Instrumen Keuangan (lanjutan)

Berlaku sebelum 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Penghentian pengakuan (lanjutan)

Ketika Kelompok Usaha mentransfer hak untuk menerima arus kas yang berasal dari aset keuangan atau mengadakan kesepakatan penyerahan, Kelompok Usaha mengevaluasi sejauh mana Kelompok Usaha memiliki risiko dan manfaat atas kepemilikan aset keuangan tersebut. Pada saat Kelompok Usaha tidak mentransfer maupun tidak mempertahankan secara substansial seluruh risiko dan manfaat atas aset keuangan tersebut, jika tidak mentransfer pengendalian atas aset keuangan tersebut, maka aset keuangan tersebut diakui oleh Kelompok Usaha sebesar keterlibatannya yang berkelanjutan dengan aset keuangan tersebut.

Keterlibatan berkelanjutan yang berbentuk pemberian jaminan atas aset yang ditransfer diukur sebesar jumlah terendah antara nilai aset yang ditransfer dan jumlah maksimal dari pembayaran yang diterima yang mungkin harus dibayar kembali oleh Kelompok Usaha.

Dalam hal ini, Kelompok Usaha juga mengakui liabilitas terkait. Aset yang ditransfer dan liabilitas terkait diukur atas dasar yang merefleksikan hak dan kewajiban Kelompok Usaha yang ditahan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial assets (continued)

Derecognition (continued)

When the Group has transferred its rights to receive cash flows from a financial asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the financial asset, nor transferred control of the financial asset, the financial asset is recognized to the extent of the Group's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Instrumen Keuangan (lanjutan)

Berlaku sebelum 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Penghentian pengakuan (lanjutan)

Pada saat penghentian pengakuan atas aset keuangan secara keseluruhan, maka selisih antara nilai tercatat dan jumlah dari (i) pembayaran yang diterima, termasuk aset baru yang diperoleh dikurangi dengan liabilitas baru yang ditanggung; dan (ii) keuntungan atau kerugian kumulatif yang telah diakui secara langsung dalam ekuitas, harus diakui sebagai laba rugi.

Penurunan nilai aset keuangan

Pada setiap tanggal pelaporan, Kelompok Usaha mengevaluasi apakah terdapat bukti yang obyektif bahwa aset keuangan atau kelompok aset keuangan mengalami penurunan nilai. Penurunan nilai atas aset keuangan atau kelompok aset keuangan dianggap telah terjadi, jika dan hanya jika, terdapat bukti yang obyektif mengenai penurunan nilai sebagai akibat dari satu atau lebih peristiwa yang terjadi setelah pengakuan awal aset tersebut ("peristiwa yang merugikan") dan peristiwa yang merugikan tersebut berdampak pada estimasi arus kas masa depan atas aset keuangan atau kelompok aset keuangan yang dapat diestimasi secara handal.

Bukti penurunan nilai dapat meliputi indikasi pihak peminjam atau kelompok pihak peminjam mengalami kesulitan keuangan signifikan, wanprestasi atau tunggakan pembayaran bunga atau pokok, terdapat kemungkinan bahwa pihak peminjam akan dinyatakan pailit atau melakukan reorganisasi keuangan lainnya dan pada saat data yang dapat diobservasi mengindikasikan adanya penurunan yang dapat diukur atas estimasi arus kas masa datang, seperti meningkatnya tunggakan atau kondisi ekonomi yang berkorelasi dengan wanprestasi.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial assets (continued)

Derecognition (continued)

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of (i) the consideration received, including any new asset obtained less any new liability assumed; and (ii) any cumulative gain or loss that has been recognized directly in equity, is recognized in profit or loss.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization, and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Instrumen Keuangan (lanjutan)

Berlaku sebelum 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Penurunan nilai aset keuangan (lanjutan)

- Aset keuangan dicatat sebesar biaya perolehan yang diamortisasi

Untuk pinjaman yang diberikan dan piutang yang dicatat pada biaya perolehan diamortisasi, Kelompok Usaha terlebih dahulu menentukan bahwa terdapat bukti objektif mengenai penurunan nilai secara individual atas aset keuangan yang signifikan secara individual, atau secara kolektif untuk aset keuangan yang tidak signifikan secara individual. Jika Kelompok Usaha menentukan tidak terdapat bukti objektif mengenai penurunan nilai atas aset keuangan yang dinilai secara individual, terlepas aset keuangan tersebut signifikan atau tidak, maka aset tersebut dimasukkan ke dalam kelompok aset keuangan yang memiliki karakteristik risiko kredit yang serupa dan menilai penurunan nilai kelompok tersebut secara kolektif. Aset yang penurunan nilainya dinilai secara individual dan untuk itu kerugian penurunan nilai diakui atau tetap diakui, tidak termasuk dalam penilaian penurunan nilai secara kolektif.

Jika terdapat bukti objektif bahwa kerugian penurunan nilai telah terjadi, jumlah kerugian tersebut diukur sebagai selisih antara nilai tercatat aset dengan nilai kini estimasi arus kas masa datang (tidak termasuk kerugian kredit di masa mendatang yang belum terjadi). Nilai tercatat atas aset keuangan dikurangi melalui penggunaan pos cadangan dan jumlah kerugian yang terjadi diakui dalam laba rugi. Penghasilan bunga selanjutnya diakui sebesar nilai tercatat yang diturunkan nilainya berdasarkan tingkat suku bunga efektif awal dari aset keuangan. Pinjaman yang diberikan dan piutang beserta dengan penyisihan terkait dihapuskan jika tidak terdapat kemungkinan yang realistis atas pemulihan di masa mendatang dan seluruh agunan telah terealisasi atau dialihkan kepada Kelompok Usaha.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

- Financial assets carried at amortized cost

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the financial asset. Loans and receivables, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collaterals have been realized or have been transferred to the Group.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Instrumen Keuangan (lanjutan)

Berlaku sebelum 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Penurunan nilai aset keuangan (lanjutan)

- Aset keuangan dicatat sebesar biaya perolehan yang diamortisasi (lanjutan)

Jika, pada tahun berikutnya, nilai estimasi kerugian penurunan nilai aset keuangan bertambah atau berkurang karena peristiwa yang terjadi setelah penurunan nilai diakui, maka kerugian penurunan nilai yang diakui sebelumnya bertambah atau berkurang dengan menyesuaikan akun cadangan.

Pemulihan tersebut tidak boleh mengakibatkan nilai tercatat aset keuangan melebihi biaya perolehan diamortisasi yang seharusnya jika penurunan nilai tidak diakui pada tanggal pemulihan dilakukan. Jumlah pemulihan aset keuangan diakui pada laba rugi.

- Aset keuangan yang tersedia untuk dijual

Dalam hal investasi ekuitas diklasifikasikan sebagai aset keuangan yang tersedia untuk dijual, bukti objektif akan termasuk penurunan nilai wajar yang signifikan dan berkepanjangan di bawah nilai perolehan investasi tersebut.

Ketika terdapat bukti penurunan nilai, kerugian kumulatif - yang diukur sebagai selisih antara biaya perolehan dan nilai wajar kini, dikurangi kerugian penurunan nilai investasi yang sebelumnya diakui pada penghasilan komprehensif lainnya - direklasifikasikan dari ekuitas ke dalam laba rugi. Kerugian penurunan nilai atas investasi ekuitas tidak dihapuskan melalui laba rugi, sedangkan peningkatan nilai wajar setelah penurunan nilai diakui dalam ekuitas.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

- Financial assets carried at amortized cost (continued)

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account.

The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The recovery is recognized in profit or loss.

- AFS financial assets

In the case of equity investment classified as an AFS financial asset, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost.

Where there is evidence of impairment, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in other comprehensive income - is reclassified from equity to profit or loss. Impairment losses on equity investments are not reversed through profit or loss. Increases in their fair value after impairment are recognized in equity.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Instrumen Keuangan (lanjutan)

Berlaku sebelum 1 Januari 2020 (lanjutan)

i. Aset keuangan (lanjutan)

Penurunan nilai aset keuangan (lanjutan)

- Aset keuangan yang tersedia untuk dijual (lanjutan)

Dalam hal instrumen utang diklasifikasikan sebagai aset keuangan yang tersedia untuk dijual, indikasi penurunan nilai dievaluasi berdasarkan kriteria yang sama dengan aset keuangan yang dicatat sebesar biaya perolehan diamortisasi. Penghasilan bunga di masa mendatang didasarkan pada nilai tercatat yang diturunkan nilainya dan diakui berdasarkan suku bunga yang digunakan untuk mendiskonto arus kas masa datang dalam pengukuran kerugian penurunan nilai. Penghasilan bunga yang masih harus dibayar tersebut dicatat sebagai bagian dari akun "Penghasilan Keuangan" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Jika pada tahun berikutnya, nilai wajar atas instrumen utang meningkat dan peningkatan tersebut secara obyektif dapat dikaitkan dengan peristiwa yang timbul setelah pengakuan kerugian penurunan nilai melalui laba rugi, kerugian penurunan nilai tersebut harus dipulihkan melalui laba rugi.

ii. Liabilitas keuangan

Pengakuan dan pengukuran awal

Liabilitas keuangan dalam ruang lingkup PSAK No. 55 diklasifikasikan sebagai liabilitas keuangan yang diukur pada nilai wajar melalui laba rugi, dan utang dan pinjaman. Pada tanggal laporan posisi keuangan konsolidasian, Kelompok Usaha tidak memiliki liabilitas keuangan selain yang diklasifikasikan sebagai utang dan pinjaman. Kelompok Usaha menetapkan klasifikasi atas liabilitas keuangan pada saat pengakuan awal.

Saat pengakuan awal, liabilitas keuangan diukur pada nilai wajar dan, dalam hal utang dan pinjaman, termasuk biaya transaksi yang dapat diatribusikan secara langsung.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

i. Financial assets (continued)

Impairment of financial assets (continued)

- AFS financial assets (continued)

In the case of a debt instrument classified as an AFS financial asset, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued based on the rate of interest used to discount future cash flows for the purpose of measuring impairment loss. Such accrual is recorded as part of the "Finance Income" account in the consolidated statement of profit or loss and other comprehensive income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

ii. Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of PSAK No. 55 are classified as financial liabilities at fair value through profit or loss, and loans and borrowings. As at the consolidated statement of financial position dates, the Group's financial liabilities were all classified as loans and borrowings. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, inclusive of directly attributable transaction costs.

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Instrumen Keuangan (lanjutan)

Berlaku sebelum 1 Januari 2020 (lanjutan)

ii. Liabilitas keuangan (lanjutan)

Pengakuan dan pengukuran awal (lanjutan)

Liabilitas keuangan Kelompok Usaha mencakup utang bank jangka pendek dan cerukan, utang *trust receipts*, utang usaha dan bukan usaha, beban akrual dan utang jangka panjang.

Pengukuran setelah pengakuan awal

Setelah pengakuan awal, utang dan pinjaman yang dikenakan bunga diukur pada biaya perolehan diamortisasi dengan menggunakan metode SBE.

Laba atau rugi harus diakui dalam laba rugi ketika liabilitas tersebut dihentikan pengakuannya serta melalui proses amortisasinya.

Penghentian pengakuan

Liabilitas keuangan dihentikan pengakuannya ketika kewajiban yang ditetapkan dalam kontrak dilepaskan atau dibatalkan atau kadaluarsa.

Ketika liabilitas keuangan yang saat ini ada digantikan dengan liabilitas keuangan lain dari pemberi pinjaman yang sama dengan ketentuan yang berbeda secara substansial, atau modifikasi secara substansial atas liabilitas keuangan yang saat ini ada, maka pertukaran atau modifikasi tersebut dicatat sebagai penghapusan liabilitas keuangan awal dan pengakuan liabilitas keuangan baru dan selisih antara nilai tercatat liabilitas keuangan tersebut diakui dalam laba rugi.

iii. Saling hapus instrumen keuangan

Aset keuangan dan liabilitas keuangan saling hapus dan nilai netonya disajikan dalam laporan posisi keuangan konsolidasian jika, dan hanya jika, terdapat hak yang berkekuatan hukum untuk melakukan saling hapus atas jumlah yang telah diakui dari aset keuangan dan liabilitas keuangan tersebut dan terdapat intensi untuk menyelesaikan dengan menggunakan dasar neto, atau untuk merealisasikan aset dan menyelesaikan liabilitasnya secara bersamaan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Financial Instruments (continued)

Effective prior to January 1, 2020 (continued)

ii. Financial liabilities (continued)

Initial recognition and measurement (continued)

The Group's financial liabilities include short-term bank loans and overdraft, trust receipts payable, accounts payable trade and non-trade, accrued expenses and long-term debts.

Subsequent measurement

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

iii. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
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Pengukuran Nilai Wajar

Kelompok Usaha mengukur pada pengakuan awal instrumen keuangan pada nilai wajar, dan aset dan liabilitas yang diakuisisi pada kombinasi bisnis. Kelompok Usaha juga mengukur jumlah terpulihkan dari unit penghasil kas ("UPK") tertentu berdasarkan nilai wajar dikurangi biaya pelepasan (*fair value less cost of disposal* atau "FVLCD").

Nilai wajar adalah harga yang akan diterima dari menjual suatu aset atau harga yang akan dibayar untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar pada tanggal pengukuran. Pengukuran nilai wajar mengasumsikan bahwa transaksi untuk menjual aset atau mengalihkan liabilitas terjadi:

- i) Di pasar utama untuk aset atau liabilitas tersebut, atau
- ii) Jika tidak terdapat pasar utama, di pasar yang paling menguntungkan untuk aset atau liabilitas tersebut.

Pasar utama atau pasar yang paling menguntungkan tersebut harus dapat diakses oleh Kelompok Usaha.

Nilai wajar dari aset atau liabilitas diukur dengan menggunakan asumsi yang akan digunakan pelaku pasar ketika menentukan harga aset atau liabilitas tersebut, dengan asumsi bahwa pelaku pasar bertindak dalam kepentingan ekonomi terbaiknya.

Laba per Saham Dasar

Sesuai dengan PSAK No. 56, "Laba per Saham", laba per saham dasar yang dapat diatribusikan kepada pemilik entitas induk dihitung dengan membagi laba periode berjalan yang dapat diatribusikan kepada pemilik entitas induk dengan rata-rata tertimbang jumlah saham yang beredar dan disetor penuh selama tahun yang bersangkutan.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Fair Value Measurement

The Group initially measures financial instruments at fair value, and assets and liabilities of the acquirees upon business combinations. It is also measures certain recoverable amounts of the cash generating unit ("CGU") using fair value less cost of disposal ("FVLCD").

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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the principal market for the asset or liability, or*
- ii) In the absence of a principal market, in the most advantageous market for the asset or liability.*

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Basic Earnings per Share

In accordance with PSAK No. 56, "Earnings per Share", the basic earning per share attributable to the equity holder of the parent entity are computed by dividing income for the period attributable to the equity holders of the parent entity over the weighted average number of issued and fully paid shares during the respective year.

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**2. IKHTISAR KEBIJAKAN AKUNTANSI YANG
SIGNIFIKAN (lanjutan)**

Informasi Segmen

Untuk tujuan manajemen, Kelompok Usaha dibagi menjadi enam segmen operasi berdasarkan produk dan jasa yang dikelola secara independen oleh masing-masing pengelola segmen yang bertanggung jawab atas kinerja dari masing-masing segmen. Para pengelola segmen melaporkan secara langsung kepada manajemen Perusahaan yang secara teratur mengkaji laba segmen sebagai dasar untuk mengalokasikan sumber daya ke masing-masing segmen dan untuk menilai kinerja segmen. Pengungkapan tambahan pada masing-masing segmen terdapat dalam Catatan 31, termasuk faktor yang digunakan untuk mengidentifikasi segmen yang dilaporkan dan dasar pengukuran informasi segmen.

**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN**

Penyusunan laporan keuangan konsolidasian Kelompok Usaha mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan atas liabilitas kontijensi, pada akhir tahun pelaporan. Ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material terhadap nilai tercatat aset dan liabilitas yang terpengaruh pada periode pelaporan berikutnya.

Pertimbangan

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Kelompok Usaha yang memiliki pengaruh sangat signifikan atas jumlah yang diakui dalam laporan keuangan konsolidasian:

Penentuan Mata Uang Fungsional

Mata uang fungsional dari masing-masing entitas dalam Kelompok Usaha adalah mata uang yang paling mempengaruhi pendapatan dan beban dari penjualan barang dan jasa yang dihasilkan serta sumber pendanaan. Berdasarkan substansi ekonomi dari kondisi mendasari yang relevan, mata uang fungsional dan penyajian Perusahaan dan Entitas Anak di Indonesia adalah Rupiah.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (continued)**

Segment Information

For management purposes, the Group is organized into six operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting year. Uncertainty about these assumptions and estimates could result in outcomes that may require material adjustments to the carrying amounts of the asset and liabilities affected in future periods.

Judgments

The following judgments are made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

Determination of Functional Currency

The functional currency of each of the entities under the Group is the currency that mainly influences the revenue and expenses from sale of goods and services rendered as well as source of financing. Based on the economic substance of the relevant underlying circumstances, the functional and presentation currency of the Company and all its Subsidiaries in Indonesia is the Rupiah.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

Pertimbangan (lanjutan)

Klasifikasi Aset dan Liabilitas Keuangan

Kelompok Usaha menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan bila definisi yang ditetapkan PSAK No. 55 dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Kelompok Usaha seperti diungkapkan pada Catatan 2.

Penyisihan atas Kerugian Penurunan Nilai atas
Piutang Usaha - Evaluasi Individual

Kelompok Usaha mengevaluasi akun-akun tertentu jika terdapat informasi bahwa pelanggan yang bersangkutan tidak dapat memenuhi kewajiban keuangannya. Dalam hal tersebut, Kelompok Usaha mempertimbangkan, berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan dan status kredit dan faktor pasar yang telah diketahui, untuk mencatat penyisihan spesifik atas jumlah piutang pelanggan guna mengurangi jumlah piutang yang diharapkan dapat diterima oleh Kelompok Usaha.

Penyisihan spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah penyisihan kerugian penurunan nilai piutang usaha. Nilai tercatat dari piutang usaha Kelompok Usaha sebelum penyisihan untuk penurunan nilai pada tanggal pelaporan diungkapkan dalam Catatan 5.

Tagihan dan Keberatan atas Hasil Pemeriksaan
Pajak

Berdasarkan peraturan perpajakan yang berlaku saat ini, manajemen mempertimbangkan apakah jumlah yang tercatat dalam akun "Aset tidak lancar lainnya" dapat dipulihkan dan direstitusi oleh Kantor Pajak. Nilai tercatat tagihan pajak dan keberatan atas hasil pemeriksaan pajak Kelompok Usaha pada tanggal pelaporan diungkapkan dalam Catatan 16.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Judgments (continued)

Classification of Financial Assets and Financial
Liabilities

The Group determines the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 55. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies disclosed in Note 2.

Allowance for Impairment Losses on Trade
Receivables - Individual Assessments

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on the best available facts and circumstances including, but not limited to, the length of its relationship with the customer and the customer's current credit status and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect.

These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for impairment losses on accounts receivable - trade. The carrying amount of the Group's accounts receivables - trade before allowance for impairment losses as reporting dates are disclosed in Note 5.

Claims for Tax Refund and Tax Assessments
Under Appeals

Based on tax regulations currently enacted, the management judges if the amounts of "Other non-current assets" are recoverable from and refundable by the Tax Office. The carrying amount of the Group's current claims for tax refund and tax assessments under appeal as at reporting dates are disclosed in Note 16.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

Pertimbangan (lanjutan)

Pajak Penghasilan

Pertimbangan signifikan dilakukan dalam menentukan penyisihan atas pajak penghasilan badan. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya adalah tidak pasti sepanjang kegiatan usaha normal. Kelompok Usaha mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan pajak penghasilan badan.

Nilai tercatat neto utang pajak penghasilan badan pada tanggal pelaporan diungkapkan dalam Catatan 16.

Opsi pembaruan dan penghentian dalam kontrak -
Kelompok Usaha sebagai lessee

Kelompok usaha memiliki beberapa kontrak sewa yang mencakup opsi perpanjangan dan terminasi. Kelompok Usaha menerapkan pertimbangan dalam mengevaluasi apakah secara wajar akan menggunakan opsi untuk memperbarui atau mengakhiri sewa. Kelompok Usaha mempertimbangkan semua faktor relevan yang membentuk insentif ekonomi untuk melakukan pembaruan atau penghentian. Setelah tanggal permulaan, Kelompok Usaha menilai kembali masa sewa jika terdapat peristiwa atau perubahan signifikan yang berada dalam kendalinya dan mempengaruhi kemampuannya untuk menjalankan atau tidak menggunakan opsi untuk memperbarui atau untuk mengakhiri.

Pengungkapan lebih lanjut mengenai sewa terdapat pada Catatan 11.

Estimasi dan Asumsi

Asumsi utama masa depan dan sumber utama lain atas ketidakpastian estimasi pada tanggal pelaporan yang memiliki risiko signifikan bagi penyesuaian yang material terhadap nilai tercatat aset dan liabilitas untuk tahun berikutnya diungkapkan di bawah ini. Kelompok Usaha mendasarkan asumsi dan estimasi pada parameter yang tersedia pada saat laporan keuangan konsolidasian disusun. Situasi dan asumsi mengenai perkembangan masa depan mungkin berubah akibat perubahan pasar atau situasi diluar kendali Kelompok Usaha. Perubahan tersebut tercermin dalam asumsi terkait pada saat terjadinya.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Judgments (continued)

Income Tax

Significant judgment is involved in determining provision for corporate income tax. There are certain transactions and computation for which the final tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due.

The net carrying amount of corporate income tax payable as at reporting dates are disclosed in Note 16.

Lease term of contracts with renewal and
termination options - the Group as lessee

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew or terminate the lease or not. The Group considers all relevant factors that create an economic incentive for them to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Further disclosures of leases are made in Note 11.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
AKUNTANSI SIGNIFIKAN (lanjutan)**

Estimasi dan Asumsi (lanjutan)

Penyisihan atas ECL Piutang Usaha

Kelompok Usaha mengevaluasi akun tertentu jika terdapat informasi bahwa pelanggan yang bersangkutan tidak dapat memenuhi kewajiban keuangannya. Dalam hal tersebut, Kelompok Usaha mempertimbangkan, berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas pada, jangka waktu hubungan dengan pelanggan dan status kredit dari pelanggan berdasarkan catatan kredit dari pihak ketiga dan faktor pasar yang telah diketahui, untuk mencatat penyisihan spesifik atas jumlah piutang pelanggan guna mengurangi jumlah piutang yang diharapkan dapat diterima oleh Kelompok Usaha. Penyisihan spesifik ini dievaluasi kembali dan disesuaikan jika tambahan informasi yang diterima mempengaruhi jumlah penyisihan atas ECL piutang usaha.

Nilai tercatat dari piutang usaha Kelompok Usaha sebelum penyisihan untuk penurunan nilai pada tanggal 31 Desember 2020 adalah sebesar Rp5.373.657 (31 Desember 2019: Rp4.074.536 dan 31 Desember 2018: Rp4.151.398). Penjelasan lebih lanjut atas piutang usaha diungkapkan dalam Catatan 5.

Pensiun dan Imbalan Kerja

Pengukuran kewajiban dan biaya pensiun dan liabilitas imbalan kerja Kelompok Usaha bergantung pada pemilihan asumsi yang digunakan oleh aktuaria independen dalam menghitung jumlah-jumlah tersebut. Asumsi tersebut termasuk antara lain, tingkat diskonto tahunan, tingkat kenaikan gaji tahunan, tingkat pengunduran diri karyawan, tingkat cacat tahunan, umur pensiun dan referensi tingkat mortalitas. Keuntungan atau kerugian aktuarial yang timbul dari penyesuaian pengalaman dan perubahan dalam asumsi-asumsi aktuarial diakui segera pada laporan posisi keuangan konsolidasian dengan debit atau kredit ke saldo laba melalui penghasilan komprehensif lainnya dalam tahun terjadinya.

Sementara itu Kelompok Usaha berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai. Nilai tercatat neto liabilitas imbalan kerja karyawan Kelompok Usaha pada tanggal-tanggal pelaporan diungkapkan dalam Catatan 18.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Allowance for ECL of Trade Receivables

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgment, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific provisions for customers against amounts due to reduce its receivable amounts that the Group expects to collect. These specific provisions are re-evaluated and adjusted as additional information received affects the amounts of allowance for ECL of trade receivables.

The carrying amount of the Group's trade receivables before allowance for impairment as of December 31, 2020 was Rp5,373,657 (December 31, 2019: Rp4,074,536 and December 31, 2018: Rp4,151,398). Further details on trade receivables are disclosed in Note 5.

Pension and Employee Benefits

The measurement of the Group's obligations and cost for pension and employee benefits liability is dependent on its selection of certain assumptions used by the independent actuaries in calculating such amounts. Those assumptions include among others, annual discount rates, future annual salary increase rate, resignation rate, annual disability rate, retirement age and mortality rate reference. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income in the year which they occur.

While the Group believes that its assumptions are reasonable and appropriate. The net carrying amount of the Group's liabilities for employee benefits as at reporting dates are disclosed in Note 18.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
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Estimasi dan Asumsi (lanjutan)

Penyusutan Aset Tetap

Biaya perolehan aset tetap disusutkan dengan menggunakan metode garis lurus berdasarkan estimasi masa manfaat ekonominya. Manajemen mengestimasi masa manfaat ekonomis aset tetap antara 2 sampai dengan 30 tahun. Ini adalah umur yang secara umum diharapkan dalam industri dimana Kelompok Usaha menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomi dan nilai sisa aset, dan karenanya beban penyusutan masa depan mungkin direvisi. Nilai tercatat neto atas aset tetap Kelompok Usaha pada tanggal pelaporan diungkapkan dalam Catatan 9.

Instrumen Keuangan

Kelompok Usaha mencatat aset keuangan tertentu pada nilai wajar, yang mengharuskan penggunaan estimasi akuntansi. Sementara komponen signifikan dalam pengukuran nilai wajar ditentukan menggunakan bukti obyektif yang dapat diverifikasi, jumlah perubahan nilai wajar dapat berbeda bila Kelompok Usaha menggunakan metodologi penilaian yang berbeda. Perubahan nilai wajar aset keuangan tersebut dapat mempengaruhi secara langsung laba rugi Kelompok Usaha.

Nilai tercatat aset keuangan pada nilai wajar dalam laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2020 adalah sebesar Rp1.678.330 (31 Desember 2019: Rp1.501.639 dan 31 Desember 2018: Rp1.720.295).

Aset Pajak Tangguhan

Aset pajak tangguhan diakui atas perbedaan temporer dan rugi fiskal yang belum digunakan sepanjang besar kemungkinannya bahwa penghasilan kena pajak akan tersedia sehingga rugi fiskal tersebut dapat digunakan. Estimasi signifikan digunakan oleh manajemen dalam menentukan jumlah aset pajak tangguhan yang dapat diakui, berdasarkan saat penggunaan dan tingkat penghasilan kena pajak dan strategi perencanaan pajak masa depan.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Depreciation of Fixed Assets

The costs of fixed assets are depreciated on a straight-line method over their estimated useful lives. Management estimates the useful lives of these fixed assets to be within 2 to 30 years. These are common life expectancies applied in the industries where the Group conducts its businesses. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The net carrying amount of the Group's fixed assets at reporting dates are disclosed in Note 9.

Financial Instruments

The Group carries certain financial assets at fair values, which require the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Group utilized different valuation methodology. Any changes in fair values of these financial assets would directly affect the Group's profit or loss.

The carrying amounts of financial assets carried at fair values in the consolidated statement of financial position at December 31, 2020 is Rp1,678,330 (December 31, 2019: Rp1,501,639 and December 31, 2018: Rp1,720,295).

Deferred Tax Assets

Deferred tax assets are recognized for temporary differences and unused tax losses to the extent that it is probable that taxable income will be available against which the losses can be utilized. Significant management estimations are required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable income together with future tax planning strategies.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
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Estimasi dan Asumsi (lanjutan)

Penyisihan atas Kerugian Penurunan Nilai
Persediaan

Penyisihan atas kerugian penurunan nilai persediaan diestimasi berdasarkan fakta dan situasi yang tersedia, termasuk namun tidak terbatas kepada, kondisi fisik persediaan yang dimiliki, harga jual pasar, estimasi biaya penyelesaian dan estimasi biaya yang timbul untuk penjualan. Penyisihan dievaluasi kembali dan disesuaikan jika terdapat tambahan informasi yang yang mempengaruhi jumlah yang diestimasi.

Nilai tercatat persediaan Kelompok Usaha setelah penyisihan atas kerugian penurunan nilai persediaan pada tanggal pelaporan diungkapkan dalam Catatan 6.

Amortisasi Aset Tak Berwujud

Kelompok Usaha mengestimasi umur manfaat merek-merek yang berhubungan dengan berbagai produk terkait dengan susu. Estimasi umur manfaat merek-merek tersebut ditelaah setiap tahun dan diperbaharui jika terjadi perbedaan perkiraan dari estimasi awal dikarenakan perubahan situasi pasar atau batasan lainnya. Namun, terdapat kemungkinan hasil operasi masa yang akan datang terpengaruh secara material oleh perubahan estimasi yang terjadi dikarenakan perubahan estimasi pada faktor-faktor yang disebutkan diatas. Jumlah dan waktu pencatatan beban untuk setiap tahun akan dipengaruhi oleh perubahan pada faktor-faktor dan keadaan-keadaan tersebut.

Penurunan estimasi masa manfaat ekonomi merek-merek Kelompok Usaha akan meningkatkan pencatatan beban amortisasi dan mengurangi nilai aset tak berwujud.

Nilai tercatat aset tak berwujud Kelompok Usaha pada tanggal pelaporan diungkapkan dalam Catatan 10.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Allowance for Decline in Values of Inventories

Allowance for decline in values of inventories is estimated based on the best available facts and circumstances including, but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sale. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated.

The carrying amount of the Group's inventories after allowance for decline in values of inventories as at reporting dates are disclosed in Note 6.

Amortization of Intangible Assets

The Group estimates the useful life of the brands for its various milk-related products. The estimated useful life of the brands are reviewed annually and are updated if expectations differ from previous estimates due to changes in market situations or other limits. It is possible, however, that future results of operations could be materially affected by changes in those estimates brought about by changes in the factors mentioned above. The amounts and timing of recorded expenses for any year would be affected by changes in these factors and circumstances.

A reduction in the estimated useful life of the Group's brands would increase its recorded amortization expenses and decrease its

The net carrying amount of the Group's intangible assets as at reporting dates are disclosed in Note 10.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
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Estimasi dan Asumsi (lanjutan)

Penurunan Nilai Aset Non-keuangan

Penurunan nilai timbul saat nilai tercatat aset atau UPK melebihi jumlah terpulangannya, yaitu yang lebih tinggi antara nilai wajar dikurangi biaya untuk menjual dan nilai pakainya. Nilai wajar dikurangi biaya untuk menjual didasarkan pada data yang tersedia dari transaksi penjualan yang mengikat yang dibuat dalam transaksi normal atas aset serupa atau harga pasar yang dapat diamati dikurangi dengan biaya tambahan yang dapat diatribusikan dengan pelepasan aset.

Dalam menghitung nilai pakai, estimasi arus kas masa depan neto didiskontokan ke nilai kini dengan menggunakan tingkat diskonto yang menggambarkan penilaian pasar kini dari nilai waktu uang dan risiko spesifik atas aset.

Dalam menentukan nilai wajar dikurangi biaya untuk menjual, digunakan harga penawaran pasar terakhir, jika tersedia. Jika tidak terdapat transaksi tersebut, Kelompok Usaha menggunakan model penilaian yang sesuai untuk menentukan nilai wajar aset. Perhitungan-perhitungan ini dipadukan dengan penilaian *multiple* atau indikator nilai wajar yang tersedia. Perhitungan nilai pakai didasarkan pada model arus kas yang didiskontokan.

Proyeksi arus kas, proyeksi pendapatan dari royalti serta proyeksi penghematan biaya masa depan tidak termasuk aktivitas restrukturisasi Kelompok Usaha yang belum ada perikatannya atau investasi signifikan di masa depan yang akan meningkatkan kinerja dari UPK yang diuji. Jumlah terpulkan paling sensitif terhadap tingkat diskonto yang digunakan untuk model arus kas yang didiskontokan seperti halnya dengan arus kas masuk masa depan yang diharapkan dan tingkat pertumbuhan yang digunakan untuk tujuan ekstrapolasi, dimana merupakan asumsi utama yang digunakan untuk menentukan jumlah terpulkan UPK yang berbeda, dijelaskan lebih rinci dalam Catatan 10.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Estimates and Assumptions (continued)

Impairment of Non-financial Assets

An impairment exists when the carrying amount of an asset or CGU 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 calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices 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 discount rate that reflects current market assessments of the time value of money and the specific risks to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used by the Group to determine the fair value of the assets. These calculations are corroborated by valuation multiples or other available fair value indicators. The value in use calculation is based on a discounted cash flow model.

The future cash flow projection, the projected revenue from royalty and the future cost savings projection do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes, which are the key assumptions used to determine the recoverable amount for the different CGU, are further explained in Note 10.

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**3. PERTIMBANGAN, ESTIMASI DAN ASUMSI
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Penurunan Nilai Aset Non-keuangan (lanjutan)

Manajemen berkeyakinan bahwa, selain yang telah diungkapkan dalam Catatan 9 dan 10, tidak terdapat indikasi atas kemungkinan penurunan nilai potensial atas aset tetap, *goodwill* dan aset tak berwujud yang disajikan pada laporan posisi keuangan konsolidasian pada tanggal-tanggal pelaporan. Nilai tercatat aset tetap, *goodwill* dan aset tak berwujud Kelompok Usaha pada tanggal pelaporan diungkapkan dalam Catatan 9 dan 10.

Alokasi Harga Beli

Akuntansi akuisisi mensyaratkan penggunaan estimasi akuntansi secara ekstensif dalam mengalokasikan harga beli pada nilai wajar aset dan liabilitas yang diakuisisi, jika ada.

Estimasi atas Suku Bunga Pinjaman Inkremental dari Suatu Sewa

Kelompok Usaha tidak dapat langsung menentukan tingkat bunga implisit dalam sewa, oleh karena itu, Kelompok Usaha menggunakan Suku Bunga Pinjaman Inkremental ("SBPI") untuk mengukur liabilitas sewa. SBPI adalah tingkat bunga yang harus dibayar oleh Kelompok Usaha untuk meminjam dalam jangka waktu yang sama.

Dengan demikian, SBPI mencerminkan tingkat bunga yang harus dibayar oleh Kelompok Usaha, yang perlu diestimasi ketika tidak ada tingkat bunga yang dapat langsung diamati (seperti untuk entitas dalam Kelompok Usaha yang tidak melakukan transaksi pembiayaan) atau ketika tingkat bunga perlu disesuaikan untuk mencerminkan persyaratan dan kondisi sewa.

Kelompok Usaha menetapkan estimasi SBPI menggunakan input yang dapat diamati (seperti suku bunga pasar) jika tersedia dan membuat estimasi spesifik untuk entitas tertentu jika diperlukan.

**3. SIGNIFICANT ACCOUNTING JUDGMENTS,
ESTIMATES AND ASSUMPTIONS (continued)**

Impairment of Non-financial Assets (continued)

Management believes that, other than disclosed in Notes 9 and 10, there was no indication of potential impairment in values of fixed assets, goodwill and intangible assets presented in the consolidated statement of financial position at reporting dates. The net carrying amount of the Group's fixed assets, goodwill and intangible assets at reporting dates are disclosed in Notes 9 and 10.

Purchase Price Allocation

Acquisition accounting requires extensive use of accounting estimations to allocate the purchase price to the fair values of the assets and liabilities acquired, if any.

Estimating the Incremental Borrowing Rate of a Lease

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its Incremental Borrowing Rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term.

The IBR therefore reflects interest the Group would have to pay, which requires estimation when no observable rates are available (such as for entities within the Group that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease.

The Group estimates the IBR using observable inputs (such as market interest rates) when available and make certain entity-specific estimates as necessary.

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4. KAS DAN SETARA KAS

Kas dan setara kas terdiri dari:

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Kas				Cash
Dalam Rupiah	8.250	7.372	6.566	In Rupiah
Dalam mata uang asing	6.408	-	-	In foreign currencies
Kas di bank				Cash in banks
<u>Dalam Rupiah</u>				<u>In Rupiah</u>
PT Bank Mega Tbk (Mega)	2.044.539	418.389	283.259	PT Bank Mega Tbk (Mega)
PT Bank Central Asia Tbk (BCA)	1.730.338	859.478	553.731	PT Bank Central Asia Tbk (BCA)
PT Bank Ina Perdana Tbk (INA)	940.548	-	-	PT Bank Ina Perdana Tbk (INA)
PT Bank Mandiri (Persero) Tbk (Mandiri)	21.100	13.926	10.537	PT Bank Mandiri (Persero) Tbk (Mandiri)
PT Bank UOB Indonesia Tbk (UOB)	1.605	112.364	49.973	PT Bank UOB Indonesia Tbk (UOB)
Lain-lain (masing-masing di bawah Rp20.000)	4.781	4.458	8.881	Others (each below Rp20,000)
<u>Dalam mata uang asing (Catatan 36)</u>				<u>In foreign currencies (Note 36)</u>
BCA	1.337.618	921.551	1.244.948	BCA
Mega	1.301.793	956	704	Mega
PT Bank Negara Indonesia (Persero) Tbk	705.252	-	-	PT Bank Negara Indonesia (Persero) Tbk
Sumitomo Mitsui Banking Corporation, Cabang Singapura	421.780	-	-	Sumitomo Mitsui Banking Corporation, Singapore Branch
National Commercial Bank	236.608	-	-	National Commercial Bank
Samba Bank	211.631	-	-	Samba Bank
The Saudi British Bank	160.076	-	-	The Saudi British Bank
UOB	138.297	1.347	362.963	UOB
Arab African International Bank	108.900	-	-	Arab African International Bank
PT Bank Mizuho Indonesia (Mizuho)	27.101	2.026	1.207	PT Bank Mizuho Indonesia (Mizuho)
Citibank N.A., Cabang Singapura	5.330	3.379	21.408	Citibank N.A., Singapore Branch
Citibank N.A., Cabang Jakarta	-	2.164	20.187	Citibank N.A., Jakarta Branch
Lain-lain (masing-masing di bawah Rp20.000)	116.565	6.900	9.089	Others (each below Rp20,000)
Total kas di bank	9.513.862	2.346.938	2.566.887	Total cash in banks
Setara kas - deposito berjangka				Cash equivalents - time deposits
<u>Dalam Rupiah</u>				<u>In Rupiah</u>
PT Bank Pan Indonesia Tbk Mega	6.500	49.000	70.000	PT Bank Pan Indonesia Tbk Mega
Bangkok Bank Public Company Limited, Cabang Jakarta	-	1.600.000	283.945	Bangkok Bank Public Company Limited., Jakarta Branch
PT Bank Tabungan Pensiun Nasional Tbk (BTPN)	-	395.000	20.000	PT Bank Tabungan Pensiun Nasional Tbk (BTPN)
PT Bank Woori Saudara Indonesia 1906 Tbk	-	275.000	-	PT Bank Woori Saudara Indonesia 1906 Tbk
INA	-	200.000	175.000	INA
PT Bank KEB Hana Indonesia (Hana)	-	185.000	385.000	PT Bank KEB Hana Indonesia (Hana)
PT Bank Maybank Indonesia Tbk (Maybank)	-	130.000	170.000	PT Bank Maybank Indonesia Tbk (Maybank)
PT Bank Danamon Indonesia Tbk (Danamon)	-	10.000	25.000	PT Bank Danamon Indonesia Tbk (Danamon)
PT Bank QNB Indonesia Tbk	-	-	50.000	PT Bank QNB Indonesia Tbk
<u>Dalam mata uang asing (Catatan 36)</u>				<u>In foreign currencies (Note 36)</u>
Maybank	398	584.218	374	Maybank
Hana	-	973.071	144.810	Hana
Mega	-	834.060	362.025	Mega
Danamon	-	69.505	-	Danamon
BTPN	-	-	217.215	BTPN
Total deposito berjangka	6.898	6.004.854	2.153.369	Total time deposits
Total	9.535.418	8.359.164	4.726.822	Total

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4. KAS DAN SETARA KAS (lanjutan)

Rekening di bank memiliki tingkat suku bunga mengambang sesuai dengan tingkat penawaran pada masing-masing bank. Kisaran tingkat suku bunga tahunan dari deposito berjangka adalah sebagai berikut:

Mata Uang	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	Currencies Denomination
Rupiah	3,60% - 7,50%	5,75% - 8,50%	5,60% - 8,50%	Rupiah
Mata uang asing	0,70% - 2,75%	1,75% - 3,00%	0,75% - 3,00%	Foreign currencies

Pada tanggal-tanggal pelaporan tidak terdapat saldo kas dan setara kas dengan pihak berelasi, kecuali penempatan kas di bank ke INA pada tanggal 31 Desember 2020 dan penempatan deposito berjangka ke INA pada tanggal 31 Desember 2019.

4. CASH AND CASH EQUIVALENTS (continued)

Accounts in banks earns interest at floating rates based on the offered rate from each bank. The range of annual interest rates of the time deposits were as follows:

At the reporting dates, there were no balances of cash and cash equivalents with related parties, except placement of cash in bank to INA as of December 31, 2020 and time deposit to INA as of December 31, 2019.

5. PIUTANG USAHA

Piutang usaha terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Pihak Ketiga				Third Parties
Pelanggan lokal	829.904	704.413	763.498	Local Customer
Pelanggan luar negeri	1.650.352	386.715	376.718	Foreign Customer
Total - Pihak Ketiga	2.480.256	1.091.128	1.140.216	Total - Third Parties
Penyisihan atas kerugian kredit ekspektasian	(100.241)	(25.246)	(23.207)	Allowance for expected credit losses
Pihak Ketiga - Neto	2.380.015	1.065.882	1.117.009	Third Parties - Net
Pihak Berelasi (Catatan 32)	2.893.401	2.983.408	3.011.182	Related Parties (Note 32)
Total - Neto	5.273.416	4.049.290	4.128.191	Total - Net

Accounts receivable - trade consist of:

Sifat dari hubungan dan transaksi antara Kelompok Usaha dengan pihak yang berelasi dijelaskan pada Catatan 32.

The nature of relationships and transactions of the Group with related parties are explained in Note 32.

Analisis umur piutang usaha adalah sebagai berikut:

The aging analysis of accounts receivable - trade is as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Lancar dan tidak mengalami penurunan nilai	4.410.792	3.456.663	3.277.698	Neither past due nor impaired
Telah jatuh tempo namun tidak mengalami penurunan nilai:				Past due but not impaired:
1 - 30 hari	444.059	321.329	569.982	1 - 30 days
31 - 60 hari	287.485	103.889	108.277	31 - 60 days
61 - 90 hari	20.576	59.563	56.911	61 - 90 days
Lebih dari 90 hari	110.504	107.846	115.323	More than 90 days
Kerugian kredit ekspektasian	100.241	25.246	23.207	Expected credit losses
Total	5.373.657	4.074.536	4.151.398	Total

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5. PIUTANG USAHA (lanjutan)

Analisis mutasi saldo penyisihan atas kerugian penurunan nilai piutang usaha adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
Saldo awal	25.246	23.207	25.974
Penambahan (pengurangan):			
Penyisihan selama tahun berjalan	7.160	2.312	296
Pemulihan dan/atau penghapusan selama periode berjalan	(638)	(273)	(3.063)
Penambahan dari Entitas Anak baru	68.502	-	-
Selisih kurs atas penjabaran	(29)	-	-
Saldo akhir	100.241	25.246	23.207

*Beginning balance
Addition (deduction):
Provisions during the year
Reversal and/or write-offs during the period
Addition from newly acquired Subsidiaries
Translation adjustment
Ending balance*

Lihat Catatan 34 mengenai risiko kredit piutang usaha.

See Note 34 for the credit risk on trade receivables.

Manajemen berpendapat bahwa penyisihan atas kerugian penurunan nilai piutang usaha tersebut di atas cukup untuk menutup kemungkinan kerugian yang timbul dari tidak tertagihnya piutang.

Management is of the opinion that the above allowance for impairment losses on trade receivables is adequate to cover possible losses from the non-collection of accounts.

Tidak ada piutang usaha yang dijaminkan pada tanggal-tanggal pelaporan.

There was no account receivable - trade used as collateral at the reporting dates.

6. PERSEDIAAN

Persediaan terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
Barang jadi	1.608.869	1.442.769	1.477.961
Barang dalam proses	133.230	149.834	166.267
Bahan baku dan kemasan	2.146.197	1.810.101	1.867.756
Bahan bakar, perlengkapan umum, suku cadang dan lainnya	557.904	399.810	370.486
Persediaan dalam perjalanan	270.386	147.628	207.065
Total	4.716.586	3.950.142	4.089.535
Penyisihan atas kerugian penurunan nilai persediaan	(129.646)	(109.452)	(88.258)
Neto	4.586.940	3.840.690	4.001.277

*Finished goods
Work in-process
Raw and packaging materials
Fuel, general supplies, spare parts and others
Inventories in transit
Total
Allowance for decline in values of inventories
Net*

6. INVENTORIES

Inventories consist of:

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6. PERSEDIAAN (lanjutan)

Analisis perubahan saldo penyisihan atas kerugian penurunan nilai persediaan adalah sebagai berikut:

	<u>31 Desember 2020/ December 31, 2020</u>	<u>31 Desember 2019/ December 31, 2019</u>	<u>31 Desember 2018/ December 31, 2018</u>	
Saldo awal	109.452	88.258	68.581	Beginning balance
Penambahan (pengurangan):				Addition (deduction):
Penyisihan selama tahun berjalan	76.972	52.978	42.349	Provisions during the year
Pemulihan dan/atau penghapusan selama tahun berjalan	(57.514)	(31.784)	(35.153)	Reversal and/or write-offs during the year
Penambahan dari Entitas Anak baru	1.125	-	12.481	Addition from newly acquired Subsidiaries
Selisih kurs atas penjabaran	(389)	-	-	Translation adjustment
Saldo akhir	129.646	109.452	88.258	Ending balance

Berdasarkan hasil penelaahan terhadap harga pasar dan kondisi fisik dari persediaan pada tanggal pelaporan, manajemen berkeyakinan bahwa penyisihan tersebut di atas cukup untuk menutup kemungkinan kerugian dari penurunan nilai persediaan.

Pemulihan penyisihan atas penurunan nilai persediaan tersebut di atas, jika ada, diakui jika persediaan terkait terjual kepada pihak ketiga.

Pada tanggal 31 Desember 2020, persediaan dilindungi dengan asuransi terhadap risiko kebakaran dan risiko lainnya berdasarkan paket polis dengan jumlah pertanggungan sebesar Rp4.200.169 (31 Desember 2019: Rp3.463.879 dan 31 Desember 2018: Rp3.450.129), yang menurut pendapat manajemen cukup untuk menutup kemungkinan kerugian yang timbul dari risiko yang dipertanggungkan (Catatan 32).

Tidak ada persediaan yang dijaminkan pada tanggal-tanggal pelaporan.

7. UANG MUKA DAN JAMINAN

Uang muka dan jaminan terutama merupakan uang muka pemasok dan jaminan atas pembelian bahan baku impor.

6. INVENTORIES (continued)

An analysis of the movements in the balance of allowance for decline in values of inventories is as follows:

Based on a review of the market prices and physical conditions of the inventories as at the reporting dates, management believes that the above allowance is adequate to cover any possible losses from decline in values of inventories.

The above reversal of allowance for decline in values of inventories, if any, was recognized in view of the sale of the related inventories to third parties.

As of December 31, 2020, inventories are covered by insurance against losses by fire and other risks under a policy package with insurance coverage totaling Rp4,200,169 (December 31, 2019: Rp3,463,879 and December 31, 2018: Rp3,450,129), which, in management's opinion, is adequate to cover any possible losses that may arise from the said insured risks (Note 32).

There were no inventories used as collateral at the reporting dates.

7. ADVANCES AND DEPOSITS

Advances and deposits mainly represent advances to suppliers and deposits for purchases of imported raw materials.

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8. INVESTASI JANGKA PANJANG

Berikut ini adalah rincian investasi jangka panjang:

8. LONG-TERM INVESTMENTS

The following describes the details of long-term investments:

Tahun yang berakhir pada tanggal 31 Desember 2020/ Year ended December 31, 2020						
	Nilai Perolehan/ Cost	Akumulasi Bagian Penghasilan (Rugi) Neto dan Laba (Rugi) Komprehensif Lain Entitas Asosiasi dan Ventura Bersama serta Laba (Rugi) yang Belum Terealisasi dari Aset Keuangan/ Accumulated Equity Share in Net Income (Losses) and Other Comprehensive Income (Losses) of Associates and Joint Ventures and Unrecognized Gains (Losses) on Financial Assets	Penambahan Investasi/ Additional Investments	Selisih kurs atas penjabaran laporan keuangan/ Translation of financial statements	Eliminasi/ Elimination	Nilai Tercatat/ Carrying Amount
<u>Entitas Asosiasi dan Ventura Bersama</u>						<u>Associates and Joint Ventures</u>
OIMP	213.500	(24.436)	29.500	-	-	218.564 OIMP
AAM	1.492.407	(7.469)	-	-	-	1.484.938 AAM
IOSP (Catatan 1)	50.213	(50.213)	-	-	-	- IOSP (Note 1)
AIMDI	33.997	(133.997)	100.000	-	-	- AIMDI
AIM	689.000	4.924	-	-	-	693.924 AIM
DUFIL (Catatan 1 dan 10)	-	11.470	6.596.056	(17.468)	(20.577)	6.569.481 DUFIL (Note 1 and 10)
<u>Metode biaya perolehan</u>	2	-	-	-	-	2 <u>At cost method</u>
<u>Aset keuangan</u>	600.744	1.077.586	-	-	-	1.678.330 <u>Financial assets</u>
Total	3.079.863	877.865	6.725.556	(17.468)	(20.577)	10.645.239 Total
Tahun yang berakhir pada tanggal 31 Desember 2019/ Year ended December 31, 2019						
	Nilai Perolehan/ Cost	Akumulasi Bagian Penghasilan (Rugi) Neto dan Laba (Rugi) Komprehensif Lain Entitas Asosiasi dan Ventura Bersama serta Laba (Rugi) yang Belum Terealisasi dari Aset Keuangan Tersedia untuk Dijual/Accumulated Equity Share in Net Income (Losses) and Other Comprehensive Income (Losses) of Associates and Joint Ventures and Unrecognized Gains (Losses) on Available- for-Sale Financial Assets	Penambahan Investasi/ Additional Investments			Nilai Tercatat/ Carrying Amount
<u>Entitas Asosiasi dan Ventura Bersama</u>						<u>Associates and Joint Ventures</u>
OIMP	69.000		(22.428)	144.500		191.072 OIMP
AAM	1.492.407		(3.806)	-		1.488.601 AAM
IOSP (Catatan 1)	20.213		(50.213)	30.000		- IOSP (Note 1)
AIMDI	9.999		(17.978)	23.999		16.020 AIMDI
AIM	656.500		3.937	32.500		692.937 AIM
<u>Metode biaya perolehan</u>	2		-	-		2 <u>At cost method</u>
<u>Aset keuangan tersedia untuk dijual</u>	600.744		900.895	-		1.501.639 <u>Available-for-sale financial assets</u>
Total	2.848.865		810.407	230.999		3.890.271 Total

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8. INVESTASI JANGKA PANJANG (lanjutan)

Berikut ini adalah rincian investasi jangka panjang:

8. LONG-TERM INVESTMENTS (continued)

The following describes the details of long-term investments:

Tahun yang berakhir pada tanggal 31 Desember 2018/ Year ended December 31, 2018					
	Nilai Perolehan/ Cost	Akumulasi Bagian Penghasilan (Rugi) Neto dan Laba (Rugi) Komprehensif Lain Entitas Asosiasi dan Ventura Bersama serta Laba (Rugi) yang Belum Terealisasi dari Aset Keuangan Tersedia untuk Dijual/Accumulated Equity Share in Net Income (Losses) and Other Comprehensive Income (Losses) of Associates and Joint Ventures and Unrecognized Gains (Losses) on Available-for-Sale Financial Assets	Penambahan Modal/ Additional of Capital	Nilai Tercatat/ Carrying Amount	
<u>Entitas Asosiasi dan Ventura Bersama</u>					<u>Associates and Joint Ventures</u>
OIMP	44.500	(19.079)	24.500	49.921	OIMP
AAM	1.492.407	(3.386)	-	1.489.021	AAM
IOSP (Catatan 1)	10.213	(20.213)	10.000	-	IOSP (Note 1)
AIMDI	9.999	-	-	9.999	AIMDI
<u>Metode biaya perolehan</u>	2	-	-	2	<u>At cost method</u>
<u>Aset keuangan tersedia untuk dijual</u>	600.744	555.711	-	1.156.455	<u>Available-for-sale financial assets</u>
Total	2.157.865	513.033	34.500	2.705.398	Total

Ringkasan informasi keuangan entitas asosiasi dan ventura bersama:

The summary of financial information of associates and joint ventures:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Total aset gabungan	11.823.354	5.360.510	4.964.976	Total combined assets
Total liabilitas gabungan	5.921.495	617.107	1.910.325	Total combined liabilities
Nilai aset neto	5.901.859	4.743.403	3.054.651	Net assets
Bagian Kelompok Usaha atas nilai aset neto entitas asosiasi dan ventura bersama	2.987.813	2.388.632	1.548.943	The Group's share in net assets of associates and joint ventures
Goodwill dan lainnya, neto	5.996.564	-	-	Goodwill and others, net
Penyesuaian penjabaran selisih kurs	(17.468)	-	-	Foreign exchange translation adjustment
Nilai wajar aset keuangan	1.678.330	1.501.639	1.156.455	Fair value of financial assets
Total	10.645.239	3.890.271	2.705.398	Total
	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Penjualan neto	2.744.970	209.398	1.518.530	Net sales
Rugi neto Entitas Asosiasi dan Ventura Bersama	(278.400)	(69.433)	(103.694)	Net losses of Associates and Joint Ventures
Bagian Kelompok Usaha atas rugi neto Entitas Asosiasi dan Ventura Bersama	(130.197)	(47.876)	(29.601)	The Group's share in net losses of Associates and Joint Ventures
Bagian penghasilan komprehensif lain dari entitas asosiasi dan ventura bersama setelah pajak	387	66	1.527	Share of other comprehensive income of associates and joint ventures, net of tax

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9. ASET TETAP

Aset tetap terdiri dari:

9. FIXED ASSETS

Fixed assets consist of:

Tahun yang berakhir pada tanggal 31 Desember 2020/ Year ended December 31, 2020								
Saldo Awal/ Beginning Balance	Penambahan/ Additions	Akuisisi Entitas Anak baru (Catatan 10) Acquisition of new Subsidiary (Note 10)	Pengurangan Deductions	Reklasifikasi*)/ Reclassifications (*)	Selisih kurs atas penjabaran/ Translation adjustment	Saldo Akhir/ Ending Balance		
Nilai Tercatat							Carrying Amount	
Hak atas tanah, sarana dan prasarana tanah	1.291.946	53.036	129.964	557	2.601	(3.310)	1.473.680	Land rights and land improvements
Bangunan, struktur dan pengembangan bangunan	4.310.518	56.508	611.466	15.205	463.318	(16.553)	5.410.052	Buildings, structures and improvements
Mesin dan peralatan	10.034.397	196.307	500.946	47.582	574.142	(34.246)	11.223.964	Machinery and equipment
Alat-alat transportasi	480.742	18.611	35.609	16.132	2.971	(2.593)	519.208	Transportation equipment
Perabotan dan peralatan kantor	847.174	83.740	36.509	21.382	40.177	(3.502)	982.716	Furniture, fixtures and office equipment
Pengembangan gedung yang disewa	32.097	3.213	5.016	1.495	-	(398)	38.433	Leasehold improvements
Galon	61.693	34.373	-	36.441	-	-	59.625	Gallons
Aset tetap dalam pembangunan	926.218	1.107.083	18.972	-	(695.559)	(164)	1.356.550	Constructions in progress
Total Nilai Tercatat	17.984.785	1.552.871	1.338.482	138.794	387.650	(60.766)	21.064.228	Total Carrying Amount
Akumulasi Penyusutan dan Amortisasi							Accumulated Depreciation and Amortization	
Hak atas tanah, sarana dan prasarana tanah	43.497	7.294	-	557	-	(9)	50.225	Land rights and land improvements
Bangunan, struktur dan pengembangan bangunan	1.327.849	231.764	-	3.980	-	(8.348)	1.547.285	Buildings, structures and improvements
Mesin dan peralatan	4.319.840	642.189	-	39.741	-	(11.956)	4.910.332	Machinery and equipment
Alat-alat transportasi	287.219	62.375	-	14.501	-	(1.784)	333.309	Transportation equipment
Perabotan dan peralatan kantor	586.870	122.194	-	19.730	-	(2.715)	686.619	Furniture, fixtures and office equipment
Pengembangan gedung yang disewa	21.044	7.529	-	933	-	(200)	27.440	Leasehold improvements
Galon	13.266	39.047	-	31.731	-	-	20.582	Gallons
Total Akumulasi Penyusutan dan Amortisasi	6.599.585	1.112.392	-	111.173	-	(25.012)	7.575.792	Total Accumulated Depreciation and Amortization
Penyisihan penurunan nilai aset tetap	42.788	94.352	-	-	-	-	137.140	Allowance for decline in value of fixed assets
Nilai Buku Neto	11.342.412						13.351.296	Net Book Value

*) termasuk reklasifikasi dari uang muka untuk pembelian aset tetap sebesar Rp387.650/including reclassifications from advance for purchase of fixed assets amounting to Rp387,650.

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9. ASET TETAP (lanjutan)

9. FIXED ASSETS (continued)

Tahun yang berakhir pada tanggal 31 Desember 2019/
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	Saldo Awal/ Beginning Balance	Penambahan/ Additions	Pengurangan/ Deductions	Reklasifikasi*)/ Reclassifications*)	Saldo Akhir/ Ending Balance	
Nilai Tercatat						Carrying Amount
Hak atas tanah, sarana dan prasarana tanah	1.264.558	11.093	452	16.747	1.291.946	Land rights and land improvements
Bangunan, struktur dan pengembangan bangunan	4.101.933	74.448	1.807	135.944	4.310.518	Buildings, structures and improvements
Mesin dan peralatan	9.193.091	320.410	107.523	628.419	10.034.397	Machinery and equipment
Alat-alat transportasi	382.169	100.324	13.832	12.081	480.742	Transportation equipment
Perabotan dan peralatan kantor	776.515	73.713	23.254	20.200	847.174	Furniture, fixtures and office equipment
Pengembangan gedung yang disewa	30.978	1.404	285	-	32.097	Leasehold improvements
Galon	41.972	49.841	30.120	-	61.693	Gallons
Aset tetap dalam pembangunan	663.578	806.650	-	(544.010)	926.218	Constructions in progress
Total Nilai Tercatat	16.454.794	1.437.883	177.273	269.381	17.984.785	Total Carrying Amount
Akumulasi Penyusutan dan Amortisasi						Accumulated Depreciation and Amortization
Hak atas tanah, sarana dan prasarana tanah	36.289	7.214	6	-	43.497	Land rights and land improvements
Bangunan, struktur dan pengembangan bangunan	1.128.029	200.428	608	-	1.327.849	Buildings, structures and improvements
Mesin dan peralatan	3.781.198	616.435	77.793	-	4.319.840	Machinery and equipment
Alat-alat transportasi	244.838	55.145	12.764	-	287.219	Transportation equipment
Perabotan dan peralatan kantor	503.173	106.070	22.373	-	586.870	Furniture, fixtures and office equipment
Pengembangan gedung yang disewa	16.224	5.104	284	-	21.044	Leasehold improvements
Galon	3.421	36.364	26.519	-	13.266	Gallons
Total Akumulasi Penyusutan dan Amortisasi	5.713.172	1.026.760	140.347	-	6.599.585	Total Accumulated Depreciation and Amortization
Penyisihan penurunan nilai aset tetap	-	42.788	-	-	42.788	Allowance for decline in value of fixed assets
Nilai Buku Neto	10.741.622				11.342.412	Net Book Value

*) termasuk reklasifikasi dari uang muka untuk pembelian aset tetap sebesar Rp269.381/including reclassifications from advance for purchase of fixed assets amounting to Rp269,381.

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9. ASET TETAP (lanjutan)

9. FIXED ASSETS (continued)

Tahun yang berakhir pada tanggal 31 Desember 2018/ Year ended December 31, 2018							
	Saldo Awal/ Beginning Balance	Penambahan/ Additions	Akuisisi Anak Perusahaan baru (Catatan 10)/ Acquisition of new Subsidiary (Note 10)	Pengurangan/ Deductions	Reklasifikasi*/ Reclassifications*)	Saldo Akhir/ Ending Balance	
Nilai Tercatat							Carrying Amount
Hak atas tanah, sarana dan prasarana tanah	833.533	706	415.278	34	15.075	1.264.558	Land rights and land improvements
Bangunan, struktur dan pengembangan bangunan	2.874.035	46.083	554.337	1.644	629.122	4.101.933	Buildings, structures and improvements
Mesin dan peralatan	7.353.566	577.765	564.683	63.659	760.736	9.193.091	Machinery and equipment
Alat-alat transportasi	298.495	86.371	740	11.004	7.567	382.169	Transportation equipment
Perabotan dan peralatan kantor	641.525	100.558	19.674	17.908	32.666	776.515	Furniture, fixtures and office equipment
Pengembangan gedung yang disewa	22.007	6.713	2.394	198	62	30.978	Leasehold improvements
Galon	-	34.756	32.193	24.977	-	41.972	Gallons
Aset tetap dalam pembangunan	1.076.494	724.476	109.996	-	(1.247.388)	663.578	Constructions in progress
Total Nilai Tercatat	13.099.655	1.577.428	1.699.295	119.424	197.840	16.454.794	Total Carrying Amount
Akumulasi Penyusutan dan Amortisasi							Accumulated Depreciation and Amortization
Hak atas tanah, sarana dan prasarana tanah	29.516	6.778	-	5	-	36.289	Land rights and land improvements
Bangunan, struktur dan pengembangan bangunan	968.527	160.592	-	1.090	-	1.128.029	Buildings, structures and improvements
Mesin dan peralatan	3.330.056	508.493	-	57.351	-	3.781.198	Machinery and equipment
Alat-alat transportasi	214.362	40.516	-	10.040	-	244.838	Transportation equipment
Perabotan dan peralatan kantor	425.141	95.619	-	17.587	-	503.173	Furniture, fixtures and office equipment
Pengembangan gedung yang disewa	11.799	4.623	-	198	-	16.224	Leasehold improvements
Galon	-	24.573	-	21.152	-	3.421	Gallon
Total Akumulasi Penyusutan dan Amortisasi	4.979.401	841.194	-	107.423	-	5.713.172	Total Accumulated Depreciation and Amortization
Nilai Tercatat Neto	8.120.254					10.741.622	Net Carrying Amount

*) termasuk reklasifikasi dari uang muka untuk pembelian aset tetap sebesar Rp197.840/including reclassifications from advance for purchase of fixed assets amounting to Rp197,840.

Analisis penjualan aset tetap adalah sebagai berikut:

The analysis of the sale of fixed assets is as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Penerimaan dari penjualan	28.257	54.328	19.157	Proceeds from sale
Nilai tercatat neto dari aset tetap yang dijual	(9.486)	(29.162)	(6.232)	Net carrying amount of fixed assets sold
Laba neto atas penjualan aset tetap	18.771	25.166	12.925	Net gain on sale of fixed assets

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9. ASET TETAP (lanjutan)

Aset tetap dalam pembangunan terdiri dari:

9. FIXED ASSETS (continued)

Constructions in progress consist of:

31 Desember 2020/December 31, 2020				
	Perkiraan % Penyelesaian/ Estimated % of Completion	Nilai Tercatat/ Carrying Amount	Tahun Perkiraan Penyelesaian/ Estimated Year of Completion	
Sarana dan prasarana tanah	1% - 99%	9.294	2021	Land improvement
Bangunan, struktur dan pengembangan bangunan	3% - 99%	273.375	2021	Buildings, structures and improvements
Mesin dan peralatan	0% - 99%	1.057.436	2021	Machinery and equipment
Perabotan dan peralatan kantor	9% - 99%	16.445	2021	Furniture, fixtures and office equipment
Total		1.356.550		Total
31 Desember 2019/December 31, 2019				
	Perkiraan % Penyelesaian/ Estimated % of Completion	Nilai Tercatat/ Carrying Amount	Tahun Perkiraan Penyelesaian/ Estimated Year of Completion	
Sarana dan prasarana tanah	0% - 94%	2.064	2020	Land improvement
Bangunan, struktur dan pengembangan bangunan	5% - 99%	441.920	2020	Buildings, structures and improvements
Mesin dan peralatan	0% - 99%	468.724	2020	Machinery and equipment
Perabotan dan peralatan kantor	1% - 99%	13.510	2020	Furniture, fixtures and office equipment
Total		926.218		Total
31 Desember 2018/December 31, 2018				
	Perkiraan % Penyelesaian/ Estimated % of Completion	Nilai Tercatat/ Carrying Amount	Tahun Perkiraan Penyelesaian/ Estimated Year of Completion	
Sarana dan prasarana tanah	0% - 94%	8.720	2019 - 2020	Land improvement
Bangunan, struktur dan pengembangan bangunan	2% - 99%	303.330	2019 - 2020	Buildings, structures and improvements
Mesin dan peralatan	1% - 99%	346.013	2019 - 2020	Machinery and equipment
Perabotan dan peralatan kantor	3% - 95%	5.515	2019 - 2020	Furniture, fixtures and office equipment
Total		663.578		Total

Aset tetap termasuk mesin-mesin tertentu yang diperoleh oleh IDLK yang pembayarannya melalui angsuran atas utang jangka panjang (Catatan 17). Nilai tercatat mesin-mesin tersebut adalah sejumlah Rp84.883 pada tanggal 31 Desember 2019 (31 Desember 2018: Rp93.300).

Fixed assets include certain machineries acquired by IDLK under long-term installment payables (Note 17). The carrying amount of such machineries amounted to Rp84,883 as of December 31, 2019 (December 31, 2018 Rp93,300).

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9. ASET TETAP (lanjutan)

Penyusutan dan amortisasi dibebankan pada operasi sebagai bagian dari:

	Tahun yang berakhir pada tanggal 31 Desember/Year ended December 31,		
	2020	2019	2018
Beban pokok penjualan	941.873	871.859	709.153
Beban penjualan dan distribusi (Catatan 26)	95.650	90.982	69.945
Beban umum dan administrasi (Catatan 26)	74.869	63.919	62.096
Total	1.112.392	1.026.760	841.194

Pada tanggal 31 Desember 2020, aset tetap Kelompok Usaha yang telah disusutkan penuh namun masih digunakan, dengan nilai perolehan sebesar Rp2.648.548 (31 Desember 2019: Rp2.358.904 dan 31 Desember 2018: Rp2.190.946).

Jenis kepemilikan hak atas tanah Kelompok Usaha seluruhnya berupa Hak Guna Bangunan (HGB). Hak atas tanah tersebut akan berakhir pada berbagai tanggal sampai tahun 2069. Manajemen berpendapat bahwa hak atas tanah tersebut dapat diperbaharui/diperpanjang pada saat jatuh tempo.

Pada tanggal 31 Desember 2020, aset tetap dilindungi dengan asuransi terhadap risiko kebakaran dan risiko lainnya berdasarkan paket polis dengan jumlah pertanggungan sebesar Rp22.534.905 (31 Desember 2019: Rp21.787.534 dan 31 Desember 2018: Rp19.928.118), yang menurut pendapat manajemen cukup untuk menutup kemungkinan kerugian dari risiko yang dipertanggungkan (Catatan 32).

Manajemen berpendapat bahwa nilai tercatat semua aset tetap pada tanggal-tanggal pelaporan dapat terealisasi seluruhnya dan oleh karena itu, tidak diperlukan adanya penyisihan atas kerugian penurunan nilai aset tetap, kecuali atas aset tetap tertentu yang dimiliki oleh divisi biskuit, divisi minuman dan divisi *dairy* diturunkan menjadi sebesar nilai terpulihkannya, sehingga penyisihan penurunan nilai aset tetap pada tanggal 31 Desember 2020 dan 2019 masing-masing sebesar Rp137.140 dan Rp42.788.

Tidak ada aset tetap yang dijaminkan pada tanggal-tanggal pelaporan.

9. FIXED ASSETS (continued)

Depreciation and amortization expenses were charged to operations as part of:

Cost of goods sold
Selling and distribution expenses
(Note 26)
General and administrative expenses
(Note 26)
Total

As of December 31, 2020, the Group's fixed assets that have been fully depreciated but are still being utilized with acquisition cost amounting to Rp2,648,548 (December 31, 2019: Rp2,358,904 and December 31, 2018: Rp2,190,946).

The Group's titles of ownership of land rights are all in the form of HGB. These land rights have remaining terms expiring at various dates upto 2069. Management is of the opinion that the terms of these land rights can be renewed/extended upon their expiration.

As of December 31, 2020, the fixed assets are covered by insurance against losses from fire and other risks under a policy package with insurance coverage totaling Rp22,534,905 (December 31, 2019: Rp21,787,534 and December 31, 2018: Rp19,928,118) which, in management's opinion, is adequate to cover possible losses that may arise from the said insured risks (Note 32).

Management is of the opinion that as of the reporting dates, the carrying amount of all fixed assets are fully recoverable, and, hence, no write down for impairment in fixed assets value is necessary, except for certain fixed assets owned by biscuit, beverages and dairy division that were written down to its recoverable value resulting to allowance for decline in value of fixed assets as of December 31, 2020 and 2019, amounting to Rp137,140 and Rp42,788, respectively.

There were no fixed assets used as collateral as at the reporting dates.

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9. ASET TETAP (lanjutan)

Transaksi non-kas terkait pembelian aset tetap adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/Year ended December 31,		
	2020	2019	2018
Transaksi non-kas:			
Mutasi pembelian aset tetap melalui utang	(46.669)	393	66.515

Non-cash transactions:
Movement of purchases of fixed asset through payables

10. KOMBINASI BISNIS, GOODWILL DAN ASET TAK BERWUJUD

Kombinasi Bisnis

PCL

Sebagaimana dijelaskan pada Catatan 1d, Perusahaan telah melakukan akuisisi 100% saham PCL, sehingga sejak saat itu, Kelompok Usaha memperoleh pengendalian atas PCL.

Nilai wajar dari aset dan liabilitas teridentifikasi PCL dan Entitas Anaknya pada tanggal akuisisi adalah sebagai berikut:

	Nilai Wajar Diakui pada Akuisisi/ Provisional Fair Value Recognized on Acquisition
Aset	
Kas dan setara kas	1.385.452
Aset lancar lainnya	3.317.125
Aset tetap (Catatan 9)	1.338.482
Investasi jangka panjang (Catatan 8)	6.596.056
Aset tidak lancar lainnya	58.436
	12.695.551
Liabilitas	
Liabilitas jangka pendek lainnya	1.709.010
Liabilitas jangka panjang	196.838
	1.905.848
Nilai wajar aset neto teridentifikasi	10.789.703
Kepentingan nonpengendali pada bagian proporsional atas aset neto teridentifikasi Entitas Anak PCL	(19.141.291)
Goodwill atas akuisisi	52.230.316
Nilai transaksi akuisisi 100% saham PCL	43.878.728
Dikurangi kas dan setara kas dari Entitas Anak yang diakuisisi	(1.385.452)
Dikurangi Nilai Retensi (Catatan 1)	(9.556.300)
Akuisisi Entitas Anak, setelah dikurangi kas dan cerukan yang diperoleh	32.936.976

9. FIXED ASSETS (continued)

Non-cash transactions in relation to the purchases of fixed assets are as follow:

10. BUSINESS COMBINATION, GOODWILL AND INTANGIBLE ASSETS

Business Combination

PCL

As described in Note 1d, the Company acquired 100% shares of PCL. Accordingly since then, the Group obtained control on PCL.

The provisional fair values of the identifiable assets and liabilities of PCL and its Subsidiaries as at the date of acquisition are as follows:

Assets	
Cash and cash equivalents	
Other current assets	
Fixed assets (Note 9)	
Long-term Investment (Note 8)	
Other non-current assets	
Liabilities	
Other current liabilities	
Non-current liabilities	
Total identifiable net assets at fair values	
Non-controlling interests measured at the proportionate share of the PCL Subsidiaries' Net assets	
Goodwill on acquisition	
Consideration value of 100% of PCL shares	
Less cash and cash equivalents of the acquired Subsidiary	
Less Retention Amount (Note 1)	
Acquisition of a Subsidiary, net of cash and overdraft acquired	

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**10. KOMBINASI BISNIS, GOODWILL DAN ASET
TAK BERWUJUD (lanjutan)**

Kombinasi Bisnis (lanjutan)

PCL (lanjutan)

Aset neto yang diakui pada laporan keuangan konsolidasian pada tanggal 27 Agustus 2020 dan untuk periode delapan bulan yang berakhir pada tanggal tersebut didasarkan pada penilaian terhadap nilai wajarnya. Kelompok Usaha sedang menunggu hasil penilaian akhir terhadap aset tetap dan aset lainnya yang dimiliki oleh PCL dan masih mengevaluasi jumlah yang dapat terpulihkan atas aset tersebut serta menentukan adanya liabilitas kontinjensi. Sampai dengan tanggal laporan keuangan konsolidasian, penilaian dan pengujian tersebut belum selesai.

Apabila informasi baru yang diperoleh dalam waktu satu tahun setelah tanggal akuisisi, merupakan fakta-fakta dan keadaan pada tanggal akuisisi yang mengidentifikasi diperlukannya penyesuaian atas jumlah tersebut di atas, atau provisi yang ada pada tanggal akuisisi, maka pencatatan akuisisi tersebut akan disesuaikan.

Kelompok usaha memperoleh pengendalian dalam PCL melalui akuisisi saham.

Kelompok usaha telah memenuhi peraturan OJK terkait sehubungan dengan akuisisi PCL.

NICI

Sebagaimana dijelaskan pada Catatan 1d, Perusahaan telah melakukan akuisisi 50% saham NICI dari Nestle, sehingga sejak saat itu, Kelompok Usaha memperoleh pengendalian atas NICI dengan total kepemilikan 100% atas NICI (dikurang 1 saham yang dimiliki PIPS).

**10. BUSINESS COMBINATION, GOODWILL AND
INTANGIBLE ASSETS (continued)**

Business Combination (continued)

PCL (continued)

The net assets recognized in the consolidated financial statements as of August 27, 2020 and for the eight-month period then ended were based on an assessment of their fair provisional values. The Group seeks for final valuation for the fixed assets and other assets owned by PCL, and the recoverable amounts of the assets and is still determining if there are contingent liabilities. The valuation and assessment have not been completed as of the date of the consolidated financial statements.

If new information is obtained within one year of the acquisition date about facts and circumstances that existed at the acquisition date which identifies adjustments to the above amounts, or any provisions that existed at the acquisition date, then the accounting for the acquisition will be adjusted.

The Group obtained control of PCL through the acquisition of shares of stock.

The Group has complied with the relevant OJK rules pertaining to the acquisition of PCL.

NICI

As described in Note 1d, the Company acquired 50% shares of NICI from Nestle, accordingly, the Group obtained control on NICI with a total of 100% ownership in NICI (minus 1 share owned by PIPS).

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**10. KOMBINASI BISNIS, GOODWILL DAN ASET
TAK BERWUJUD (lanjutan)**

**10. BUSINESS COMBINATION, GOODWILL AND
INTANGIBLE ASSETS (continued)**

Kombinasi Bisnis (lanjutan)

Business Combination (continued)

NICI (lanjutan)

NICI (continued)

Nilai wajar dari aset dan liabilitas teridentifikasi
NICI pada tanggal akuisisi adalah sebagai berikut:

The fair values of the identifiable assets and
liabilities of NICI as at the date of acquisition are as
follows:

	Nilai Wajar Diakui pada Akuisisi/ Fair Value Recognized on Acquisition	
Aset		Assets
Kas dan setara kas	31.642	Cash and cash equivalents
Aset lancar lainnya	393.259	Other current assets
Aset tetap (Catatan 10)	217.035	Fixed assets (Note 10)
Aset tidak lancar lainnya	16.591	Other non-current assets
	658.527	
Liabilitas		Liabilities
Cerukan	74.331	Overdraft
Liabilitas jangka pendek lainnya	272.879	Other current liabilities
Liabilitas jangka panjang	34.852	Non-current liabilities
	382.062	
Nilai wajar aset neto teridentifikasi	276.465	Total identifiable net assets at fair values
Kepentingan nonpengendali pada bagian proporsional atas aset neto teridentifikasi Entitas Anak	(3)	Non-controlling interests measured at the proportionate share of the Subsidiary's net assets
Goodwill atas akuisisi	351.809	Goodwill on acquisition
Nilai wajar atas 50% penyertaan awal di NICI pada tanggal akuisisi	(314.137)	The fair value of 50% initial investment in NICI on acquisition date
Nilai transaksi akuisisi 50% saham NICI (dikurangi 1 saham yang dimiliki PIPS)	314.134	Consideration value of 50% of NICI shares (less 1 share owned by PIPS)
Dikurangi kas dari Entitas Anak yang diakuisisi	(31.642)	Less cash of the acquired Subsidiary
Ditambah cerukan dari Entitas Anak yang diakuisisi	74.331	Add overdraft of the acquired Subsidiary
Akuisisi Entitas Anak, setelah dikurangi kas dan cerukan yang diperoleh	356.823	Acquisition of a Subsidiary, net of cash and overdraft acquired

Aset neto yang diakui pada laporan keuangan
konsolidasian pada tanggal 31 Desember 2018 dan
untuk tahun yang berakhir pada tanggal tersebut
didasarkan pada penilaian terhadap nilai wajarnya.

The net assets recognized in the consolidated
financial statements as of December 31, 2018 and
for the year then ended were based on an
assessment of their fair values.

Jika kombinasi bisnis tersebut terjadi pada awal
tahun 2018, pendapatan Kelompok Usaha menjadi
Rp39.223.227 dan laba sebelum pajak Kelompok
Usaha menjadi Rp6.527.676 untuk tahun yang
berakhir pada tanggal 31 Desember 2018.

If the said business combination had taken place at
the beginning of 2018, the Group's revenue would
have been Rp39,223,227 and the Group's income
before tax would have been Rp6,527,676 for the
year ended December 31, 2018.

Kelompok usaha memperoleh pengendalian dalam
NICI melalui akuisisi saham.

The Group obtained control of NICI through the
acquisition of shares of stock.

Kelompok usaha telah memenuhi peraturan OJK
terkait sehubungan dengan akuisisi NICI.

The Group has complied with the relevant OJK
rules pertaining to the acquisition of NICI.

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**10. KOMBINASI BISNIS, GOODWILL DAN ASET
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**10. BUSINESS COMBINATION, GOODWILL AND
INTANGIBLE ASSETS (continued)**

Kombinasi Bisnis (lanjutan)

Business Combination (continued)

AIBM

AIBM

Sebagaimana dijelaskan pada Catatan 1d, Pembeli telah melakukan akuisisi 51% saham AIBM dari Penjual, sehingga sejak saat itu, Kelompok Usaha memperoleh pengendalian atas AIBM dengan total kepemilikan 100% atas AIBM (dikurang 1 saham yang dimiliki PIPS).

As described in Note 1d, the Purchasers acquired 51% shares of AIBM from the Sellers, accordingly, the Group obtained control on AIBM with a total of 100% ownership in AIBM (minus 1 share owned by PIPS).

Nilai wajar dari aset dan liabilitas teridentifikasi AIBM pada tanggal akuisisi adalah sebagai berikut:

The fair values of the identifiable assets and liabilities of AIBM as at the date of acquisition are as follows:

	Nilai Wajar Diakui pada Akuisisi/ Fair Value Recognized on Acquisition
Aset	
Kas dan setara kas	21.584
Aset lancar lainnya	705.769
Aset tetap (Catatan 10)	1.482.260
Aset tidak lancar lainnya	460.565
	2.670.178
Liabilitas	
Liabilitas jangka pendek	658.312
Liabilitas jangka panjang	1.490.651
	2.148.963
Nilai wajar aset neto teridentifikasi	521.215
Kepentingan nonpengendali pada bagian proporsional atas aset neto teridentifikasi Entitas Anak	(40.908)
Nilai wajar atas 49% penyertaan awal di AIBM pada tanggal akuisisi	(235.351)
Nilai transaksi akuisisi 51% saham AIBM (dikurangi 1 saham yang dimiliki PIPS)	244.956
Dikurangi kas dari Entitas Anak yang diakuisisi	(21.584)
Akuisisi Entitas Anak, setelah dikurangi kas yang diperoleh	223.372

Assets
Cash and cash equivalents
Other current assets
Fixed assets (Note 10)
Other non-current assets
Liabilities
Current liabilities
Non-current liabilities
Total identifiable net assets at fair values
Non-controlling interests measured at the proportionate share of the Subsidiary's net assets
The fair value of 49% initial investment in AIBM on acquisition date
Consideration value of 51% of AIBM shares (less 1 share owned by PIPS)
Less cash of the acquired Subsidiary
Acquisition of a Subsidiary, net of cash acquired

Aset neto yang diakui pada laporan keuangan konsolidasian pada tanggal 31 Desember 2018 dan untuk tahun yang berakhir pada tanggal tersebut didasarkan pada penilaian terhadap nilai wajarnya.

The net assets recognized in the consolidated financial statements as of December 31, 2018 and for the year then ended were based on an assessment of their fair values.

Jika kombinasi bisnis tersebut terjadi pada awal tahun 2018, pendapatan Kelompok Usaha menjadi Rp38.405.321 dan laba sebelum pajak Kelompok Usaha menjadi Rp6.356.755 untuk tahun yang berakhir pada tanggal 31 Desember 2018.

If the said business combination had taken place at the beginning of 2018, the Group's revenue would have been Rp38,405,321 and the Group's income before tax would have been Rp6,356,755 for the year ended December 31, 2018.

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**10. KOMBINASI BISNIS, GOODWILL DAN ASET
TAK BERWUJUD (lanjutan)**

Kombinasi Bisnis (lanjutan)

AIBM (lanjutan)

Kelompok usaha memperoleh pengendalian dalam AIBM melalui akuisisi saham.

Kelompok usaha telah memenuhi peraturan OJK terkait sehubungan dengan akuisisi AIBM.

Goodwill

Goodwill Kelompok Usaha terdiri dari :

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
PCL	52.230.316	-	-	PCL
IDLK	1.424.030	1.424.030	1.424.030	IDLK
NICI	351.809	351.809	351.809	NICI
Neto	54.006.155	1.775.839	1.775.839	Net

Seperti diungkapkan pada Catatan 2, Kelompok Usaha melakukan pengujian penurunan nilai atas *goodwill* yang tercatat pada laporan posisi keuangan konsolidasian, kecuali untuk *goodwill* PCL yang muncul di tahun yang sama dengan periode pelaporan.

Goodwill tersebut dialokasikan ke PCL dan entitas anaknya, IDLK dan NICI sebagai UPK untuk pengujian penurunan nilai yang dilakukan setiap tahun, termasuk jika ada indikasi penurunan nilai *goodwill* pada tanggal-tanggal pelaporan.

Tidak ada kerugian penurunan nilai yang diakui pada tanggal-tanggal pelaporan, karena jumlah terpulihkan dari *goodwill* yang disebutkan di atas lebih tinggi dari nilai tercatatnya. Ringkasan dari pengujian penurunan nilai *goodwill* di atas diungkapkan pada paragraf-paragraf berikut.

Untuk tujuan pengujian penurunan nilai tersebut, jumlah terpulihkan *goodwill* yang dialokasikan ditentukan berdasarkan "nilai pakai" (*value in use*) dengan menggunakan metode arus kas yang didiskontokan. Berikut adalah ringkasan dari asumsi utama yang digunakan:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Tingkat diskonto	10,58% - 10,72%	11,36% - 11,60%	12,45%	Discount rate
Tingkat pertumbuhan majemuk	5,00%	5,00%	5,00%	Terminal growth rate

**10. BUSINESS COMBINATION, GOODWILL AND
INTANGIBLE ASSETS (continued)**

Business Combination (continued)

AIBM (continued)

The Group obtained control of AIBM through the acquisition of shares of stock.

The Group has complied with the relevant OJK rules pertaining to the acquisition of AIBM.

Goodwill

Goodwill of the Group consist of :

As disclosed in Note 2, the Group performed impairment test on goodwill reported in the consolidated statement of financial position, except for goodwill of PCL which arose at the same year with the reporting period.

Such goodwill was allocated to PCL and its subsidiaries, IDLK and NICI as CGU for impairment testing, which is performed annually as well as if there is indication of goodwill impairment as at reporting dates.

There was no impairment loss recognized as at reporting dates as the recoverable amounts of the goodwill stated above exceed its respective carrying amounts. The summary of impairment testing on the above-mentioned goodwill is disclosed in the succeeding paragraphs.

For impairment testing purposes, the recoverable amounts of the goodwill allocated were determined based on "value in use" using discounted cash flow method. The following is the summary of key assumptions used:

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Goodwill (lanjutan)

Proyeksi arus kas setelah tahun yang dicakup dalam proyeksi, diekstrapolasi menggunakan estimasi tingkat pertumbuhan majemuk tersebut di atas. Tingkat diskonto yang diterapkan pada proyeksi arus kas dihasilkan dari rata-rata tertimbang biaya modal dari UPK terkait. Tingkat pertumbuhan majemuk yang digunakan tidak melebihi tingkat rata-rata pertumbuhan jangka panjang pada industri di negara tempat entitas beroperasi.

Perubahan terhadap asumsi yang digunakan oleh manajemen dalam menentukan jumlah terpulihkan, termasuk tingkat diskonto dan tingkat pertumbuhan majemuk, dapat berdampak signifikan pada hasil pengujian. Manajemen berkeyakinan bahwa tidak terdapat alasan yang memungkinkan asumsi utama di atas untuk berubah sehingga menyebabkan nilai tercatat *goodwill* menjadi lebih tinggi dari nilai terpulihkannya secara material.

Aset Tak Berwujud

Analisis mutasi saldo aset tak berwujud adalah sebagai berikut:

**Tahun yang berakhir pada tanggal 31 Desember 2020/
Year ended December 31, 2020**

Nilai Tercatat/Carrying Amount

Saldo Awal/Beginning Balance
Penambahan/Additions
Pengurangan/Deductions
Saldo Akhir/Ending Balance

**Akumulasi Amortisasi/Rugi Penurunan Nilai/
Accumulated Amortization/Impairment Loss**

Saldo Awal/Beginning Balance
Penambahan/Additions
Pengurangan/Deductions
Saldo Akhir/Ending Balance

Nilai Tercatat Neto/Net Carrying Amount

**10. BUSINESS COMBINATION, GOODWILL AND
INTANGIBLE ASSETS (continued)**

Goodwill (continued)

The projected cash flows beyond the projected years are extrapolated using the estimated terminal growth rate indicated above. The discount rate applied to the projected cash flow are derived from the weighted average cost of capital of the respective CGU. The terminal growth rate used does not exceed the long-term average growth rate of the industry in the country where the entities operate.

Changes to the assumptions used by the management to determine the recoverable value, including the discount and terminal growth rates, may have significant impact on the results of the assessment. Management is of the opinion that there is no reason for possible change in any of the key assumptions stated above that would cause the carrying amount of goodwill to materially exceed its respective recoverable value.

Intangible Assets

An analysis of the movements of intangible assets is as follows:

Aset Tak Berwujud dengan umur terbatas/ Intangible Assets with finite useful life	Aset Tak Berwujud dengan umur tidak terbatas/ Intangible Assets with indefinite useful life	Total
2.664.767	1.411.540	4.076.307
-	-	-
-	-	-
<u>2.664.767</u>	<u>1.411.540</u>	<u>4.076.307</u>
1.532.238	532.979	2.065.217
133.238	18.854	152.092
-	-	-
<u>1.665.476</u>	<u>551.833</u>	<u>2.217.309</u>
<u>999.291</u>	<u>859.707</u>	<u>1.858.998</u>

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**10. KOMBINASI BISNIS, GOODWILL DAN ASET
TAK BERWUJUD (lanjutan)**

Aset Tak Berwujud (lanjutan)

**Tahun yang berakhir pada tanggal 31 Desember 2019/
Year Ended December 31, 2019**

Nilai Tercatat/Carrying Amount

Saldo Awal/Beginning Balance

Penambahan/Additions

Pengurangan/Deductions

Saldo Akhir/Ending Balance

**Akumulasi Amortisasi/Rugi Penurunan Nilai/
Accumulated Amortization/Impairment Loss**

Saldo Awal/Beginning Balance

Penambahan/Additions

Pengurangan/Deductions

Saldo Akhir/Ending Balance

Nilai Tercatat Neto/Net Carrying Amount

**Tahun yang berakhir pada tanggal 31 Desember 2018/
Year Ended December 31, 2018**

Nilai Tercatat/Carrying Amount

Saldo Awal/Beginning Balance

Penambahan/Additions

Penambahan dari akuisisi Entitas Anak baru/Additions from acquisition of
a new Subsidiary

Pengurangan/Deductions

Saldo Akhir/Ending Balance

**Akumulasi Amortisasi/Rugi Penurunan Nilai/
Accumulated Amortization/Impairment Loss**

Saldo Awal/Beginning Balance

Penambahan/Additions

Penambahan dari akuisisi Entitas Anak baru/Additions from acquisition of
a new Subsidiary

Pengurangan/Deductions

Saldo Akhir/Ending Balance

Nilai Tercatat Neto/Net Carrying Amount

**10. BUSINESS COMBINATION, GOODWILL AND
INTANGIBLE ASSETS (continued)**

Intangible Assets (continued)

Aset Tak Berwujud dengan umur terbatas/ Intangible Assets with finite useful life	Aset Tak Berwujud dengan umur tidak terbatas/ Intangible Assets with indefinite useful life	Total
2.664.767	1.403.891	4.068.658
-	7.649	7.649
-	-	-
2.664.767	1.411.540	4.076.307
1.399.000	532.979	1.931.979
133.238	-	133.238
-	-	-
1.532.238	532.979	2.065.217
1.132.529	878.561	2.011.090
2.664.767	962.754	3.627.521
-	-	-
-	441.137	441.137
-	-	-
2.664.767	1.403.891	4.068.658
1.265.762	531.619	1.797.381
133.238	-	133.238
-	1.360	1.360
-	-	-
1.399.000	532.979	1.931.979
1.265.767	870.912	2.136.679

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**10. KOMBINASI BISNIS, GOODWILL DAN ASET
TAK BERWUJUD (lanjutan)**

Aset Tak Berwujud (lanjutan)

Aset tak berwujud dengan umur terbatas

Aset tak berwujud dengan umur terbatas, yang timbul sehubungan dengan transaksi akuisisi Drayton terdiri dari merek-merek dagang atas produk yang diproduksi oleh IDLK, diamortisasi selama 20 tahun sejak tahun 2008. Merek-merek tersebut di antaranya adalah Indomilk, Cap Enaak, Tiga Sapi, Kremer dan Indoeskrim.

Aset tak berwujud dengan umur tidak terbatas

Aset tak berwujud dengan umur tidak terbatas, yang terutama terdiri dari lisensi air yang dimiliki TSP yang timbul sehubungan dengan transaksi akuisisi aset dari perusahaan-perusahaan yang menjadi bagian dari Kelompok Usaha Tirta Bahagia; merek dagang air minum dalam kemasan ("AMDK") terdaftar CLUB, dan jaringan distribusi dan pelanggan yang dimiliki TMP (telah melakukan penggabungan usaha ke TSP) yang timbul sehubungan dengan transaksi akuisisi aset dari perusahaan-perusahaan yang menjadi bagian dari Kelompok Usaha Tirta Bahagia; serta merek dagang Milkkuat yang diperoleh IDLK melalui transaksi akuisisi Indokuat.

Tidak ada kerugian penurunan nilai yang diakui pada tanggal-tanggal pelaporan, kecuali untuk merek dagang Milkkuat dan beberapa lisensi air TSP untuk tahun yang berakhir pada tanggal 31 Desember 2020.

Penurunan nilai merek dagang Milkkuat dan lisensi air TSP untuk tahun yang berakhir pada tanggal 31 Desember 2020 masing-masing sebesar Rp18.075 dan Rp779, dimana keduanya dibebankan pada operasi tahun berjalan. Rugi penurunan nilai atas merek dagang Milkkuat disebabkan proyeksi arus kas yang diharapkan di masa depan dalam kondisi pasar saat ini belum mencukupi untuk menutupi nilai tercatat aset tak berwujud tersebut. Sedangkan penurunan nilai lisensi air TSP disebabkan karena tidak diperpanjangnya beberapa lisensi air tersebut di tahun 2020.

**10. BUSINESS COMBINATION, GOODWILL AND
INTANGIBLE ASSETS (continued)**

Intangible Assets (continued)

Intangible assets with finite useful life

The intangible assets with finite useful life, which arose in connection with the acquisition of Drayton, consist of the brand names of the products produced by IDLK, is being amortized for 20 years period starting 2008. The brand names include, among others, Indomilk, Cap Enaak, Tiga Sapi, Kremer and Indoeskrim.

Intangible assets with indefinite useful life

The intangible assets with indefinite useful life, mainly consist of water licenses which are owned by TSP in connection with the related acquisition of assets of companies that were part of Tirta Bahagia Group; the CLUB registered brand name of the packaged drinking water ("PDW") and the distribution and customer network which are owned by TMP (has been merged into TSP) in connection with the related acquisition of assets of companies that were part of Tirta Bahagia Group; and of the registered brand name of Milkkuat acquired by IDLK through the acquisition transaction of Indokuat.

There was no impairment loss recognized as at reporting dates, except for the brand name of Milkkuat and some of water licenses of TSP for the year ended December 31, 2020.

The impairment loss of brand name of Milkkuat and water licenses of TSP for the year ended December 31, 2020 amounted to Rp18,075 and Rp779, respectively, which were charged to current operations. The impairment loss of brand name of Milkkuat was driven by projected cash flows in the future in the light of current market condition which is expected to be inadequate to recover the carrying value of the said intangible assets. While the impairment loss of water licenses of TSP arose since some of water licenses were not extended in 2020.

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**10. KOMBINASI BISNIS, GOODWILL DAN ASET
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Aset Tak Berwujud (lanjutan)

Untuk tujuan pengujian penurunan nilai tersebut, jumlah terpulihkan aset tak berwujud ditentukan berdasarkan "nilai pakai" (*value in use*) dengan menggunakan metode arus kas yang didiskontokan kecuali untuk merek dagang yang termasuk dalam aset tak berwujud dengan umur tidak terbatas, menggunakan metode "*royalty-relief*" dan untuk lisensi air menggunakan metode "*costs-savings*". Berikut adalah ringkasan dari asumsi utama yang digunakan:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Tingkat diskonto	10,32% - 11,86%	10,92% - 12,40%	13,10% - 13,50%	Discount rate
Tingkat pertumbuhan majemuk	5,00%	3,80% - 5,00%	3,80% - 5,00%	Terminal growth rate

Proyeksi arus kas setelah tahun yang dicakup dalam diekstrapolasi menggunakan estimasi tingkat pertumbuhan majemuk tersebut di atas. Tingkat diskonto yang diterapkan pada proyeksi arus kas dihasilkan dari rata-rata tertimbang biaya modal dari UPK terkait.

Proyeksi penghematan biaya dan proyeksi pendapatan dari royalti setelah tahun yang dicakup dalam periode proyeksi diekstrapolasi menggunakan estimasi tingkat pertumbuhan majemuk tersebut di atas. Tingkat diskonto yang diterapkan pada proyeksi penghematan biaya dihasilkan dari biaya modal dari UPK terkait.

Tingkat pertumbuhan majemuk yang digunakan dalam metode di atas tidak melebihi tingkat rata-rata pertumbuhan jangka panjang pada industri di negara tempat entitas beroperasi.

**10. BUSINESS COMBINATION, GOODWILL AND
INTANGIBLE ASSETS (continued)**

Intangible Assets (continued)

For impairment testing purposes, the recoverable amounts of the intangible assets were determined based on "value in use" using discounted cash flow method except for brand name that are classified as intangible assets with indefinite useful life using "royalty-relief" method and for water license using "costs-savings" method. The following is the summary of the key assumptions used:

The projected cash flows beyond the periods are extrapolated using the estimated terminal growth rate indicated above. The discount rate applied to the cash flow projections are derived from the weighted average cost of capital of the respective CGU.

The projected costs savings and the projected revenue from royalty beyond the projected periods are extrapolated using the estimated terminal growth rate indicated above. The discount rate applied to the cost savings projections are derived from the cost of capital of the respective CGU.

The terminal growth rate used in the above methods does not exceed the long-term average growth rate of the industry in the country where the entities operate.

11. SEWA

Sebagai Lessee

Kelompok usaha memiliki kontrak sewa untuk berbagai aset tanah, bangunan, kendaraan dan peralatan kantor yang digunakan dalam operasinya. Kelompok usaha dibatasi untuk tidak menyewakan kembali aset sewaan.

Sewa bangunan umumnya memiliki jangka waktu sewa antara 2 hingga 5 tahun, sedangkan peralatan kantor umumnya memiliki jangka waktu sewa 2 tahun.

11. LEASES

As Lessee

The Group has lease contracts for various assets of land, building, vehicles and office equipment used in its operations. The Group is restricted from assigning and subleasing the leased assets.

Lease of buildings generally have lease terms between 2 to 5 years, meanwhile office equipment generally has lease terms of 2 years.

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11. SEWA (lanjutan)

Opsi untuk perpanjangan dan terminasi

Kelompok Usaha memiliki beberapa kontrak sewa yang berisi opsi perpanjangan dan pengakhiran yang dapat dilakukan oleh Kelompok Usaha. Jika memungkinkan, Kelompok Usaha berupaya untuk memasukkan opsi perpanjangan dan pemutusan kontrak dalam sewa baru untuk memberikan fleksibilitas operasional. Opsi ekstensi yang dimiliki hanya dapat dilaksanakan oleh Kelompok Usaha sebelum akhir periode kontrak yang tidak dapat dibatalkan dan bukan oleh lessor. Opsi pengakhiran dapat dilakukan sesuai dengan periode pemberitahuan yang diperlukan dalam kontrak sewa.

Sewa jangka pendek dan aset bernilai rendah

Kelompok Usaha juga memiliki sewa tertentu untuk peralatan kantor dan perabot kantor dengan masa sewa kurang dari 12 bulan atau dengan nilai rendah. Kelompok Usaha menerapkan 'sewa jangka pendek' dan 'sewa pengecualian aset bernilai rendah' untuk sewa ini dan mengakui biaya sewa berdasarkan garis lurus.

Di bawah ini adalah jumlah tercatat dari aset hak guna yang diakui di laporan posisi keuangan konsolidasian Kelompok Usaha dan pergerakannya selama tahun berjalan:

	Hak sewa tanah/ <i>Land rights</i>	Bangunan/ <i>Buildings</i>	Mesin dan peralatan/ <i>Machinery and equipment</i>	Kendaraan/ <i>Vehicles</i>	Peralatan kantor/ <i>Office Equipment</i>	Jumlah/ <i>Total</i>	
1 Januari 2020	747	52.700	22.784	161.105	12.989	250.325	January 1, 2020
Penambahan	13.999	61.956	4.129	93.262	16.395	189.741	Additions
Akuisisi Anak Perusahaan baru	21.049	1.699	-	7.770	-	30.518	Acquisition of new Subsidiary
Terminasi	-	(2.031)	-	(2.457)	(73)	(4.561)	Termination
Beban depresiasi	(954)	(57.701)	(12.348)	(114.813)	(26.804)	(212.620)	Depreciation expense
Selisih kurs atas penjabaran	(869)	191	-	1.364	722	1.408	Translation adjustment
31 Desember 2020	33.972	56.814	14.565	146.231	3.229	254.811	December 31, 2020

11. LEASES (continued)

Extension and termination options

The Group has several lease contracts that contain extension and termination options exercisable by the Group. Where practicable, the Group seeks to include extension and termination options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group before the end of the non-cancellable contract period and not by the lessors. The termination options can be exercised by serving the required notice periods in the lease contract.

Short-term leases and leases of low-value assets

The Group also has certain leases of office equipment and office furniture with lease terms of less than 12 months or with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases and recognise lease expenses on a straight-line basis.

Set out below are the carrying amounts of right of use assets recognised on the Group's consolidated statement of financial position and the movements during the year:

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11. SEWA (lanjutan)

Mutasi jumlah tercatat liabilitas sewa selama tahun berjalan:

11. LEASES (continued)

Movement of lease liabilities during the year:

	31 Desember 2020/ December 31, 2020	
1 Januari 2020	250.324	January 1, 2020
Penambahan liabilitas sewa tahun berjalan	193.094	Addition of lease liabilities during the year
Akuisisi Anak Perusahaan baru	28.668	Acquisition of new Subsidiary
Terminasi sewa	(3.792)	Lease terminations
Sewa jatuh tempo	(265.527)	Matured lease
Penambahan bunga	13.448	Accretion of interest
Selisih kurs atas penjabaran	2.303	Translation adjustment
31 Desember 2020	218.518	December 31, 2020
Dikurangi Bagian lancar	(91.259)	Less Current portion
Bagian tidak lancar	127.259	Non-current portion

Jumlah yang diakui dalam laporan laba rugi komprehensif konsolidasian:

Amounts recognised in the consolidated statement of comprehensive income:

	Tahun yang berakhir pada tanggal 31 Desember 2020/ Year ended December 31, 2020	
Beban penyusutan aset hak guna	212.620	Depreciation expense of right of use assets
Beban bunga atas liabilitas sewa	13.448	Interest expense on lease liabilities
Beban sewa aset bernilai rendah dan sewa jangka pendek	126.272	Expense relating to leases of low-value assets and short-term leases
Jumlah	352.340	Total

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12. UTANG BANK JANGKA PENDEK DAN CERUKAN

Utang bank jangka pendek dan cerukan terdiri dari:

12. SHORT-TERM BANK LOANS AND OVERDRAFT

Short-term bank loans and overdraft consist of:

	Jumlah Maksimum Fasilitas Pinjaman/Maximum Credit Facilities Limit			Jumlah/Amounts			
	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Dalam Rupiah							In Rupiah
Perusahaan							Company
Mandiri							Mandiri
Kredit Jangka Pendek	-	150.000	500.000	-	-	110.000	Short-term Credit
Modal Kerja	-	-	70.000	-	-	-	Working Capital
Mitsubishi UFJ Financial Group (MUFG) (dahulu The Bank of Tokyo- Mitsubishi UFJ Ltd., Cabang Jakarta) ^{(1)(*)}							Mitsubishi UFJ Financial Group (MUFG) (formerly The Bank of Tokyo-Mitsubishi UFJ Ltd., Jakarta Branch) ^{(1)(*)}
Modal Kerja	70.525	417.030	434.430	-	-	-	Working Capital
BCA							BCA
Pinjaman Berjangka							Time Loan
Money Market	500.000	500.000	500.000	430.000	-	-	Money Market Time Loan
Cerukan	22.000	22.000	22.000	-	-	-	Overdraft
PT Bank Mizuho Indonesia (Mizuho) ^{(1)(*)}							PT Bank Mizuho Indonesia (Mizuho) ^{(1)(*)}
Modal Kerja	423.150	417.030	434.430	-	-	-	Working Capital
Entitas Anak							Subsidiaries
BCA							BCA
Pinjaman Berjangka	1.106.500	1.196.500	874.000	75.000	439.500	494.500	Time Loan
Cerukan	100.000	100.000	282.500	7.501	18.608	23.016	Overdraft
BTPN (dahulu PT Bank Sumitomo Mitsui Indonesia)							BTPN (formerly PT Bank Sumitomo Mitsui Indonesia)
Pembiayaan Utang Usaha	-	60.000	60.000	-	-	20.000	Account Payable Financing
Mandiri							Mandiri
Kredit Jangka Pendek	-	100.000	100.000	-	-	50.000	Short-term Credit
MUFG ^{(2)(*)}							MUFG ^{(2)(*)}
Modal Kerja	423.150	417.030	434.430	-	-	-	Working Capital
Mizuho ^{(2)(*)}							Mizuho ^{(2)(*)}
Modal Kerja	423.150	417.030	434.430	-	-	-	Working Capital
Dalam Mata Uang Asing							In Foreign Currency (Note 36)
(Catatan 36)							
Perusahaan							Company
MUFG ^{(1)(*)}							MUFG ^{(1)(*)}
Modal Kerja	US\$5.000.000	US\$30.000.000	US\$30.000.000	-	-	-	Working Capital
Mizuho ^{(1)(*)}							Mizuho ^{(1)(*)}
Modal Kerja	US\$30.000.000	US\$30.000.000	US\$30.000.000	-	-	-	Working Capital
Entitas Anak							Subsidiaries
Mizuho ^{(2)(*)}							Mizuho ^{(2)(*)}
Modal Kerja	US\$30.000.000	US\$30.000.000	US\$30.000.000	-	-	164.722	Working Capital
MUFG ^{(2)(*)}							MUFG ^{(2)(*)}
Modal Kerja	US\$30.000.000	US\$30.000.000	US\$30.000.000	-	-	-	Working Capital
Total				512.501	458.108	862.238	Total

⁽¹⁾ Pada tanggal 31 Desember 2020, 31 Desember 2019 dan 31 Desember 2018 fasilitas pinjaman ini yang diperoleh Perusahaan dapat ditarik dalam bentuk utang *trust receipts* dan/atau pinjaman modal kerja.

⁽²⁾ Pada tanggal 31 Desember 2020, 31 Desember 2019 dan 31 Desember 2018 fasilitas pinjaman ini yang diperoleh IDLK dapat ditarik dalam bentuk utang *trust receipts* dan/atau pinjaman modal kerja.

^(*) Fasilitas pinjaman ini merupakan fasilitas pinjaman dalam mata uang Dolar AS namun dapat ditarik dalam mata uang Rupiah.

⁽¹⁾ As of December 31, 2020, December 31, 2019 and December 31, 2018 these credit facilities that are available to the Company can be withdrawn as *trust receipts payable* and/or *working capital loan*.

⁽²⁾ As of December 31, 2020, December 31, 2019 and December 31, 2018 these credit facilities that are available to the IDLK can be withdrawn as *trust receipts payable* and/or *working capital loan*.

^(*) This credit facility is denominated in US Dollar but can be withdrawn in Rupiah.

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**12. UTANG BANK JANGKA PENDEK DAN
CERUKAN (lanjutan)**

Rincian tanggal jatuh tempo dan jaminan
sehubungan dengan fasilitas utang bank jangka
pendek dan cerukan pada tanggal 31 Desember
2020 adalah sebagai berikut:

**12. SHORT-TERM BANK LOANS AND OVERDRAFT
(continued)**

The details of the maturities and collateral related
to short-term bank loans and overdraft facilities as
of December 31, 2020 are as follows:

	Jatuh tempo/Maturities	Jaminan/Collateral	
<u>Dalam Rupiah</u>			<u>In Rupiah</u>
<u>Perusahaan</u>			<u>Company</u>
MUFG			MUFG
Modal Kerja	Juni 2021/June 2021	Tanpa jaminan/Unsecured	Working Capital
BCA			BCA
Pinjaman Berjangka			Money Market
<i>Money Market</i>	Juli 2021/July 2021	Tanpa jaminan/Unsecured	Time Loan
Cerukan	Juli 2021/July 2021	Tanpa jaminan/Unsecured	Overdraft
Mizuho			Mizuho
Modal Kerja	September 2021	Tanpa jaminan/Unsecured	Working Capital
<u>Entitas Anak</u>			<u>Subsidiaries</u>
BCA			BCA
		Tanpa jaminan kecuali untuk fasilitas sebesar Rp100.000 yang diberikan kepada AIBM, dijamin dengan jaminan korporasi dari Perusahaan/Unsecured except for the facility given to AIBM amounting to Rp100,000, which is secured by corporate guarantee from the Company	Time Loan
Pinjaman Berjangka	April 2021 - Oktober 2021/ April 2021 - October 2021	Tanpa jaminan kecuali untuk fasilitas sebesar Rp40.000 yang diberikan kepada IKSM, dijamin dengan jaminan korporasi dari IDLK/ Unsecured except for the facility given to IKSM amounting to Rp40,000, which is secured by corporate guarantee from IDLK	
	Juli 2021 - September 2021/ July 2021 - September 2021		Overdraft
Cerukan			MUFG
MUFG			Working Capital
Modal Kerja	Juni 2021/June 2021	Tanpa jaminan/Unsecured	Mizuho
Mizuho			Working Capital
Modal Kerja	April 2021	Tanpa jaminan/Unsecured	
<u>Dalam mata uang asing</u>			<u>In foreign currency</u>
<u>Perusahaan</u>			<u>Company</u>
MUFG			MUFG
Modal Kerja	Juni 2021/June 2021	Tanpa jaminan/Unsecured	Working Capital
Mizuho			Mizuho
Modal Kerja	September 2021	Tanpa jaminan/Unsecured	Working Capital
<u>Entitas Anak</u>			<u>Subsidiaries</u>
Mizuho			Mizuho
Modal Kerja	April 2021	Tanpa jaminan/Unsecured	Working Capital
MUFG			MUFG
Modal Kerja	Juni 2021/June 2021	Tanpa jaminan/Unsecured	Working Capital

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12. UTANG BANK JANGKA PENDEK DAN CERUKAN (lanjutan)

Kisaran tingkat suku bunga tahunan pada utang bank jangka pendek dan cerukan adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
Rupiah	4,10% - 8,75%	6,00% - 9,75%	4,75% - 9,75%
Dolar AS	0,81% - 2,17%	3,00% - 3,03%	2,14% - 3,02%

Metode pembayaran utang bank jangka pendek adalah pelunasan pada saat jatuh tempo dan dapat diperpanjang dengan persetujuan bank.

Berdasarkan persyaratan-persyaratan dalam perjanjian pinjaman, Perusahaan dan Entitas Anak yang menjadi debitur diharuskan untuk mempertahankan rasio-rasio keuangan tertentu dan memperoleh persetujuan tertulis sebelumnya dari bank kreditur sehubungan dengan transaksi-transaksi yang mencakup jumlah yang melebihi batas tertentu yang telah disetujui oleh setiap bank kreditur, seperti, antara lain, penggabungan usaha, penjualan, penjaminan atau pengalihan aset, pemberian pinjaman kepada pihak ketiga, melakukan transaksi dengan syarat dan kondisi yang tidak sama jika dilakukan dengan pihak ketiga dan perubahan kepemilikan mayoritas.

Pada tanggal 31 Desember 2020, Kelompok Usaha telah memenuhi semua persyaratan pinjaman atau memperoleh waiver sebagaimana diperlukan. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian, seluruh fasilitas utang bank jangka pendek yang telah jatuh tempo jika ada telah dilunasi ataupun diperpanjang kembali.

12. SHORT-TERM BANK LOANS AND OVERDRAFT (continued)

The range of annual interest rates of the short-term bank loans and overdraft is as follows:

Rupiah	4,75% - 9,75%
US Dollar	2,14% - 3,02%

The payment method of the short-term bank loans is one time payment at maturity date and extendable subject to the approval of the banks.

Under the terms of the loan agreements, the Company and Subsidiaries as debtors are required to maintain certain financial ratios and to obtain prior written approval from the creditor banks with respect to transactions involving amounts that exceed certain thresholds agreed with each creditor bank, such as, among others, mergers, sale, pledge or transfer of assets, granting of loans to third parties, engaging in non-arm's length transactions and change in majority ownership.

As of December 31, 2020, the Group has complied with all existing loan covenants or obtained the necessary waiver as required. As of the date of completion of the consolidated financial statements, all short-term bank loan facilities that have matured, if any, have been paid or extended.

13. UTANG TRUST RECEIPTS

Utang *trust receipts* terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
Dalam mata uang asing (Catatan 36)			
Mizuho			
US\$18.588.247 pada tanggal 31 Desember 2018	-	-	269.176
MUFG			
US\$1.000.000 pada tanggal 31 Desember 2018	-	-	14.481
Total	-	-	283.657

Fasilitas utang *trust receipts* berkaitan dengan impor bahan baku yang diterbitkan dan diberikan kepada Divisi Kemasan Perusahaan dan IDLK oleh bank.

13. TRUST RECEIPTS PAYABLE

Trust receipts payable consist of:

In foreign currency (Note 36)	
Mizuho	
US\$18,588,247 as of December 31, 2018	
MUFG	
US\$1,000,000 as of December 31, 2018	

Total

The facilities of trust receipts payable are related to the importations of raw materials, which were released and delivered to the Company's Packaging Division and IDLK in trust by the bank.

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13. UTANG TRUST RECEIPTS (lanjutan)

Kisaran tingkat suku bunga tahunan pada utang *trust receipts* selama tahun berjalan adalah sebagai berikut:

Mata Uang	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	Currency Denomination
Dolar AS	0,84% - 1,02%	2,09% - 3,32%	1,30% - 3,32%	US Dollar

Seluruh utang *trust receipts* adalah tanpa jaminan.

Sebagaimana dijelaskan di atas, rincian fasilitas utang *trust receipts* yang diperoleh Perusahaan dan Entitas Anak dan jumlah maksimum fasilitas utang *trust receipts* (seluruhnya dalam Dolar AS) adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
PT Bank ANZ Indonesia	70.000.000	70.000.000	70.000.000	PT Bank ANZ Indonesia
MUFG (*)	35.000.000	60.000.000	60.000.000	MUFG (*)
Mizuho (*)	60.000.000	60.000.000	60.000.000	Mizuho (*)
SCBI	-	-	20.000.000	SCBI
Total	165.000.000	190.000.000	210.000.000	Total

(*) lihat Catatan 12 mengenai fasilitas pinjaman gabungan/refer to Note 12 related to joint credit facility.

Fasilitas-fasilitas *trust receipts* di atas dapat diambil dalam mata uang Rupiah dan/atau Dolar AS.

The range of annual interest rates of the trust receipts payable during the year is as follows:

All the trust receipts payable are unsecured.

Relative to the above, the details of the existing trust receipts facilities obtained by the Company and its Subsidiaries and their respective maximum trust receipts facility amounts (all in US Dollar) are as follows:

All of the above trust receipts facilities are available for drawdown either in Rupiah and/or US Dollar denominations.

14. UTANG USAHA

Utang usaha terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Pihak Ketiga				Third Parties
Pemasok lokal	2.244.307	2.009.931	2.190.256	Local suppliers
Pemasok luar negeri	458.608	218.105	355.459	Foreign suppliers
Sub-total - Pihak Ketiga	2.702.915	2.228.036	2.545.715	Sub-total - Third Parties
Pihak Berelasi (Catatan 32)	342.196	407.397	410.474	Related Parties (Note 32)
Total	3.045.111	2.635.433	2.956.189	Total

Analisis umur utang usaha adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Belum jatuh tempo	2.379.581	2.293.983	2.421.501	Not yet due
Telah jatuh tempo:				Overdue:
1 - 30 hari	469.536	301.261	511.187	1 - 30 days
31 - 60 hari	86.090	21.321	6.608	31 - 60 days
61 - 90 hari	50.518	1.588	1.704	61 - 90 days
Lebih dari 90 hari	59.386	17.280	15.189	More than 90 days
Total	3.045.111	2.635.433	2.956.189	Total

Sifat dari hubungan dan transaksi antara Kelompok Usaha dengan pihak yang berelasi dijelaskan pada Catatan 32.

The aging analysis of accounts payable - trade is as follows:

The nature of relationships and transactions of the Group with related parties are explained in Note 32.

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14. UTANG USAHA (lanjutan)

Utang usaha tidak dijamin, tidak dikenakan bunga dan umumnya mempunyai syarat pembayaran antara 7 hari sampai dengan 60 hari.

14. ACCOUNTS PAYABLE - TRADE (continued)

Trade payables are unsecured, non-interest bearing and generally with terms of payment of 7 days to 60 days.

15. BEBAN AKRUAL DAN LIABILITAS IMBALAN KERJA JANGKA PENDEK

Beban akrual

Beban akrual terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Iklan dan promosi	1.315.384	1.168.783	1.068.443	Advertising and promotions
Beban penjualan	617.435	478.237	426.950	Selling expenses
Utilitas	47.126	48.339	47.676	Utilities
Lain-lain (masing-masing di bawah Rp40.000)	279.907	146.158	158.559	Others (each below Rp40,000)
Total	2.259.852	1.841.517	1.701.628	Total

Liabilitas Imbalan Kerja Jangka Pendek

Akun ini terutama terdiri dari beban gaji, tunjangan dan bonus untuk direksi dan karyawan.

Accrued expenses

Accrued expenses consist of:

Short-term Employee Benefits Liability

This account mainly consists of directors' and employees' salaries, benefits and bonuses.

16. PERPAJAKAN

16. TAXATION

a. Pajak dibayar di muka

Pajak dibayar di muka terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Pajak penghasilan PPN - neto	94.121	77.638	118.152	Income taxes VAT - net
Pajak penghasilan Entitas Anak luar negeri	71.318	-	-	Withholding taxes Overseas Subsidiaries
Total	165.439	77.638	118.152	Total

a. Prepaid taxes

Prepaid taxes consist of:

b. Utang pajak

Utang pajak terdiri dari:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Pajak penghasilan				Income taxes
Pasal 21	13.243	14.682	14.657	Article 21
Pasal 23/26	38.568	15.519	32.428	Article 23/26
Pasal 25/29	1.374.626	472.982	144.391	Article 25/29
PPN - neto	44.996	41.679	12.646	VAT - net
Pajak penghasilan Entitas Anak luar negeri	324.459	-	-	Withholding taxes Overseas Subsidiaries
Pajak lain-lain	536	963	764	Other taxes
Total	1.796.428	545.825	204.886	Total

b. Taxes payable

Taxes payable consist of:

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16. PERPAJAKAN (lanjutan)

16. TAXATION (continued)

c. Rekonsiliasi Fiskal

c. Fiscal Reconciliation

Rekonsiliasi antara laba sebelum beban pajak penghasilan, sebagaimana tercantum pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan estimasi laba kena pajak Perusahaan adalah sebagai berikut:

The reconciliation between income before income tax expense as shown in the consolidated statement of profit or loss and other comprehensive income, and estimated taxable income of the Company is as follows:

	Tahun yang berakhir pada tanggal 31 Desember/Year ended December 31,			
	2020	2019	2018	
Laba sebelum beban pajak penghasilan berdasarkan laporan laba rugi dan penghasilan komprehensif lain konsolidasian	9.958.647	7.436.972	6.446.785	Income before income tax expense per consolidated statement of profit or loss and other comprehensive income
Dikurangi laba sebelum pajak Entitas Anak, neto Eliminasi	(2.541.734) 233.789	(1.085.314) 145.720	(298.877) (91.570)	Deduct income before tax of Subsidiaries, net Elimination
Laba sebelum beban pajak penghasilan - Perusahaan	7.650.702	6.497.378	6.056.338	Income before income tax expense - Company
Ditambah (dikurangi):				Add (deduct):
Beda temporer (terutama terdiri dari perbedaan penyusutan antara perpajakan dan komersial serta penyesuaian untuk liabilitas imbalan kerja karyawan)	133.888	62.194	111.250	Temporary differences (mainly consisting of the excess of tax over book of depreciation and provision for liabilities for employee benefits)
Beda tetap (terutama terdiri dari beban kesejahteraan karyawan, representasi dan sumbangan)	1.452.426	305.601	372.802	Permanent differences (mainly consisting of employee benefits, representations and donations)
Penghasilan yang telah dikenakan pajak final	(224.018)	(142.002)	(227.631)	Income already subjected to final tax
Estimasi Laba Kena Pajak - Perusahaan	9.012.998	6.723.171	6.312.759	Estimated Taxable Income - Company

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16. PERPAJAKAN (lanjutan)

d. Beban pajak penghasilan

Rincian beban (manfaat) pajak penghasilan yang dilaporkan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/Year ended December 31,			
	2020	2019	2018	
Pajak penghasilan badan:				Corporate income tax:
Kini				Current
Tahun berjalan	2.538.941	2.035.080	1.788.617	Current year
Penyesuaian atas periode lalu	3.771	36.546	67.508	Adjustment in respect of the prior period
Tangguhan				Deferred
Tahun berjalan	(78.053)	5.317	(68.121)	Current year
Penyesuaian tarif pajak atas periode lalu	75.414	-	-	Tax rate adjustment of the prior period
Total Beban Pajak Penghasilan	2.540.073	2.076.943	1.788.004	Total Income Tax Expense

Pada tanggal 3 Agustus 2015, Presiden Republik Indonesia menandatangani PP 56/2015 tentang "Penurunan Tarif Pajak Penghasilan Bagi Wajib Pajak Badan Dalam Negeri yang Berbentuk Perseroan Terbuka", yang mengubah PP 77/2013, dan mengatur bahwa perseroan terbuka dalam negeri di Indonesia dapat memperoleh penurunan tarif Pajak Penghasilan ("PPH") sebesar 5% dari tarif tertinggi PPh sebagaimana diatur dalam Pasal 17 ayat 1b Undang-undang Pajak Penghasilan, dengan memenuhi kriteria yang ditentukan, yaitu (i) Perseroan yang saham atau efek bersifat ekuitas lainnya dengan jumlah paling sedikit 40% dari keseluruhan saham yang disetor dicatat untuk diperdagangkan di bursa efek di Indonesia, (ii) Saham tersebut dimiliki paling sedikit oleh 300 pihak, (iii) Masing-masing pihak tersebut hanya boleh memiliki saham kurang dari 5% dari keseluruhan saham yang ditempatkan dan disetor penuh, dan (iv) Ketentuan (i) sampai dengan (iii) tersebut harus dipenuhi oleh perseroan terbuka dalam waktu paling sedikit seratus delapan puluh tiga hari kalender dalam jangka waktu satu tahun pajak.

16. TAXATION (continued)

d. Income tax expense

Details of income tax expense (benefit) reported in the consolidated statement of profit or loss and other comprehensive income are as follows:

On August 3, 2015, the President of the Republic of Indonesia signed PP 56/2015 regarding the "Reduction of Income Tax Rate on Resident Corporate Taxpayers in the Form of Publicly-listed Companies", which replaced PP 77/2013, and regulates that resident publicly-listed companies in Indonesia can avail a reduction of income tax rate by 5% from the highest rate set forth under Article 17 paragraph 1b of the Income Tax Law, provided they meet the prescribed criteria, such as (i) Companies whose at least 40% or more of the total paid-up shares or other equity instruments are listed for trading in the Indonesia stock exchanges, (ii) Such shares are owned by at least 300 parties, (iii) Each party of such shall own less than 5% of the total outstanding issued and fully paid shares, and (iv) Requirements (i) to (iii) above should be fulfilled by the publicly-listed companies for a period of at least one hundred eighty three calendar's days within one fiscal year.

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16. PERPAJAKAN (lanjutan)

d. Beban pajak penghasilan (lanjutan)

PP 56/2015 ini mulai berlaku sejak tahun pajak 2015, namun Perusahaan tidak menerapkan penurunan tarif pajak tersebut dalam perhitungan beban PPh badan seperti diungkapkan di atas karena tidak dapat memenuhi seluruh persyaratan di dalamnya. Dengan demikian, sesuai dengan peraturan perpajakan yang berlaku Perusahaan menggunakan tarif pajak penghasilan tunggal sebesar 25%.

Peraturan Pemerintah Pengganti Undang-undang No. 1 Tahun 2020 ("Perppu-1")

Pada tanggal 31 Maret 2020, Pemerintah Indonesia telah menerbitkan Peraturan Pemerintah Pengganti Undang-undang No. 1 Tahun 2020 ("Perppu-1") tentang "Kebijakan Keuangan Negara dan Stabilitas Sistem Keuangan untuk Penanganan Pandemi *Corona Virus Disease 2019 (Covid-19)* dan/atau Dalam Rangka Menghadapai Ancaman yang Membahayakan Perekonomian Nasional dan/atau Stabilitas Sistem Keuangan". Perppu-1 tersebut terutama mengatur kebijakan-kebijakan ekonomi baru di bidang anggaran belanja negara dan pembiayaan anggaran, serta di bidang perpajakan.

Salah satu kebijakan baru dalam bidang perpajakan adalah terkait dengan penurunan tarif pajak penghasilan ("PPh") badan. Secara umum, tarif PPh badan akan diturunkan bertahap dari tarif yang berlaku sebelum Perppu-1 disahkan, yaitu sebesar 25%, menjadi 22% untuk tahun pajak 2020 dan 2021, dan menjadi 20% untuk tahun pajak 2022 dan seterusnya. Selanjutnya, untuk perseroan terbuka yang paling sedikit 40% dari modal saham disetornya diperdagangkan pada Bursa Efek Indonesia dan memenuhi persyaratan tertentu, akan mendapatkan tambahan pengurangan tarif PPh badan sebesar 3%.

16. TAXATION (continued)

d. Income tax expense (continued)

PP 56/2015 becomes effective for fiscal year 2015, but the Company does not apply the said reduction of tax rates in the computation of corporate income tax as disclosed above since it cannot fulfill all the requirements set forth therein. Thus, in accordance with the authoritative tax regulations, the Company applied a single tax rate of 25%.

Government Regulation in Lieu of Law No. 1 Year 2020 ("Perppu-1")

On March 31, 2020, the Indonesian Government issued Government Regulation in Lieu of Law No. 1 Year 2020 ("Perppu-1") regarding "State Finance Policy and Financial System Stability in Handling of Corona Virus Disease 2019 (Covid-19) Pandemic and/or in Response to Dangerous Threats to the National Economy and/or the Stability of the Financial System". Perppu-1 governs mainly new economic policies in the state budgeting and budget financing, and taxation area.

One of the new policies in taxation area relates to the reduction in corporate income tax ("CIT") rate. Generally, the CIT rate will be gradually reduced from the rate of 25% before ratification of Perppu-1 to 22% for fiscal years 2020 and 2021, and to 20% starting fiscal year 2022 and beyond. Furthermore, for publicly-listed companies with at least 40% of their paid-in capital shares are listed on the Indonesia Stock Exchange and meet certain requirements, will get additional 3% reduction on CIT rate.

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16. PERPAJAKAN (lanjutan)

d. Beban pajak penghasilan (lanjutan)

Peraturan Pemerintah Pengganti Undang-undang No. 1 Tahun 2020 ("Perppu-1") (lanjutan)

Di samping itu, Perppu-1 juga menetapkan, antara lain, ketentuan baru tentang: (i) pajak pertambahan nilai atas pemanfaatan barang kena pajak tidak berwujud dan/atau jasa kena pajak dari luar negeri di dalam daerah pabean Indonesia yang terjadi dalam perdagangan melalui sistem elektronik; (ii) pajak penghasilan atau pajak transaksi elektronik atas transaksi penjualan secara langsung maupun melalui penyelenggara perdagangan melalui sistem elektronik dari pelaku usaha perdagangan melalui sistem elektronik luar negeri yang memiliki "kehadiran ekonomi signifikan" di Indonesia; (iii) perpanjangan jatuh tempo pelaporan dan penyampaian dokumen perpajakan; dan (iv) fasilitas kepabeanan untuk barang-barang tertentu berupa pembebasan atau keringanan bea masuk dalam rangka penanganan pandemi Covid-19, dan/atau menghadapi ancaman yang membahayakan perekonomian nasional dan/atau stabilitas sistem keuangan.

Sesuai dengan ketentuan dalam Perppu-1, kebijakan-kebijakan tersebut di atas akan diatur lebih lanjut dengan Peraturan Pemerintah dan/atau Peraturan Menteri Keuangan.

e. Hasil pemeriksaan pajak signifikan

Selama tahun 2020 dan 2019, Perusahaan dan Entitas Anak Perusahaan tertentu menerima SKPKB dan SKPLB dari Kantor Pajak. Berikut adalah SKPKB dan SKPLB signifikan yang diterima oleh Perusahaan dan Entitas Anak tertentu tersebut.

Perusahaan

Pada tahun 2019, Perusahaan menerima SKPKB terkait dengan pemeriksaan semua pajak untuk tahun pajak 2015, yang menyatakan kurang bayar atas PPh badan sebesar Rp27.898 dan PPN sebesar Rp365. Perusahaan telah membayar kekurangan pajak tersebut dan membebankan kekurangan pajak tersebut pada operasi tahun 2019.

16. TAXATION (continued)

d. Income tax expense (continued)

Government Regulation in Lieu of Law No. 1 Year 2020 ("Perppu-1") (continued)

Aside from that, Perppu-1 also stipulated, among others, the new provisions for: (i) value added tax on the utilization of foreign intangible goods or services in Indonesia's Customs Area through ecommerce system; (ii) income tax or electronic transaction tax on direct sales or sales through the marketplace of foreign e-commerce players with "significant economic presence" in Indonesia; (iii) deadline extensions for certain tax filings and tax document submissions; and (iv) customs facility for certain goods through import duty exemption or reduction with regards to the handling of Covid-19 pandemic, and/or anticipating any threat to the national economy and/or the stability of the financial system.

As stipulated in Perppu-1, the above policies will be further regulated under Government Regulations and/or Minister of Finance's Decrees.

e. Significant tax assessments results

During 2020 and 2019, the Company and certain Subsidiaries received SKPKB and SKPLB from Tax Office. The following are the significant SKPKB and SKPLB which were received by the Company and its certain Subsidiaries.

The Company

In 2019, the Company received SKPKB related to assessments of all taxes for fiscal year 2015, which concluded to underpayment of corporate income tax amounting to Rp27,898 and VAT amounting to Rp365. The Company paid the said underpayments and charged it to 2019 operations.

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16. PERPAJAKAN (lanjutan)

**e. Hasil pemeriksaan pajak signifikan
(lanjutan)**

Perusahaan

Pada tahun 2018, Perusahaan menerima SKPKB terkait dengan pemeriksaan semua pajak untuk tahun pajak 2016, yang menyatakan kurang bayar atas PPh badan sebesar Rp39.929, PPh pasal 21 sebesar Rp22, PPh pasal 23 sebesar Rp67, PPh pasal 26 sebesar Rp14 dan PPh pasal 4(2) sebesar Rp4. Perusahaan telah membayar kekurangan pajak tersebut dan membebaskan kekurangan pajak tersebut pada operasi tahun 2018.

Pada bulan September 2009, IMM (sekarang merupakan salah satu divisi dari Perusahaan) menerima SKP dari Kantor Pajak sehubungan dengan kurang bayar PPN untuk periode pajak Oktober sampai Desember 2005 termasuk denda dan bunga sebesar Rp16.192. Perusahaan telah membayar kekurangan pajak tersebut tetapi tidak setuju dengan hasil pemeriksaan tersebut dan mengajukan keberatan atas surat keputusan tersebut ke Kantor Pajak. Pada bulan Oktober 2010, Kantor Pajak menolak sebagian besar keberatan yang diajukan oleh Perusahaan dan menyetujui untuk mengurangi kekurangan pembayaran pajak tersebut menjadi Rp15.413. Setelah itu, Perusahaan mengajukan banding ke Pengadilan Pajak (PP). Pada bulan Desember 2011, PP memutuskan bahwa sebesar Rp15.391, yang terbagi menjadi 3 putusan PP, harus dikembalikan kepada Perusahaan. Melalui suratnya tertanggal 31 Mei 2012, PP memberitahukan kepada Perusahaan mengenai permohonan peninjauan kembali dan penyampaian memori peninjauan kembali oleh Direktur Jenderal Pajak atas 3 putusan PP tersebut melalui suratnya tanggal 25 April 2012 kepada Mahkamah Agung. Kemudian pada bulan Juni 2012, Perusahaan menyampaikan kontra memori peninjauan kembali kepada Mahkamah Agung. Dari permohonan peninjauan kembali atas 3 putusan PP tersebut, 2 di antaranya senilai Rp1.103, ditolak oleh Mahkamah Agung. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian Kelompok Usaha, Perusahaan belum menerima putusan dari Mahkamah Agung atas peninjauan kembali untuk satu putusan PP yang tersisa senilai Rp14.288.

16. TAXATION (continued)

**e. Significant tax assessments results
(continued)**

The Company

In 2018, the Company received SKPKB related to assessments of all taxes for fiscal year 2016, which concluded to underpayment of corporate income tax amounting to Rp39,929, withholding tax article 21 amounting to Rp22, withholding tax article 23 amounting to Rp67, withholding tax article 26 amounting to Rp14 and withholding tax article 4(2) amounting to Rp4. The Company paid the said underpayments and charged it to 2018 operations.

In September 2009, IMM (currently one of the Company's division) received tax assessment letter from the Tax Office pertaining to VAT underpayment for fiscal period October to December 2005 including the related penalty and interests totaling to Rp16,192. The Company paid the said underpayment but did not agree with the assessment and contested the said tax assessment to the Tax Office. In October 2010, the Tax Office rejected most of the amount contested by the Company but agreed to reduce the underpayment to Rp15,413. Subsequently, the Company filed an appeal to the Tax Court (TC). In December 2011, the TC ruled, through 3 of its decisions, that Rp15,391 had to be refunded to the Company. Through its letter dated May 31, 2012, the TC informed the Company of the application for review and the submission of memorandum for review by the Directorate General of Taxes through its letter dated April 25, 2012 to the Supreme Court. Then, in June 2012, the Company filed a counter memorandum for review to the Supreme Court. From the application for review on 3 of the said TC's decisions, 2 out of it amounting to Rp1,103, was rejected by the Supreme Court. Up to the completion date of consolidated financial statements of the Group, the Company has not received a decision from the Supreme Court on the rest of the above-mentioned tax case amounting to Rp14,288.

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16. PERPAJAKAN (lanjutan)

**e. Hasil pemeriksaan pajak signifikan
(lanjutan)**

Entitas Anak

IDLK

Pada tahun 2020, IDLK menerima SKPLB dan SKPKB terkait dengan pemeriksaan semua pajak dan PPN untuk tahun pajak 2018, yang menyatakan lebih bayar atas PPh badan sebesar Rp34.223 dan kurang bayar atas pajak lainnya sebesar Rp908, dari seluruh permohonan restitusi sebesar Rp34.737. Pada bulan Juli 2020, IDLK telah menerima kelebihan dan membayar kekurangan pajak tersebut.

Pada tahun 2019, IDLK menerima SKPLB dan SKPKB terkait dengan pemeriksaan semua pajak dan PPN untuk tahun pajak 2017, yang menyatakan lebih bayar atas PPh badan sebesar Rp62.599 dari seluruh permohonan restitusi sebesar Rp65.128 dan kurang bayar atas PPN sebesar Rp229. IDLK telah menerima kelebihan dan membayar kekurangan pajak tersebut dan membebaskan selisih jumlah lebih bayar atas PPh badan yang diajukan dengan jumlah yang disetujui, maupun kekurangan PPN tersebut pada operasi tahun 2019.

Pada tahun 2018, IDLK menerima SKPKB terkait dengan pemeriksaan semua pajak untuk tahun pajak 2016, yang menyatakan kurang bayar atas PPh badan sebesar Rp27.579 dan PPN sebesar Rp2.417. IDLK telah membayar kekurangan pajak tersebut dan membebaskan kekurangan pajak tersebut pada operasi tahun 2018.

IKSM

Pada tahun 2018, IKSM menerima SKPLB terkait dengan restitusi PPh badan untuk tahun pajak 2016. Kantor Pajak menyetujui untuk merestitusi sebesar Rp1.011 dari seluruh permohonan restitusi sebesar Rp1.011. Jumlah yang disetujui tersebut telah diterima di tahun 2019.

16. TAXATION (continued)

**e. Significant tax assessments results
(continued)**

Subsidiaries

IDLK

In 2020, IDLK received SKPLB and SKPKB related to assessments of all taxes and PPN for fiscal year 2018, which concluded to overpayment of corporate income tax amounting to Rp34,223 and underpayment of other taxes amounting to Rp908, from total initial claim amounting to Rp34,737. In July 2020, IDLK has received the said overpayment and paid the underpayments.

In 2019, IDLK received SKPLB and SKPKB related to assessments of all taxes and PPN for fiscal year 2017, which concluded to overpayment of corporate income tax amounting to Rp62,599 from total initial claim amounting to Rp65,128 and underpayment of VAT amounting to Rp229. IDLK received the said overpayment and paid the underpayments and also charged the difference between the initial claim with the approved claim of corporate income tax and the underpayment of VAT to 2019 operations.

In 2018, IDLK received SKPKB related to assessments of all taxes for fiscal year 2016, which concluded to underpayment of corporate income tax amounting to Rp27,579 and VAT amounting to Rp2,417. IDLK paid the said underpayments which are charged to 2018 operations.

IKSM

In 2018, IKSM received SKPLB related to its claim for corporate income tax refund for fiscal year 2016. The Tax Office agreed to refund Rp1,011 from total initial claim amounting to Rp1,011. The such approved claim was received in 2019.

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16. PERPAJAKAN (lanjutan)

**e. Hasil pemeriksaan pajak signifikan
(lanjutan)**

IFL

Pada tahun 2020, IFL menerima SKPLB dan SKPKB terkait dengan pemeriksaan semua pajak untuk tahun pajak 2018, yang menyatakan lebih bayar atas PPh badan sebesar Rp14.524 dan kurang bayar atas pajak lainnya sebesar Rp208, dari seluruh permohonan restitusi sebesar Rp14.534. Pada bulan Februari 2021, IFL telah menerima kelebihan dan membayar kekurangan pajak tersebut. Pada tanggal 31 Desember 2020, IFL belum menerima kelebihan dan membayar kekurangan pajak tersebut, dan jumlah permohonan yang disetujui tersebut dicatat sebagai bagian dari "Piutang bukan usaha - pihak ketiga".

Pada tahun 2019, IFL menerima SKPLB terkait dengan restitusi PPh badan untuk tahun pajak 2017. Kantor Pajak menyetujui untuk merestitusi sebesar Rp15.907 dari seluruh permohonan restitusi sebesar Rp22.026. IFL telah menerima kelebihan pajak tersebut dan membebaskan selisih jumlah lebih bayar atas PPh badan yang diajukan dengan jumlah yang disetujui tersebut pada operasi tahun 2019.

AIBM

Pada tahun 2020, IASB (sekarang sudah merger ke dalam AIBM) menerima SKPLB terkait dengan restitusi PPN untuk tahun pajak 2018. Kantor Pajak menyetujui untuk merestitusi seluruh permohonan restitusi sebesar Rp31.069. AIBM telah menerima kelebihan pajak tersebut pada tahun 2020.

Pada tahun 2019, AIBM menerima SKPLB terkait dengan restitusi PPN untuk tahun pajak 2017. Kantor Pajak menyetujui untuk merestitusi sebesar Rp51.980 dari seluruh permohonan restitusi sebesar Rp52.319. AIBM telah menerima kelebihan pajak tersebut dan membebaskan selisih jumlah lebih bayar atas PPN yang diajukan dengan jumlah yang disetujui tersebut pada operasi tahun 2019.

16. TAXATION (continued)

**e. Significant tax assessments results
(continued)**

IFL

In 2020, IFL received SKPLB and SKPKB related to assessments of all taxes and PPN for fiscal year 2018, which concluded to overpayment of corporate income tax amounting to Rp14,524 and underpayment of other taxes amounting to Rp208 from total initial claim amounting to Rp14,534. In February 2021, IFL has received the said overpayment and paid the underpayments. As of December 31, 2020, IFL has not received the said overpayment and paid the underpayments, and the said approved overpayment was recorded as part of "Accounts receivable non-trade - third parties".

In 2019, IFL received SKPLB related to its claim for corporate income tax refund for fiscal year 2017. The Tax Office agreed to refund Rp15,907 from total initial claim amounting to Rp22,026. IFL received the said overpayment and also charged the difference between the initial claim with the approved claim of corporate income tax to 2019 operations.

AIBM

In 2020, IASB (currently merged into AIBM) received SKPLB related to its claim for VAT refund for fiscal year 2018. The Tax Office agreed to fully refund amounting to Rp31,069. AIBM received the said overpayment in 2020.

In 2019, AIBM received SKPLB related to its claim for VAT refund for fiscal year 2017. The Tax Office agreed to refund Rp51,980 from total initial claim amounting to Rp52,319. AIBM received the said overpayment and also charged the difference between the initial claim with the approved claim of corporate income tax to 2019 operations.

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16. PERPAJAKAN (lanjutan)

**e. Hasil pemeriksaan pajak signifikan
(lanjutan)**

AIBM (lanjutan)

Pada tahun 2019, PCIB (sekarang sudah merger ke dalam AIBM) menerima SKPKB terkait dengan PPh badan untuk tahun pajak 2018 sebesar Rp62.994. AIBM telah mengajukan keberatan atas seluruh nilai tersebut kepada Kantor Pajak dan telah disetujui seluruhnya.

TSP

Pada tahun 2020, TMP (sekarang sudah merger ke dalam TSP) menerima SKPLB terkait dengan restitusi PPN untuk tahun pajak 2018. Kantor Pajak menyetujui untuk merestitusi sebesar Rp13.230 dari seluruh permohonan restitusi sebesar Rp13.480. TSP telah menerima kelebihan pajak tersebut dan membebaskan selisih jumlah lebih bayar atas PPN yang diajukan dengan jumlah yang disetujui tersebut pada operasi tahun 2020.

Pada tahun 2019, TMP (sekarang sudah merger ke dalam TSP) menerima SKPKB terkait dengan semua PPN untuk tahun pajak 2015 sebesar Rp61.229. Pada bulan Februari 2020, TSP telah mengajukan keberatan atas SKPKB PPN sebesar Rp60.775 kepada Kantor Pajak dan telah disetujui seluruhnya.

Pada tahun 2019, TSP menerima SKPKB terkait dengan semua PPh badan dan PPN untuk tahun pajak 2015 sebesar Rp25.398. Pada bulan Februari 2020, TSP telah mengajukan keberatan atas SKPKB PPN sebesar Rp25.240 kepada Kantor Pajak dan telah disetujui seluruhnya.

16. TAXATION (continued)

**e. Significant tax assessments results
(continued)**

AIBM (continued)

In 2019, PCIB (currently merged into AIBM) received SKPKB related to corporate income tax for fiscal year 2018 amounting Rp62,994. AIBM has submitted its objection of all of the said amount to the Tax Office and has been fully approved.

TSP

In 2020, TMP (currently merged into TSP) received SKPLB related to its claim for VAT refund for fiscal year 2018. The Tax Office agreed to refund Rp13,230 from total initial claim amounting to Rp13,480. TSP received the said overpayment and also charged the difference between the initial claim with the approved claim of corporate income tax to 2020 operations.

In 2019, TMP (currently merged into TSP) received SKPKB related to VAT for fiscal year 2015 amounting Rp61,229. In February 2020, TSP has submitted its objection related to SKPKB of VAT to the Tax Office amounting to Rp60,775 and has been fully approved.

In 2019, TSP received SKPKB related to corporate income tax and VAT for fiscal year 2015 amounting Rp25,398. In February 2020, TSP has submitted its objection related to SKPKB of VAT to the Tax Office amounting to Rp25,240 and has been fully approved.

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16. PERPAJAKAN (lanjutan)

f. Rekonsiliasi tarif pajak efektif

Rekonsiliasi antara beban pajak penghasilan, yang dihitung dengan menggunakan tarif pajak yang berlaku atas laba sebelum beban pajak penghasilan dan beban pajak penghasilan, seperti yang tercantum dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/Year ended December 31,			
	2020	2019	2018	
Laba sebelum beban pajak penghasilan berdasarkan laporan laba rugi dan penghasilan komprehensif lain konsolidasian	9.958.647	7.436.972	6.446.785	Income before income tax expense per consolidated statement of profit or loss and other comprehensive income
Beban pajak penghasilan sesuai dengan tarif pajak yang berlaku	2.112.393	1.859.243	1.611.697	Income tax expense based on the applicable tax rate
Pengaruh pajak penghasilan atas:				
Beban yang tidak dapat dikurangkan	353.495	102.162	56.843	Income tax effect of: Non-deductible expenses
Penghasilan yang telah dikenakan pajak final	(56.167)	(39.594)	(59.655)	Income already subjected to final tax
Rugi fiskal yang tidak diakui dan penghapusan cadangan rugi fiskal	42.724	118.586	103.320	Unrecognised tax losses carry forward and write-off of fiscal losses
Penyesuaian tarif pajak atas aset dan liabilitas pajak tangguhan	83.857	-	8.291	Tax rate adjustments on deferred tax assets and liabilities
Penyesuaian pajak atas periode lalu	3.771	36.546	67.508	Tax adjustment in respect of prior period
Beban pajak penghasilan - neto per laporan laba rugi dan penghasilan komprehensif lain konsolidasian	2.540.073	2.076.943	1.788.004	Income tax expense - net per consolidated statement of profit or loss and other comprehensive income

Tarif pajak penghasilan yang berlaku untuk Kelompok Usaha adalah sebagai berikut:

The income tax rate applicable to the Group is as follows:

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
Indonesia	22%	25%	25%	Indonesia
Malaysia	25%	25%	25%	Malaysia
Singapura	17%	17%	17%	Singapore

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16. PERPAJAKAN (lanjutan)

16. TAXATION (continued)

g. Pajak tangguhan

g. Deferred taxes

Pengaruh pajak tangguhan atas beda temporer antara laporan komersial dan fiskal Kelompok Usaha adalah sebagai berikut:

The deferred tax effects of temporary differences between the Group's commercial and tax reporting are as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Aset pajak tangguhan				Deferred tax assets
Liabilitas imbalan kerja karyawan	632.275	736.156	688.755	Liabilities for employee benefits
Cadangan bonus	84.750	54.950	47.949	Accrual of bonus
Aset tak berwujud	21.158	43.630	43.630	Intangible assets
Rugi fiskal yang dapat dikompensasikan	1.769	2.212	15.607	Tax losses carried forward
Aset tetap	(286.985)	(357.699)	(296.868)	Fixed assets
Lain-lain	25.173	53.939	63.697	Others
Neto	478.140	533.188	562.770	Net
Liabilitas pajak tangguhan				Deferred tax liabilities
Liabilitas imbalan kerja karyawan	92.701	97.901	89.824	Liabilities for employee benefits
Cadangan bonus	12.330	14.345	14.400	Accrual of bonus
Aset tetap	(193.445)	(193.931)	(167.950)	Fixed assets
Aset tak berwujud	(193.015)	(285.945)	(318.692)	Intangible assets
Lain-lain	11.586	2.736	2.518	Others
Neto	(269.843)	(364.894)	(379.900)	Net

Untuk tujuan penyajian dalam laporan posisi keuangan konsolidasian, klasifikasi aset atau liabilitas pajak tangguhan untuk setiap perbedaan temporer di atas ditentukan berdasarkan posisi pajak tangguhan (aset atau liabilitas) neto untuk setiap perusahaan. Pembayaran dividen oleh Entitas Anak yang berdomisili di dalam negeri kepada Perusahaan tidak kena pajak.

For purposes of presentation in the consolidated statement of financial position, the asset or liability classification of the deferred tax effect of each of the above temporary differences is determined based on the net deferred tax position (assets or liabilities) per entity basis. Payments of dividends by the Subsidiaries domiciled in Indonesia to the Company are non-taxable.

Manajemen Kelompok Usaha berpendapat bahwa aset pajak tangguhan tersebut di atas dapat dipulihkan melalui penghasilan kena pajak di masa yang akan datang.

The Group's management is of the opinion that the above deferred tax assets can be fully recovered through future taxable income.

Permohonan restitusi pajak penghasilan sejumlah Rp5.297 pada tanggal 31 Desember 2020 (31 Desember 2019: Rp53.757 dan 31 Desember 2018: Rp161.334) disajikan sebagai akun "Aset tidak lancar lainnya" pada laporan posisi keuangan konsolidasian.

Claims for corporate income tax refund totaling Rp5,297 as of December 31, 2020 (December 31, 2019: Rp53,757 and December 31, 2018: Rp161,334) are presented as "Other non-current assets" account in the consolidated statements of financial position.

Perusahaan menyampaikan pajak tahunan atas dasar perhitungan sendiri ("self-assessment"). Sesuai dengan perubahan terakhir atas Undang-undang Ketentuan Umum dan Tata Cara Perpajakan yang berlaku mulai tanggal 1 Januari 2008, Kantor Pajak dapat menetapkan atau mengubah besarnya kewajiban pajak dalam batas waktu 5 tahun sejak tanggal terhutangnya pajak.

The Company submits its tax returns on the basis of self-assessment. In accordance with the latest amendments of the General Taxation and Procedural Law which became effective on January 1, 2008, the Tax Office may assess or amend taxes within 5 years from the date the tax becomes payable.

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17. UTANG JANGKA PANJANG

a. Utang bank

Utang bank jangka panjang adalah sebagai berikut:

	Jumlah Maksimum Fasilitas Pinjaman/ Maximum Credit Facilities Limit			Jumlah/Amounts			Jumlah pembayaran selama tahun 2020/ Repayment amounts in 2020
	31 Desember/December 31,			31 Desember/December 31,			
	2020	2019	2018	2020	2019	2018	
<u>Dalam Mata Uang Asing</u>							
<u>(Catatan 36)</u>							
<u>Perusahaan</u>							
<u>Offshore Lender</u>							
Bank of China, Hongkong							
Pinjaman Sindikasi	US\$130.000.000	-	-	1.833.651	-	-	-
BNP Paribas							
Pinjaman Sindikasi	US\$200.000.000	-	-	2.821.002	-	-	-
Natixis, Cabang Hongkong							
Pinjaman Sindikasi	US\$200.000.000	-	-	2.821.002	-	-	-
OCBC							
Pinjaman Sindikasi	US\$250.000.000	-	-	3.526.253	-	-	-
SMBC, Singapura							
Pinjaman Sindikasi	US\$169.750.000	-	-	2.394.326	-	-	-
Pinjaman Sindikasi	JPY12.291.112.500	-	-	1.677.387	-	-	-
The Norinchukin Bank, Singapura							
Pinjaman Sindikasi	JPY7.136.775.000	-	-	973.966	-	-	-
China CITIC, Singapura							
Pinjaman Sindikasi	US\$30.000.000	-	-	423.150	-	-	-
China Minsheng Bank, Hongkong							
Pinjaman Sindikasi	US\$30.000.000	-	-	423.150	-	-	-
Credit Agricole Bank, Singapura							
Pinjaman Sindikasi	US\$43.000.000	-	-	606.514	-	-	-
Fubon Bank, Hongkong							
Pinjaman Sindikasi	US\$10.000.000	-	-	141.050	-	-	-
Intesa Sanpaolo, Singapura							
Pinjaman Sindikasi	US\$57.000.000	-	-	803.986	-	-	-
Land Bank of Taiwan, Singapura							
Pinjaman Sindikasi	US\$30.000.000	-	-	423.150	-	-	-
RHB Bank Berhad, Malaysia							
Pinjaman Sindikasi	US\$28.500.000	-	-	401.993	-	-	-
RHB Bank (L) Ltd, Malaysia							
Pinjaman Sindikasi	US\$28.500.000	-	-	401.993	-	-	-
State Bank of India, Singapura							
Pinjaman Sindikasi	US\$30.000.000	-	-	423.150	-	-	-
Taipei Fubon Commercial Bank, Taiwan							
Pinjaman Sindikasi	US\$52.500.000	-	-	740.513	-	-	-
The Bank of East Asia, Singapura							
Pinjaman Sindikasi	US\$30.000.000	-	-	423.150	-	-	-
The Korea Development Bank							
Pinjaman Sindikasi	US\$50.000.000	-	-	705.251	-	-	-
The Korea Development Bank, Singapura							
Pinjaman Sindikasi	US\$50.000.000	-	-	705.251	-	-	-

17. LONG-TERM DEBTS

a. Bank loans

Long-term bank loans are as follows:

In Foreign Currency (Note 36)
Company
Offshore Lender
Bank of China, Hongkong
Syndication Loan
BNP Paribas
Syndication Loan
Natixis, Hongkong Branch
Syndication Loan
OCBC
Syndication Loan
SMBC, Singapura
Syndication Loan
Syndication Loan
The Norinchukin Bank, Singapura
Syndication Loan
China CITIC, Singapura
Syndication Loan
China Minsheng Bank, Hongkong
Syndication Loan
Credit Agricole Bank, Singapura
Syndication Loan
Fubon Bank, Hongkong
Syndication Loan
Intesa Sanpaolo, Singapura
Syndication Loan
Land Bank of Taiwan, Singapura
Syndication Loan
RHB Bank Berhad, Malaysia
Syndication Loan
RHB Bank (L) Ltd, Malaysia
Syndication Loan
State Bank of India, Singapura
Syndication Loan
Taipei Fubon Commercial Bank, Taiwan
Syndication Loan
The Bank of East Asia, Singapura
Syndication Loan
The Korea Development Bank
Syndication Loan
The Korea Development Bank, Singapura
Syndication Loan

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a. Utang bank (lanjutan)

	Jumlah Maksimum Fasilitas Pinjaman/ Maximum Credit Facilities Limit			Jumlah/Amounts			Jumlah pembayaran selama tahun 2020/ Repayment amounts in 2020	
	2020	2019	2018	2020	2019	2018		
Onshore Lender								Onshore Lender
Bank of China, Indonesia								Bank of China, Indonesia
Pinjaman Sindikasi	US\$100.000.000	-	-	1.410.501	-	-	-	Syndication Loan
Mizuho, Indonesia								Mizuho, Indonesia
Pinjaman Sindikasi	US\$130.750.000	-	-	1.844.230	-	-	-	Syndication Loan
Pinjaman Sindikasi	JPY12.291.112.500	-	-	1.677.387	-	-	-	Syndication Loan
Maybank								Maybank
Pinjaman Sindikasi	US\$100.000.000	-	-	1.410.501	-	-	-	Syndication Loan
Dalam Rupiah								In Rupiah
Entitas Anak								Subsidiaries
BCA								BCA
Pinjaman Investasi	1.997.813	1.813.711	242.727	1.621.363	1.313.711	242.727	(115.899)	Investment Loan
BTPN (dahulu PT Bank Sumitomo Mitsui Indonesia)								BTPN (formerly PT Bank Sumitomo Mitsui Indonesia)
Pinjaman Berjangka	-	240.000	240.000	-	-	235.000	-	Revolving credit
MUFG								MUFG
Pinjaman berjangka	275.625	323.750	110.000	275.625	323.750	110.000	(48.125)	Term Loan
Dalam Mata Uang Asing								In Foreign Currency
(Catatan 36)								(Note 36)
Entitas Anak								Subsidiary
Mizuho								Mizuho
Pinjaman Berjangka	JPY3.000.000.000	JPY2.000.000.000	JPY2.500.000.000	380.756	255.933	327.610	(68.636)	Term Loan
MUFG								MUFG
Pinjaman Berjangka	-	-	-	-	-	-	(74.895)	Term Loan
Dikurangi biaya transaksi tanggungan atas utang bank				(304.692)	(2.608)	(3.227)	-	Less deferred transaction cost on bank loans
Neto				30.985.559	1.890.786	912.110	(307.555)	Net
Dikurangi bagian yang jatuh tempo dalam waktu satu tahun				(212.742)	(196.001)	(245.011)	(307.555)	Less current maturities
Bagian Jangka Panjang				30.772.817	1.694.785	667.099	-	Long-term Portion

Rincian tanggal jatuh tempo dan jaminan
sehubungan dengan fasilitas utang bank
jangka panjang pada tanggal 31 Desember
2020 adalah sebagai berikut:

The details of maturities and collateral related
with long-term bank loans as of December 31,
2020 are as follows:

	Jatuh tempo/Maturity	Jaminan/Collateral	
Dalam Mata Uang Asing			In Foreign Currency
Perusahaan			Company
Offshore Lender			Offshore Lender
Bank of China, Hongkong			Bank of China, Hongkong
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
BNP Paribas			BNP Paribas
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Natixis, Cabang Hongkong			Natixis, Hongkong Branch
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
OCBC			OCBC
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
SMBC, Singapura			SMBC, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
The Norinchukin Bank, Singapura			The Norinchukin Bank, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
China CITIC, Singapura			China CITIC, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan

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17. UTANG JANGKA PANJANG (lanjutan)

17. LONG-TERM DEBTS (continued)

a. Utang bank (lanjutan)

a. Bank loans (continued)

	Jatuh tempo/Maturity	Jaminan/Collateral	
<u>Dalam Mata Uang Asing</u>			<u>In Foreign Currency</u>
<u>Perusahaan</u>			<u>Company</u>
<u>Offshore Lender (lanjutan)</u>			<u>Offshore Lender (continued)</u>
China Minsheng Bank, Hongkong			China Minsheng Bank, Hongkong
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Credit Agricole Bank, Singapura			Credit Agricole Bank, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Fubon Bank, Hongkong			Fubon Bank, Hongkong
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Intesa Sanpaolo, Singapura			Intesa Sanpaolo, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Land Bank of Taiwan, Singapura			Land Bank of Taiwan, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
RHB Bank Berhad, Malaysia			RHB Bank Berhad, Malaysia
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
RHB Bank (L) Ltd, Malaysia			RHB Bank (L) Ltd, Malaysia
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
State Bank of India, Singapura			State Bank of India, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Taipei Fubon Commercial Bank, Taiwan			Taipei Fubon Commercial Bank, Taiwan
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
The Bank of East Asia, Singapura			The Bank of East Asia, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
The Korea Development Bank			The Korea Development Bank
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
The Korea Development Bank, Singapura			The Korea Development Bank, Singapore
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
<u>Onshore Lender</u>			<u>Onshore Lender</u>
Bank of China, Indonesia			Bank of China, Indonesia
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Mizuho, Indonesia			Mizuho, Indonesia
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
Maybank			Maybank
Pinjaman Sindikasi	Agustus 2025/August 2025	Tanpa jaminan/Unsecured	Syndication Loan
<u>Dalam Rupiah</u>			<u>In Rupiah</u>
<u>Entitas Anak</u>			<u>Subsidiaries</u>
BCA			BCA
		Tanpa jaminan kecuali untuk fasilitas sebesar Rp1.210.938 yang diberikan kepada TSP dijamin dengan jaminan korporasi dari Perusahaan/Unsecured except for facility given to TSP amounting to Rp1,210,938, respectively, secured by corporate guarantee from the Company	
Pinjaman Investasi	Januari 2023 - September 2027/ January 2023 - September 2027		Investment Loan
MUFG			MUFG
Pinjaman Berjangka	Januari 2024/January 2024	Tanpa jaminan/Unsecured	Term Loan
<u>Dalam Mata Uang Asing</u>			<u>In Foreign Currency</u>
<u>Entitas Anak</u>			<u>Subsidiary</u>
Mizuho			Mizuho
Pinjaman Berjangka	Oktober 2023 - Februari 2027/ October 2023 - February 2027	Tanpa jaminan/Unsecured	Term Loan

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17. UTANG JANGKA PANJANG (lanjutan)

a. Utang bank (lanjutan)

Kisaran tingkat suku bunga tahunan pada pinjaman jangka panjang adalah sebagai berikut:

	<u>31 Desember 2020/ December 31, 2020</u>	<u>31 Desember 2019/ December 31, 2019</u>	<u>31 Desember 2018/ December 31, 2018</u>
Rupiah	5,42% - 9,00%	6,79% - 9,25%	6,58% - 9,23%
Mata uang asing			
Dolar Amerika	2,09% - 2,26%	-	-
Yen Jepang	1,35% - 1,65%	1,33% - 1,36%	0,53% - 2,00%

Berdasarkan persyaratan-persyaratan dalam perjanjian pinjaman, Perusahaan dan Entitas Anak yang menjadi debitur diharuskan untuk memperoleh persetujuan tertulis sebelumnya dari kreditur sehubungan dengan transaksi yang melebihi batas tertentu yang disetujui oleh kreditur seperti, antara lain, penggabungan usaha, penjualan atau pengalihan aset tetap utama, dan pemberian pinjaman kepada pihak ketiga.

Perusahaan dan Entitas Anak yang menjadi debitur diharuskan untuk mempertahankan rasio-rasio keuangan tertentu seperti *current ratio* dan *interest coverage ratio*.

Pada tanggal 31 Desember 2020, Perusahaan dan Entitas Anak tersebut telah memenuhi semua persyaratan pinjaman di atas atau memperoleh *waiver* sebagaimana diperlukan.

b. Utang pembelian aset tetap

Utang ini merupakan utang angsuran dalam Dolar AS IDLK atas pembelian mesin dari TPI. Rincian adalah sebagai berikut:

	<u>31 Desember 2020/ December 31, 2020</u>	<u>31 Desember 2019/ December 31, 2019</u>	<u>31 Desember 2018/ December 31, 2018</u>
TPI			
US\$175.478			
pada tanggal			
31 Desember 2018	-	-	2.541
Dikurangi bagian yang			
jatuh tempo dalam			
satu tahun			
US\$175.478			
pada tanggal			
31 Desember 2018	-	-	(2.541)
Bagian Jangka Panjang	-	-	-

17. LONG-TERM DEBTS (continued)

a. Bank loans (continued)

The range of annual interest rates of long-term loans is as follows:

Rupiah
Foreign currency
US Dollar
Japanese Yen

Under the terms of the covering loan agreements, the Company and the Subsidiaries as debtors are required to obtain prior written approval from the creditors with respect to transactions involving amounts that exceed certain thresholds agreed with the creditors, such as, among others, mergers, sale or transfer of major fixed assets and granting of loans to third parties.

The Company and its Subsidiaries as debtors are also required to maintain certain agreed financial ratios such as current ratio and interest coverage ratio.

As of December 31, 2020, the Company and the said Subsidiaries complied with all of the above loan covenants or obtained the necessary waiver as required.

b. Liability for purchases of fixed assets

This liability pertains to the US Dollar denominated installment payables of IDLK for its purchases of machineries from TPI. The details are as follows:

TPI
US\$175,478
as of
December 31, 2018

Less current maturities
US\$175,478
as of
December 31, 2018

Long-term Portion

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17. UTANG JANGKA PANJANG (lanjutan)

b. Utang pembelian aset tetap (lanjutan)

Rincian nilai kontrak, jumlah angsuran tahunan dan tanggal pembayaran terakhir pada utang angsuran ke TPI adalah sebagai berikut:

Tanggal Kontrak	Nilai Kontrak/ Contract Values	Uang Muka/ Down Payments	Angsuran Tahunan/ Annual Installments	Tanggal Pembayaran Terakhir/ Last Payments Date	Contracts Date
15 November 2011	US\$1.389.768	US\$100.000	US\$184.253	April 2019	November 15, 2011

Kisaran tingkat suku bunga tahunan pada pinjaman jangka panjang adalah sebagai berikut:

The details of the contract value, annual installment amounts and last payments date of the installment payables to TPI is as follows:

The range of annual interest rates of the long-term loans is as follows:

Mata Uang	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	Currency Denomination
Dolar AS	5,00%	5,00%	US Dollar

Berdasarkan perjanjian antara IDLK dan TPI, kedua belah pihak setuju bahwa hak atas mesin tersebut masih dimiliki oleh TPI sampai dengan seluruh utang dilunasi untuk mencegah IDLK melakukan pengalihan atau penjualan mesin tersebut kepada pihak lain.

Based on the agreements between IDLK and TPI, both parties agreed that the titles of the machineries shall remain with TPI until the payables are fully paid in order to prevent IDLK from transferring or selling such machineries to other parties.

c. Utang jangka panjang lainnya

Pada bulan April 2018, TSP memperoleh pinjaman dalam Rupiah tanpa jaminan dari PT Daya Usaha Abadi. Pinjaman tersebut dikenakan suku bunga tahunan sebesar 6,80% (31 Desember 2019: 7,30% dan 31 Desember 2018: 7,75% - 8,25%) yang terutang setiap kuartal. Pinjaman tersebut jatuh tempo dalam waktu 5 tahun sejak tanggal penarikan. Saldo utang dan beban bunga yang timbul dari transaksi ini disajikan sebagai akun "Utang jangka panjang lainnya" dalam laporan posisi keuangan konsolidasian dan "Beban Keuangan" dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

c. Other long-term debt

In April 2018, TSP obtained unsecured loan denominated in Rupiah from PT Daya Usaha Abadi. The loans bear annual interest at 6.80% (December 31, 2019: 7.30% and (December 31, 2018: 7.75% - 8.25%) which were payable on quarterly basis. The loan will mature in 5 years from the withdrawal dates. The related payable balances and interest expenses arising from these transactions are presented as "Other long-term debt" in the consolidated statement of financial position and "Finance Expenses" in the consolidated statement of profit or loss and other comprehensive income.

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18. LIABILITAS IMBALAN KERJA KARYAWAN

Analisis mutasi saldo nilai kini liabilitas adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
Nilai kini kewajiban imbalan kerja awal tahun	3.414.882	3.192.966	3.123.334
<u>Perubahan yang dibebankan ke laba rugi:</u>			
Biaya jasa kini	222.355	223.646	201.639
Bunga atas kewajiban imbalan	263.038	267.564	208.123
Imbalan yang dibayarkan	(258.515)	(195.629)	(152.184)
Pemindahan Karyawan	4.704	-	-
Kurtailmen	(23.485)	(35.435)	(733)
Sub total	208.097	260.146	256.845
<u>Rugi (laba) pengukuran kembali yang dibebankan ke penghasilan komprehensif lain:</u>			
Penyesuaian demografis	62	-	-
Penyesuaian pengalaman	(48.457)	(76.272)	(40.321)
Perubahan aktuarial yang timbul dari perubahan asumsi keuangan	15.063	38.042	(260.195)
Sub total	(33.332)	(38.230)	(300.516)
Penambahan dari akuisisi Entitas Anak baru (Catatan 1)	158.497	-	113.303
Nilai kini kewajiban imbalan kerja akhir tahun	3.748.144	3.414.882	3.192.966

Present value of future benefit obligations at beginning of year

Changes charged to profit or loss:
Current service cost
Interest cost on benefit obligations
Benefits paid
Transfer of Employees
Curtailment

Re-measurement losses (gains) charged to other comprehensive income:
Demography adjustment
Experience adjustments
Actuarial changes arising from changes in financial assumptions

Sub total
Addition from newly acquired Subsidiary (Note 1)
Present value of future benefit obligations at end of year

Penyisihan imbalan kerja karyawan pada tanggal 31 Desember 2020 terutama didasarkan pada penilaian aktuarial yang ditentukan oleh perusahaan aktuarial independen (PT Kappa Konsultan Utama), sebagaimana disebutkan dalam laporannya tertanggal 27 Januari 2021 (31 Desember 2019: 20 Januari 2020 dan 31 Desember 2018: 24 Januari 2019).

The provision for employee benefits as at December 31, 2020 was mainly determined by an independent firm of actuary (PT Kappa Konsultan Utama), as set out in its report dated January 27, 2021 (December 31, 2019: January 20, 2020 and December 31, 2018: January 24, 2019).

Asumsi aktuarial utama yang digunakan pada tanggal-tanggal pelaporan adalah sebagai berikut:

The key actuarial assumptions at the reporting dates are as follows:

	Tahun yang berakhir pada tanggal 31 Desember/Year ended December 31,			
	2020	2019	2018	
Tingkat diskonto tahunan	3,0% - 6,9%	7,7% - 7,9%	8,4% - 8,5%	Annual discount rate
Tingkat kenaikan gaji tahunan	3,0% - 8,5%	8,0%	8,5%	Future annual salary increase rate
Tingkat cacat tahunan	10% dari tingkat mortalitas/from mortality rate			Annual disability rate
	Tabel Mortalitas Indonesia IV/ Indonesia Mortality Table IV			
Referensi tingkat mortalitas	55 - 65 tahun/years	Tabel Mortalitas Indonesia 2011/ Indonesia Mortality Table 2011		Mortality rate reference
Umur pensiun	6% untuk karyawan di bawah 30 tahun dan menurun secara linear sampai 0% pada umur 52 tahun/6% for employees before the age of 30 and will linearly decrease until 0% at the age of 52	55 tahun/years		Retirement age
Tingkat pengunduran diri karyawan				Resignation rate

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**18. LIABILITAS IMBALAN KERJA KARYAWAN
(lanjutan)**

Manajemen berkeyakinan bahwa penyisihan untuk imbalan kerja karyawan telah cukup sesuai dengan yang disyaratkan oleh UUK.

Analisa sensitivitas terhadap asumsi utama yang digunakan dalam menentukan kewajiban imbalan kerja pada tanggal 31 Desember 2020 adalah sebagai berikut:

Asumsi Utama	Kenaikan/ (Penurunan)/ Increase/(Decrease)	(Penurunan)/Kenaikan Liabilitas Imbalan Kerja Neto/ (Decrease)/Increase in the Net Employee Benefits Liability	Key Assumptions
31 Desember 2020			December 31, 2020
Tingkat diskonto tahunan	1%/(1%)	(251.531)/289.197	Annual discount rate
Tingkat kenaikan gaji tahunan	1%/(1%)	289.654/(255.047)	Future annual salary increase rate

Analisa sensitivitas di atas dihitung menggunakan metode ekstrapolasi atas pengaruh terhadap kewajiban imbalan kerja sebagai hasil dari perubahan wajar yang mungkin terjadi atas asumsi utama pada tanggal pelaporan.

Pembayaran kontribusi yang diharapkan dari kewajiban imbalan kerja pada tanggal 31 Desember 2020 di tahun mendatang adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Dalam 12 bulan mendatang	277.628	229.700	183.195	Within the next 12 months
Antara 1 sampai 2 tahun	315.629	268.652	239.392	Between 1 and 2 years
Antara 2 sampai 5 tahun	815.698	707.534	606.426	Between 2 and 5 years
Diatas 5 tahun	21.266.712	25.240.848	27.940.403	Beyond 5 years
Total	22.675.667	26.446.734	28.969.416	Total

Durasi rata-rata dari kewajiban imbalan kerja pada tanggal 31 Desember 2020 adalah 7,56 tahun (31 Desember 2019: 11,08 tahun dan 31 Desember 2018: 11,22 tahun).

Perhitungan liabilitas imbalan kerja atas Entitas Anak di Indonesia di atas masih menggunakan UU No. 13/2003 yang berlaku pada tanggal 31 Desember 2020, sedangkan Peraturan Pemerintah Nomor 35 Tahun 2021 (PP 35/2021) untuk melaksanakan beberapa ketentuan dari UU No. 11/2020 mengenai Cipta Kerja, baru diundangkan dan diberlakukan pada tanggal 2 Februari 2021.

**18. LIABILITIES FOR EMPLOYEE BENEFITS
(continued)**

Management believes that the provision for employee benefits is sufficient according to the requirements of the Labor Law.

Sensitivity analysis to the key assumptions used in determining employee benefits obligations as of December 31, 2020 are as follows:

Asumsi Utama	Kenaikan/ (Penurunan)/ Increase/(Decrease)	(Penurunan)/Kenaikan Liabilitas Imbalan Kerja Neto/ (Decrease)/Increase in the Net Employee Benefits Liability	Key Assumptions
31 Desember 2020			December 31, 2020
Tingkat diskonto tahunan	1%/(1%)	(251.531)/289.197	Annual discount rate
Tingkat kenaikan gaji tahunan	1%/(1%)	289.654/(255.047)	Future annual salary increase rate

The sensitivity analysis above have been determined based on a method that extrapolates the impact on benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the benefits obligation as of December 31, 2020 in future years:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Dalam 12 bulan mendatang	277.628	229.700	183.195	Within the next 12 months
Antara 1 sampai 2 tahun	315.629	268.652	239.392	Between 1 and 2 years
Antara 2 sampai 5 tahun	815.698	707.534	606.426	Between 2 and 5 years
Diatas 5 tahun	21.266.712	25.240.848	27.940.403	Beyond 5 years
Total	22.675.667	26.446.734	28.969.416	Total

The average duration of the benefits obligation at December 31, 2020 was 7.56 years (December 31, 2019: 11.08 years and December 31, 2018: 11.22 years).

The calculation of the employee benefits liability for the Subsidiaries in Indonesia was based on Law No. 13/2003 which was still in effect at December 31, 2020, while Government Regulation Number 35 Year 2021 (PP 35/2021) to implement certain provisions of Law No. 11/2020 concerning Job Creation ("Cipta Kerja") has just been promulgated and put into effect on February 2, 2021.

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19. KEPENTINGAN NONPENGENDALI

KNP merupakan bagian atas aset neto Entitas Anak yang tidak dapat diatribusikan secara langsung maupun tidak langsung kepada Perusahaan (Catatan 1d).

KNP berasal dari PCL dan Entitas Anaknya, Drayton, PPM, dan SAJ dan Entitas Anaknya, IFL, SRC, ITSM, ICSM, AIBM dan Entitas Anaknya dan NICI.

Rincian KNP adalah sebagai berikut:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018
PCL dan Entitas Anaknya	19.283.368	-	-
Drayton, PPM, dan			
SAJ dan Entitas Anaknya	1.004.065	912.285	716.387
IFL	384.366	262.556	215.207
SRC	197.651	170.546	153.835
ITSM	23.689	28.113	26.032
NICI	3	3	3
AIBM dan Entitas Anaknya	(4.630)	(3.908)	(25.443)
ICSM	(750)	671	2.206
Total	20.887.762	1.370.266	1.088.227

Hak KNP atas aset neto Entitas Anak terutama berasal dari PCL dan Entitas Anaknya.

Kepentingan material dari pemegang saham nonpengendali PCL

Nama Entitas Anak / Name of the Subsidiary	Lokasi Pendirian/ Country of Incorporation	31 Desember 2020/ December 31, 2020
Pinehill Company Limited	Kepulauan Virginia Britania Raya/ British Virgin Island	100,0%
		Jumlah/Amount
		31 Desember 2020/ December 31, 2020
Saldo akumulasi kepentingan nonpengendali/ Accumulated balances of non-controlling interests		19.283.368
		Periode empat bulan yang berakhir pada tanggal 31 Desember 2020/ Four-months period ended December 31, 2020
Laba periode berjalan yang dapat diatribusikan kepada kepentingan nonpengendali/ Income for the period attributable to non-controlling interests		433.752

19. NON-CONTROLLING INTERESTS

NCI represents the portion of the net assets of the Subsidiaries that are not attributable, directly or indirectly, to the Company (Note 1d).

NCI pertains to PCL and its Subsidiaries, Drayton, PPM, and SAJ and its Subsidiaries, IFL, SRC, ITSM, ICSM, AIBM and its Subsidiary and NICI.

The details of NCI are as follows:

NCI in net assets of Subsidiaries mainly represent those of PCL and its Subsidiaries.

Material equity interests held by non-controlling interests in PCL

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19. KEPENTINGAN NONPENGENDALI (lanjutan)

Ringkasan informasi keuangan dari Entitas Anak tersebut disajikan berikut ini, berdasarkan jumlah sebelum eliminasi antar-perusahaan:

Ringkasan laporan posisi keuangan konsolidasian

	31 Desember 2020/ December 31, 2020
Aset lancar	4.402.513
Aset tetap (tidak lancar)	1.007.827
Aset tidak lancar (selain aset tetap)	640.573
Liabilitas jangka pendek	(1.625.780)
Liabilitas jangka panjang	(214.040)
Total ekuitas	4.211.093
Dapat diatribusikan kepada:	
Pemilik entitas induk	3.050.461
Kepentingan nonpengendali	1.160.632

Ringkasan laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

	Periode Empat bulan yang berakhir pada tanggal 31 Desember 2020/ Four-months period ended December 31, 2020,
Penjualan	3.592.963
Laba periode berjalan	978.599
Total laba komprehensif periode berjalan	986.196

19. NON-CONTROLLING INTERESTS (continued)

The summarized financial information of this Subsidiary is provided below, based on amounts before inter-company eliminations:

Summarized consolidated statement of financial position

Current assets
Fixed assets (non-current)
Non-current assets (net of fixed assets)
Current liabilities
Non-current liabilities
Total equity
Attributable to:
Owners of the parent
Non-controlling interests

Summarized consolidated statement of profit or loss and other comprehensive income.

Sales
Income for the period
Total comprehensive income for the period

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20. MODAL SAHAM

Pemegang saham Perusahaan dan besarnya kepemilikan saham pada tanggal 31 Desember 2020, 31 Desember 2019 dan 31 Desember 2018 adalah sebagai berikut:

Pemegang Saham	Total Saham Ditempatkan dan Disetor Penuh (angka penuh)/Total Shares Issued and Fully Paid (full amount)	Persentase Kepemilikan/ Percentage of Ownership	Jumlah/ Amounts	Shareholders
31 Desember 2020				December 31, 2020
PT Indofood Sukses Makmur Tbk Komisaris dan Direksi	9.391.678.000	80,53%	469.584	PT Indofood Sukses Makmur Tbk Commissioners and Directors
Masyarakat (dengan pemilikan masing-masing dibawah 5%)	2.270.230.000	19,47%	113.511	Public (with ownership interest each below 5%)
Total	11.661.908.000	100,00%	583.095	Total
31 Desember 2019				December 31, 2019
PT Indofood Sukses Makmur Tbk Komisaris dan Direksi	9.391.678.000	80,53%	469.584	PT Indofood Sukses Makmur Tbk Commissioners and Directors
Masyarakat (dengan pemilikan masing-masing dibawah 5%)	2.270.230.000	19,47%	113.511	Public (with ownership interest each below 5%)
Total	11.661.908.000	100,00%	583.095	Total
31 Desember 2018				December 31, 2018
PT Indofood Sukses Makmur Tbk Komisaris dan Direksi	9.391.678.000	80,53%	469.584	PT Indofood Sukses Makmur Tbk Commissioners and Directors
Masyarakat (dengan pemilikan masing-masing dibawah 5%)	2.270.230.000	19,47%	113.511	Public (with ownership interest each below 5%)
Total	11.661.908.000	100,00%	583.095	Total

Pengelolaan Modal

Perusahaan menjadikan total ekuitas sebagai modal Perusahaan. Tujuan utama pengelolaan modal Kelompok Usaha adalah untuk memastikan pemeliharaan rasio modal yang sehat untuk mendukung usaha dan memaksimalkan nilai bagi pemegang saham.

Perusahaan dan Entitas Anak tertentu dipersyaratkan untuk memelihara tingkat permodalan tertentu oleh perjanjian pinjaman. Persyaratan permodalan eksternal tersebut telah dipenuhi oleh entitas terkait pada tanggal-tanggal pelaporan. Selain itu, Kelompok Usaha juga dipersyaratkan oleh Undang-undang Perseroan efektif tanggal 16 Agustus 2007 untuk mengalokasikan sampai dengan 20% dari modal saham ditempatkan dan disetor penuh ke dalam dana cadangan yang tidak boleh didistribusikan. Persyaratan permodalan eksternal tersebut akan dipertimbangkan oleh Kelompok Usaha dalam Rapat Umum Pemegang Saham Tahunan (RUPST) berikutnya.

20. CAPITAL STOCK

The Company's shareholders and their respective share ownership as of December 31, 2020, December 31, 2019 and December 31, 2018 are as follows:

Capital Management

The Company considers total equity as its capital. The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Company and certain Subsidiaries are required by the respective loan agreements to maintain the level of existing share capital. This externally imposed capital requirement has been complied with by the relevant entities at reporting dates. In addition, the Group is also required by the Corporate Law effective August 16, 2007 to allocate and maintain a non-distributable reserve fund until the said reserve reaches 20% of the issued and fully paid share capital. This externally imposed capital requirements will be considered by the Group in the next Annual General Shareholders' Meeting (AGSM).

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20. MODAL SAHAM (lanjutan)

Pengelolaan Modal (lanjutan)

Kelompok Usaha mengelola struktur permodalan dan melakukan penyesuaian, bila diperlukan, berdasarkan perubahan kondisi ekonomi. Untuk memelihara dan menyesuaikan struktur permodalan, Kelompok Usaha dapat menyesuaikan pembayaran dividen kepada pemegang saham, imbalan modal kepada pemegang saham atau menerbitkan saham baru. Tidak ada perubahan tujuan, kebijakan maupun proses untuk tahun yang berakhir pada tanggal 31 Desember 2020.

Kelompok Usaha mengawasi permodalannya dengan menggunakan rasio pengungkit neto (*net gearing ratio*), dengan membagi utang neto dengan total ekuitas. Kebijakan Kelompok Usaha adalah menjaga rasio pengungkit neto dalam kisaran rasio pengungkit neto dari perusahaan terkemuka dalam industri sejenis di Indonesia untuk mengamankan akses pendanaan pada biaya yang rasional.

Utang neto Kelompok Usaha meliputi utang bank jangka pendek dan cerukan, utang *trust receipts*, utang pembelian aset tetap dan utang jangka panjang dikurangi kas dan setara kas.

20. CAPITAL STOCK (continued)

Capital Management (continued)

The Group manages its capital structure and makes adjustments to it, if necessary, in light of changes in economic conditions. To maintain and adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the year ended December 31, 2020.

The Group monitors its capital using net gearing ratio, by dividing net debt with the total equity. The Group's policy is to maintain the net gearing ratio within the range of net gearing ratios of the leading companies in similar industry in Indonesia in order to secure access to finance at a reasonable cost.

The Group's net debt includes short-term bank loans and overdraft, trust receipts payable, liability for purchases of fixed assets and long-term debts less cash and cash equivalents.

21. TAMBAHAN MODAL DISETOR

Unsur-unsur tambahan modal disetor pada tanggal-tanggal pelaporan adalah sebagai berikut:

	Jumlah/Amount
Agio Saham	5.969.721
Selisih nilai transaksi restrukturisasi antara entitas sepengendali	15.748
Total	5.985.469

Agio saham merupakan selisih antara nilai nominal saham yang diterbitkan dalam rangka IPO pada September 2010 dengan hasil yang diterima, setelah dikurangi biaya penerbitan saham sebesar Rp205.260.

21. ADDITIONAL PAID-IN CAPITAL

The components of additional paid-in capital at reporting dates are as follows:

Share Premium
Differences in values of restructuring transactions among entities under common control
Total

Share premium represents the difference between the total par value of new shares issued in connection with the IPO conducted in September 2010 and the related proceeds, after netting off the share issuance costs amounting to Rp205,260.

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21. TAMBAHAN MODAL DISETOR (lanjutan)

Rincian dari selisih nilai transaksi restrukturisasi antara entitas sepengendali adalah sebagai berikut:

21. ADDITIONAL PAID-IN CAPITAL (continued)

The details of differences in values of restructuring transactions among entities under common control are as follows:

Deskripsi/Description	Tanggal Efektif Transaksi/Effective Date of Transaction	Total Imbalan Tunai/Total Cash Consideration	Bagian atas Nilai Tercatat Aset Neto Entitas yang Diakuisisi/Share in Carrying Amount of the Acquired Entities' Net Assets	Selisih nilai transaksi/ Difference in Value of Transactions
Aset pajak tangguhan untuk seluruh perbedaan temporer atas aset dan liabilitas yang dialihkan, yang timbul dari transaksi pengalihan kegiatan usaha mi instan dan bumbu penyedap ISM ke dalam Perusahaan/Deferred tax assets on temporary differences of the transferred assets and liabilities arising from the transfer of business of ISM's Noodle and Food Ingredients division into the Company	31 Desember 2009/ December 31, 2009	-	-	31.840
Selisih nilai transaksi restrukturisasi dengan entitas sepengendali dari salah satu entitas yang bergabung (IMM, dahulu entitas anak ISM sebelum penggabungan usaha) yang dialihkan kepada Perusahaan atas transaksi penggabungan usaha dengan CKA, GPN, ISP dan IMM ke dalam Perusahaan (Catatan 1)/Difference in value of restructuring transaction under common control of the merged entity (IMM, prior to the merger was a subsidiary of ISM), which was transferred as a result of the merger of CKA, GPN, ISP and IMM into the Company (Note 1)	31 Desember 2009/ December 31, 2009	-	-	(4.260)
Pengalihan saham entitas anak dan entitas asosiasi yang sebelumnya dimiliki oleh ISM ke dalam Perusahaan, adalah sebagai berikut:/Transfer of equity ownership in the subsidiaries and an associate from ISM into the Company is as follows:				
IFI	6 Januari 2010/ January 6, 2010	Rp9.800 dan US\$2.500.000 masing-masing untuk 100% kepemilikan saham dan utang sebesar US\$2.500.000/ Rp9,800 and US\$2,500,000 for 100% equity ownership and payables of US\$2,500,000, respectively	Rp10.449 dan utang sebesar US\$2.500.000/ Rp10,449 and payables of US\$2,500,000	649
SRC	6 Januari 2010/ January 6, 2010	Rp133.550 untuk 60% kepemilikan saham/Rp133,550 for 60% equity ownership	Rp139.874	6.324
NICI	6 Januari 2010/ January 6, 2010	Rp25.000 untuk 50% kepemilikan saham/Rp25,000 for 50% equity ownership	Rp19.462	(5.538)
Drayton	17 Maret 2010/ March 17, 2010	Rp2.734.000 dan Rp1.091.330 masing-masing untuk 100% kepemilikan saham dan Obligasi Konversi (OK) sebesar Rp1.091.330/Rp2,734,000 and Rp1,091,330 for 100% equity ownership and Convertible Bonds (CB) of Rp1,091,330, respectively	Rp2.716.052 dan OK sebesar Rp1.091.330/ Rp2,716,052 and CB of Rp1,091,330	(17.948)
IFL	17 Maret 2010/ March 17, 2010	Rp106.390 untuk 51% kepemilikan saham/Rp106,390 for 51% equity ownership	Rp111.071	4.681
Total				15.748

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22. DIVIDEN KAS DAN CADANGAN UMUM

Dalam RUPST yang diadakan pada tanggal 15 Juli 2020, 29 Mei 2019 dan 31 Mei 2018, yang risalahnya telah diaktakan masing-masing dengan Akta Notaris No.23 tertanggal 15 Juli 2020, No.61 tertanggal 29 Mei 2019 dan No.55 tertanggal 31 Mei 2018 dari Notaris Kumala Tjahjani Widodo, S.H. M.H. Mkn, para pemegang saham menyetujui, antara lain:

- i. Penambahan cadangan umum atas saldo laba yang telah ditentukan penggunaannya sebesar Rp5.000 pada tahun 2020, 2019 dan 2018; dan
- ii. Pembagian dividen kas sejumlah Rp215 (angka penuh) per saham atau sejumlah Rp2.507.310 pada tahun 2020; Rp195 (angka penuh) per saham atau sejumlah Rp2.274.072 pada tahun 2019 (dimana pada bulan Oktober 2018, Perusahaan telah mengumumkan pembagian dividen kas yang diambil dari laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk untuk tahun yang berakhir pada tanggal 31 Desember 2018, sebesar Rp58 (angka penuh) per saham atau seluruhnya sebesar Rp676.391 dan telah dibayar seluruhnya oleh Perusahaan pada bulan November 2018); dan Rp162 (angka penuh) per saham atau sejumlah Rp1.889.229 pada tahun 2018, yang masing-masing diambil dari laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk tahun 2019, 2018, dan 2017.

Sehubungan dengan pembagian dividen kas tersebut, bagian dividen Entitas Induk Perusahaan adalah sebesar Rp2.019.211 (2019: Rp1.831.377 dan 2018: Rp1.521.452).

Dividen kas yang diumumkan dan disetujui untuk tahun 2020, 2019 dan 2018 masing-masing telah dibayar seluruhnya oleh Perusahaan pada bulan Agustus 2020, Juli 2019 dan Juli 2018.

22. CASH DIVIDENDS AND GENERAL RESERVES

At the AGSM held on July 15, 2020, May 29 2019 and May 31, 2018 which minutes were covered by Notarial Deed No.23 dated July 15, 2020, No.61 dated May 29, 2019 and No.55 dated May 31, 2018, respectively, of Kumala Tjahjani Widodo, S.H. M.H. Mkn, the shareholders approved the following, among others:

- i. Additional appropriation of retained earnings for general reserve each amounting to Rp5,000 in 2020, 2019 and 2018, respectively; and
- ii. The distribution of cash dividends amounting to Rp215 (full amount) per share or totaling Rp2,507,310 in 2020; Rp195 (full amount) per share or totaling Rp2,274,072 in 2019 (in which, in October 2018, the Company has declared the cash dividends, which were taken from income attributable to equity holders of parent entity for the year ended December 31, 2018, amounting to Rp58 (full amount) per share or totaling Rp676,391 and were fully paid by the Company in November 2018); and Rp162 (full amount) per share or totaling Rp1,889,229 in 2018, which were taken from income for 2019, 2018, and 2017 attributable to equity holders of the parent entity, respectively.

Related to the distribution of the said cash dividends, the dividend portion for the Parent Entity of the Company amounted to Rp2,019,211 (2019: Rp1,831,377 and 2018: Rp1,521,452).

The cash dividends declared and approved for the years 2020, 2019 and 2018 were fully paid by the Company in August 2020, July 2019 and July 2018, respectively.

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23. LABA PER SAHAM DASAR

Rincian perhitungan laba per saham dasar adalah sebagai berikut:

	Laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk/ Income for the year attributable to equity holders of the parent entity	Jumlah rata-rata tertimbang saham/ Weighted average number of shares	Laba per saham dasar (angka penuh)/ Basic earnings per share (full amount)	
31 Desember 2020	6.586.907	11.661.908.000	565	December 31, 2020
31 Desember 2019	5.038.789	11.661.908.000	432	December 31, 2019
31 Desember 2018	4.575.799	11.661.908.000	392	December 31, 2018

Perusahaan tidak mempunyai efek berpotensi saham biasa yang bersifat dilutif pada tanggal-tanggal pelaporan. Oleh karenanya, laba per saham dilusian tidak dihitung dan disajikan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

The details of basic earnings per share computation are as follows:

The Company has no outstanding potential dilutive ordinary shares at reporting dates. Accordingly, no diluted earnings per share are calculated and presented in the consolidated statement of profit or loss and other comprehensive income.

24. PENJUALAN NETO

Rincian penjualan neto adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
Pihak ketiga	13.706.177	9.953.659	8.959.496	Third parties
Pihak berelasi (Catatan 32)	32.934.871	32.343.044	29.453.911	Related parties (Note 32)
Total	46.641.048	42.296.703	38.413.407	Total

Tidak ada transaksi penjualan kepada satu pelanggan yang penjualan kumulatifnya melebihi 10% dari penjualan neto konsolidasian, kecuali penjualan kepada PT Indomarco Adi Prima (IAP) sebesar 60,52%, 64,84% dan 63,92% dari penjualan neto konsolidasian masing-masing untuk tahun yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018.

There were no sales transactions made to any single customer with a cumulative sales amount exceeding 10% of the consolidated net sales, except for sales to PT Indomarco Adi Prima (IAP), which represents 60.52%, 64.84% and 63.92% of the consolidated net sales for the years ended December 31, 2020, 2019 and 2018, respectively.

Rincian penjualan dari kelompok produk utama disajikan dalam informasi segmen (Catatan 31).

The details of sales per main product groups are presented in the segment information (Note 31).

Transaksi penjualan antara Kelompok Usaha dengan pihak berelasi dilakukan dengan menggunakan harga yang disepakati yang secara umum hampir sama dengan harga penjualan kepada pihak ketiga.

Sales transactions of the Group with related parties are made at agreed prices that are generally similar to sales prices to third parties.

Sifat dari hubungan dan transaksi antara Kelompok Usaha dengan pihak berelasi dijelaskan pada Catatan 32.

The nature of relationships and transactions of the Group with related parties are explained in Note 32.

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25. BEBAN POKOK PENJUALAN

Rincian beban pokok penjualan adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
Bahan baku yang digunakan	22.948.680	21.487.086	20.289.333	Raw materials used
Beban produksi	6.617.489	6.353.979	5.874.469	Production expenses
Total Beban Produksi	29.566.169	27.841.065	26.163.802	Total Manufacturing Cost
Persediaan Barang dalam Proses				Work in-process Inventories
Awal tahun	149.834	166.267	159.225	At beginning of year
Akhir tahun	(133.230)	(149.834)	(166.267)	At end of year
Beban Pokok Produksi	29.582.773	27.857.498	26.156.760	Cost of Goods Manufactured
Persediaan Barang Jadi				Finished Goods Inventories
Awal tahun	1.442.769	1.477.961	1.161.271	At beginning of year
Pembelian	-	-	307.787	Purchases
Akhir tahun	(1.608.869)	(1.442.769)	(1.477.961)	At end of year
Beban Pokok Penjualan	29.416.673	27.892.690	26.147.857	Cost of Goods Sold

Tidak ada transaksi pembelian dari satu pemasok yang pembelian kumulatifnya melebihi 10% dari penjualan neto konsolidasian, kecuali pembelian dari ISM sebesar 10,68% dan 10,18% masing-masing dari penjualan neto konsolidasian untuk tahun yang berakhir pada tanggal 31 Desember 2019 dan 2018.

There was no purchase transaction from one single supplier with a cumulative amount exceeding 10% of the consolidated net sales except for purchases from ISM which represents 10.68% and 10.18% of the consolidated net sales for the year ended December 31, 2019 and 2018, respectively.

Transaksi pembelian antara Kelompok Usaha dengan pihak berelasi dijelaskan pada Catatan 32.

The purchase transactions of the Group with related parties are disclosed in Note 32.

26. BEBAN PENJUALAN DAN DISTRIBUSI DAN UMUM DAN ADMINISTRASI

Rincian beban penjualan dan distribusi serta beban umum dan administrasi adalah sebagai berikut:

26. SELLING AND DISTRIBUTION AND GENERAL AND ADMINISTRATIVE EXPENSES

The details of selling and distribution expenses and general and administrative expenses are as follows:

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
Beban Penjualan dan Distribusi				Selling and Distribution Expenses
Iklan dan promosi	1.884.400	1.543.623	1.359.350	Advertising and promotions
Pengangkutan dan penanganan	1.259.523	1.194.804	1.045.141	Freight and handling
Gaji, upah dan imbalan kerja karyawan	606.457	600.838	544.611	Salaries, wages and employee benefits
Beban royalti (Catatan 32)	476.394	404.302	339.693	Royalty fees (Note 32)
Distribusi	418.823	455.566	379.096	Distribution
Barang rusak	219.142	252.338	297.870	Bad goods
Penyusutan atas aset tetap (Catatan 9)	95.650	90.982	69.946	Depreciation of fixed assets (Note 9)
Sewa	73.698	91.048	83.557	Rental
Penyusutan atas aset hak guna	70.974	-	-	Depreciation of right of use assets
<i>Outsourcing</i>	67.534	28.818	37.119	Outsourcing
Lain-lain (masing-masing di bawah Rp30.000)	376.886	343.925	273.477	Others (each below Rp30,000)
Total Beban Penjualan dan Distribusi	5.549.481	5.006.244	4.429.860	Total Selling and Distribution Expenses

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**26. BEBAN PENJUALAN DAN DISTRIBUSI DAN
UMUM DAN ADMINISTRASI (lanjutan)**

Rincian beban penjualan dan distribusi serta beban umum dan administrasi adalah sebagai berikut:
(lanjutan)

**26. SELLING AND DISTRIBUTION AND GENERAL
AND ADMINISTRATIVE EXPENSES (continued)**

The details of selling and distribution expenses and general and administrative expenses are as follows: (continued)

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
Beban Umum dan Administrasi				General and Administrative Expenses
Gaji, upah dan imbalan kerja karyawan	1.240.904	1.053.020	1.032.814	Salaries, wages and employee benefits
Tanggung jawab sosial perusahaan, sumbangan, dan representasi	483.431	309.797	309.366	Corporate social responsibility, donations and representation
Utilitas, perbaikan dan pemeliharaan Outsourcing	131.702	125.741	106.399	Utilities, repairs and maintenance Outsourcing
Jasa manajemen (Catatan 32 dan 35)	106.006	91.844	82.212	
Penyusutan atas aset hak guna	95.219	91.415	84.736	Management fees (Notes 32 and 35)
Penyusutan atas aset tetap (Catatan 9)	79.928	-	-	Depreciation of right of use assets
Lain-lain (masing-masing di bawah Rp30.000)	74.869	63.919	62.096	Depreciation of fixed assets (Note 9)
	345.443	383.891	386.310	Others (each below Rp30,000)
Total Beban Umum dan Administrasi	2.557.502	2.119.627	2.063.933	Total General and Administrative Expenses

27. PENGHASILAN OPERASI LAIN

Rincian penghasilan operasi lain adalah sebagai berikut:

27. OTHER OPERATING INCOME

The details of other operating income are as follows:

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			
	2020	2019	2018	
Penjualan barang bekas	196.157	188.681	173.720	Sale of scrap materials
Pendapatan jasa teknik (Catatan 32)	69.868	90.838	73.686	Technical service income (Note 32)
Laba netto atas selisih nilai tukar mata uang asing dari aktivitas operasi	66.323	-	179.190	Net gains on foreign exchange difference from operating activities
Penyesuaian nilai wajar investasi di Entitas Anak	-	-	267.613	Adjustment on fair value of investment in Subsidiary
Pendapatan dividen	30.328	20.586	-	Dividend Income
Lain-lain (masing-masing di bawah Rp10.000)	64.043	134.152	124.967	Others (each below Rp10,000)
Total	426.719	434.257	819.176	Total

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28. BEBAN OPERASI LAIN

Rincian beban operasi lain adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,		
	2020	2019	2018
Amortisasi aset tak berwujud (Catatan 10)	133.238	133.238	133.238
Penyisihan penurunan nilai aset tetap (Catatan 9)	94.352	42.788	-
Beban jasa teknik (Catatan 32)	22.319	-	-
Rugi neto atas selisih nilai tukar mata uang asing dari aktivitas operasi	-	125.112	-
Lain-lain (masing-masing di bawah Rp10.000)	93.190	11.144	9.774
Total	343.099	312.282	143.012

28. OTHER OPERATING EXPENSES

The details of other operating expenses are as follows:

Amortization of intangible assets
(Note 10)
Allowance for decline in value of
fixed assets (Note 9)
Technical service expense (Note 32)
Net losses on foreign exchange
difference from operating activities
Others (each below Rp10,000)

Total

29. PENGHASILAN KEUANGAN

Rincian penghasilan keuangan adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,		
	2020	2019	2018
Laba neto atas selisih nilai tukar mata uang asing dari aktivitas pendanaan	1.279.317	11.412	-
Penghasilan bunga	344.248	277.996	312.998
Total	1.623.565	289.408	312.998

Net gains on foreign exchange
difference from financing activities
Interest income

Total

29. FINANCE INCOME

The details of finance income are as follows:

30. BEBAN KEUANGAN

Rincian beban keuangan adalah sebagai berikut:

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,		
	2020	2019	2018
Beban bunga dan beban bank	657.097	161.444	147.005
Rugi atas selisih nilai tukar mata uang asing dari aktivitas pendanaan	-	-	78.563
Beban bunga atas liabilitas sewa	13.448	-	-
Total	670.545	161.444	225.568

Interest expenses and bank charges
Net losses on foreign exchange difference
from financing activities
Interest expense on lease liabilities

Total

30. FINANCE EXPENSES

The details of finance expenses are as follows:

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31. INFORMASI SEGMENT

Informasi segmen di bawah ini dilaporkan berdasarkan informasi yang digunakan oleh manajemen untuk mengevaluasi kinerja setiap segmen usaha dan untuk menentukan alokasi sumber daya.

Segmen Operasi

Kelompok Usaha mengklasifikasikan kegiatan usahanya menjadi enam (6) divisi, yaitu:

- Divisi Mi Instan
- Divisi *Dairy* (produk susu)
- Divisi Penyedap Makanan
- Divisi Makanan Ringan
- Divisi Nutrisi dan Makanan Khusus
- Divisi Minuman

Manajemen memantau hasil operasi dari unit usahanya secara terpisah guna keperluan pengambilan keputusan mengenai alokasi sumber daya dan penilaian kinerja. Kinerja segmen dievaluasi berdasarkan laba rugi usaha dan diukur secara konsisten dengan laba rugi usaha pada laporan keuangan konsolidasian. Namun, pendanaan Kelompok Usaha (termasuk beban keuangan dan penghasilan keuangan) dan pajak penghasilan dikelola secara grup dan tidak dialokasikan kepada segmen operasi.

Transaksi penjualan antar segmen dilakukan dengan menggunakan harga yang disepakati yang secara umum hampir sama dengan harga penjualan kepada pihak ketiga.

Tabel berikut ini menyajikan informasi pendapatan dan laba dan aset dan liabilitas tertentu sehubungan dengan segmen operasi Kelompok Usaha:

31. SEGMENT INFORMATION

The following segment information is reported based on the information used by management in evaluating the performance of each business segment and in determining the allocation of resources.

Operating Segments

The Group primarily classifies its business activities into six (6) divisions, namely:

- Noodles Division
- Dairy Division (dairy products)
- Food Seasonings Division
- Snack Foods Division
- Nutrition and Special Foods Division
- Beverages Division

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on income or loss from operations and is measured consistently with income or loss from operations in the consolidated financial statements. However, the Group financing (including finance expenses and finance income) and income taxes are managed on a group basis and are not allocated to operating segments.

Sales transactions between segments are made at agreed prices that are generally similar to sales prices to third parties.

The following table presents revenue and income, and certain asset and liabilities information regarding the Group's operating segments:

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31. INFORMASI SEGMENT (lanjutan)

31. SEGMENT INFORMATION (continued)

a. Laba segmen

a. Segment income

Tahun yang berakhir pada tanggal 31 Desember 2020/
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	Mi Instan*/ Noodles*	Dairy	Makanan Ringan**/ Snack Foods**	Penyedap Makanan/ Food Seasonings	Nutrisi dan Makanan Khusus/ Nutrition and Special Foods		Minuman/ Beverages	Eliminasi/ Elimination	Total	NET SALES Sales to external customers Inter-segment sales Total Net Sales
PENJUALAN NETO										
Penjualan kepada pelanggan eksternal	31.152.117	8.125.492	2.839.441	2.266.457	999.068		1.258.473	-	46.641.048	
Penjualan antar segmen	814.649	179.554	91.824	605.722	-		-	(1.691.749)	-	
Total Penjualan Neto	31.966.766	8.305.046	2.931.265	2.872.179	999.068		1.258.473	(1.691.749)	46.641.048	
Laba Usaha Segmen	7.435.952	994.185	325.693	322.199	62.832		(26.643)	3.174	9.117.392	Segment Income from Operations
Laba operasi lain neto yang tidak dialokasikan									83.620	Unallocated net other operating income
LABA USAHA									9.201.012	INCOME FROM OPERATIONS
Penghasilan keuangan									1.623.565	Finance income
Beban keuangan									(670.545)	Finance expenses
Pajak final atas penghasilan bunga									(65.188)	Final tax on interest income
Bagian atas rugi neto entitas asosiasi dan ventura bersama									(130.197)	Share in net losses of associates and joint ventures
Laba sebelum beban pajak penghasilan									9.958.647	Income before income tax expense
Beban pajak penghasilan									(2.540.073)	Income tax expense
LABA TAHUN BERJALAN									7.418.574	INCOME FOR THE YEAR
Informasi Segmen Lainnya										Other Segment Information
Pengeluaran modal dan uang muka untuk pembelian aset telap	1.482.200	236.073	13.352	57.460	15.028		68.388	-	1.872.501	Capital expenditures and advances for purchases of fixed assets
Penyusutan dan amortisasi	721.131	460.657	111.650	47.693	43.424		110.187	(7.099)	1.487.643	Depreciation and amortization

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31. INFORMASI SEGMENT (lanjutan)

31. SEGMENT INFORMATION (continued)

a. Laba segmen (lanjutan)

a. Segment income (continued)

Tahun yang berakhir pada tanggal 31 Desember 2019/
Year ended December 31, 2019

	Mi Instant/ Noodles*	Dairy	Makanan Ringan**/ Snack Foods**	Penyedap Makanan/ Food Seasonings	Nutrisi dan Makanan Khusus/ Nutrition and Special Foods	Minuman/ Beverages	Eliminasi/ Elimination	Total	NET SALES Sales to external customers Inter-segment sales
PEJUALAN NETO									
Penghasilan kepada pelanggan eksternal	27.031.192	8.045.835	2.560.871	1.793.834	980.743	1.884.228	-	42.296.703	
Penghasilan antar segmen	680.801	2.973	75.904	561.798	-	-	(1.321.476)	-	
Total Penjualan Neto	27.711.993	8.048.808	2.636.775	2.355.632	980.743	1.884.228	(1.321.476)	42.296.703	Total Net Sales
Laba Usaha Segmen	6.079.348	1.140.199	(42.695)	220.437	41.430	(159.982)	(595)	7.278.142	Segment Income from Operations
Laba operasi lain neto yang tidak dialokasikan								121.975	Unallocated net other operating income
LABA USAHA								7.400.117	INCOME FROM OPERATIONS
Penghasilan keuangan								289.408	Finance income
Beban keuangan								(161.444)	Finance expenses
Pajak final atas penghasilan bunga								(43.233)	Final tax on interest income
Bagian atas rugi neto entitas asosiasi dan ventura bersama								(47.876)	Share in net losses of associates and joint ventures
Laba sebelum beban pajak penghasilan								7.436.972	Income before income tax expense
Beban pajak penghasilan								(2.076.943)	Income tax expense
LABA TAHUN BERJALAN								5.360.029	INCOME FOR THE YEAR
Informasi Segmen Lainnya Pengeluaran modal dan uang muka untuk pembelian aset tetap	1.531.918	251.968	32.791	40.886	20.782	148.237	-	2.026.582	Other Segment Information Capital expenditures and advances for purchases of fixed assets
Penyusutan dan amortisasi	498.163	391.442	85.900	38.964	24.991	165.580	-	1.205.040	Depreciation and amortization

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31. INFORMASI SEGMENT (lanjutan)

a. Laba segmen (lanjutan)

31. SEGMENT INFORMATION (continued)

a. Segment income (continued)

Tahun yang berakhir pada tanggal 31 Desember 2018/
Year ended December 31, 2018

	Mi Instan*/ Noodles*	Dairy	Makanan Ringan**/ Snack Foods**	Penyedap Makanan/ Food Seasonings	Nutrisi dan Makanan Khusus/ Nutrition and Special Foods	Minuman/ Beverages	Eliminasi/ Elimination	Total	NET SALES Sales to external customers Inter-segment sales Total Net Sales Segment Income from Operations Unallocated net other operating income INCOME FROM OPERATIONS Finance income Finance expenses Final tax on interest income Share in net losses of associates and joint ventures Income before income tax expense Income tax expense INCOME FOR THE YEAR Other Segment Information Capital expenditures and advances for purchases of fixed assets Depreciation and amortization
PENJUALAN NETO									
Penjualan kepada pelanggan eksternal	24.731.537	7.540.548	2.528.045	943.206	837.727	1.832.344	-	38.413.407	
Penjualan antar segmen	531.997	3.031	36.053	523.385	-	-	(1.094.466)	-	
Total Penjualan Neto	25.263.534	7.543.579	2.564.098	1.466.591	837.727	1.832.344	(1.094.466)	38.413.407	
Laba Usaha Segmen	5.314.943	793.671	(198.425)	129.854	30.586	(299.421)	549	5.771.757	
Laba operasi lain neto yang tidak dialokasikan								676.164	
LABA USAHA								6.447.921	
Penghasilan keuangan								312.998	
Beban keuangan								(225.568)	
Pajak final atas penghasilan bunga								(58.965)	
Bagian atas rugi neto entitas asosiasi dan ventura bersama								(29.601)	
Laba sebelum beban pajak penghasilan								6.446.785	
Beban pajak penghasilan								(1.788.004)	
LABA TAHUN BERJALAN								4.658.781	
Informasi Segmen Lainnya									
Pengeluaran modal dan uang muka untuk pembelian aset tetap	2.838.868	550.688	114.625	8.068	9.985	55.911	-	3.578.145	
Penyusutan dan amortisasi	393.425	357.181	69.573	23.818	30.860	134.407	-	1.009.264	

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31. INFORMASI SEGMENT (lanjutan)

b. Aset dan liabilitas segmen

31. SEGMENT INFORMATION (continued)

b. Segment assets and liabilities

	Mi Instan*/ Noodles*	Dairy	Makanan Ringan**/ Snack Foods**	Penyedap Makanan/ Food Seasonings	Nutrisi dan Makanan Khusus/ Nutrition and Special Foods	Minuman/ Beverages	Eliminasi/ Elimination	Total	December 31, 2020 SEGMENT ASSETS AND LIABILITIES Segment assets Long-term investments Total Segment Assets Segment Liabilities
31 Desember 2020									
ASET DAN LIABILITAS									
SEGMENT									
Aset segmen	81.028.229	6.949.189	1.654.441	1.898.809	823.053	2.086.341	(1.496.976)	92.943.086	
Investasi jangka panjang	10.542.839	102.400	-	-	-	-	-	10.645.239	
Total Aset Segmen	91.571.068	7.051.589	1.654.441	1.898.809	823.053	2.086.341	(1.496.976)	103.588.325	
Liabilitas Segmen	46.411.736	2.897.602	1.423.695	872.933	417.517	3.285.927	(2.039.138)	53.270.272	
31 Desember 2019									
ASET DAN LIABILITAS									
SEGMENT									
Aset segmen	22.657.237	6.144.641	1.423.570	1.553.116	754.407	2.797.871	(511.799)	34.819.043	
Investasi jangka panjang	3.782.750	107.521	-	-	-	-	-	3.890.271	
Total Aset Segmen	26.439.987	6.252.162	1.423.570	1.553.116	754.407	2.797.871	(511.799)	38.709.314	
Liabilitas Segmen	4.866.521	2.535.150	1.373.017	710.776	389.299	3.769.226	(1.605.779)	12.038.210	
31 Desember 2018									
ASET DAN LIABILITAS									
SEGMENT									
Aset segmen	19.854.406	5.889.343	1.696.468	1.368.662	677.857	3.000.334	(825.315)	31.661.755	
Investasi jangka panjang	2.618.998	86.400	-	-	-	-	-	2.705.398	
Total Aset Segmen	22.473.404	5.975.743	1.696.468	1.368.662	677.857	3.000.334	(825.315)	34.367.153	
Liabilitas Segmen	4.819.465	3.058.477	1.581.988	686.105	344.516	3.563.700	(2.394.248)	11.660.003	

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31. INFORMASI SEGMENT (lanjutan)

31. SEGMENT INFORMATION (continued)

c. Segmen geografis

c. Geographic segment

Informasi mengenai penjualan berdasarkan lokasi pelanggan adalah sebagai berikut:

Information concerning revenue by location of customers is as follows:

	Tahun yang berakhir pada tanggal 31 Desember/Year ended December 31,			
	2020	2019	2018	
<u>Negara</u>				<u>Countries</u>
Indonesia	38.275.273	37.714.609	34.555.631	Indonesia
Timur Tengah dan Afrika	6.142.783	2.777.796	2.090.839	Middle East and Africa
Asia lainnya	951.739	821.583	841.144	Other Asia
Lain-lain	1.271.253	982.715	925.793	Others
Total	46.641.048	42.296.703	38.413.407	Total

Informasi mengenai aset tidak lancar selain instrumen keuangan dan aset pajak tangguhan berdasarkan area geografis adalah sebagai berikut:

Information concerning non-current assets except for financial instruments and deferred tax assets by geographic area is as follows:

	31 Desember 2020/ December 31, 2020	31 Desember 2019/ December 31, 2019	31 Desember 2018/ December 31, 2018	
Indonesia	26.819.867	20.020.154	18.489.879	Indonesia
Negara-negara asing	53.883.765	15.516	17.608	Foreign countries
Total	80.703.632	20.035.670	18.507.487	Total

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI**

Dalam kegiatan usaha normal, Kelompok Usaha melakukan transaksi usaha dan keuangan dengan pihak-pihak berelasi tertentu. Saldo akun-akun yang signifikan dengan pihak berelasi adalah sebagai berikut:

	Total			Persentase terhadap Total Aset/ Percentage to Total Assets		
	31 Des. 2020/ Dec. 31, 2020	31 Des. 2019/ Dec. 31, 2019	31 Des. 2018/ Dec. 31, 2018	31 Des. 2020/ Dec. 31, 2020	31 Des. 2019/ Dec. 31, 2019	31 Des. 2018/ Dec. 31, 2018
Piutang Usaha						
<u>Entitas Induk</u>						
ISM	17.159	16.006	11.600	0,02%	0,04%	0,03%
<u>Entitas Sepengendali</u>						
IAP	2.439.223	2.350.932	2.559.742	2,35%	6,07%	7,45%
PT Putri Daya Usahatama (PDU)	147.785	143.455	140.394	0,14%	0,37%	0,41%
PT Salim Ivomas Pratama Tbk (SIMP)	20.173	28.826	14.133	0,02%	0,07%	0,04%
<u>Entitas Asosiasi dan Ventura Bersama</u>						
De United Foods Industries Ltd. (DUFIL)	123.334	89.978	38.339	0,12%	0,23%	0,11%
Lain-lain	996	-	-	0,00%	-	-
<u>Pihak Berelasi Lainnya</u>						
Salim Wazaran Bashary Food Co. Ltd. (SAWABASH)	82.817	17.233	-	0,08%	0,05%	-
Salim Wazaran Brinjikji Co. Ltd. (SAWAB)	36.423	104.383	17.389	0,04%	0,27%	0,05%
Salim Wazaran Yahya Food MFG PLC (SAWAYA)	8.609	1.986	11.219	0,01%	0,01%	0,03%
PT Indomarco Prismatama (IPT)	7.559	14.078	13.204	0,01%	0,04%	0,04%
PT Fastfood Indonesia Tbk (FFI)	4.936	7.936	28.413	0,00%	0,02%	0,08%
PT Nippon Indosari Corpindo Tbk (NIC)	1.831	9.745	9.635	0,00%	0,03%	0,03%
Pinehill Arabia Food Ltd. (PAFL)	-	67.578	50.556	-	0,18%	0,15%
Salim Wazaran Abu Elata Co. (SAWATA)	-	41.969	33.992	-	0,11%	0,10%
IndoAdriatic Industry D.O.O. (IAI)	-	25.933	16.676	-	0,07%	0,05%
Salim Wazaran Kenya Co. Ltd (SAWAKE)	-	20.353	14.539	-	0,05%	0,04%
Adkoturk Gida Sanayi Ve Ticaret Ltd Sirketi (AGS)	-	19.969	21.011	-	0,05%	0,06%
Salim Wazaran Maghreb Mfg. Co. Sa. (SAWAMAG)	-	18.812	10.172	-	0,05%	0,03%
Shanghai Resources International Trading Co.,Ltd. (SRI)	-	-	14.716	-	-	0,04%
PT Lion Superindo (LS)	-	1.277	3.916	-	0,00%	0,01%
Lain-lain	2.556	2.959	1.536	0,00%	0,00%	0,02%
Total	2.893.401	2.983.408	3.011.182	2,79%	7,71%	8,76%

Accounts Receivable - Trade

Parent Entity

ISM

Under Common Control Entities

IAP

PT Putri Daya Usahatama (PDU)

PT Salim Ivomas Pratama Tbk (SIMP)

Associates and Joint Ventures

De United Foods Industries Ltd. (DUFIL)

Others

Other Related Parties

Salim Wazaran Bashary Food Co. Ltd. (SAWABASH)

Salim Wazaran Brinjikji Co. Ltd. (SAWAB)

Salim Wazaran Yahya Food MFG PLC (SAWAYA)

PT Indomarco Prismatama (IPT)

PT Fastfood Indonesia Tbk (FFI)

PT Nippon Indosari Corpindo Tbk (NIC)

Pinehill Arabia Food Ltd. (PAFL)

Salim Wazaran Abu Elata Co. (SAWATA)

IndoAdriatic Industry D.O.O. (IAI)

Salim Wazaran Kenya Co. Ltd (SAWAKE)

Adkoturk Gida Sanayi Ve Ticaret Ltd Sirketi (AGS)

Salim Wazaran Maghreb Mfg. Co.Sa. (SAWAMAG)

Shanghai Resources International Trading Co.,Ltd. (SRI)

PT Lion Superindo (LS)

Others

Piutang Bukan Usaha

<u>Entitas Induk</u>						
ISM	38	80	260	0,00%	0,00%	0,00%
<u>Entitas Sepengendali</u>						
IAP	2.738	2.532	5.938	0,00%	0,01%	0,02%
Lain-lain	21	18	32	0,00%	0,00%	0,00%
<u>Entitas Asosiasi</u>						
DUFIL	262.845	-	-	0,25%	-	-
<u>Pihak Berelasi Lainnya</u>						
SAWAYA	47.919	-	-	0,05%	-	-
Noor Pinehill Sdn. Bhd.	39.162	-	-	0,04%	-	-
Karyawan & pegawai Golden Coast	30.806	31.711	35.601	0,03%	0,08%	0,10%
SAWABASH	19.174	-	-	0,02%	-	-
PAFL	8.683	992	3.277	0,01%	0,00%	0,01%
Lain-lain	-	24.040	19.003	0,00%	0,06%	0,06%
Lain-lain	2.604	1.137	3.153	0,00%	0,00%	0,01%
Total	413.990	60.510	67.264	0,40%	0,15%	0,20%

Accounts Receivable - Non-trade

Parent Entity

ISM

Under Common Control Entities

Others

Others

Associates

DUFIL

Other Related Parties

SAWAYA

Noor Pinehill Sdn. Bhd.

Officers & employees Golden Coast

SAWABASH

PAFL

Others

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

	Total			Persentase terhadap Total Liabilitas/ Percentage to Total Liabilities			
	31 Des. 2020/ Dec. 31, 2020	31 Des. 2019/ Dec. 31, 2019	31 Des. 2018/ Dec. 31, 2018	31 Des. 2020/ Dec. 31, 2020	31 Des. 2019/ Dec. 31, 2019	31 Des. 2018/ Dec. 31, 2018	
Utang Usaha							Accounts Payable - Trade
<u>Entitas Induk</u>							<u>Parent Entity</u>
ISM	233.599	215.467	248.728	0,44%	1,79%	2,14%	ISM
<u>Entitas Sepengendali</u>							<u>Under Common Control Entities</u>
SIMP	106.037	191.463	160.736	0,20%	1,59%	1,38%	SIMP
Lain-lain	2.560	467	1.010	0,00%	0,00%	0,01%	Others
Total	342.196	407.397	410.474	0,64%	3,38%	3,53%	Total
Utang Bukan Usaha							Accounts Payable - Non-trade
<u>Entitas Induk</u>							<u>Parent Entity</u>
ISM	122.488	54.988	101.713	0,23%	0,46%	0,87%	ISM
<u>Entitas Sepengendali</u>							<u>Under Common Control Entities</u>
IAP	33.367	5.359	2.625	0,06%	0,04%	0,02%	IAP
Glory Sky Enterprise Pte Ltd (GSE), Singapura	-	-	9.047	-	-	0,08%	Glory Sky Enterprise Pte Ltd (GSE), Singapore
Lain-lain	142	2.978	-	0,00%	0,03%	-	Others
<u>Pihak Berelasi Lainnya</u>							<u>Other Related Parties</u>
PT Seino Indomobil Logistics	6.686	5.175	2.193	0,01%	0,04%	0,02%	PT Seino Indomobil Logistics
PT Asuransi Central Asia (ACA)	176	119	2.948	0,00%	0,00%	0,02%	PT Asuransi Central Asia (ACA)
PT Sumberdaya Dian Mandiri (SDM)	3.143	2.947	2.027	0,01%	0,02%	0,02%	PT Sumberdaya Dian Mandiri (SDM)
Lain-lain	4.308	1.189	3.735	0,00%	0,01%	0,03%	Others
Total	170.310	72.755	124.288	0,31%	0,60%	1,06%	Total
	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			Persentase terhadap Total Penjualan Neto/ Percentage to Total Net Sales			
	2020	2019	2018	2020	2019	2018	
Penjualan							Sales
<u>Entitas Induk</u>							<u>Parent Entity</u>
ISM	161.375	118.056	111.134	0,35%	0,28%	0,29%	ISM
<u>Entitas Sepengendali</u>							<u>Under Common Control Entities</u>
IAP	28.228.907	27.426.027	24.553.222	60,52%	64,84%	63,92%	IAP
PDU	2.421.215	2.311.225	2.009.381	5,19%	5,47%	5,23%	PDU
SIMP	120.738	153.875	132.954	0,26%	0,36%	0,35%	SIMP
<u>Entitas Asosiasi dan Ventura Bersama</u>							<u>Associates and Joint Ventures</u>
DUFIL	523.810	445.827	563.164	1,12%	1,06%	1,47%	DUFIL
OIMP	13.081	-	-	0,03%	-	-	OIMP
NICI	-	-	598.546	-	-	1,56%	NICI
TSP	-	-	4.209	-	-	0,01%	TSP
AIBM	-	-	2.636	-	-	0,01%	AIBM
PCIB	-	-	1.447	-	-	0,00%	PCIB
<u>Pihak Berelasi Lainnya</u>							<u>Other Related Parties</u>
PAFL*	684.270	864.326	753.523	1,47%	2,04%	1,96%	PAFL*
SAWATA*	170.291	311.507	203.404	0,36%	0,74%	0,53%	SAWATA*
SAWAB	122.389	208.237	99.179	0,26%	0,49%	0,26%	SAWAB
SAWABASH	121.508	72.906	33.991	0,26%	0,17%	0,09%	SAWABASH
AGS*	105.417	105.435	74.655	0,23%	0,25%	0,19%	AGS*
SRI	65.570	-	-	0,14%	-	-	SRI
IAI*	55.010	48.173	22.733	0,12%	0,12%	0,06%	IAI*
IPT	33.651	74.615	72.737	0,07%	0,18%	0,19%	IPT
NIC	31.412	47.752	43.083	0,07%	0,11%	0,11%	NIC
SAWAMAG*	25.727	24.848	14.188	0,05%	0,06%	0,04%	SAWAMAG*
SAWAYA*	23.885	13.583	19.951	0,05%	0,03%	0,05%	SAWAYA*
SAWAKE*	18.329	21.735	15.626	0,04%	0,05%	0,04%	SAWAKE*
FFI	7.805	90.495	115.432	0,02%	0,21%	0,30%	FFI
LS	-	3.575	8.103	-	0,01%	0,02%	LS
Lain-lain	481	847	613	0,00%	0,00%	0,00%	Others
Total	32.934.871	32.343.044	29.453.911	70,61%	76,47%	76,68%	Total

*) Penjualan di tahun 2020 merupakan penjualan dari awal tahun hingga tanggal akuisisi masing-masing Entitas Anak/Total Sales in 2020 represent sales from the beginning of the year until the acquisition date of the respective Subsidiaries.

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			Persentase terhadap Total Beban Pokok Penjualan/Percentage to Total Cost of Goods Sold			
	2020	2019	2018	2020	2019	2018	
Pembelian							Purchases
<u>Entitas Induk</u>							<u>Parent Entity</u>
ISM	4.535.147	4.518.260	3.911.475	15,42%	16,20%	14,96%	ISM
<u>Entitas Sepengendali</u>							<u>Under Common</u>
SIMP	2.425.266	1.882.402	1.880.577	8,24%	6,75%	7,19%	<u>Control Entity</u>
<u>Entitas Asosiasi dan</u>							<u>Associates and Joint</u>
<u>Ventura Bersama</u>							<u>Ventures</u>
TSP ^{*)}	-	-	203.133	-	-	0,78%	TSP ^{*)}
PCIB ^{*)}	-	-	83.978	-	-	0,32%	PCIB ^{*)}
AIBM ^{*)}	-	-	69.007	-	-	0,26%	AIBM ^{*)}
NICI ^{*)}	-	-	17.727	-	-	0,07%	NICI ^{*)}
Total	6.960.413	6.400.662	6.165.897	23,66%	22,95%	23,58%	Total

*) Pembelian di tahun 2018 merupakan pembelian dari awal tahun hingga tanggal akuisisi Entitas Anak tersebut/Total Purchase in 2018 represent purchases from the beginning of the year until the acquisition date of the respective Subsidiaries.

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			Persentase terhadap Total Beban Operasi/ Percentage to Total Operating Expenses			
	2020	2019	2018	2020	2019	2018	
Beban royalti							Royalty fees
<u>Entitas Induk</u>							<u>Parent Entity</u>
ISM	476.394	404.302	339.693	5,94%	5,77%	5,84%	ISM
Beban jasa manajemen							Management fees
<u>Entitas Induk</u>							<u>Parent Entity</u>
ISM	90.321	86.517	79.838	1,13%	1,24%	1,37%	ISM
Beban asuransi							Insurance expense
<u>Pihak Berelasi Lainnya</u>							<u>Other Related Parties</u>
PT Asuransi Central Asia (ACA), PT A.J. Central Asia Raya (CAR) dan PT Indosurance Broker Utama (IBU)	81.968	80.931	79.621	1,02%	1,16%	1,37%	PT Asuransi Central Asia (ACA), PT A.J. Central Asia Raya (CAR) and PT Indosurance Broker Utama (IBU)
Beban V-SAT							V-SAT Expense
<u>Pihak Berelasi Lainnya</u>							<u>Other Related Party</u>
PT Primacom Interbuana (Primacom)	-	8.950	8.842	-	0,13%	0,15%	PT Primacom Interbuana (Primacom)

*) Beban royalti di tahun 2020 termasuk beban royalti Kelompok Usaha PCL dari tanggal akuisisi sampai dengan tanggal 31 Desember 2020/Royalty expense in 2020 include royalty expense from PCL Group from the acquisition date until December 31, 2020.

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			Persentase terhadap Total Penghasilan Operasi Lain/Percentage to Total Other Operating Income			
	2020	2019	2018	2020	2019	2018	
Penghasilan jasa teknik							Technical service income
<u>Entitas Induk</u>							<u>Parent Entity</u>
ISM	-	315	420	-	0,07%	0,05%	ISM
<u>Pihak Berelasi Lainnya</u>							<u>Other Related Parties</u>
PAFL*	64.435	87.215	70.933	15,10%	20,08%	8,66%	PAFL*
SAWABASH	5.433	3.308	2.333	1,27%	0,77%	0,28%	SAWABASH
Total	69.868	90.838	73.686	16,37%	20,92%	8,99%	Total
Penghasilan operasi lainnya							Other operating income
<u>Pihak Berelasi Lainnya</u>							<u>Other Related Parties</u>
PT Indotirta Suaka (IS)	-	120	4.603	-	0,03%	0,56%	PT Indotirta Suaka (IS)

*) Penghasilan jasa teknik di tahun 2020 merupakan penghasilan jasa teknik dari awal tahun hingga tanggal akuisisi Entitas Anak tersebut/Total technical service income in 2020 represent technical service income from the beginning of the year until the acquisition date of the said Subsidiary.

	Tahun yang berakhir pada tanggal 31 Desember/ Year ended December 31,			Persentase terhadap Total Penghasilan Operasi Lain/Percentage to Total Other Operating Income			
	2020	2019	2018	2020	2019	2018	
Beban jasa teknik							Technical service expenses
<u>Entitas Induk</u>							<u>Parent Entity</u>
ISM*	22.319	-	-	5,23%	-	-	ISM*

*) Beban jasa teknik di tahun 2020 merupakan beban jasa teknik dari tanggal akuisisi Kelompok Usaha PCL sampai dengan tanggal 31 Desember 2020/Technical service expense in 2020 represent technical service expenses from the acquisition date of PCL Group until December 31, 2020.

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

Sifat dari transaksi yang signifikan dengan pihak berelasi adalah sebagai berikut:

- a. Kelompok Usaha menjual barang jadi dalam perjanjian distribusi/supply terkait kepada pihak-pihak berelasi tertentu terutama kepada IAP dengan harga yang disepakati tergantung dari produk. Saldo piutang usaha terkait disajikan sebagai "Piutang Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian.
- b. Kelompok Usaha membeli bahan baku seperti tepung terigu dari Divisi ISM Bogasari dengan harga jual yang disepakati dengan ketentuan bahwa harga jual produk tidak boleh lebih tinggi dari harga jual ISM kepada pihak ketiga lain yang bergerak di bidang industri sejenis, dan minyak goreng dan lemak nabati dari SIMP dengan harga jual yang disepakati berdasarkan pasar. Saldo utang usaha terkait disajikan sebagai "Utang Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian.
- c. Perusahaan mengadakan Perjanjian Lisensi Merek dengan ISM untuk penggunaan merek dagang ISM. Sebagai kompensasi, Perusahaan dikenakan beban royalti sebesar 1,5% dari nilai penjualan neto mi instan. Lisensi tersebut diberikan kepada Perusahaan secara *non-exclusive* di Indonesia dan wilayah ekspor, dan tidak dapat dialihkan serta berlaku selama ISM memiliki mayoritas saham dalam Perusahaan. Apabila ISM tidak lagi merupakan pemegang saham mayoritas dan pengendali Perusahaan, maka ISM mempunyai hak untuk mengakhiri perjanjian tersebut.

Pada tanggal 4 Januari 2010, Perjanjian Lisensi Merek di atas diubah dalam Perubahan Pertama Perjanjian Lisensi Merek sehubungan dengan telah dilakukannya transaksi penggabungan usaha. Oleh karena itu, terhitung sejak tanggal tersebut, Perusahaan dikenakan beban royalti sebesar 1,5% dari nilai penjualan neto produk makanan bermerek termasuk tetapi tidak terbatas pada mi instan, produk nutrisi dan makanan khusus, biskuit dan sirup yang menggunakan merek dagang milik ISM.

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

The nature of the significant transactions with related parties are as follows:

- a. The Group sells finished goods under the related distributorship/supply agreements to certain related parties, mainly to IAP at the agreed prices depending on the products. The related outstanding trade receivables are presented as "Accounts Receivable - Trade - Related Parties" in the consolidated statement of financial position.
- b. The Group purchases raw materials such as wheat flour from ISM's Bogasari Flour Division at the agreed prices which should not be higher than the selling price of ISM to other parties engaged in similar industries, and cooking oil and fats from SIMP at the agreed prices based on market. The related outstanding trade payables are presented as "Accounts Payable - Trade - Related Parties" in the consolidated statement of financial position.
- c. The Company entered into a Trademark License Agreement with ISM for the use of ISM's trademarks. As compensation, the Company is charged with royalty fee of 1.5% of the net sales of instant noodles. The non-exclusive, non-transferrable license in Indonesia and export territory granted to the Company is valid as long as ISM maintains its majority share ownership in the Company. Should ISM cease to be the Company's majority and controlling shareholder, ISM will have the right to terminate the said agreement.

On January 4, 2010, the above mentioned Trademark License Agreement was amended in the First Amendment of Trademark License Agreement in relation to the merger transaction. Consequently, since that date, the Company is charged with royalty fee of 1.5% of the net sales of the branded food products including, but not limited to, instant noodles, nutrition and special foods, biscuit and syrup which uses ISM's trademarks.

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

Sifat dari transaksi yang signifikan dengan pihak berelasi adalah sebagai berikut: (lanjutan)

Pada tanggal 20 Mei 2010, perjanjian tersebut diubah sehingga apabila ISM tidak lagi merupakan pemegang saham mayoritas dan pengendali Perusahaan dan memilih untuk mengakhiri perjanjian tersebut, Perusahaan memiliki hak menerima penawaran terlebih dahulu untuk membeli merek-merek tersebut dari ISM dan pihak penilai independen akan ditunjuk untuk menilai harga merek. Apabila Perusahaan tidak dapat membeli merek tersebut dengan alasan apapun setelah enam bulan dari perubahan kendali atau tidak berkeinginan membeli merek, Perusahaan diharuskan untuk menghentikan penggunaan merek yang dimiliki oleh ISM.

Pada tanggal 10 Juni 2010, perjanjian di atas diubah dalam Perubahan Kedua Perjanjian Lisensi Merek, dimana lisensi yang sebelumnya diberikan kepada Perusahaan secara *non-exclusive* menjadi *exclusive*.

Pada tanggal 5 Agustus 2010, Perjanjian Lisensi Merek Perusahaan dengan ISM diubah dalam Perubahan Ketiga Perjanjian Lisensi Merek sebagai berikut:

- i. Lisensi diberikan kepada Perusahaan secara *exclusive* di Indonesia dan *non-exclusive* di wilayah ekspor; dan
- ii. Apabila ISM tidak lagi merupakan pemegang saham mayoritas dan pengendali Perusahaan, dan mengakhiri perjanjian tersebut, Perusahaan memiliki hak untuk membeli merek-merek tersebut dari ISM.

IFI juga mengadakan perjanjian lisensi merek dengan ISM untuk penggunaan merek dagang yang dimiliki ISM. Sebagai kompensasi, IFI dikenakan beban royalti sebesar 1,5% dari nilai penjualan neto produk dengan merek tersebut.

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

The nature of the significant transactions with related parties are as follows: (continued)

On May 20, 2010, the said agreement was further amended such that should ISM cease to be the majority and controlling shareholder of the Company and opt to terminate the said agreement, the Company will have a pre-emptive right to purchase the trademarks from ISM, and an independent valuer will be appointed to appraise the fair value of the trademarks. Should the Company, for whatever reason, be unable to purchase the trademarks after six months from the change of control or decline to purchase the trademarks, the Company would be required to discontinue the use of the trademarks owned by ISM.

On June 10, 2010, the above mentioned agreement was amended in the Second Amendment of Trademark License Agreement whereby the license that was granted to the Company was changed from a non-exclusive to an exclusive license.

On August 5, 2010, the Trademark License Agreement of the Company with ISM was amended in the Third Amendment of Trademark License Agreement as follows:

- i. The Company was granted an exclusive license in Indonesia and a non-exclusive license in the export territory; and
- ii. Should ISM cease to be the majority and controlling shareholder of the Company and opt to terminate the said agreement, the Company will have the right to purchase the trademarks from ISM.

IFI also entered into a Trademark License Agreement with ISM for the use of ISM's trademarks. As compensation, IFI is charged with royalty fee of 1.5% of the net sales of the products with the said trademarks.

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
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Sifat dari transaksi yang signifikan dengan pihak berelasi adalah sebagai berikut: (lanjutan)

Beban royalti disajikan sebagai bagian dari "Beban Penjualan dan Distribusi" (Catatan 26) pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Saldo utang terkait disajikan sebagai bagian dari "Utang Bukan Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian.

- d. Perusahaan mengadakan perjanjian dengan ISM untuk penggunaan jasa manajemen. Sebagai kompensasi, Perusahaan dikenakan beban manajemen sebesar 0,25% dari nilai penjualan neto Perusahaan.

SRC juga mengadakan perjanjian dengan ISM untuk jasa konsultasi dan bantuan manajemen. Sebagai kompensasi, SRC dikenakan beban jasa manajemen masing-masing sebesar Rp252, Rp245 dan Rp238 per bulan untuk tahun yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018.

IDLK juga mengadakan perjanjian dengan ISM untuk bantuan teknis dan manajemen. Sebagai kompensasi, untuk tahun yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018, IDLK dikenakan beban jasa masing-masing sebesar Rp1.023 per bulan setelah dipotong pajak.

Beban terkait disajikan sebagai bagian dari "Beban Umum dan Administrasi" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Saldo utang terkait disajikan sebagai bagian dari "Utang Bukan Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian.

- e. Perusahaan dan Entitas Anak tertentu mengadakan perjanjian sewa menyewa dengan ISM atas kantor yang berlokasi di Sudirman Plaza, Indofood Tower. Biaya sewa tersebut dicatat berdasarkan PSAK 73 sejak 1 Januari 2020 dan disajikan sebagai bagian dari "Beban Umum dan Administrasi" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Saldo utang terkait disajikan sebagai bagian dari akun "Utang Bukan Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian.

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

The nature of the significant transactions with related parties are as follows: (continued)

Royalty fees are presented as part of "Selling and Distribution Expenses" (Note 26) in the consolidated statement of profit or loss and other comprehensive income. The related outstanding payables are presented as part of "Accounts Payable - Non-trade - Related Parties" in the consolidated statement of financial position.

- d. The Company entered into an agreement with ISM for management services. As compensation, the Company is charged with management fee of 0.25% of the net sales of the Company.

SRC also entered into an agreement with ISM for consultation and management services. As compensation, SRC paid a management fee of Rp252, Rp245 and Rp238 per month for the year ended December 31, 2020, 2019 and 2018, respectively.

IDLK also entered into an agreement with ISM for technical and management assistance. As compensation, for the year ended December 31, 2020, 2019 and 2018, IDLK was charged with service fee amounting to Rp1,023 per month after tax, respectively.

The related fees are presented as part of "General and Administrative Expenses" in the consolidated statement of profit or loss and other comprehensive income. The related outstanding payables are presented as part of "Accounts Payable - Non-trade - Related Parties" in the consolidated statement of financial position.

- e. The Company and its certain Subsidiary entered into rental agreements with ISM for office spaces located in Sudirman Plaza, Indofood Tower. The related rental expense is recorded in accordance with PSAK 73 since January 1, 2020 and presented as part of "General and Administrative Expenses" in the consolidated statement of profit or loss and other comprehensive income. The related outstanding payable is presented as part of "Accounts Payable - Non-trade - Related Parties" in the consolidated statement of financial position.

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
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Sifat dari transaksi yang signifikan dengan pihak berelasi adalah sebagai berikut: (lanjutan)

- f. Kelompok Usaha mengasuransikan persediaan dan aset tetap dengan ACA, asuransi jiwa karyawan dengan CAR dan diberikan bantuan dalam pembelian polis asuransi oleh IBU. Beban asuransi disajikan sebagai bagian dari "Beban Pokok Penjualan, Beban Penjualan dan Distribusi dan Beban Umum dan Administrasi" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Saldo utang terkait disajikan sebagai bagian dari "Utang Bukan Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian.
- g. Divisi tertentu menyewa fasilitas V-SAT dari Primacom untuk tujuan komunikasi antara kantor pusat Perusahaan dan cabang/pabrik. Beban atas sewa tersebut dicatat berdasarkan PSAK 73 sejak 1 Januari 2020 dan disajikan sebagai bagian dari "Beban Umum dan Administrasi" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Tidak terdapat saldo utang kepada Primacom pada tanggal 31 Desember 2020.
- h. Kelompok Usaha menjual barang jadi tertentu kepada IPT dan LS.
- i. Kelompok Usaha membeli dan menyewa kendaraan bermotor dan suku cadang serta menggunakan jasa transportasi dari PT Indomobil Sukses Internasional Tbk dan entitas anak (ISI).
- j. PAFL dan SAWABASH masing-masing mengadakan perjanjian jasa teknik dengan Perusahaan. Sebagai kompensasi, PAFL dan SAWABASH dikenakan jasa teknik dengan persentase tertentu yang disepakati. Penghasilan jasa teknik tersebut disajikan sebagai bagian dari "Penghasilan Operasi Lain" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Saldo piutang terkait disajikan sebagai bagian dari "Piutang Bukan Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian. Perjanjian tersebut secara otomatis akan diperpanjang selama tiga tahun ke depan sejak tanggal berakhirnya perjanjian tersebut.

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

The nature of the significant transactions with related parties are as follows: (continued)

- f. The Group insured its inventories and fixed assets with ACA, their employees' life insurance with CAR and was provided assistance in purchasing insurance policy by IBU. The insurance expense is presented as part of "Cost of Goods Sold, Selling and Distribution Expenses and General and Administrative Expenses" in the consolidated statement of profit or loss and other comprehensive income. The related outstanding payable is presented as part of "Accounts Payable - Non-trade - Related Parties" in the consolidated statement of financial position.
- g. Certain divisions lease V-SAT facilities from Primacom for communication purposes between the Company's head office and branches/factories. The rental expense is recorded in accordance with PSAK73 starting January 1, 2020 and presented as part of "General and Administrative Expenses" in the consolidated statement of profit or loss and other comprehensive income. There was no outstanding payable to Primacom as of December 31, 2020.
- h. The Group sells their certain finished goods to IPT and LS.
- i. The Group purchased and rent vehicles and spareparts and used the transportation services from PT Indomobil Sukses Internasional Tbk and subsidiaries (ISI).
- j. PAFL and SAWABASH entered into a technical services agreement, respectively, with the Company. As compensation, PAFL and SAWABASH are charged with technical fee at a certain agreed percentage. The said fee was presented as part of "Other Operating Income" in the consolidated statement of profit or loss and other comprehensive income. The related outstanding receivables were presented as part of "Accounts Receivable - Non-trade - Related Parties" in the consolidated statement of financial position. This agreement will be extended automatically for the next three years upon the expiry date of the agreement.

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
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Sifat dari transaksi yang signifikan dengan pihak berelasi adalah sebagai berikut: (lanjutan)

- k. Sebagai tambahan, ISM memberikan *exclusive license* kepada PAFL dan *non-exclusive license* kepada SAWATA, SAWAMAG, SAWAKE, AGS dan IAI untuk menggunakan merk "Indomie" di wilayah tertentu. Selain itu, Perusahaan juga memberikan *exclusive license* kepada PAFL untuk menggunakan merk "Pop Mie" dan "Supermi" di negara tertentu. Sebagai kompensasi, Entitas Anak tersebut dikenakan beban royalti kepada ISM dengan persentase tertentu yang disepakati.

Beban royalti disajikan sebagai bagian dari "Beban Penjualan dan Distribusi" (Catatan 26) pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Saldo utang terkait disajikan sebagai bagian dari "Utang Bukan Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian.

- l. IAI, SAWATA, SAWAMAG, AGS, dan SAWAKE masing-masing mengadakan perjanjian jasa teknik dengan ISM. Berdasarkan perjanjian-perjanjian ini, ISM setuju untuk memberikan bantuan teknik dan administrasi kepada Entitas Anak tersebut. Sebagai kompensasi, Entitas Anak tersebut dikenakan jasa teknik dengan persentase tertentu yang disepakati. Beban jasa teknik tersebut disajikan sebagai bagian dari "Beban Operasi Lain" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Saldo utang terkait disajikan sebagai bagian dari "Utang Bukan Usaha - Pihak Berelasi" pada laporan posisi keuangan konsolidasian.
- m. NICI mengadakan perjanjian lisensi merek dengan ISM dimana NICI mendapatkan lisensi secara *non-exclusive* untuk menggunakan merek milik ISM untuk produk-produk kuliner yang diproduksi, baik langsung maupun tidak langsung oleh NICI di Indonesia, untuk jangka waktu yang tidak terbatas selama ISM tetap sebagai pemegang saham NICI baik langsung maupun tidak langsung. Sebagai kompensasi, NICI dikenakan royalti sebesar persentase tertentu yang disepakati dari penjualan netonya.

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

The nature of the significant transactions with related parties are as follows: (continued)

- k. ISM grants *exclusive licenses* to PAFL and *non-exclusive licenses* to SAWATA, SAWAMAG, SAWAKE, AGS and IAI to use the "Indomie" brand in their certain territories. Also, the Company grants *exclusive licenses* to PAFL to use "Pop Mie" and "Supermi" brands in certain countries. As compensation, those Subsidiaries are charged with royalty fees by ISM at a certain agreed percentage.

Royalty fees are presented as part of "Selling and Distribution Expenses" (Note 26) in the consolidated statement of profit or loss and other comprehensive income. The related outstanding payables are presented as part of "Accounts Payable - Non-trade - Related Parties" in the consolidated statement of financial position.

- l. IAI, SAWATA, SAWAMAG, AGS and SAWAKE entered into a technical services agreement, respectively, with ISM. Based on these agreements, ISM agreed to provide technical and administrative assistance to these Subsidiaries. As compensation, those Subsidiaries are charged with technical fee at a certain agreed percentage. The said fee was presented as part of "Other Operating Expense" in the consolidated statement of profit or loss and other comprehensive income. The related outstanding payables were presented as part of "Accounts Payables - Non-trade - Related Parties" in the consolidated statement of financial position.
- m. NICI entered into a license trademark agreement with ISM whereby NICI is granted a *non-exclusive license* to use ISM's trademarks for culinary products produced directly or indirectly by NICI in Indonesia for an indefinite term as long as ISM is a direct or indirect shareholder of NICI. As compensation, NICI is charged with royalty fee at a certain agreed percentage of its net sales.

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

Sifat dari transaksi yang signifikan dengan pihak berelasi adalah sebagai berikut: (lanjutan)

- n. NICI mengadakan perjanjian distribusi dengan IAP untuk distribusi produk kuliner NICI di Indonesia. Sebagai kompensasi, NICI memberikan *margin* distribusi sebesar persentase tertentu dari nilai penjualan ke IAP.
- o. Kelompok Usaha mengadakan perjanjian *supply* dengan FFI dimana Kelompok Usaha menyediakan, memasok dan menyerahkan produk tertentu kepada FFI dengan harga yang disepakati. Perjanjian tersebut akan berakhir pada tanggal 31 Desember 2022.
- p. Kelompok Usaha memberikan pinjaman kepada karyawan dan pegawai dengan kriteria dan syarat tertentu sesuai dengan jenjang kepegawaian. Pinjaman tersebut dilunasi dengan cara pemotongan gaji.
- q. Kelompok Usaha mengadakan perjanjian jasa tenaga kerja dengan PT Sumberdaya Dian Mandiri (SDM) dan PT Primajasa Tunas Mandiri (PTM). Beban jasa tenaga kerja untuk tahun yang berakhir pada tanggal 31 Desember 2020, 2019 dan 2018 masing-masing sebesar Rp55.041, Rp61.774 dan Rp51.940.
- r. Pada tanggal 1 Januari 2016, Perusahaan mengadakan perjanjian sewa pesawat terbang dengan GSE. Berdasarkan perjanjian tersebut, GSE akan menyewakan pesawat terbang kepada Perusahaan secara *non-exclusive*. Perjanjian tersebut berlaku selama 5 tahun dan dapat diakhiri sewaktu-waktu dengan persetujuan kedua belah pihak. Beban sewa ke GSE untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018 masing-masing sebesar Rp43.039, Rp41.590 dan Rp42.014. Sejak 1 Januari 2020, transaksi sewa tersebut dicatat berdasarkan PSAK 73.
- s. Kelompok Usaha mengadakan perjanjian *supply* dengan NIC dimana Kelompok Usaha menyediakan, memasok dan menyerahkan produk tertentu kepada NIC dengan harga yang disepakati. Perjanjian tersebut akan berakhir pada tanggal 31 Desember 2022.

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

The nature of the significant transactions with related parties are as follows: (continued)

- n. NICI entered into a distribution agreement with IAP for the distribution of NICI's culinary products in Indonesia. As compensation, NICI gives a distribution margin at a certain percentage of the invoiced sales to IAP.
- o. The Group entered into a supply agreement with FFI whereby the Company supplies, sells and delivers certain products to FFI at the agreed prices. The said agreement will be expired on December 31, 2022.
- p. The Group provides loans to its officers and employees which are subject to certain criteria and terms depending on their employment levels. These loans are collected through salary deductions.
- q. The Group entered into human resources services agreements with PT Sumberdaya Dian Mandiri (SDM) and PT Primajasa Tunas Mandiri (PTM). The human resources service expenses for the year ended December 31, 2020, 2019 and 2018 amounted to Rp55,041, Rp61,774 and Rp51,940, respectively.
- r. On January 1, 2016, the Company entered into an aircraft rental agreement with GSE. Pursuant to the agreement, GSE shall rent an aircraft to the Company non-exclusively. The said agreement will expire within 5 years and can be terminated by mutual agreement of both parties. Rental expenses to GSE for the year ended December 31, 2020, 2019 and 2018 amounted to Rp43,039, Rp41,590 and Rp42,014, respectively. Since January 1, 2020, the said rental transaction is recorded in accordance with PSAK 73.
- s. The Group entered into a supply agreement with NIC whereby the Company supplies, sells and delivers certain products to NIC at the agreed prices. The said agreement will be expired on December 31, 2022.

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**32. SALDO DAN TRANSAKSI DENGAN PIHAK-
PIHAK BERELASI (lanjutan)**

Sifat dari transaksi yang signifikan dengan pihak berelasi adalah sebagai berikut: (lanjutan)

- t. Pada tahun 2016, Kelompok Usaha mengadakan perjanjian penyediaan layanan dengan PT Transcosmos Indonesia (Transcosmos). Berdasarkan perjanjian tersebut, Transcosmos setuju untuk memberikan layanan jasa *relationship management*. Beban layanan jasa *relationship management* untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2020, 2019 dan 2018 masing-masing sebesar Rp5.203, Rp4.340 dan Rp4.540.
- u. Kelompok Usaha menjual produk *scrap* tertentu kepada IS.
- v. PT Data Art Xperience (DAX) menyediakan jasa dan konsultasi di bidang pemasaran digital secara menyeluruh kepada Kelompok Usaha. Oleh karenanya, Kelompok Usaha setuju untuk membayar biaya layanan kepada DAX.

33. NILAI WAJAR DARI INSTRUMEN KEUANGAN

Nilai tercatat instrumen keuangan yang disajikan di dalam laporan posisi keuangan konsolidasian kurang lebih sebesar nilai wajarnya, atau disajikan pada biaya perolehan karena nilai wajarnya tidak dapat diukur secara handal.

Manajemen menetapkan bahwa nilai tercatat (berdasarkan jumlah nosional) kas dan setara kas, investasi jangka pendek, piutang usaha dan piutang bukan usaha, utang usaha dan utang bukan usaha, utang bank jangka pendek dan cerukan, dan beban akrual kurang lebih sebesar nilai wajarnya karena instrumen keuangan tersebut berjangka pendek.

Aset keuangan dicatat sebesar nilai wajar mengacu pada harga kuotasi yang dipublikasikan pada pasar aktif hirarki nilai wajar (Tingkat 1). Piutang jangka panjang kepada karyawan tetap dicatat sebesar biaya perolehan yang diamortisasi menggunakan metode SBE dan tingkat diskonto yang digunakan adalah suku bunga pinjaman pasar pada saat pengakuan awal untuk jenis pinjaman yang sama.

**32. BALANCES AND TRANSACTIONS WITH
RELATED PARTIES (continued)**

The nature of the significant transactions with related parties are as follows: (continued)

- t. In 2016, the Group entered into a service agreement with PT Transcosmos Indonesia (Transcosmos). Pursuant to the agreement, Transcosmos agreed to provide relationship management services. The relationship management services expenses for the year ended December 31, 2020, 2019 and 2018 amounted to Rp5,203, Rp4,340 and Rp4,540, respectively.
- u. The Group sells a certain scrap products to IS.
- v. PT Data Art Xperience (DAX) provides digital marketing services and consultation for the Group. Accordingly, the Group agreed to pay a service fee to DAX.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of financial instruments presented in the consolidated statement of financial position approximate their fair values, otherwise, they are presented at cost as their fair values cannot be reliably measured.

Management has determined that the carrying amounts (based on notional amounts) of cash and cash equivalents, short-term investments, accounts receivable - trade and non-trade, accounts payable - trade and non-trade, short-term bank loans and overdraft, and accrued expenses reasonably approximate their fair values because of their short-term maturities.

Financial assets are carried at fair value using the quoted prices published in the active market fair value hierarchy (Level 1). Long-term receivables from employees are carried at amortized cost using the EIR method and the discount rates used are the market incremental lending rate at the initial recognition for similar types of lending.

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**33. NILAI WAJAR DARI INSTRUMEN KEUANGAN
(lanjutan)**

Nilai tercatat dari utang jangka panjang dengan suku bunga mengambang kurang lebih sebesar nilai wajarnya karena dinilai ulang secara berkala.

**34. TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO
KEUANGAN**

Risiko utama dari instrumen keuangan Kelompok Usaha adalah risiko tingkat suku bunga, risiko pasar (termasuk risiko mata uang asing dan risiko harga komoditas), risiko kredit dan risiko likuiditas.

Direksi melakukan reviu dan menyetujui kebijakan pengelolaan masing-masing risiko ini seperti dijelaskan secara detail sebagai berikut:

a. Risiko tingkat suku bunga

Risiko tingkat suku bunga Kelompok Usaha terutama timbul dari pinjaman untuk tujuan modal kerja dan investasi.

Saat ini, Kelompok Usaha tidak mempunyai kebijakan formal lindung nilai atas eksposur tingkat suku bunga.

Pada tanggal 31 Desember 2020, jika tingkat suku bunga pinjaman (tidak termasuk utang *trust receipts*) meningkat/menurun sebesar 50 basis poin dengan semua variabel konstan, laba sebelum beban pajak penghasilan untuk tahun yang berakhir pada tanggal 31 Desember 2020 sebesar Rp527 lebih rendah/tinggi, sebagai akibat kenaikan/penurunan biaya bunga atas pinjaman dengan tingkat bunga mengambang.

b. Risiko mata uang asing

Mata uang pelaporan Kelompok Usaha adalah Rupiah. Kelompok Usaha menghadapi risiko nilai tukar mata uang asing karena pinjaman, penjualan ekspor dan beberapa pembelian utamanya dilakukan dalam mata uang Dolar Amerika Serikat atau harganya secara signifikan dipengaruhi oleh pergerakan harga acuan dalam mata uang asing (terutama Dolar AS) yang dikutip dari pasar internasional. Apabila pendapatan dan pembelian Kelompok Usaha dilakukan di dalam mata uang selain Rupiah, dan tidak berimbang dalam hal jumlah dan/atau waktu, Kelompok Usaha dihadapkan pada risiko mata uang asing.

**33. FAIR VALUE OF FINANCIAL INSTRUMENTS
(continued)**

The carrying amounts of long-term debts with floating interest rates approximate their fair values as they are re-priced frequently.

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES**

The main risks arising from the Group's financial instruments are interest rate risk, market risk (including foreign currencies risk and commodity price risk), credit risk and liquidity risk.

The directors reviewed and agreed on the policies for managing each of these risks, which are described in more detail as follows:

a. Interest rate risk

The Group's interest rate risk mainly arises from loans for working capital and investment purposes.

Currently, the Group does not have a formal hedging policy for interest rate exposures.

As at December 31, 2020, had the interest rates of the loans and borrowings (excluding trust receipts payable) been 50 basis points higher/lower with all other variables held constant, income before income tax expense year ended December 31, 2020 would have been Rp527 lower/higher, as a result of higher/lower interest charge on the loans and borrowings with floating interest rates.

b. Foreign currencies risk

The Group's reporting currency is the Rupiah. The Group faces foreign exchange risk as the borrowings, export sales and the costs of certain key purchases are either denominated in the United States Dollar or whose price is significantly influenced by their benchmark price movements in foreign currencies (mainly US Dollar) as quoted in the international markets. To the extent that the revenue and purchases of the Group are denominated in currencies other than Rupiah, and are not evenly matched in terms of quantum and/or timing, the Group has exposure to foreign currency risk.

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**34. TUJUAN DAN KEBIJAKAN MANAJEMEN
RISIKO KEUANGAN (lanjutan)**

b. Risiko mata uang asing (lanjutan)

Kelompok Usaha tidak mempunyai kebijakan lindung nilai yang formal atas eksposur nilai tukar mata uang asing.

Pada tanggal 31 Desember 2020, jika nilai tukar Rupiah terhadap mata uang asing menguat/melemah sebanyak 10% dengan semua variabel konstan, laba sebelum beban pajak penghasilan untuk tahun yang berakhir pada tanggal 31 Desember 2020 akan lebih rendah/tinggi sebesar Rp3.229.490, terutama sebagai akibat kerugian/keuntungan translasi kas dan setara kas, piutang usaha, piutang bukan usaha, utang *trust receipts*, utang bank jangka pendek dan cerukan, utang usaha, utang bukan usaha dan utang jangka panjang.

c. Risiko kredit

Risiko kredit yang dihadapi oleh Kelompok Usaha berasal dari kredit yang diberikan kepada pelanggan dan penempatan rekening koran dan deposito baru. Sebagai mitigasi risiko ini, Kelompok Usaha menerapkan kebijakan yang memastikan penjualan produk hanya diberikan kepada pelanggan yang dapat dipercaya dan terbukti mempunyai sejarah kredit yang baik.

Kas dan Setara Kas

Risiko kredit atas penempatan rekening koran dan deposito dikelola oleh manajemen sesuai dengan kebijakan Kelompok Usaha. Kelompok Usaha memilih menempatkan dananya pada bank-bank terkemuka yang telah memiliki reputasi yang baik. Investasi atas kelebihan dana dibatasi untuk tiap-tiap bank dan kebijakan ini dievaluasi setiap tahun oleh direksi. Pembatasan tersebut ditetapkan untuk meminimalkan risiko kredit sehingga mengurangi kemungkinan kerugian akibat kebangkrutan bank-bank tersebut.

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

b. Foreign currencies risk (continued)

The Group does not have any formal hedging policy for foreign exchange exposures.

As at December 31, 2020, had the exchange rate of Rupiah against foreign currencies appreciated/depreciated by 10% with all other variables held constant, income before income tax expense for the year ended December 31, 2020 would have been Rp3,229,490 lower/higher mainly as a result of foreign exchange losses/gains on the translation of cash and cash equivalents, accounts receivable - trade, accounts receivable - non-trade, trust receipts payable, short-term bank loans and overdraft, accounts payable - trade, accounts payable - non-trade and long-term debts.

c. Credit risk

The Group is exposed to credit risk arising from the credit granted to its customers and placement of current accounts and deposits in the banks. To mitigate this risk, the Group implements policies to ensure that sales of products are made only to creditworthy customers with proven track record or good credit history.

Cash and Cash Equivalents

Credit risk arising from placements of current accounts and deposits is managed in accordance with the Group's policy. The Group opted to place its fund in leading and reputable banks. Investments of surplus funds are limited for each bank and reviewed annually by directors. Such limits are set to minimize the concentration of credit risk and therefore mitigate financial loss through potential failure of the banks.

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**34. TUJUAN DAN KEBIJAKAN MANAJEMEN
RISIKO KEUANGAN (lanjutan)**

c. Risiko kredit (lanjutan)

Piutang Usaha

Kelompok Usaha mengharuskan semua pelanggan yang akan melakukan pembelian secara kredit harus melalui prosedur verifikasi kredit. Untuk penjualan ekspor, Kelompok Usaha mengharuskan pembayaran pada saat penyerahan dokumen kepemilikan. Untuk penjualan dalam negeri, Kelompok Usaha memberikan jangka waktu kredit sampai dengan 45 hari sejak faktur yang diterbitkan. Kelompok Usaha menerapkan kebijakan batas kredit untuk pelanggan tertentu, seperti mengharuskan sub-distributor untuk memberikan jaminan bank. Sebagai tambahan, saldo piutang dipantau secara terus menerus untuk mengurangi kemungkinan piutang yang tidak tertagih.

Ketika pelanggan tidak melakukan pembayaran dalam jangka waktu yang telah diberikan, Kelompok Usaha akan menghubungi pelanggan untuk menindaklanjuti piutang yang telah lewat jatuh tempo. Jika pelanggan tidak melunasi piutang yang telah jatuh tempo dalam jangka waktu yang telah ditentukan, Kelompok Usaha akan menindaklanjuti melalui jalur hukum. Tergantung pada evaluasi Kelompok Usaha, penyisihan khusus mungkin dibuat jika piutang dianggap tidak tertagih. Untuk meringankan risiko kredit, Kelompok Usaha akan menghentikan penyaluran semua produk kepada pelanggan jika terjadi keterlambatan pembayaran dan/atau gagal bayar.

Pada tanggal laporan posisi keuangan konsolidasian, eksposur maksimum Kelompok Usaha terhadap resiko kredit adalah sebesar nilai tercatat masing-masing kategori dari aset keuangan yang disajikan pada laporan posisi keuangan konsolidasian.

Kecuali pelanggan yang merupakan pihak berelasi, Kelompok Usaha tidak memiliki konsentrasi risiko kredit karena piutang usaha berasal dari banyak pelanggan.

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

c. Credit risk (continued)

Accounts Receivable - Trade

The Group requires that all customers who wish to trade on credit are subject to credit verification procedures. For export sales, the Group requires cash against the presentation of documents of title. For domestic sales, the Group may grant its customers credit terms up to 45 days from the issuance of invoice. The Group has policies that limit the amount of credit exposure to any particular customer, such as requiring sub-distributors to provide bank guarantees. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts.

When a customer fails to make payment within the credit term granted, the Group will contact the customer to act on the overdue receivables. If the customer does not settle the overdue receivable within a reasonable time, the Group will proceed to commence legal proceedings. Depending on the Group's assessment, specific provisions may be made if the receivable is deemed uncollectible. To mitigate credit risk, the Group will cease the supply of all products to the customer in the event of late payment and/or default.

At the consolidated statement of financial position date, the Group's maximum exposure to credit risk is represented by the carrying amounts of each class of financial assets presented in the consolidated statement of financial position.

Except for the related party customers, the Group has no concentration of credit risk as its trade receivables relate to a large number of ultimate customers.

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**34. TUJUAN DAN KEBIJAKAN MANAJEMEN
RISIKO KEUANGAN (lanjutan)**

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

c. Risiko kredit (lanjutan)

c. Credit risk (continued)

Piutang Usaha (lanjutan)

Accounts Receivable - Trade (continued)

Tabel dibawah ini menunjukkan analisa umur
aset keuangan Kelompok Usaha pada tanggal
31 Desember 2020, 2019 dan 2018.

The tables below represent the aging analysis of
financial assets of the Group as of
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	Total	Belum Jatuh Tempo dan Tidak Mengalami Penurunan Nilai/ <i>Neither Past Due nor Impaired</i>	Telah Jatuh Tempo Namun Tidak Mengalami Penurunan Nilai/ <i>Past Due but Not Impaired</i>				Lebih dari 90 Hari/ <i>More than 90 Days</i>
			1 - 30 Hari/ <i>1 - 30 Days</i>	31 - 60 Hari/ <i>31 - 60 Days</i>	61 - 90 Hari/ <i>61 - 90 Days</i>		
31 Desember 2020							December 31, 2020
<u>Pinjaman yang diberikan dan piutang</u>							<u>Loans and receivables</u>
Kas dan setara kas	9.535.418	9.535.418	-	-	-	-	Cash and cash equivalents
Piutang Usaha							Accounts receivable
Pihak ketiga	2.480.256	1.517.391	444.059	287.485	20.576	210.745	Trade
Kerugian kredit ekspektasian	(100.241)	-	-	-	-	(100.241)	Third parties
Pihak ketiga - neto	2.380.015	1.517.391	444.059	287.485	20.576	110.504	Expected credit losses
Pihak berelasi	2.893.401	2.893.401	-	-	-	-	Third parties - net
Bukan usaha							Related parties
Pihak ketiga	59.349	59.349	-	-	-	-	Non-trade
Pihak berelasi	413.990	413.990	-	-	-	-	Third parties
Aset tidak lancar lainnya - piutang jangka panjang	12.000	12.000	-	-	-	-	Related parties
<u>Aset keuangan</u>							<u>Financial assets</u>
Investasi jangka panjang	1.678.330	1.678.330	-	-	-	-	Other non-current assets
Total	16.972.503	16.109.879	444.059	287.485	20.576	110.504	- long-term receivables
							<u>Long-term investments</u>
							Total
31 Desember 2019							December 31, 2019
<u>Pinjaman yang diberikan dan piutang</u>							<u>Loans and receivables</u>
Kas dan setara kas	8.359.164	8.359.164	-	-	-	-	Cash and cash equivalents
Piutang Usaha							Accounts receivable
Pihak ketiga	1.091.128	473.255	321.329	103.889	59.563	133.092	Trade
Kerugian kredit ekspektasian	(25.246)	-	-	-	-	(25.246)	Third parties
Pihak ketiga - neto	1.065.882	473.255	321.329	103.889	59.563	107.846	Expected credit losses
Pihak berelasi	2.983.408	2.983.408	-	-	-	-	Third parties - net
Bukan usaha							Related parties
Pihak ketiga	22.150	22.150	-	-	-	-	Non-trade
Pihak berelasi	60.510	60.510	-	-	-	-	Third parties
Aset tidak lancar lainnya - piutang jangka panjang	13.892	13.892	-	-	-	-	Related parties
<u>Aset keuangan tersedia untuk dijual</u>							<u>AFS financial assets</u>
Investasi jangka panjang	1.501.639	1.501.639	-	-	-	-	Long-term investments
Total	14.006.645	13.414.018	321.329	103.889	59.563	107.846	Total

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**34. TUJUAN DAN KEBIJAKAN MANAJEMEN
RISIKO KEUANGAN (lanjutan)**

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

c. Risiko kredit (lanjutan)

c. Credit risk (continued)

Piutang Usaha (lanjutan)

Accounts Receivable - Trade (continued)

	Total	Belum Jatuh Tempo dan Tidak Mengalami Penurunan Nilai/ <i>Neither Past Due nor Impaired</i>	Telah Jatuh Tempo Namun Tidak Mengalami Penurunan Nilai/ <i>Past Due but Not Impaired</i>				Lebih dari 90 Hari/ More than 90 Days	
			1 - 30 Hari/ 1 - 30 Days	31 - 60 Hari/ 31 - 60 Days	61 - 90 Hari/ 61 - 90 Days			
31 Desember 2018								December 31, 2018
<u>Pinjaman yang diberikan dan piutang</u>								<u>Loans and receivables</u>
Kas dan setara kas	4.726.822	4.726.822	-	-	-	-	-	Cash and cash equivalents
Piutang Usaha								Accounts receivable
Pihak ketiga	1.140.216	266.516	569.982	108.277	56.911	138.530		Trade
Kerugian kredit ekspektasian	(23.207)	-	-	-	-	(23.207)		Third parties
Pihak ketiga - neto	1.117.009	266.516	569.982	108.277	56.911	115.323		Expected credit losses
Pihak berelasi	3.011.182	3.011.182	-	-	-	-		Third parties - net
Bukan usaha								Related parties
Pihak ketiga	75.901	75.901	-	-	-	-		Non-trade
Pihak berelasi	67.264	67.264	-	-	-	-		Third parties
Aset tidak lancar lainnya - piutang jangka panjang	18.873	18.873	-	-	-	-		Related parties
<u>Aset keuangan tersedia untuk dijual</u>								Other non-current assets
Investasi jangka pendek	563.840	563.840	-	-	-	-		- long-term receivables
Investasi jangka panjang	1.156.455	1.156.455	-	-	-	-		AFS financial assets
Total	10.737.346	9.886.853	569.982	108.277	56.911	115.323		Total

d. Risiko likuiditas

d. Liquidity risk

Kelompok Usaha menghadapi risiko likuiditas karena mungkin akan menemui kesulitan dalam memenuhi kewajiban dan komitmen kontraktualnya.

The Group faces liquidity risk because it may encounter difficulty in meeting its contractual obligations and commitments.

Kelompok Usaha mengelola profil likuiditasnya untuk membiayai belanja modal dan melunasi utang yang jatuh tempo dengan cara menjaga tingkat kas dan setara kas, dan ketersediaan pendanaan melalui jumlah komitmen fasilitas kredit yang memadai.

The Group manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

Kelompok Usaha secara rutin mengevaluasi proyeksi arus kas dan arus kas aktual, dan terus menerus memantau kondisi pasar keuangan untuk inisiatif penggalangan dana. Inisiatif ini mencakup utang dan pinjaman bank, dan penerbitan ekuitas pasar modal.

The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans and borrowings and equity market issues.

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d. Risiko likuiditas (lanjutan)

Tabel di bawah ini merangkum profil jatuh tempo liabilitas keuangan Kelompok Usaha, berdasarkan arus kas kontraktual yang tidak terdiskonto:

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

d. Liquidity risk (continued)

The table below summarizes the maturity profile of the Group's financial liabilities, based on contractual undiscounted payments:

	Total	Dalam 1 tahun/ Within 1 year	Dalam waktu 1-5 tahun/ Within 1-5 years	Lebih dari 5 tahun/ More than 5 years	
31 Desember 2020					December 31, 2020
Utang bank jangka pendek dan cerukan	512.501	512.501	-	-	Short-term bank loans and overdraft
Utang usaha	3.045.111	3.045.111	-	-	Accounts payable - trade
Utang bukan usaha	861.468	861.468	-	-	Accounts payable - non-trade
Beban akrual	2.259.852	2.259.852	-	-	Accrued expenses
Utang jangka panjang					Long-term debts
Pokok pinjaman	30.993.347	212.742	30.161.669	618.936	Principal
Beban bunga masa depan	2.775.039	739.979	1.986.585	48.475	Future imputed interest charges
Liabilitas sewa	218.518	91.259	127.259	-	Lease liabilities
Liabilitas jangka panjang lainnya	9.168.257	-	9.168.257	-	Other long-term liabilities
31 Desember 2019					December 31, 2019
Utang bank jangka pendek dan cerukan	458.108	458.108	-	-	Short-term bank loans and overdraft
Utang usaha	2.635.433	2.635.433	-	-	Accounts payable - trade
Utang bukan usaha	622.221	622.221	-	-	Accounts payable - non-trade
Beban akrual	1.841.517	1.841.517	-	-	Accrued expenses
Utang jangka panjang					Long-term debts
Pokok pinjaman	1.898.076	196.001	936.450	765.625	Principal
Beban bunga masa depan	677.993	139.111	425.695	113.187	Future imputed interest charges
31 Desember 2018					December 31, 2018
Utang bank jangka pendek dan cerukan	862.238	862.238	-	-	Short-term bank loans and overdraft
Utang <i>trust receipts</i>	283.657	283.657	-	-	Trust receipts payable
Utang usaha	2.956.189	2.956.189	-	-	Accounts payable - trade
Utang bukan usaha	749.694	749.694	-	-	Accounts payable - non-trade
Beban akrual	1.701.628	1.701.628	-	-	Accrued expenses
Utang jangka panjang					Long-term debts
Pokok pinjaman	1.099.291	247.552	843.489	8.250	Principal
Beban bunga masa depan	237.215	85.337	151.685	193	Future imputed interest charges

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**34. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

d. Risiko likuiditas (lanjutan)

d. Liquidity risk (continued)

**Perubahan Utang yang timbul dari Aktivitas
Pendanaan**

**Changes in Debts arising from Financing
Activities**

	1 Januari 2020/ January 1, 2020	Arus Kas Neto/ Net Cash Flow	Perubahan Nonkas/ Non-cash Changes		31 Desember 2020/ December 31, 2020	
			Pergerakan Valuta Asing/ Foreign Exchange Movements	Pergerakan Provisi/ Provision Movement		
Pinjaman jangka panjang ^{*)}	1.898.076	30.057.613	(963.064)	722	30.993.347	Long-term debts ^{*)}
Pinjaman jangka pendek ^{**)}	439.500	88.803	(23.303)	-	505.000	Short-term debts ^{**)}
Total liabilitas dari aktivitas pendanaan	2.337.576	30.146.416	(986.367)	722	31.498.347	Total liabilities from financing activities
	1 Januari 2019/ January 1, 2019	Arus Kas Neto/ Net Cash Flow	Perubahan Nonkas/ Non-cash Changes		31 Desember 2019/ December 31, 2019	
			Pergerakan Valuta Asing/ Foreign Exchange Movements	Pergerakan Provisi/ Provision Movement		
Pinjaman jangka panjang ^{*)}	1.099.291	805.652	(7.589)	722	1.898.076	Long-term debts ^{*)}
Pinjaman jangka pendek ^{**)}	839.222	(395.838)	(3.884)	-	439.500	Short-term debts ^{**)}
Total liabilitas dari aktivitas pendanaan	1.938.513	409.814	(11.473)	722	2.337.576	Total liabilities from financing activities
	1 Januari 2018/ January 1, 2018	Arus Kas/ Cash Flow	Perubahan Nonkas/ Non-cash Changes		31 Desember 2018/ December 31, 2018	
			Akuisisi Entitas Anak Baru/ Acquisition of newly Subsidiaries	Pergerakan Valuta Asing/ Foreign Exchange Movements	Pergerakan Provisi/ Provision Movement	
Pinjaman jangka panjang ^{*)}	1.207.797	(1.586.407)	1.410.797	67.994	(890)	1.099.291 Long-term debts ^{*)}
Pinjaman jangka pendek ^{**)}	672.886	30.767	125.000	10.569	-	839.222 Short-term debts ^{**)}
Jumlah liabilitas dari aktivitas pendanaan	1.880.683	(1.555.640)	1.535.797	78.563	(890)	1.938.513 Total liabilities from financing activities

^{*)} Terdiri dari utang bank jangka panjang, utang pembelian aset tetap dan utang jangka panjang lainnya/Consists of long-term bank loans, liability for purchases of fixed assets and other long-term debt

^{**)} Tidak termasuk cerukan/excludes overdraft.

e. Risiko harga komoditas

e. Commodity price risk

Kelompok Usaha menghadapi risiko harga komoditas terutama diakibatkan oleh pembelian bahan baku utama seperti tepung terigu, minyak goreng dan skim milk powder. Harga bahan baku tersebut secara langsung dipengaruhi oleh fluktuasi harga komoditas serta tingkat permintaan dan persediaan di pasar.

The Group's exposure to commodity price risk relates primarily to the purchase of the major raw materials such as wheat flour, cooking oil and skim milk powder. The prices of these raw materials are directly affected by commodity price fluctuations and the level of demand and supply in the market.

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e. Risiko harga komoditas (lanjutan)

Kebijakan Kelompok Usaha untuk meminimalkan risiko yang berasal dari fluktuasi harga komoditas adalah dengan mengawasi tingkat optimal persediaan tepung terigu, minyak goreng dan skim milk powder untuk produksi yang berkelanjutan. Selain itu, Kelompok Usaha juga berusaha mengurangi risiko tersebut dengan cara menyesuaikan harga jual produk secara berkala.

Telah menjadi kebijakan Kelompok Usaha untuk tidak melakukan perdagangan instrumen keuangannya.

**34. FINANCIAL RISK MANAGEMENT OBJECTIVES
AND POLICIES (continued)**

e. Commodity price risk (continued)

The Group's policy is to minimize the risks arising from the fluctuations in the commodity prices by maintaining the optimum inventory level of wheat flour, cooking oil and skim milk powder for a continuous production. In addition, the Group may seek to mitigate its risks by periodically adjusting the prices of its products.

It has been the Group's policy not to undertake in the trading of its financial instruments.

35. PERJANJIAN DAN KOMITMEN SIGNIFIKAN

Perjanjian Signifikan

Perusahaan

Pada bulan September 2018, Perusahaan mengadakan Perjanjian Pengikatan Jual-Beli dengan PT Pasuruan Prima Cemerlang sehubungan dengan rencana pembelian sebidang tanah seluas sekitar 572.000m² yang terletak di Pasuruan, Jawa Timur dengan harga Rp3.200.000/m² (angka penuh) atau jumlah keseluruhan sebesar Rp1.830.400. Uang muka atas rencana pembelian tanah tersebut dicatat sebagai bagian dari akun "Aset Tidak Lancar Lainnya" dalam laporan posisi keuangan konsolidasian pada tanggal 31 Desember 2020, 2019 dan 2018.

SRC

SRC mengadakan perjanjian dengan Rengo Company Limited, Jepang (Rengo) dimana Rengo menyediakan bantuan teknik kepada SRC dalam operasi produksinya. Sebagai kompensasinya, SRC membayar Rengo biaya bulanan sesuai ketentuan yang diatur dalam perjanjian.

35. SIGNIFICANT AGREEMENTS AND COMMITMENTS

Significant Agreements

The Company

In September 2018, the Company entered into a Conditional Sale and Purchase Agreement with PT Pasuruan Prima Cemerlang in relation to the propose purchase of a land covering an area approximately 572,000m² located in Pasuruan, East Java at Rp3,200,000/m² (full amount) for a total amount of Rp1,830,400. The advance for the propose purchase of the said land is recorded as part of "Other Non-current Assets" account in the consolidated statement of financial position as of December 31, 2020, 2019 and 2018.

SRC

SRC entered into an agreement with Rengo Company Limited, Japan (Rengo), whereby Rengo provides technical assistance to SRC in its production operations. As compensation, SRC pays Rengo a monthly fee, computed in accordance with the terms of the agreement.

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**35. PERJANJIAN DAN KOMITMEN SIGNIFIKAN
(lanjutan)**

Perjanjian Signifikan (lanjutan)

IDLK

IDLK mengadakan perjanjian manajemen dengan PT Marison Nauli Ventura (MNV), dimana MNV memberikan kepada IDLK nasihat, pendapat, petunjuk, konsultasi dan informasi yang berkaitan dengan kegiatan usaha, khususnya yang berhubungan dengan sumber daya manusia dan manajemen. Perjanjian ini berlaku untuk jangka waktu satu tahun dan akan diperpanjang secara otomatis untuk jangka waktu yang sama, kecuali apabila salah satu pihak menyatakan secara tertulis untuk mengakhiri perjanjian tersebut. Kompensasi yang dibayarkan kepada MNV disajikan sebagai bagian dari "Beban Umum dan Administrasi" pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

AIBM, IASB, PCIB dan BDI

Pada saat penyelesaian transaksi akuisisi PCIB oleh AIBM dan IASB tanggal 12 September 2013, melalui *Exclusive Bottling Agreement* ("EBA"), IASB diberikan hak oleh PepsiCo Inc. (PI) dan perusahaan afiliasinya, untuk memproduksi, menjual dan mendistribusikan secara eksklusif produk minuman non-alkohol dengan menggunakan merek-merek milik PI di wilayah Indonesia.

Sebagaimana dijelaskan pada catatan 1, dimana IASB telah melakukan penggabungan usaha ke dalam AIBM, IASB telah mengirimkan surat pemberitahuan mengenai penggabungan usaha kepada PI, sehingga semua hak dan kewajiban IASB yang tercakup di dalam EBA beralih menjadi hak dan kewajiban AIBM.

Perjanjian tersebut berakhir dalam jangka waktu 5 (lima) tahun sejak tanggal efektif dan diperpanjang hingga 2019. Pada bulan Oktober 2019, perjanjian ini telah berakhir dan tidak diperpanjang.

**35. SIGNIFICANT AGREEMENTS AND COMMITMENTS
(continued)**

Significant Agreements (continued)

IDLK

IDLK entered into a management agreement with PT Marison Nauli Ventura (MNV), whereby MNV provides to IDLK business advice, suggestion, guidance, consultation and information relevant to operational activities, especially those related with human resources and management. This agreement is valid for one year and shall be automatically renewed for the same year, unless terminated by either party in writing. Compensation paid to MNV is presented as part of "General and Administrative Expenses" in the consolidated statement of profit or loss and other comprehensive income.

AIBM, IASB, PCIB and BDI

At the closing of the acquisition transaction of PCIB by AIBM and IASB dated September 12, 2013, under *Exclusive Bottling Agreement* ("EBA"), IASB is granted by PepsiCo Inc. (PI) and its affiliated company, an exclusive right to produce, sell and distribute non-alcohol beverages products under PI's brand in Indonesia.

As described in Note 1, IASB was merged into AIBM, thus, IASB sent acknowledgement letter to PI regarding the merger. Accordingly, all of rights and obligations of IASB which were covered under EBA, was shifted to AIBM.

This agreement shall expire 5 (five) years from the effective date of the agreement and was extended until 2019. In October 2019, this agreement was ended and not extended.

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**35. PERJANJIAN DAN KOMITMEN SIGNIFIKAN
(lanjutan)**

Perjanjian Signifikan (lanjutan)

NICI

NICI mengadakan perjanjian lisensi merek dengan Nestle dimana NICI mendapatkan lisensi secara *non-exclusive* untuk menggunakan merek "Maggi" untuk produk-produk kuliner yang diproduksi, baik langsung maupun tidak langsung oleh NICI di Indonesia, untuk jangka waktu yang tidak terbatas selama Nestle tetap merupakan pemegang saham NICI. Sebagai kompensasi, NICI dikenakan biaya royalti sebesar persentase tertentu dari penjualan netonya. Sebagaimana diungkapkan pada Catatan 1d, sejak tanggal 31 Oktober 2018, Nestle tidak lagi menjadi pemegang saham NICI dan perjanjian lisensi merek tersebut telah dihentikan.

Oleh karenanya, NICI tidak lagi menjual produk-produk dengan menggunakan merek "Maggi", sehingga sejak saat itu NICI tidak lagi membayar biaya royalti ke Nestle.

Komitmen Signifikan

Komitmen belanja modal

Kelompok Usaha memiliki total nilai kontrak untuk memperoleh aset tetap sebesar US\$20.339.960, Rp1.426.051, JPY531.402.000, SGD976.720, AUD11.800, EUR4.462.479 dan SAR270.315. Sampai dengan tanggal 31 Desember 2020, total realisasi kontrak tersebut adalah US\$4.669.913, Rp617.375, JPY264.893.000, SGD431.200, EUR3.985.330 dan SAR110.381.

**35. SIGNIFICANT AGREEMENTS AND COMMITMENTS
(continued)**

Significant Agreements (continued)

NICI

NICI entered into a license trademark agreement with Nestle whereby NICI was granted with a *non-exclusive* license for the "Maggi" trademark for culinary products produced directly or indirectly by NICI in Indonesia for an indefinite term as long as Nestle is a shareholder of NICI. As compensation, NICI is charged with royalty fee at a certain agreed percentage of its net sales. As described in Note 1d, since October 31, 2018, Nestle is no longer to become a shareholder of NICI, thus, the said license trademark agreement is terminated. Accordingly, NICI is no longer selling its products by using "Maggi" trademark.

As a result, NICI is not paying any royalty fee to Nestle since then.

Significant Commitment

Capital expenditure commitments

The Group have contracts to acquire fixed assets with total contract values amounting to US\$20,339,960, Rp1,426,051, JPY531,402,000, SGD976,720, AUD11,800, EUR4,462,479, and SAR270,315. Up to December 31, 2020, total realized values of the said contracts were US\$4,669,913, Rp617,375, JPY264,893,000, SGD431,200, EUR3,985,330 and SAR110,381, respectively.

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36. ASET DAN LIABILITAS DALAM MATA UANG ASING

Pada tanggal 31 Desember 2020, Kelompok Usaha memiliki aset dan liabilitas dalam mata uang asing. Aset dan liabilitas dalam mata uang asing pada tanggal tersebut disajikan dengan kurs yang berlaku pada tanggal 31 Desember 2020 adalah sebagai berikut:

36. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

As at December 31, 2020, the Group has assets and liabilities denominated in foreign currencies. These foreign currencies-denominated assets and liabilities are presented using the exchange rates as of December 31, 2020 are as follows:

		Setara dengan Jutaan Rupiah/ Equivalent Amount in Millions Rupiah		21 April 2021 (Tanggal Penyelesaian Laporan Keuangan Konsolidasian)/ April 21, 2021 (Consolidated Financial Statements Completion Date)	
		Mata Uang Asing (Angka Penuh)/ Foreign Currencies (Full Amounts)	31 Desember 2020 (Tanggal Pelaporan)/ December 31, 2020 (Reporting Date)		
Aset					Assets
Kas dan setara kas					Cash and cash equivalents
	Dalam Dolar AS	US\$ 294.096.216	4.148.230	4.266.748	In US Dollar
	Dalam Riyal Arab Saudi	SAR 105.214.598	395.748	407.011	In Saudi Arabia Riyal
	Dalam Pound Mesir	EGP 155.472.750	139.393	143.867	In Egypt Pound
	Dalam Yen Jepang	JPY 195.759.319	26.716	26.184	In Japanese Yen
	Dalam Euro	EUR 1.499.132	25.980	26.245	In Euro
	Dalam Dirham Maroko	MAD 13.987.773	22.156	21.769	In Morocco Dirham
	Dalam Lira Turki	TRY 4.369.398	8.299	7.777	In Turkey Lira
	Dalam Shilling Kenya	KSH 49.295.355	6.369	6.615	In Kenya Shilling
	Dalam Ringgit Malaysia	MYR 1.145.721	4.001	4.040	In Malaysian Ringgit
	Dalam Dolar Singapura	SIN\$ 46.242	492	505	In Singapore Dollar
	Dalam Dinar Serbia	RSD 2.532.046	373	376	In Serbia Dinar
Piutang usaha					Accounts receivable - trade
	Dalam Riyal Arab Saudi	SAR 236.062.619	887.911	913.181	In Saudi Arabia Riyal
	Dalam Dolar AS	US\$ 37.199.501	524.699	539.690	In US Dollar
	Dalam Lira Turki	TRY 116.165.166	220.644	206.772	In Turkey Lira
	Dalam Dinar Serbia	RSD 555.150.330	81.853	82.408	In Serbia Dinar
	Dalam Dirham Maroko	MAD 47.214.212	74.786	73.480	In Morocco Dirham
	Dalam Ringgit Malaysia	MYR 16.517.080	57.674	58.234	In Malaysian Ringgit
	Dalam Shilling Kenya	KSH 244.527.315	31.593	32.814	In Kenya Shilling
	Dalam Pound Mesir	EGP 26.481.555	23.743	24.505	In Egypt Pound
Piutang bukan usaha					Accounts receivable - non-trade
	Dalam Dolar AS	US\$ 19.190.804	270.687	278.420	In US Dollar
	Dalam Riyal Arab Saudi	SAR 33.924.745	127.602	131.234	In Saudi Arabia Riyal
	Dalam Dinar Serbia	RSD 26.409.101	3.894	3.920	In Serbia Dinar
	Dalam Lira Turki	TRY 977.140	1.856	1.739	In Turkey Lira
	Dalam Shilling Kenya	KSH 10.523.904	1.360	1.412	In Kenya Shilling
	Dalam Pound Mesir	EGP 361.272	324	334	In Egypt Pound
	Dalam Dirham Maroko	MAD 2.810	4	4	In Morocco Dirham
Total Aset dalam Mata Uang Asing			7.086.387	7.259.284	Total Assets in Foreign Currencies
Liabilitas					Liabilities
Utang usaha					Accounts payable - trade
	Dalam Dolar AS	US\$ 10.718.596	151.186	155.505	In US Dollar
	Dalam Riyal Arab Saudi	SAR 32.328.738	121.599	125.060	In Saudi Arabia Riyal
	Dalam Lira Turki	TRY 29.591.428	56.206	52.672	In Turkey Lira
	Dalam Dinar Serbia	RSD 286.103.047	42.184	42.470	In Serbia Dinar
	Dalam Yen Jepang	JPY 236.265.728	32.244	31.602	In Japanese Yen
	Dalam Dirham Maroko	MAD 14.012.814	22.196	21.808	In Morocco Dirham
	Dalam Euro	EUR 1.258.007	21.801	22.024	In Euro
	Dalam Pound Mesir	EGP 18.581.998	16.660	17.195	In Egypt Pound
	Dalam Shilling Kenya	KSH 100.310.481	12.960	13.461	In Kenya Shilling
	Dalam Bath Thailand	THB 6.528.805	3.068	3.032	In Thailand Bath
	Dalam Ringgit Malaysia	MYR 392.942	1.372	1.385	In Malaysian Ringgit
	Dalam Dolar Singapura	SIN\$ 126.209	1.343	1.379	In Singapore Dollar
	Dalam Dolar Australia	AUD 68.822	741	778	In Australian Dollar
	Dalam Franc Swiss	CHF 9.260	148	147	In Swiss Franc
	Dalam Pound Sterling	GBP 678	13	14	In Great Britain Pound Sterling
	Ingggris				

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**36. ASET DAN LIABILITAS DALAM MATA UANG
ASING (lanjutan)**

**36. ASSETS AND LIABILITIES IN FOREIGN
CURRENCIES (continued)**

				21 April 2021 (Tanggal Penyelesaian Laporan Keuangan Konsolidasian)/ April 21, 2021 (Consolidated Financial Statements Completion Date)	
	Mata Uang Asing (Angka Penuh)/ Foreign Currencies (Full Amounts)	31 Desember 2020 (Tanggal Pelaporan)/ December 31, 2020 (Reporting Date)			
Liabilitas (lanjutan)					Liabilities (continued)
Utang bukan usaha					Accounts payable - non-trade
Dalam Riyal Arab Saudi	SAR	56.812.691	213.692	219.773	In Saudi Arabia Riyal
Dalam Dinar Serbia	RSD	392.120.008	57.816	58.207	In Serbia Dinar
Dalam Dirham Maroko	MAD	13.456.998	21.316	20.943	In Morocco Dirham
Dalam Shilling Kenya	KSH	110.983.709	14.339	14.893	In Kenya Shilling
Dalam Lira Turki	TRY	5.572.018	10.583	9.918	In Turkey Lira
Dalam Pound Mesir	EGP	7.855.051	7.042	7.269	In Egypt Pound
Dalam Dolar AS	US\$	463.995	6.545	6.732	In US Dollar
Dalam Ringgit Malaysia	MYR	1.215.566	4.244	4.286	In Malaysian Ringgit
Dalam Yen Jepang	JPY	2.390.370	326	320	In Japanese Yen
Dalam Euro	EUR	66	1	1	In Euro
Utang bank jangka panjang					Long-term bank loan
Dalam Dolar AS	US\$	1.750.000.000	24.683.768	25.389.000	In US Dollar
Dalam Yen Jepang	JPY	34.510.092.000	4.709.644	4.615.982	In Japanese Yen
Liabilitas jangka panjang lainnya					Other long-term liabilities
Dalam Dolar AS	US\$	650.000.000	9.168.257	9.430.200	In US Dollar
Total Liabilitas dalam Mata Uang Asing			39.381.294	40.266.056	Total Liabilities in Foreign Currencies
Liabilitas Neto dalam Mata Uang Asing			(32.294.907)	(33.006.772)	Net Liabilities in Foreign Currencies

**37. STANDAR AKUNTANSI YANG TELAH
DITERBITKAN NAMUN BELUM BERLAKU
EFEKTIF**

**37. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE**

Standar akuntansi yang telah diterbitkan sampai tanggal penerbitan laporan keuangan konsolidasian Kelompok Usaha namun belum berlaku efektif diungkapkan berikut ini. Manajemen bermaksud untuk menerapkan standar tersebut yang dipertimbangkan relevan terhadap Kelompok Usaha pada saat efektif, dan pengaruhnya terhadap posisi dan kinerja keuangan konsolidasian Kelompok Usaha masih dievaluasi pada tanggal penerbitan laporan keuangan konsolidasian.

The accounting standards that have been issued up to the date of issuance of the Group's consolidated financial statements, but not yet effective are disclosed below. The management intends to adopt these standards that are considered relevant to the Group when they become effective, and the impact to the consolidated financial position and performance of the Group is still being evaluated as of the issuance date of the consolidated financial statements.

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**37. STANDAR AKUNTANSI YANG TELAH
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EFEKTIF (lanjutan)**

**37. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

Mulai efektif pada atau sebelum 1 Januari 2021

Effective beginning on or prior January 1, 2021

Amandemen PSAK 1 dan PSAK 25: Definisi
Materialitas

Amendment to PSAK 1 and PSAK 25: Definition of
Materiality

Amandemen ini mengklarifikasi definisi materialitas dengan tujuan menyelaraskan definisi yang digunakan dalam kerangka kerja konseptual dan beberapa PSAK terkait. Selain itu, juga memberikan panduan yang lebih jelas mengenai definisi materialitas dalam konteks pengurangan pengungkapan yang berlebihan karena perubahan ambang batas definisi materialitas.

This amendment clarifies the definition of materiality with the aim of harmonizing the definitions used in the conceptual framework and some relevant PSAKs. In addition, it also provides clearer guidance regarding the definition of materiality in the context of reducing over disclosure due to changes in the threshold of the materiality definition.

Amandemen PSAK 22: Definisi Bisnis

Amendments to PSAK 22: Definition of Business

Amandemen ini dikeluarkan untuk membantu entitas menentukan apakah serangkaian kegiatan dan aset yang diperoleh adalah bisnis atau bukan. Mereka mengklarifikasi persyaratan minimum untuk bisnis, menghapus penilaian apakah pelaku pasar mampu mengganti elemen yang hilang, menambah panduan untuk membantu entitas menilai apakah proses yang diperoleh adalah substantif, mempersempit definisi bisnis dan output, dan memperkenalkan uji konsentrasi nilai wajar opsional. Contoh ilustratif baru diberikan bersama dengan amandemen.

These amendments were issued to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements, add guidance to help entities assess whether an acquired process is substantive, narrow the definitions of a business and of outputs, and introduce an optional fair value concentration test. New illustrative examples were provided along with the amendments.

PSAK 22 akan berlaku efektif pada tanggal 1 Januari 2021 dan diterapkan secara prospektif.

PSAK 22 will be effective on January 1, 2021, and shall be adopted prospectively.

Mulai efektif pada atau setelah 1 Januari 2021

Effective beginning on or after January 1, 2021

Amandemen PSAK 22: Kombinasi Bisnis tentang
Definisi Bisnis

Amendments to PSAK 22: Definition of a Business

Amandemen PSAK 22 Kombinasi Bisnis mengklarifikasi unsur bisnis bahwa untuk dipertimbangkan sebagai suatu bisnis, suatu rangkaian terintegrasi dari aktivitas dan aset yang diakuisi mencakup, minimum, input dan proses substantif yang bersama-sama berkontribusi secara signifikan terhadap kemampuan untuk menghasilkan output.

The amendment to PSAK 22 Business Combinations clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs.

Amandemen ini efektif untuk kombinasi bisnis yang tanggal akuisisinya pada atau setelah awal periode tahun buku yang dimulai pada atau setelah tanggal 1 Januari 2021 dan untuk akuisisi aset yang terjadi pada atau setelah awal periode tersebut dengan penerapan lebih dini diperkenankan.

These amendments effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2021 and to asset acquisitions that occur on or after the beginning of that period with earlier application permitted.

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**37. STANDAR AKUNTANSI YANG TELAH
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EFEKTIF (lanjutan)**

Mulai efektif pada atau setelah 1 Januari 2021
(lanjutan)

Amendemen PSAK 71: Instrumen Keuangan,
Amendemen PSAK 55: Instrumen Keuangan:
Pengakuan dan Pengukuran, Amendemen
PSAK 60: Instrumen Keuangan: Pengungkapan,
Amendemen PSAK 62: Kontrak Asuransi dan
Amendemen PSAK 73: Sewa tentang Reformasi
Acuan Suku Bunga - Tahap 2

Amendemen PSAK 71, Amendemen PSAK 55,
Amendemen PSAK 60, Amendemen PSAK 62 dan
Amendemen PSAK 73 tentang Reformasi Acuan
Suku Bunga - Tahap 2 diadopsi dari IFRS tentang
Interest Rate Benchmark Reform - Phase 2.

Reformasi Acuan Suku Bunga - Tahap 2 membahas
isu yang mungkin mempengaruhi pelaporan
keuangan selama reformasi acuan suku bunga,
termasuk dampak perubahan arus kas kontraktual
atau hubungan lindung nilai yang timbul dari
penggantian acuan suku bunga dengan acuan
alternatif yang baru. Amendemen ini mengubah
persyaratan dalam PSAK 71: Instrumen Keuangan,
PSAK 55: Instrumen Keuangan: Pengakuan dan
Pengukuran, PSAK 60: Instrumen Keuangan:
Pengungkapan, PSAK 62: Kontrak Asuransi dan
PSAK 73: Sewa yang terkait dengan:

- perubahan dasar untuk menentukan arus kas
kontraktual dari aset keuangan, liabilitas
keuangan dan liabilitas sewa;
- akuntansi lindung nilai; dan
- pengungkapan.

Reformasi Acuan Suku Bunga - Tahap 2 hanya
berlaku untuk perubahan yang disyaratkan oleh
reformasi acuan suku bunga untuk instrumen
keuangan dan hubungan lindung nilai.

Amendemen ini berlaku efektif per 1 Januari 2021
dengan penerapan lebih dini diperkenankan.

**37. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

Effective beginning on or after January 1, 2021
(continued)

Amendments to PSAK 71: Financial Instruments,
Amendments to PSAK 55: Financial Instruments:
Recognition and Measurement, Amendments to
PSAK 60: Financial Instruments: Disclosures,
Amendments to PSAK 62: Insurance Contracts
and Amendments to PSAK 73: Leases on Interest
Rate Reference Reform - Stage 2

Amendments to PSAK 71, Amendments to PSAK
55, Amendments to PSAK 60, Amendments to
PSAK 62 and Amendments to PSAK 73 concerning
Interest Rate Reference Reform - Phase 2 were
adopted from IFRS concerning *Interest Rate
Benchmark Reform - Phase 2*.

Interest Rate Reference Reform - Stage 2
addresses issues that may affect financial reporting
during the benchmark interest rate reform,
including the impact of changes in contractual cash
flows or hedging relationships that arise from
replacing the benchmark interest rate with a new
alternative reference. These amendments amend
the requirements of PSAK 71: Financial
Instruments, PSAK 55: Financial Instruments:
Recognition and Measurement, PSAK 60: Financial
Instruments: Disclosures, PSAK 62: Insurance
Contracts and PSAK 73: Leases related to:

- changes in the basis for determining the
contractual cash flows of financial assets,
financial liabilities and lease liabilities;
- hedge accounting; and
- disclosure.

Interest Rate Reference Reform - Stage 2 applies
only to changes required by the benchmark
interest rate reform for financial instruments and
hedge relationships.

These amendments are effective as of January 1,
2021 with earlier application permitted.

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**37. STANDAR AKUNTANSI YANG TELAH
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EFEKTIF (lanjutan)**

Mulai efektif pada atau setelah 1 Januari 2022

Amendemen PSAK 57: Provisi, Liabilitas
Kontinjensi, dan Aset Kontinjensi tentang Kontrak
Memberatkan - Biaya Memenuhi Kontrak

Amendemen ini mengklarifikasi biaya untuk memenuhi suatu kontrak dalam kaitannya dalam menentukan apakah suatu kontrak merupakan kontrak memberatkan.

Amendemen PSAK 57 mengatur bahwa biaya untuk memenuhi kontrak meliputi biaya yang berhubungan langsung dengan kontrak. Biaya yang berhubungan langsung dengan kontrak terdiri dari:

1. biaya inkremental untuk memenuhi kontrak tersebut, dan
2. alokasi biaya lain yang berhubungan langsung untuk memenuhi kontrak.

Entitas menerapkan amendemen tersebut pada kontrak yang belum terpenuhi semua kewajibannya pada awal periode pelaporan tahunan yang mana entitas pertama kali menerapkan amendemen (tanggal aplikasi awal). Entitas tidak menyajikan kembali informasi komparatif. Sebagai gantinya, entitas mengakui dampak kumulatif dari penerapan awal amendemen sebagai penyesuaian terhadap saldo awal atas saldo laba atau komponen ekuitas lainnya, sebagaimana mestinya, pada tanggal aplikasi awal. Penerapan lebih dini diperkenankan.

Penyesuaian Tahunan 2020 - PSAK 71: Instrumen
Keuangan

Penyesuaian ini mengklarifikasi fee (imbalan) yang diakui oleh peminjam terkait penghentian pengakuan liabilitas keuangan. Dalam menentukan fee (imbalan) yang dibayarkan setelah dikurangi fee (imbalan) yang diterima, peminjam hanya memasukkan fee (imbalan) yang dibayarkan atau diterima antara peminjam dan pemberi pinjaman, termasuk fee (imbalan) yang dibayar atau diterima baik peminjam atau pemberi pinjaman atas nama pihak lain.

Entitas menerapkan penyesuaian untuk liabilitas keuangan yang dimodifikasi atau dipertukarkan pada atau setelah awal periode pelaporan tahunan di mana entitas pertama kali menerapkan amendemen tersebut. Penerapan lebih dini diperkenankan.

**37. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

Effective beginning on or after January 1, 2022

Amendments to PSAK 57: Provisions, Contingent
Liabilities, and Contingent Assets regarding
Aggravating Contracts - Contract Fulfillment Costs

This amendment clarifies the cost of fulfilling a contract in relation to determining whether a contract is a burdensome contract.

The amendments to PSAK 57 provide that costs to fulfill a contract comprise of costs that are directly related to the contract. Costs that are directly related to the contract consist of:

1. incremental costs to fulfill the contract, and
2. allocation of other costs that are directly related to fulfilling the contract.

An entity shall apply those amendments to contracts existing at the beginning of the annual reporting period in which the entity first applies the amendments (the date of initial application). The entity shall not restate comparative information. Instead, the entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. Earlier application is permitted..

2020 Annual Improvements – PSAK 71: Financial
Instruments

This improvements clarifies the fees that are recognized by the borrower in relation to derecognition of financial liabilities. In determining the fee to be paid after deducting the fee received, the borrower only includes the fees paid or received between the borrower and lender, including fees paid or received by either the borrower or lender on other's behalf.

An entity applies the improvements to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. Earlier application is permitted.

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**37. STANDAR AKUNTANSI YANG TELAH
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EFEKTIF (lanjutan)**

Mulai efektif pada atau setelah 1 Januari 2023

Amendemen PSAK 1: Penyajian Laporan Keuangan
tentang Klasifikasi Liabilitas sebagai Jangka Pendek
atau Jangka Panjang

Amandemen menentukan persyaratan untuk mengklasifikasikan liabilitas sebagai jangka pendek atau jangka panjang. Amandemen tersebut menjelaskan:

- Apa yang dimaksud dengan hak untuk menangguhkan penyelesaian
- Bahwa hak entitas untuk menangguhkan penyelesaian liabilitas harus ada pada akhir periode pelaporan
- Klasifikasi tersebut tidak terpengaruh oleh kemungkinan bahwa entitas akan menggunakan haknya untuk menangguhkan penyelesaian liabilitas
- Hanya jika suatu derivatif melekat dalam liabilitas konvertibel merupakan instrumen ekuitas saja, penggunaan frasa liabilitas tidak akan memengaruhi klasifikasinya

Amandemen tersebut berlaku efektif untuk periode pelaporan tahunan yang dimulai pada atau setelah 1 Januari 2023 dan harus diterapkan secara retrospektif. Kelompok Usaha saat ini sedang menilai dampak amandemen terhadap praktik saat ini dan apakah negosiasi ulang atas perjanjian pinjaman yang ada mungkin diperlukan Penerapan lebih dini diperkenankan.

38. HAL-HAL LAIN

Corona Virus Disease 2019 (Covid-19)

Operasi Kelompok Usaha telah dan mungkin terus dipengaruhi oleh penyebaran virus Covid-19. Dampak virus Covid-19 terhadap ekonomi global dan Indonesia termasuk dampak terhadap pertumbuhan ekonomi, penurunan pasar modal, peningkatan risiko kredit, depresiasi nilai tukar mata uang asing dan gangguan operasi bisnis. Dampak pandemi terhadap Kelompok Usaha tidak memberikan pengaruh signifikan. Pengaruh lebih lanjut yang signifikan dari pandemi ini, bila ada, akan direfleksikan dalam pelaporan keuangan Kelompok Usaha di periode-periode berikutnya.

**37. ACCOUNTING STANDARDS ISSUED BUT NOT
YET EFFECTIVE (continued)**

Effective beginning on or after January 1, 2023

Amendments to PSAK 1: Classification of
Liabilities as Current or Non-current

The amendments specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation. Earlier application is permitted.

38. OTHER MATTERS

Corona Virus Disease 2019 (Covid-19)

The Group's operation has and may continue to be impacted by the outbreak of Covid-19 virus. The effects of Covid-19 virus to the global and Indonesian economy include effect to economic growth, decline in capital markets, increase in credit risk, depreciation of foreign currency exchange rates and disruption of business operation. The effects of the pandemic to the Group is not significant. Further significant pandemic, if any, will be reflected in the Group's financial reporting in the subsequent periods.

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38. HAL-HAL LAIN

**Peraturan Pemerintah Nomor 35 Tahun 2021 -
Undang-Undang Cipta Kerja**

Pada tanggal 2 Februari 2021, Pemerintah mengundangkan dan memberlakukan Peraturan Pemerintah Nomor 35 Tahun 2021 (PP 35/2021) untuk melaksanakan ketentuan Pasal 81 dan Pasal 185 (b) UU No. 11/2020 mengenai Cipta Kerja yang bertujuan untuk menciptakan lapangan kerja yang seluas-luasnya.

PP 35/2021 mengatur mengenai perjanjian kerja waktu tertentu (karyawan tidak tetap), alih daya, waktu kerja, waktu istirahat dan pemutusan hubungan kerja, yang dapat mempengaruhi manfaat imbalan minimum yang harus diberikan kepada karyawan.

Pada tanggal penyelesaian laporan keuangan konsolidasian, Kelompok Usaha masih mengevaluasi dampak potensial penerapan peraturan pelaksana PP 35/2021, termasuk dampaknya pada laporan keuangan konsolidasian Kelompok Usaha untuk periode pelaporan berikutnya.

**39. PERISTIWA-PERISTIWA SETELAH PERIODE
PELAPORAN**

IFL

Akuisisi Kepentingan Nonpengendali

Pada tanggal 17 Februari 2021, Perusahaan telah membeli seluruh saham IFL yang dimiliki Fritolay Netherlands Holding B.V. ("FNH"), perusahaan afiliasi dari PepsiCo Inc. ("PepsiCo") yaitu sebanyak 49% dari seluruh saham yang telah diterbitkan IFL, dengan nilai transaksi sebesar Rp494.422 ("Transaksi"). Dengan demikian, kepemilikan langsung Perusahaan di IFL berubah dari 51,0% menjadi 100,0%.

38. OTHER MATTERS

**Government Regulation Number 35 Year 2021 -
Job Creation Law**

On February 2, 2021, the Government promulgated Government Regulation Number 35 Year 2021 (PP 35/2021) to implement the provisions of Article 81 and Article 185 (b) of Law no. 11/2020 concerning Job Creation (Cipta Kerja), which aims to create the widest possible employment opportunities.

PP 35/2021 regulates the work agreement for a certain period (non-permanent employees), outsourcing, working time, rest time and termination of employment, which can affect the minimum benefits that must be provided to employees.

As of the completion date of these consolidated financial statements, the Group is still evaluating the potential impacts of PP 35/2021, including the impacts on the Group's consolidated financial statements for the next reporting period.

39. EVENTS AFTER THE REPORTING PERIOD

IFL

Acquisition of Non-controlling Interests

On February 17, 2021, the Company has purchased the issued share capital of IFL owned by Fritolay Netherlands Holding B.V. ("FNH"), an affiliated company of PepsiCo Inc. ("PepsiCo"), whereby the Company acquired 49% of the total issued share capital of IFL for a consideration of Rp494,422 ("Transaction"). Accordingly, the direct ownership of the Company in IFL increased from 51.0% to 100.0%.

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
DAN ENTITAS ANAKNYA
CATATAN ATAS LAPORAN KEUANGAN
KONSOLIDASIAN
Tanggal 31 Desember 2020, 2019 dan 2018 dan untuk
Tahun yang berakhir pada Tanggal-Tanggal tersebut
(Disajikan dalam Jutaan Rupiah,
Kecuali Dinyatakan Lain)**

**PT INDOFOOD CBP SUKSES MAKMUR Tbk
AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED
FINANCIAL STATEMENTS
As of December 31, 2020, 2019 and 2018
and for the Years Then Ended
(Expressed in Millions of Rupiah,
Unless Otherwise Stated)**

**39. PERISTIWA-PERISTIWA SETELAH PERIODE
PELAPORAN (lanjutan)**

IFL (lanjutan)

Akuisisi Kepentingan Nonpengendali (lanjutan)

Sehubungan dengan Transaksi tersebut, maka IFL akan mengakhiri perjanjian lisensi dengan PepsiCo setelah IFL menyelesaikan semua proses persiapan penghentian produksi dan penjualan produk dengan merek milik PepsiCo, yang harus sudah diselesaikan dalam waktu 6 (enam) bulan sejak tanggal dilakukannya Transaksi ("Masa Transisi"). FNH, PepsiCo dan/atau pihak afiliasi lainnya tidak boleh memproduksi, mengemas, menjual, memasarkan atau mendistribusikan produk makanan ringan apapun di Indonesia yang bersaing dengan produk IFL selama 3 (tiga) tahun dari sejak berakhirnya Masa Transisi. Transaksi tersebut merupakan akuisisi kepentingan nonpengendali sehingga selisih antara harga perolehan dan bagian Perusahaan atas nilai aset neto IFL pada tanggal akuisisi akan dicatat sebagai bagian dari "Selisih atas perubahan ekuitas entitas anak dan dampak transaksi dengan kepentingan nonpengendali".

**40. TUJUAN PENYUSUNAN DAN PENERBITAN
LAPORAN KEUANGAN**

Laporan keuangan konsolidasian ini disusun dan diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan rencana penawaran efek utang Perusahaan diluar Amerika Serikat berdasarkan Regulation S dari United States Securities Act of 1933.

**39. EVENTS AFTER THE REPORTING PERIOD
(continued)**

IFL (continued)

Acquisition of Non-controlling Interests (continued)

In connection with the Transaction, IFL will conclude the licensing agreement with PepsiCo after IFL has completed the process to cease the production and sales of products under PepsiCo brands, which has to be completed within 6 (six) months after the date of the Transaction ("Transition Period"). FNH, PepsiCo and/or its other affiliates may not manufacture, package, sell, market or distribute any competing snack food products in Indonesia for 3 (three) years from the expiry of Transition Period. This transaction was an acquisition of non-controlling interests, thus the difference which arose between the acquisition cost and the Company's portion in net assets value of IFL at the acquisition date will be recorded as part of "Difference from changes in equity of subsidiaries and transactions effect with non-controlling interest".

**40. PURPOSE OF PREPARATION AND
ISSUANCE OF FINANCIAL STATEMENTS**

These consolidated financial statements were prepared and issued solely for inclusion in the offering document in connection with the proposed offering of the debt securities of the Company outside of the United States of America in reliance on Regulation S under the United States Securities Act of 1933.

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