PROSPECTUS DATED 3 APRIL 2012

(Registered by the Monetary Authority of Singapore on 3 April 2012)
This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser.

Bumitama Agri Ltd.

(Registration Number: 200516741R)
(Incorporated in the Republic of Singapore)

Excellence Through Discipline

PROSPECTUS DATED 3 APRIL 2012 (REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE ON 3 APRIL 2012)

This is the initial public offering of ordinary shares (the "Shares") in the capital of Bumitama Agri Ltd. (the "Company"). We and Wellpoint Pacific Holdings Ltd (the "Vendor") are making a global offering (the "Global Offering") of 297,570,000 Shares for subscription and/or purchase by investors at the Offering Price (as defined below) which consists of (i) 124,833,000 Shares to the Cornerstone Investors (as defined below) (the "Cornerstone Placement"), (ii) an international placement of 157,737,000 Shares (the "Placement") to investors, including institutional and other investors in Singapore and outside the United States in compliance with Regulation S (as defined below) under the United States Securities Act 1933, as amended (the "US Securities Act"), of which 2,712,000 Shares will be reserved for subscription by certain key management staff of our Group, and (iii) a public offer of 15,000,000 Shares in Singapore (the "Public Offer", and together with the Placement, the "Offering"). The offering price for each Share (the "Offering Price") is S$0.745.

Each of Asdew Acquisitions Pte Ltd, Hwang Investment Management Berhad, Target Asset Management Pte Ltd, UOB Asset Management Ltd, Value Partners Hong Kong Limited and Wii Pte Ltd (a wholly-owned subsidiary of Wilmar International Limited) (collectively, the "Cornerstone Investors") has entered into a cornerstone subscription agreement with the Company to subscribe for an aggregate of 124,833,000 Cornerstone Shares at the Offering Price (the "Cornerstone Shares"), conditional upon the Management and Underwriting Agreement and the Placement Agreement having been entered into, and not having been terminated pursuant to its terms on or prior to the Settlement Date (as defined herein), and the Offering Price not exceeding an agreed value.

We have made an application to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to deal in, and for quotation of, all our issued Shares (including the Shares offered under the Placement and the Public Offer (the "Offering Shares"), the Cornerstone Shares and the additional Shares (the "Additional Shares") which may be sold upon the exercise of the over-allotment option described below (the "Over-allotment Option")). Such permission will be granted when we have been admitted to the Official List of the SGX-ST. The dealing in and quotation of our Shares will be in Singapore dollars.

Acceptance of applications will be conditional upon, inter alia, permission being granted to deal in, and for quotation of, all our issued Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares). If the completion of the Offering does not occur because the SGX-ST's permission is not granted or for any other reasons, monies paid in respect of any application accepted will be returned to you, subject to applicable laws, at your own risk, without interest or any share of revenue or other benefit arising therefrom and you will not have any claims against us, the Vendor or the Joint Issue Managers, Bookrunners and Underwriters (as defined herein).

In connection with the Offering, the Vendor has granted the Joint Issue Managers, Bookrunners and Underwriters the Over-allotment Option exercisable by the Stabilising Manager (as defined herein), on behalf of the Joint Issue Managers, Bookrunners and Underwriters, in whole or in part during the period commencing on the date of commencement of the trading of our Shares on the SGX-ST and ending 30 days thereafter. Pursuant to the Over-allotment Option, the Stabilising Manager may purchase and/or procure purchasers for up to an aggregate of 29,754,000 Additional Shares (which in aggregate is not more than 18% of the total Offering Shares) at the Offering Price solely to cover the over-allotment of Shares, if any. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of all our issued Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares). The SGX-ST assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our subsidiaries, our Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares).

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on 26 March 2012 and 3 April 2012, respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares, as the case may be, being offered or in respect of which an offering is made) for investment. The Shares are being offered and sold outside the United States in an offshore transaction as such term is defined in Regulation S under the US Securities Act ("Regulation S"). Our Shares have not been and will not be registered under the US Securities Act and may not be re-offered, re-sold, pledged, or otherwise transferred except in an offshore transaction in compliance with Regulation S or pursuant to another exemption from the registration requirements of the US Securities Act.

No Shares will be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

Investing in our Shares involves risks which are described in the section "RISK FACTORS" of this Prospectus.

Global Offering in respect of 297,570,000 Shares comprising 124,833,000 Cornerstone Shares, 157,737,000 Shares under the Placement and 15,000,000 Shares under the Public Offer (subject to the Over-allotment Option)

Offering Price: S$0.745 per Share

Joint Issue Managers, Bookrunners and Underwriters
(in alphabetical order)

DBS HSBC

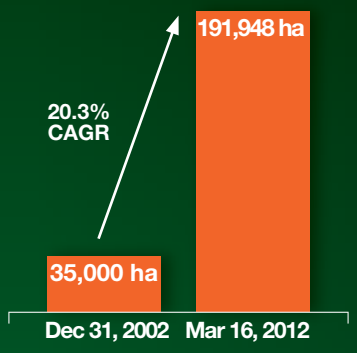
Our Business

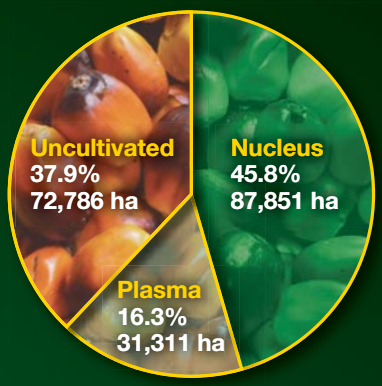
- Producer of CPO and PK, with significant holdings of oil palm plantations in Indonesia
- Primarily engaged in the cultivation and harvesting of oil palm trees, processing FFB and selling CPO and PK in Indonesia
- Operate in three provinces in Indonesia, namely Central Kalimantan, West Kalimantan and Riau

Our oil palm plantations

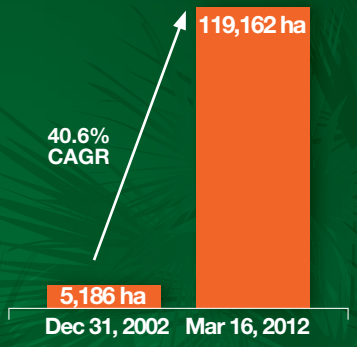
- Expanded our oil palm plantations via strategic acquisitions of substantial land banks in Kalimantan and Riau (including land under the Plasma Programme)
- Aggressive planting
  - o Surpassed the 50,000-hectare planted area[1] milestone in 2007
  - o Surpassed the 100,000-hectare planted area[1] milestone in 2010
- Own and/or control an aggregate of 191,948 hectares[2] of land, of which 72,786 hectares[2,3] are uncultivated land available for future planting

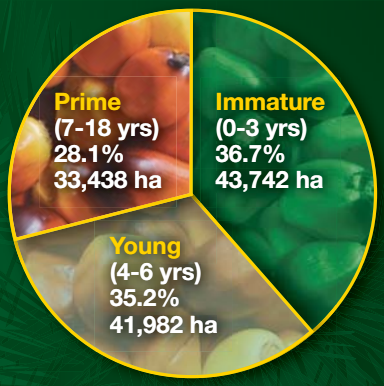
Total Land Bank : 191,948 ha[2]





Total Planted Area : 119,162 ha[2]





- Weighted average age of our oil palm trees: approximately 5.0 years[2]
- Only approximately 28.1%[2] of our plantation have reached peak production age
- We expect our FFB yield to improve and CPO production to increase as more of our oil palm trees mature

Our CPO mills

- Own and operate 5 CPO mills in Kalimantan and 1 CPO mill in Riau, with a combined FFB processing capacity of 2.07 million tpa

Our key operational indicators for FY2011

- Average FFB production yield : 16.3 mt/ha
- CPO extraction rate : 24.0%
- PK extraction rate : 4.5%

[1] Including land under the Plasma Programme
[2] As at March 16, 2012
[3] This includes 10,000 hectares of Designated Mining Area

Our Key Competitive Strengths

Significant cultivable land bank with new planting potential

- About 72,786 hectares of land bank available for future planting, representing significant potential for growth
- Target to increase planted area by about 13,000 hectares per year over the next 4 years

Attractive growth potential due to the young age profile of plantation

- Majority of our existing immature and young trees will mature or reach peak production age by 2014
  - Weighted average age of our oil palm trees is about 5.0 years
  - Only about 28.1% of them have reached peak production age
  - FFB production and yields will improve correspondingly as our trees reach their peak production age

Strategically located plantations and CPO mills with efficient logistics

- Plantations are strategically located in Kalimantan and Riau
- CPO mills are located in close proximity to our plantations
- Ensures FFB arrives at our mills with minimal spoilage
- Reduces transportation costs

Application of the best agronomy practices

- We procure high quality oil palm seeds from established seed producers
- We use *mucuna bracteata* as the leguminous cover plant for new plantings
- Optimal use of high quality fertilisers that are suitable for oil palms
- Increased trees per hectare planted to between 136 to 143 trees

Proven track record in plantation cultivation and management

- Experienced and committed management team with an average of 14 years of experience in the oil palm industry
- Successfully developed good rapport and relationships with the local communities and authorities

Strong commitment to corporate social responsibility

- Focus on Plasma Programme, and education, health, environmental and social initiatives
  - Improve the social and economic welfare of the local communities
- Adhere strictly to a "zero burning policy" in clearing land and a "zero waste policy" by recycling waste products
- Member of the Roundtable of Sustainable Palm Oil ("RSPO")
  - Target to achieve Indonesian Sustainable Palm Oil ("ISPO") and RSPO certification for one of our CPO mills by 2013

Strategic association with IOI Corporation

- IOI Corporation is one of the largest palm oil players globally
  - Tap on technical and qualitative advice to improve operational efficiency
  - Useful benchmark for agronomy and operational practices







1.1 MILLION MT
FFB PRODUCED FY2011

345,111 MT
CPO PRODUCED FY2011

24% OIL
EXTRACTION RATE FY2011



Industry Prospects

Rising importance of palm oil

- World demand for palm oil is projected to reach 78 million mt in 2020, compared to 49 million mt consumed in 2011[4]
- Oil palm has higher yield compared with soybeans, rapeseeds and sunflower seeds
- Wide-ranging applications in food and non-food industries
- Healthier edible oil with low trans-fatty acid content

CPO prices well supported above historical long-term averages[4]

- Strong demand for food from emerging and developing countries e.g. China and India
- Rising demand for biofuels and other non-food applications of palm oil

Most of the growth in palm oil production likely from Indonesia

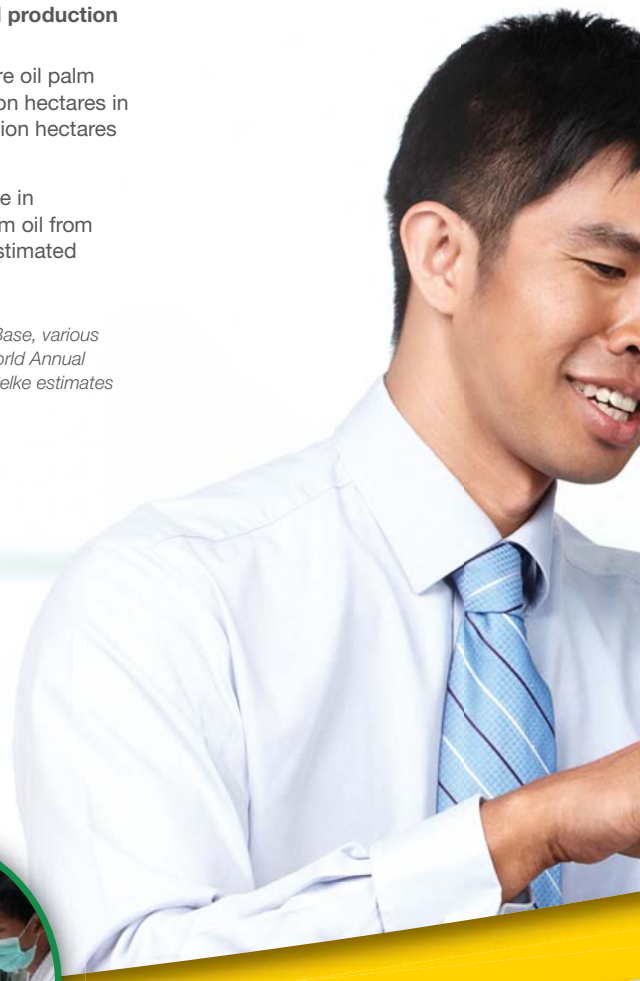
- Expected expansion in mature oil palm plantation area from 6.1 million hectares in 2011 to an estimated 9.0 million hectares in 2020 in Indonesia[4]
- Projected substantial increase in production of Indonesian palm oil from 24 million mt in 2011 to an estimated 41 million mt in 2020[4]

[4] *Sources: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011, www.oilworld.de and ISTA Mielke estimates*









MORE THAN
191,000
HECTARES
OF LAND BANK

MORE THAN
2 MILLION
METRIC TONNES
A YEAR OF
FFB PROCESSING
CAPACITY



Our Strategies & Future Plans

Develop and expand existing uncultivated land bank and oil palm plantations

- To cultivate existing land bank over the next four years with new plantings covering 13,000 hectares per year
- Further develop immature oil palm plantations

Develop and expand CPO mills

- Have commenced expansion of two existing CPO mills - in Central Kalimantan and West Kalimantan
  - o Expansion would double FFB processing capacity at both mills
  - o Completion expected by the second half of 2012
- To commence construction of two additional CPO mills in Central Kalimantan in the second half of 2012
  - o Completion expected in the second half of 2013
- Total FFB processing capacity expected to increase to 3.06 million tpa in the second half of 2013

Acquisitions and other investments

- Acquire additional land banks and/ or high-yielding mature plantations directly or through acquisitions of companies with such interests
- Finance our share of the capital expenditure to grow SNA and BAS, our associated companies

Expand and improve our corporate social responsibility and Plasma Programmes

- Continue drive to improve ties with the local communities
- To take an active and leading role in community development and invest in the well-being of the local communities

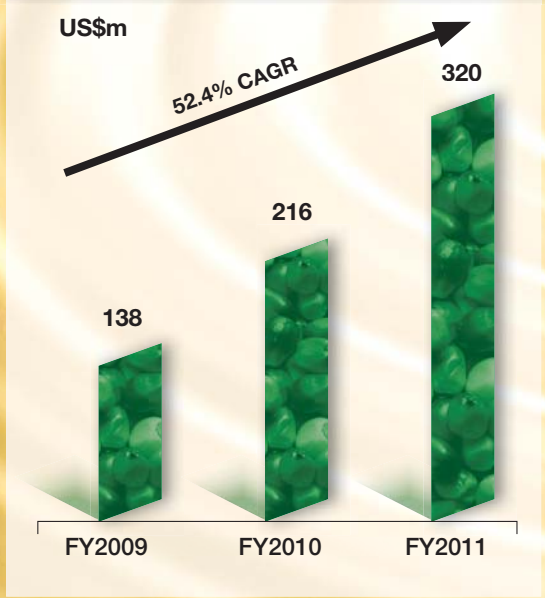
Indicative Timetable

April 10, 2012	12 noon	Close of the Offering
April 12, 2012	9 a.m.	First day of trading on the SGX-ST

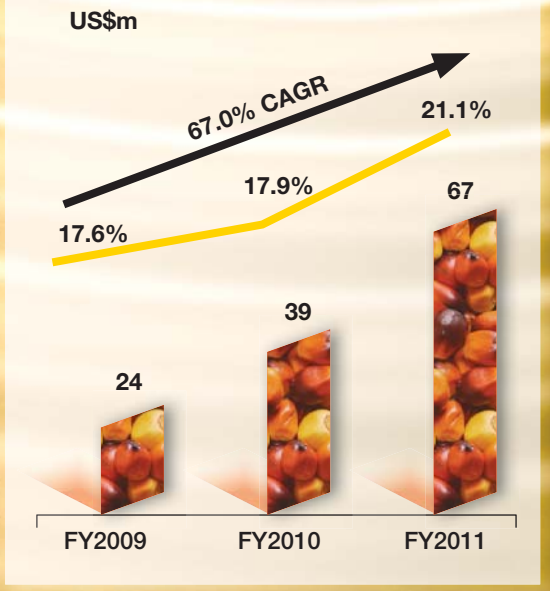
Financial Highlights



Revenue

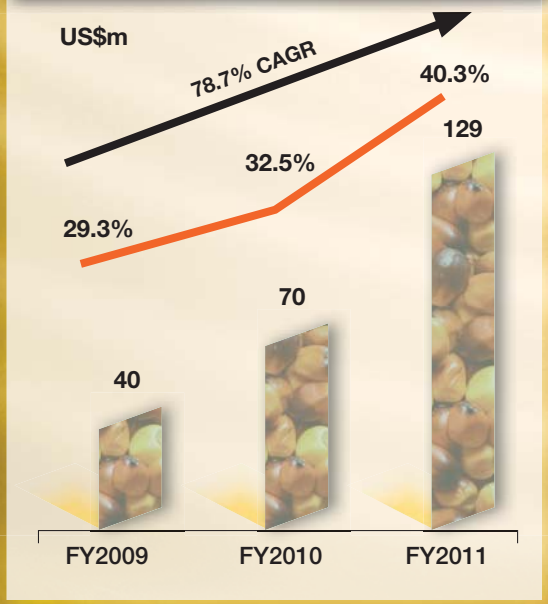


Adjusted Net Profit (to Shareholders)



Adjusted Net Profit Adjusted Net Profit Margin

EBITDA



EBITDA EBITDA Margin

- *Calculated using average US$/IDR exchange rates of 10,398, 9,085 and 8,779 for FY2009, FY2010 and FY2011 respectively.*
- *CAGR is calculated from US$-converted numbers.*
- *EBITDA is derived from profit before tax, excluding interest income, gain arising from fair value changes in biological assets, finance cost, depreciation and amortisation expenses, foreign exchange gains/(losses), and gains from waiver of other liability and disposal of a subsidiary.*
- *Adjusted net profit (to Shareholders) excludes gains arising from fair value changes in biological assets, waiver of other liability and disposal of a subsidiary.*

CONTENTS

CORPORATE INFORMATION 4

DEFINITIONS 6

GLOSSARY OF TECHNICAL TERMS 16

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS 18

TRANSFER RESTRICTIONS 19

PURCHASE BY OUR COMPANY OF OUR OWN SHARES 21

DETAILS OF THE OFFERING

— LISTING ON THE SGX-ST 22

— INDICATIVE TIMETABLE FOR LISTING 25

OVERVIEW OF OUR GROUP 26

THE OFFERING 35

RISK FACTORS 41

EXCHANGE RATES AND EXCHANGE CONTROLS 66

USE OF PROCEEDS 68

DIVIDEND POLICY 70

SHARE CAPITAL 71

DILUTION 74

RESTRUCTURING EXERCISE 75

GROUP STRUCTURE 78

CAPITALISATION AND INDEBTEDNESS 82

SELECTED PRO FORMA FINANCIAL INFORMATION 85

SELECTED FINANCIAL AND OTHER INFORMATION 89

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION 96

GENERAL INFORMATION ON OUR GROUP

— BUSINESS OVERVIEW 120

— OUR HISTORY 121

— COMPETITIVE STRENGTHS 124

— BUSINESS AND OPERATIONS 129

— SEASONALITY 142

— CORPORATE SOCIAL RESPONSIBILITY PROGRAMME 142

CONTENTS

— AWARDS AND CERTIFICATIONS 145

— QUALITY CONTROL 145

— INTERNAL CONTROLS 146

— RESEARCH AND DEVELOPMENT 146

— INTELLECTUAL PROPERTY 147

— SALES AND MARKETING 147

— INVENTORY MANAGEMENT 148

— MAJOR SUPPLIERS 149

— MAJOR CUSTOMERS 150

— CREDIT TERMS 150

— COMPETITION 150

— PROPERTIES AND FIXED ASSETS 151

— INSURANCE 152

— GOVERNMENT REGULATIONS 153

PROSPECTS, STRATEGIES AND FUTURE PLANS

— THE PALM OIL INDUSTRY 157

— TREND INFORMATION 173

— ORDER BOOK 175

— STRATEGIES AND FUTURE PLANS 175

DIRECTORS, EXECUTIVE OFFICERS AND STAFF

— MANAGEMENT REPORTING STRUCTURE 177

— DIRECTORS AND EXECUTIVE OFFICERS 178

— PAST AND PRESENT DIRECTORSHIPS 184

— REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS 192

— PENSION AND RETIREMENT BENEFITS 193

— OFFERING SHARES RESERVED FOR MANAGEMENT 193

— SERVICE AGREEMENTS 193

— EMPLOYEES 195

— STAFF TRAINING AND DEVELOPMENT 196

CORPORATE GOVERNANCE

— OUR COMPANY 197

CONTENTS

— AUDIT COMMITTEE 197

— REMUNERATION COMMITTEE 198

— NOMINATING COMMITTEE 199

— CONFLICTS RESOLUTION COMMITTEE 199

— BGA 201

PRINCIPAL SHAREHOLDERS 203

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTERESTS

— INTERESTED PERSON TRANSACTIONS 205

— PROCEDURES FOR INTERESTED PERSON TRANSACTIONS 219

— SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH IOI CORPORATION AND ITS ASSOCIATES 221

— SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH THE SNA GROUP 229

— SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH KMS, WESTBROOK AND SMS 234

— CONFLICTS OF INTERESTS 240

— INTERESTS OF EXPERTS 244

— INTERESTS OF UNDERWRITERS 244

DESCRIPTION OF OUR SHARES 245

PLAN OF DISTRIBUTION 249

CLEARANCE AND SETTLEMENT 260

GENERAL AND STATUTORY INFORMATION 261

ANNEX A — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATIONS . A-1

ANNEX B — TAXATION B-1

ANNEX C — INDONESIAN REGULATORY OVERVIEW C-1

ANNEX D — DETAILS OF OUR PLANTATIONS D-1

ANNEX E — SUMMARY OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY E-1

ANNEX F — LETTER FROM THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS F-1

ANNEX G — AUDITED COMBINED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED 31 DECEMBER 2009, 2010 AND 2011 . . . . . G-1

ANNEX H — UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011 . . . . . H-1

CORPORATE INFORMATION

BOARD OF DIRECTORS	:	Mr. Lim Gunawan Hariyanto (Executive Chairman and Chief Executive Officer) Mr. Gunardi Hariyanto Lim (Deputy Chief Executive Officer) Mr. Tan Boon Hoo (Lead Independent Director) Dato' Lee Yeow Chor (Non-Executive Director) Mr. Christopher Chua Chun Guan (Independent Director) Mr. Ong Chan Hwa (Independent Director)
JOINT COMPANY SECRETARIES	:	Busarakham Kohsikaporn (FCIS) Toh Lei Mui (ACIS)
COMPANY REGISTRATION NUMBER	:	200516741R
REGISTERED OFFICE OF THE COMPANY	:	10 Anson Road #22-16B International Plaza Singapore 079903
PRINCIPAL OFFICE OF PT BUMITAMA GUNAJAYA AGRO, THE PRINCIPAL SUBSIDIARY OF THE COMPANY	:	Jl. Melawai Raya No. 10 Kebayoran Baru Jakarta 12160 Indonesia
SHARE REGISTRAR	:	B.A.C.S. Private Limited 63 Cantonment Road Singapore 089758
JOINT ISSUE MANAGERS, BOOKRUNNERS AND UNDERWRITERS	:	DBS Bank Ltd. 6 Shenton Way DBS Building Tower One Singapore 068809 The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch 21 Collyer Quay #09-02 HSBC Building Singapore 049320
INDEPENDENT FINANCIAL ADVISER	:	Provenance Capital Pte. Ltd. 96 Robinson Road #13-01 SIF Building Singapore 068899
REPORTING ACCOUNTANTS AND AUDITORS	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583 Partner in Charge: Toong Weng Sum, Vincent (a member of the Institute of Certified Public Accountants of Singapore)

SOLICITORS TO THE OFFERING AND TO THE COMPANY AS TO SINGAPORE LAW	:	Stamford Law Corporation 10 Collyer Quay #27-00 Ocean Financial Centre Singapore 049315
LEGAL ADVISERS TO THE COMPANY AS TO INDONESIAN LAW	:	Melli Darsa & Co. Menara Standard Chartered 19th Floor Jalan Prof. Dr. Satrio No. 164 Jakarta 12930 Indonesia
SOLICITORS TO THE JOINT ISSUE MANAGERS, BOOKRUNNERS AND UNDERWRITERS AS TO SINGAPORE LAW	:	WongPartnership LLP One George Street #20-01 Singapore 049145
RECEIVING BANK	:	DBS Bank Ltd. 6 Shenton Way DBS Building Tower One Singapore 068809
PRINCIPAL BANKERS	:	PT Bank DBS Indonesia Plaza Permata 12th Floor Jl. M.H. Thamrin Kav 57 Jakarta 10350 Indonesia The Hongkong and Shanghai Banking Corporation Limited, Indonesia Branch Jl. Jendral Sudirman Kav. 29–31 Jakarta 12920 Indonesia PT Bank Mandiri (Persero) Tbk Plaza Mandiri Level 19 Jend. Gatot Subroto KAV 36–38 Jakarta 1219, Indonesia
VENDOR	:	Wellpoint Pacific Holdings Ltd Akara Bldg., 24 De Castro Street Wickhams Cay 1 Road Town Tortola British Virgin Islands

In this Prospectus and the accompanying Application Forms, and in relation to the Electronic Applications, the instructions appearing on the screens of ATMs or the IB websites of the Participating Banks or the mobile banking interface of DBS Bank, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

Group Companies

"Company"	:	Bumitama Agri Ltd.
"Group"	:	Our Company and its subsidiaries
"Group Company"	:	Our Company or any of its subsidiaries
"AMS"	:	PT Agro Manunggal Sawitindo
"ASM"	:	PT Agro Sejahtera Manunggal
"BG Abadi"	:	PT Bumitama Gunajaya Abadi
"BGA"	:	PT Bumitama Gunajaya Agro
"GKG"	:	PT Gunajaya Karya Gemilang
"GKS"	:	PT Gunajaya Ketapang Sentosa
"HPA"	:	PT Hatiprima Agro
"KBAS"	:	PT Karya Bakti Agro Sejahtera
"KMB"	:	PT Karya Makmur Bahagia
"KML"	:	PT Karya Makmur Langgeng
"LGI"	:	PT Lestari Gemilang Intisawit
"LGI Group"	:	PT Lestari Gemilang Intisawit and its subsidiaries, namely KML and ASM
"MCM"	:	PT Masuba Citra Mandiri
"RSI"	:	PT Rohul Sawit Industri
"WNA"	:	PT Windu Nabatindo Abadi
"WNL"	:	PT Windu Nabatindo Lestari
"WNS"	:	PT Windu Nabatindo Sejahtera

Other Companies, Organisations and Agencies

"Authority" or "MAS"	:	The Monetary Authority of Singapore
"Bank Mandiri"	:	PT Bank Mandiri (Persero) Tbk
"BAS"	:	PT Berkat Agro Sawitindo

"BKPM"	:	*Badan Koordinasi Penanaman Modal* (Capital Investment Coordinating Board of Indonesia)
"BNS"	:	PT Berkat Nabati Sejahtera
"BSS"	:	PT Bumi Sawit Sejahtera
"CDP" or "Depository"	:	The Central Depository (Pte) Limited
"Central Government"	:	Government of Republic of Indonesia
"Central National Land Agency"	:	Head Office of the National Land Agency
"CPF"	:	Central Provident Fund
"DBS Bank"	:	DBS Bank Ltd.
"District Regional Government"	:	Government of the relevant regency (*Kabupaten*) or municipality (*Kotamadya*)
"District Regional Land Agency"	:	A part of the National Land Agency, to carry out land affairs at the regional regency level
"Gerrindo Group"	:	PT Gerrindo Surya Makmur and PT Goautama Sinar Batuah
"GHL"	:	PT Gunajaya Harapan Lestari
"GY"	:	PT GY Plantation Indonesia
"Harita Group"	:	PT Harita Jayaraya and its subsidiaries
"Harita Jayaraya"	:	PT Harita Jayaraya
"HSBC"	:	The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
"IOI Corporation"	:	IOI Corporation Berhad
"IOI Group"	:	IOI Corporation Berhad and its subsidiaries
"ISPO"	:	Indonesian Sustainable Palm Oil
"Joint Issue Managers, Bookrunners and Underwriters" (in alphabetical order)	:	DBS Bank and HSBC
"KMS"	:	PT Karya Manunggal Sawitindo
"KPAS"	:	PT Karya Prima Agro Sejahtera
"KSL"	:	PT Ketapang Sawit Lestari
"LSK"	:	PT Ladang Sawit Kendawangan
"Lynwood"	:	Lynwood Capital Resources Pte Ltd

"Musim Mas Group"	:	PT Musim Mas and its subsidiaries
"National Land Agency"	:	A government agency directly responsible to the President of the Republic of Indonesia, in charge of land affairs at national, regional or sector-related levels
"Oakridge"	:	Oakridge Investments Pte Ltd
"Participating Banks"	:	DBS Bank (including POSB), Oversea-Chinese Banking Corporation Limited, and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("UOB Group") and "Participating Bank" means any of the abovementioned
"Provincial Regional Government"	:	Government of the relevant province (*Propinsi*)
"Provincial Regional Land Agency"	:	A part of the National Land Agency, to carry out land affairs at the provincial regional level
"Regional Government"	:	Provincial Regional Government and/or District Regional Government
"RSA"	:	PT Rohul Sawit Agro
"RSPO"	:	Roundtable on Sustainable Palm Oil
"SGX-ST"	:	Singapore Exchange Securities Trading Limited
"Sinar Mas Group"	:	PT Sinar Mas Agro Resources & Technology Tbk and its subsidiaries
"SKS"	:	PT Sukses Karya Sawit
"SMS"	:	PT Sukses Manunggal Sawitindo
"SNA"	:	PT Sawit Nabati Agro
"SNA Group"	:	PT Sawit Nabati Agro and PT Berkat Agro Sawitindo and their subsidiaries
"Stabilising Manager"	:	DBS Bank
"Wellpoint" or "Vendor"	:	Wellpoint Pacific Holdings Ltd
"Westbrook"	:	Westbrook International Pte Ltd
"Wilmar Group"	:	Wilmar International Limited and its subsidiaries

General

"Act" or "Companies Act"	:	The Companies Act, Chapter 50 of Singapore, as amended, supplemented or modified from time to time
"Additional Shares"	:	Up to an aggregate of 29,754,000 additional Shares from the Vendor which is subject to the Over-allotment Option
"Application Forms"	:	The printed application forms to be used for the purpose of the Offering and which form part of this Prospectus
"Articles of Association"	:	Articles of association of our Company, as amended, supplemented or modified from time to time
"associate"	:	(a) in relation to a director, chief executive officer, substantial shareholder or controlling shareholder of a corporation who is an individual, means: (i) his immediate family; (ii) a trustee, acting in his capacity as such trustee, of any trust of which the individual or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any corporation in which he and his immediate family together (directly or indirectly) have an interest of not less than 30% of the aggregate of the nominal amount of all the voting shares; (b) in relation to a substantial shareholder or a controlling shareholder of a corporation who is a corporation, means any other corporation which is its subsidiary or holding corporation or is a subsidiary of such holding corporation or one in the equity of which it and/or such other corporation or corporations taken together (directly or indirectly) have an interest of 30% or more
"ATM"	:	Automated teller machine
"Audit Committee"	:	The audit committee of our Company
"Board"	:	The board of directors of our Company as at the date of this Prospectus
"CAGR"	:	Compound annual growth rate

"Controlling Shareholder"	:	A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
"Cornerstone Investors"	:	Asdew Acquisitions Pte Ltd, Hwang Investment Management Berhad, Target Asset Management Pte Ltd, UOB Asset Management Ltd, Value Partners Hong Kong Limited and Wii Pte Ltd (a wholly-owned subsidiary of Wilmar International Limited)
"Cornerstone Shares"	:	The aggregate of 124,833,000 New Shares subscribed by all the Cornerstone Investors pursuant to the Cornerstone Subscription Agreements
"Cornerstone Subscription Agreements"	:	The subscription agreements entered into between the Company and each of the Cornerstone Investors to subscribe for the Cornerstone Shares
"Directors"	:	The directors of our Company as at the date of this Prospectus, except where otherwise stated or where the context requires otherwise
"Electronic Applications"	:	Applications for the Public Offer Shares made through an ATM or the IB website of the Participating Bank or through the mobile banking platform of DBS Bank (including POSB), subject to and on the terms and conditions of this Prospectus
"EGM"	:	Extraordinary general meeting
"EPS"	:	Earnings per share
"Executive Directors"	:	The executive directors of our Company as at the date of this Prospectus, except where otherwise stated or where the context requires otherwise
"Executive Officers"	:	The executive officers of the Company as at the date of this Prospectus, except where otherwise stated or where the context requires otherwise
"FRS"	:	Singapore Financial Reporting Standards
"FY"	:	Financial year ended, or as the case may be, ending 31 December

"GHL Cooperation Agreement"	:	The master cooperation agreement dated 1 January 2011 entered into between BGA and KMS and SMS, each an associate of one of our Controlling Shareholders, the Hariyantos, in relation to the management and operation of the plantation of GHL
"Global Offering"	:	The offering of the Cornerstone Shares and the Offering Shares
"GST"	:	Singapore goods and services tax
"GY Cooperation Agreement"	:	The master cooperation agreement dated 1 November 2011 entered into between BGA and KMS and Westbrook, each an associate of one of our Controlling Shareholders, the Hariyantos, in relation to the management and operation of the plantation of GY
"Hariyantos"	:	Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto
"IB"	:	Internet banking
"Independent Directors"	:	The independent directors of our Company as at the date of this Prospectus, except where otherwise stated or where the context requires otherwise
"INT FRS"	:	International Financial Reporting Standards
"Latest Practicable Date"		16 March 2012, being the latest practicable date for the ascertainment of information prior to the lodgement of this Prospectus with the Authority
"LIBOR"	:	London Interbank Offered Rate
"Lim Family"	:	Dr. Lim Hariyanto Wijaya Sarwono, Mdm. Rita Indriawati, Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim
"Listing Date"	:	The date of commencement of dealing in our Shares on the SGX-ST
"Listing Manual"	:	Listing Manual of the SGX-ST, as amended, modified or supplemented from time to time
"Market Day"	:	A day on which the SGX-ST is open for trading in securities
"Management and Underwriting Agreement"	:	The management and underwriting agreement dated 3 April 2012 entered into amongst our Company, the Vendor, DBS Bank and HSBC
"New Shares"	:	The 273,334,000 new Shares for which our Company invites applications to subscribe for pursuant to the Offering or which are the subject of the Cornerstone Subscription Agreements (as the case may be)

"Nominating Committee"	:	The nominating committee of our Company
"Non-executive Directors"	:	Non-executive Directors of our Company (including Independent Directors) as at the date of this Prospectus, except where otherwise stated or where the context requires otherwise
"NAV"	:	Net asset value
"NTA"	:	Net tangible assets
"Offering"	:	The Public Offer and the Placement
"Offering Price"	:	S$0.745 per Share
"Offering Shares"	:	The 172,737,000 Shares offered under the Placement and the Public Offer
"Over-allotment Option"	:	The over-allotment option granted by the Vendor to the Joint Issue Managers, Bookrunners and Underwriters, exercisable in whole or in part by the Stabilising Manager, on behalf of the Joint Issue Managers, Bookrunners and Underwriters, within 30 days from the Listing Date to purchase and/or procure purchasers for up to an aggregate of 29,754,000 Additional Shares (representing not more than 18% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of Shares, if any. Unless otherwise indicated, all information in this Prospectus assumes that the Over-allotment Option will not be exercised.
"Placement"	:	The international placement of 157,737,000 Offering Shares to investors, including institutional and other investors in Singapore and outside the United States in reliance on Regulation S of which 2,712,000 Offering Shares will be reserved for subscription by certain key management staff of our Group, at the Offering Price. In the event that any of the 2,712,000 Offering Shares reserved for subscription by our key management staff are not subscribed for, they will be made available to satisfy excess applications (if any) in the Placement. For more information on the 2,712,000 Offering Shares reserved for subscription by our key management staff, please refer to the section entitled "Directors, Executive Officers and Staff — Offering Shares Reserved for Management" of this Prospectus.

"Placement Agreement"	:	The placement agreement dated 3 April 2012 entered into amongst our Company, the Vendor, DBS Bank and HSBC
"Public Offer"	:	The offer of 15,000,000 Offering Shares to the public in Singapore for subscription and/or purchase at the Offering Price
"Public Offer Shares"	:	The 15,000,000 Offering Shares that are offered to the public in Singapore for subscription and/or purchase pursuant to the Public Offer
"Receiving Bank"	:	DBS Bank
"Regulation S"	:	Regulation S under the US Securities Act
"Relevant Period"	:	1 January 2012 to 16 March 2012
"Remuneration Committee"	:	The remuneration committee of our Company
"Restructuring Exercise"	:	The restructuring exercise that we carried out to rationalise and streamline our corporate structure as described in the section entitled "Restructuring Exercise" of this Prospectus
"Securities Account"	:	Securities account maintained by a Depositor with CDP, not including a securities sub-account
"Securities and Futures Act"	:	Securities and Futures Act (Cap 289) of Singapore
"Service Agreements"	:	The service agreements entered into between our Company and our Executive Directors as described in the section entitled "Service Agreements" of this Prospectus
"Settlement Date"	:	The date and time on which the Offering Shares are issued or transferred (as the case may be) as settlement under the Offering
"SGXNET"	:	The corporate announcement system maintained by the SGX-ST for the submission of announcements by listed companies
"Shares"	:	Ordinary shares in the capital of our Company
"Shareholders"	:	Registered shareholders of our Company
"Shareholder Loans"	:	The shareholder loans amounting to a total of S$12.6 million granted by Wellpoint and Oakridge to our Company
"SIBOR"	:	Singapore Interbank Offered Rate

"Singapore Take-over Laws and Regulations"	:	The take-over laws and regulations in Singapore, comprising sections 138, 139 and 140 of the Securities and Futures Act and the Singapore Code on Take-overs and Mergers
"Sub-division"	:	The sub-division of ordinary shares in the capital of our Company as defined in the section entitled "Share Capital" of this Prospectus
"Substantial Shareholder"	:	A person who holds directly or indirectly 5% or more of the total issued share capital of our Company
"US"	:	United States of America, its territories and possessions, any state of the US and the District of Columbia
"US Securities Act"	:	United States Securities Act 1933, as amended
"VAT"	:	Value-added tax
"Vendor Shares"	:	The 24,236,000 Shares being offered by the Vendor pursuant to the Offering, which represents 1.6% and 1.4% of the existing and enlarged share capital of our Company, respectively
"WACC"	:	Weighted average cost of capital

Currencies, Units and Others

"%" or "per cent."	:	Per centum or percentage
"ha"	:	Hectares
"kg"	:	Kilogrammes
"kg/cm^2"	:	Kilogrammes per square centimetre
"mt"	:	Metric tonne, which is equivalent to 1,000 kilogrammes
"IDR" or "Rupiah"	:	Indonesian rupiah
"S$" or "Singapore Dollars"	:	Singapore dollars
"sq ft"	:	Square feet
"sq m"	:	Square metres
"US$" or "US Dollars"	:	United States dollars

The expressions "Depositor", "Depository Agent" and "Depository Register" shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The terms "associated company", "associated entity", "related corporation", "related entity", "subsidiary" and "subsidiary entity" shall have the same meanings ascribed to them respectively in the Listing

Manual and/or the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, as the context so requires.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include corporations.

Any discrepancies in tables included herein between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Any reference in this Prospectus, the Application Forms or the Electronic Applications to any statute or enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Companies Act and the Securities and Futures Act or any statutory modification thereof and used in this Prospectus, the Application Forms or the Electronic Applications shall, where applicable, have the meaning assigned to it under the Companies Act, the Securities and Futures Act or such statutory modification, as the case may be.

Any reference in this Prospectus and the Application Forms and/or Electronic Applications to Shares being allotted and/or allocated to an applicant includes allotment to CDP for the account of that applicant.

Any reference to a time of day in this Prospectus, the Application Forms and the Electronic Applications shall be a reference to Singapore time, unless otherwise stated.

Any references to "we", "our" and "us" or other grammatical variations thereof in this Prospectus is a reference to our Company, or any member of our Company, as the context requires.

Certain names in Bahasa Indonesia have been translated into English. Such translations are provided solely for the convenience of Singapore-based investors. They may not be registered with the relevant Indonesian authorities and should not be construed as representations that the English names actually represent the Indonesian names.

The information on our website or any website directly or indirectly linked to such websites does not form part of this Prospectus and should not be relied on.

GLOSSARY OF TECHNICAL TERMS

To facilitate a better understanding of the business of our Group, the following glossary provides a description of the technical terms and abbreviations commonly found in our industry. The terms and their assigned meanings may not correspond to standard industry meanings or usage of these terms.

"CPO"	:	Crude palm oil
"CPKO"	:	Crude palm kernel oil
"edible oils"	:	Includes palm oil, palm kernel oil, soybean oil, groundnut oil, coconut oil, cotton oil, sunflower oil, rapeseed oil, sesame oil, corn oil, olive oil but excludes animal fats, lard and fish oil
"EFB"	:	Empty palm fruit bunches
"FFA"	:	Free fatty acid
"FFB"	:	Fresh palm fruit bunches
"Forest Relinquishment"	:	A decree from the Ministry of Forestry to change the designation of convertible production forest to be used for the development of non-forestry activities, details of which are set out in the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus
"Hak Guna Bangunan"	:	A right on land that allows the holder thereof to build or to own buildings above the state-owned land covered by such right for the maximum period of 30 years and extendable for another 20 years
"Hak Guna Usaha"	:	A right on land that allows the holder thereof to exploit or use, or to cultivate the state-owned land covered by such right, for the period of 25 to 35 years and extendable for another 25 years, for the purpose of agriculture, fisheries and farms, details of which are set out in the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus
"Hak Milik"	:	The strongest and fullest land ownership title in Indonesia that an individual can obtain over a piece of land, details of which are set out in the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus
"Ijin Lokasi"	:	A location permit granted to a capital investment company which permits that company to relinquish or acquire the land covered by the permit in accordance with the prevailing laws and regulations
"Ijin Prinsip"	:	An initial permit for obtaining land rights and the basis for the issuance of *Ijin Lokasi*

"Ijin Usaha Perkebunan"	:	A written licence from the authorised official which must mandatorily be possessed by a company undertaking a plantation business activity integrated with plantation product manufacturing in Indonesia, details of which are set out in the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus
"mucuna bracteata"	:	A pod of the mucuna genus that grows as a shrub
"nucleus"	:	The oil palm plantations which are owned and developed by our Group, as opposed to plasma plantations which are owned by small landholders
"OER"	:	Oil extraction rate
"PK"	:	Palm kernel
"PKC"	:	Palm kernel cake or palm kernel meal
"Plasma Programme"	:	The programme initiated by the Indonesian government to encourage the development of smallholders' plantations with the assistance and cooperation of plantation companies (the nucleus) which assist and support the surrounding community plantations (the plasma)
"POME"	:	Palm oil mill effluent
"tpa"	:	mt per annum
"tph"	:	mt per hour

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

All statements contained in this Prospectus, statements made in press releases and oral statements that may be made by us or our Directors, Executive Officers or employees acting on our behalf, that are not statements of historical fact, constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "if", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words or phrases. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial position, business strategy, plans and prospects, and the future prospects of our industry are forward-looking statements. These forward-looking statements and other matters discussed in this Prospectus regarding matters that are not historical fact are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risk factors and uncertainties are discussed in more detail in this Prospectus, in particular, but not limited to, discussions in the section entitled "Risk Factors" of this Prospectus.

Given the risks and uncertainties that may cause our actual future results, performance or achievements to be materially different from that expected, expressed or implied by the forward-looking statements in this Prospectus, we advise you not to place undue reliance on those statements. Neither our Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters nor any other person represents or warrants to you that our actual future results, performance or achievements will be as discussed in those statements.

Our actual future results may differ materially from those anticipated in these forward-looking statements as a result of the risks faced by us. We, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters disclaim any responsibility to update any of those forward-looking statements or publicly announce any revisions to those forward-looking statements to reflect future developments, events or circumstances for any reason, even if new information becomes available or other events occur in the future. We and the Vendor are, however, subject to the provisions of the Securities and Futures Act and the Listing Manual regarding corporate disclosure. In particular, pursuant to Section 241 of the Securities and Futures Act, if after the Prospectus is registered but before the close of the Offering, we or the Vendor become aware of (a) a false or misleading statement or matter in the Prospectus; (b) an omission from the Prospectus of any information that should have been included in it under Section 243 of the Securities and Futures Act; or (c) a new circumstance that has arisen since the Prospectus was lodged with the Authority and would have been required by Section 243 of the Securities and Futures Act to be included in the Prospectus, if it had arisen before the Prospectus was lodged and that is materially adverse from the point of view of an investor, we and the Vendor may lodge a supplementary or replacement prospectus with the Authority.

TRANSFER RESTRICTIONS

This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Offering Shares in any jurisdiction in which such offer, solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The Offering Shares are being offered and sold outside the US in an offshore transaction (as defined in Regulation S) in compliance with Regulation S. No action has been or will be taken under the requirements of the legislation or regulations of, or of the legal or regulatory authorities of, the US or any other jurisdictions, except for the lodgement and/or registration of this Prospectus in Singapore in order to permit a public offering of the Offering Shares and the public distribution of this Prospectus in Singapore. The distribution of this Prospectus and the offering of the Offering Shares in jurisdictions other than Singapore may be prohibited or restricted by the relevant laws in such jurisdictions. Persons who may come into possession of this Prospectus are required by our Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters to inform themselves about, and to observe and comply with, any such prohibitions or restrictions at their own expense and without liability to our Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters.

Persons to whom a copy of this Prospectus has been issued shall not circulate to any other person, reproduce or otherwise distribute this Prospectus or any information herein for any purpose whatsoever nor permit or cause the same to occur.

United States

Each person who purchases Shares outside the United States in compliance with Regulation S, by its acceptance of this Prospectus and of Shares, will be deemed to have acknowledged, represented to and agreed with our Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters as follows (terms used herein that are defined in Regulation S are used herein as defined therein):

(1) Such purchaser of Shares is, or at the time of its acquisition of Shares will be, the beneficial owner of the Shares purchased by it.

(2) At the time of its acquisition of Shares, such purchaser is not resident in the United States.

(3) With respect to sales of Shares, either:

  (a) at the time the buy order for the Shares was originated, the purchaser was outside the United States or the purchaser of Shares and any person acting on its behalf reasonably believed that the purchaser was outside the United States; or

  (b) the transaction in the Shares was executed in, on or through the facilities of a designated offshore securities market as defined in Regulation S (including, for the avoidance of doubt, a bona fide sale on the SGX-ST).

(4) Such purchaser of Shares is not an affiliate of our Company or acting on our behalf or on behalf of any such affiliate.

(5) Neither the purchaser of Shares, any of its affiliates nor any person acting on its or their behalf, has made, and the purchase of Shares is not the result of, any "directed selling efforts" (as defined in Regulation S) in the United States with respect to the Shares.

(6) The proposed transfer of the Shares is not part of a plan or scheme to evade the registration requirements of the US Securities Act.

(7) None of our Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters or any of our or their affiliates or agents participated in the sale of the Shares.

(8) The purchaser is aware that the Offering Shares may not be offered, sold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S.

(9) Each purchaser of Shares agrees that our Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters, their respective affiliates and their respective agents may rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(10) In addition, each prospective purchaser of Shares, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with our Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters as follows:

(a) that none of our Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters or any person representing our Company, the Vendor or the Joint Issue Managers, Bookrunners and Underwriters has made any representation or provided any information to it with respect to our Company, the Vendor or the Offering or sale of the Shares, other than the information contained or incorporated by reference in this Prospectus, which has been delivered to it and upon which it is relying in making its investment decision with respect to the Shares; and it has had access to such financial and other information concerning our Company, the Vendor and the Shares as it has deemed necessary in connection with its decision to purchase the Shares.

(b) that our Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters and others will rely upon the truth and accuracy of the acknowledgments, representations and agreements contained under this section of this Prospectus entitled "Transfer Restrictions", and such prospective purchaser agrees that, if any of the acknowledgments, representations or agreements deemed to have been made by it through its purchase of the Shares are no longer accurate, it shall promptly notify our Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters; and if it is acquiring any Shares as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account.

PURCHASE BY OUR COMPANY OF OUR OWN SHARES

Under the laws of Singapore, a company may, if authorised by its memorandum of association or articles of association, purchase its own shares. Our Company has such power to purchase our own Shares under Article 9. Such power to purchase our own Shares shall, subject to the Companies Act and our memorandum and Articles of Association (and where applicable, the rules and regulations and prior approval of the SGX-ST and/or any competent regulatory authority), be exercisable by our Directors upon such terms and subject to such conditions as they think fit, in accordance with Article 9.

Under the laws of Singapore, such purchases may be effected out of distributable profits of our Company or out of the proceeds of a fresh issue of Shares made for that purpose. Any premium payable on such a purchase of our Shares must be provided for out of the distributable profits of our Company. Any amount due to a Shareholder on a purchase of our own Shares may (i) be paid in cash; (ii) be satisfied by the transfer of any part of the undertaking or property of our Company having the same value; or (iii) be satisfied partly under (i) and partly under (ii). Further, such purchase may not be made if, on the date on which the purchase is to be effected, there are reasonable grounds for believing that our Company is, or after the purchase would be, unable to pay our liabilities as they become due. Shares purchased by our Company will be treated as cancelled and our Company's issued capital will be diminished accordingly.

For further details, please see the section entitled "Annex E — Summary of the Memorandum and Articles of Association of the Company" of this Prospectus.

Our Company presently has no intention to purchase our own Shares after the listing. However, if we decide to do so later, we will seek our Shareholders' approval in accordance with our Articles of Association and the rules of the SGX-ST. Our Company will make prompt public announcement of any such share purchase and has also given an undertaking to the SGX-ST to comply with all requirements that the SGX-ST may impose in the event of such a share purchase.

LISTING ON THE SGX-ST

Application has been made to the SGX-ST for permission to deal in and for quotation of, all our issued Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares). Such permission will be granted when our Company has been admitted to the Official List of the SGX-ST. Acceptance of applications will be conditional upon, *inter alia*, the SGX-ST granting permission to deal in, and for quotation of, all our issued Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares). Monies paid in respect of any application accepted will be returned to you, subject to applicable laws, without interest or any share of revenue or other benefit arising therefrom and at your own risk, if the said permission is not granted or for any other reason and you will not have any claims whatsoever against us, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters.

The SGX-ST assumes no responsibility for the correctness of any statements made, reports contained or opinions expressed in this Prospectus. Admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Company, our subsidiaries, our Shares, the Offering Shares, the Cornerstone Shares or the Additional Shares.

A copy of this Prospectus was lodged with and registered by the Authority on 26 March 2012 and 3 April 2012, respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares (including the Offering Shares and the Additional Shares, as the case may be, being offered or in respect of which an offering is made) for investment.

This Prospectus has been seen and approved by our Directors and the Vendor, and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, the Company and its subsidiaries, and our Directors and the Vendor are not aware of any facts the omission of which would make any statements in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

No person has been or is authorised to give any information or to make any representation not contained in this Prospectus in connection with the Offering and, if given or made, such information or representation must not be relied upon as having been authorised by us, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters. Neither the delivery of this Prospectus and the Application Forms nor the Offering shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change, or development reasonably likely to involve a change, in our affairs, condition or prospects, or our Shares (including the Offering Shares and the Additional Shares), or in the statements of fact or information contained in this Prospectus since the date of this Prospectus. Where such changes occur and are material or are required to be disclosed by law, we will make an announcement of the same to the SGX-ST and the public and, if required, lodge a supplementary or replacement prospectus with the Authority pursuant to Section 241 of the Securities and Futures Act and other applicable provisions of the Securities and Futures Act and take immediate steps to comply with the requirements of the Securities and Futures Act. We will also comply with all other applicable requirements of the Securities and Futures Act and/or any other requirements of the Authority and/or SGX-ST. All applicants should take note of any such announcements, supplementary or replacement prospectus and, upon the release of the same, shall be deemed to have notice of such

changes. Save as expressly stated in this Prospectus, nothing herein is, or may be relied upon as, a promise or representation as to our future performance or policies. Neither our Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters, our Directors, the promoters, the experts nor any other parties involved in the Offering is making any representation to any person regarding the legality of an investment in our Shares by such person under any investment or other laws or regulations. No information in this Prospectus should be considered to be business, legal or tax advice. Investors should be aware that they may be required to bear the financial risk of an investment in our Shares (including the Offering Shares and the Additional Shares) for an indefinite period of time. Each prospective investor should consult his own professional or other advisers for business, financial, legal or tax advice regarding an investment in our Shares (including the Offering Shares and the Additional Shares).

This Prospectus has been prepared solely for the purpose of the Offering and may not be relied upon by any other persons other than the applicants in connection with their application for the Offering Shares or for any other purpose. **This Prospectus does not constitute an offer, solicitation or invitation to subscribe for and/or purchase the Offering Shares in any jurisdiction in which such offer, or solicitation or invitation is unlawful or is not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation.**

Where prior to the lodgement of the supplementary or replacement prospectus, applications have been made under this Prospectus to subscribe for and/or purchase the Offering Shares and:

(a) where the Offering Shares have not been issued and/or sold to the applicants, our Company and the Vendor shall either:

    (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to withdraw their applications; or

    (ii) treat the applications as withdrawn and cancelled, in which case the applications shall be deemed to have been withdrawn and cancelled, and our Company and the Vendor shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application to, without interest or a share of revenue or benefit arising therefrom; or

(b) where the Offering Shares have been issued and/or sold to the applicants, our Company and the Vendor shall either:

    (i) within seven days from the date of lodgement of the supplementary or replacement prospectus, give the applicants the supplementary or replacement prospectus, as the case may be, and provide the applicants with an option to return to us and the Vendor the Offering Shares, which they do not wish to retain title in; or

    (ii) treat the issue and/or sale of the Offering Shares as void, in which case the issue or sale shall be deemed void and our Company shall, within seven days from the date of lodgement of the supplementary or replacement prospectus, return all monies paid in respect of any application, without interest or a share of revenue or benefit arising therefrom.

An applicant who wishes to exercise his option under paragraph (a)(i) to withdraw his application shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company and the Vendor of this, whereupon our Company and the Vendor shall, within seven days from the receipt of such notification, pay to him all monies paid by him on account of his application for those Shares without interest or a share of revenue or benefit arising therefrom, at the applicant's risk.

An applicant who wishes to exercise his option under paragraph (b)(i) to return the Offering Shares issued to him shall, within 14 days from the date of lodgement of the supplementary or replacement prospectus, notify our Company and the Vendor of this and return all documents, if any, purporting to be evidence of title to those Offering Shares, to our Company and the Vendor, whereupon our Company and the Vendor shall, within seven days from the receipt of such notification and documents, if any, pay to him all monies paid by him for those Shares, without interest or a share of revenue or benefit arising thereform at the applicant's risk and the issue and/or sale of those Shares shall be deemed to be void.

Under the Securities and Futures Act, the Authority may, in certain circumstances issue a stop order (the "Stop Order") to our Company and the Vendor, directing that no or no further Shares to which this Prospectus relates, be allotted, allocated or issued. Such circumstances will include a situation where this Prospectus (i) contains a statement or matter, which in the opinion of the Authority is false or misleading, (ii) omits any information that should be included in accordance with the Securities and Futures Act, or (iii) does not, in the opinion of the Authority, comply with the requirements of the Securities and Futures Act.

In the event that the Authority issues a Stop Order and applications to subscribe for the Offering Shares have been made prior to the Stop Order, then:

(a) where the Offering Shares have not been issued and/or sold to the applicants, the applications for the Offering Shares shall be deemed to have been withdrawn and cancelled and our Company and the Vendor shall, within 14 days from the date of the Stop Order, pay to the applicants all monies the applicants have paid on account of their applications for the Offering Shares; or

(b) where the Offering Shares have been issued and/or sold to the applicants, the issue and/or sale of the Offering Shares shall be deemed to be void and our Company and the Vendor shall, within 14 days from the date of the Stop Order, pay to the applicants all monies paid by them for the Offering Shares.

Copies of this Prospectus and the Application Forms and envelopes may be obtained on request, subject to availability, during office hours from:

DBS Bank Ltd.
6 Shenton Way
#36-01 DBS Building Tower One
Singapore 068809

The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch
21 Collyer Quay
#09-02 HSBC Building
Singapore 049320

and where available, from members of the Association of Banks in Singapore, members of the SGX-ST and merchant banks in Singapore. A copy of this Prospectus is also available on the SGX-ST website: http://www.sgx.com.

The Public Offer will open at 9.00 a.m. on 4 April 2012 and will close at 12.00 noon on 10 April 2012 or for such further period or periods as our Company and the Vendor may, in consultation with the Joint Issue Managers, Bookrunners and Underwriters decide, subject to any limitation under all applicable laws PROVIDED ALWAYS THAT where a supplementary or replacement prospectus has been lodged with the Authority, the Offering shall be kept open for at least 14 days after the lodgement of the supplementary or replacement prospectus.

Details of the procedure for applications to subscribe for and/or purchase the Offering Shares are set out the section entitled "Annex A — Terms and Conditions and Procedures for Applications" of this Prospectus.

INDICATIVE TIMETABLE FOR LISTING

An indicative timetable for the Offering and trading of our Shares is set out for the reference of applicants:

Indicative time/date	Event
12.00 noon on 10 April 2012	Close of the Offering
11 April 2012	Balloting of applications in the Public Offer, if necessary (in the event of over-subscription for the Public Offer Shares). Commence the refunds of application monies to unsuccessful or partially successful applicants
9.00 a.m. on 12 April 2012	Commence trading on a "ready" basis
17 April 2012	Settlement date for all trades done on a "ready" basis

The above timetable is indicative as it assumes that the date of closing of the Offering will be 10 April 2012, the date of admission of our Company to the Official List of the SGX-ST will be 12 April 2012, the shareholding spread requirement will be complied with and the Offering Shares will be issued and fully paid-up prior to 9.00 a.m. on 12 April 2012. The actual date on which our Shares will commence trading on a "ready" basis will be announced when it is confirmed by the SGX-ST. All dates and times referred to above are Singapore dates and times.

The above timetable and procedures may be subject to such modification as the SGX-ST may, in its absolute discretion, decide, including the decision to permit trading on a "ready" basis and the commencement date of such trading.

In the event of any changes in the closure of the Offering or the time period during which the Offering is open, we will publicly announce the same:

(i) through SGXNET announcement to be posted on the SGX-ST's website at http://www.sgx.com; and

(ii) through a paid advertisement in a major Singapore English newspaper such as The Straits Times or The Business Times.

We will provide details of the results of the Offering (including the level of subscription for the Offering Shares and the basis of allocation of the Offering Shares pursuant to the Offering), as soon as it is practicable after the closure of the Offering through the channels in (i) and (ii) above.

Investors should consult the SGX-ST's announcement on the "ready" listing date on the Internet (on the SGX-ST website at http://www.sgx.com) or the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

The information contained in this summary is derived from, and should be read in conjunction with, the full text of this Prospectus. Because it is a summary, it does not contain all the information that potential investors should consider before investing in our Shares. Potential investors should read this entire Prospectus carefully, including the section entitled "Risk Factors".

Our Company was incorporated in Singapore on 2 December 2005 under the Act as a private company with limited liability, and became the holding company of our Group pursuant to the Restructuring Exercise. On 6 April 2011, our Company changed its name from Global Crest Holdings & Investments Pte. Ltd. to Bumitama Agri Pte. Ltd., and subsequently on 2 April 2012 to "Bumitama Agri Ltd." in connection with its conversion to a public company limited by shares. Please refer to the section entitled "Group Structure" of this Prospectus for further information.

Business Overview

We are a producer of CPO and PK, with our oil palm plantations located in Indonesia. Our primary business activities are cultivating and harvesting our oil palm trees, processing FFB from our oil palm plantations, our plasma plantations and third parties into CPO and PK, and selling CPO and PK in Indonesia. We intend to start selling CPO in Malaysia in 2012. We aim to be a leading CPO producer and supplier through the continuous improvement of our operations and product quality. Our mission is to create value for our Shareholders (including through the expansion of our plantation business and the improvement of the productivity of our oil palm plantations and CPO mills) and improve the welfare of the local communities through various corporate social responsibility programmes and environmentally-friendly practices.

We operate in three provinces in Indonesia, namely Central Kalimantan, West Kalimantan and Riau. As at the Latest Practicable Date, we owned and/or controlled an aggregate of 191,948 hectares of land (including land under the Plasma Programme and land managed by our Group on behalf of LSK), of which 119,162 hectares are planted area. Our total planted area comprises nucleus plantations of 87,851 hectares and plantations under our Plasma Programme of 31,311 hectares (73.7% and 26.3% of the total planted area, respectively). As our planted area covers only 62.1% of the total land owned and/or controlled by our Group as at the Latest Practicable Date, we believe that we can significantly increase our cultivated plantation land through the development and cultivation of our existing land bank. In addition to the land owned and/or controlled by our Group, we also manage 7,310 hectares of land which are owned and/or controlled by associates of one of our Controlling Shareholders, namely the Hariyantos, pursuant to the GY Cooperation Agreement and the GHL Cooperation Agreement, whereby we have the exclusive right to purchase any FFB produced from such plantations. For more information, please refer to the section entitled "General Information on our Group — Business and Operations" of this Prospectus.

Oil palm trees require approximately three years to mature, and typically do not reach peak production of FFB until seven years after planting. Peak production years for the oil palm trees range from seven to eighteen years of age, after which, their production of FFB gradually declines. As at the Latest Practicable Date, we had 75,420 hectares of mature and 43,742 hectares of immature oil palm plantation under cultivation. As we started aggressive planting only in 2004, as at the Latest Practicable Date, the weighted average age of our oil palm trees was approximately five years, and only 28.1% of them have reached peak production age. Our FFB production grew from 558,240 mt in FY2009 to 1,065,644 mt in FY2011, which translated to an average production yield of 16.3 mt of FFB per hectare for FY2011. Over the next few years, given that the majority of our oil palm trees are either immature or young, we expect our FFB yield to improve and CPO production to increase as more of our oil palm trees mature and reach peak production age.

As at the Latest Practicable Date, our Group had five CPO mills in Kalimantan and one CPO mill in Riau. The CPO mills had a combined FFB processing capacity of 345 tph or 2,070,000 tpa. Our CPO production grew from 222,985 mt in FY2009 to 345,111 mt in FY2011 and PK production grew from 45,267 mt in FY2009 to 64,875 mt in FY2011. In FY2011, our CPO mills achieved an average OER of 24.0%. We process the FFB produced by our own oil palm plantations and those purchased from plasma farmers and third parties. For FY2011, 47.1%, 26.9% and 26.0% of the FFB processed by our CPO mills was sourced from our own plantations, the Plasma Programme and third parties, respectively. Our CPO mill average utilisation rates were 65.2%, 76.5% and 69.6% for FY2009, FY2010 and FY2011, respectively. Going forward, we expect the utilisation rates of our CPO mills to improve as our plantations continue to mature and reach peak production age.

We are in the process of expanding the FFB processing capacity of two of our existing CPO mills, and intend to commence the construction of two additional CPO mills during the second half of 2012. When fully completed in the second half of 2013, the expanded and new CPO mills are expected to increase our FFB processing capacity to 3,060,000 tpa.

Competitive Strengths

We believe that we possess several key competitive strengths that place us in a strong position to take advantage of the growth opportunities in the palm oil industry in the coming years.

Our Group's core competitive strengths are as follows:

Significant cultivable land bank with new planting potential

Our initial oil palm plantation was set up in Central Kalimantan and planting commenced in August 1998. Since 2002, we have expanded our oil palm plantations via strategic acquisitions of substantial land banks in the Kalimantan and Riau regions. We believe that the high mineral content in the soil and high average rainfall levels in these areas are well-suited for the cultivation of oil palm plantations.

From 2002 to 2011, the aggregate land (including land under the Plasma Programme and land managed by our Group on behalf of LSK) owned and/or controlled by our Group increased at a CAGR of 20.8% from 35,000 hectares to 191,561 hectares, and our total planted area increased at a CAGR of 41.6% from 5,186 hectares to 118,460 hectares over the same period.

The following table shows our land bank and planted area as at the Latest Practicable Date:

Location	**Land Bank (ha)**	**Planted Area (ha)**
Kalimantan	187,948	116,853
Riau	4,000	2,309
Total	191,948	119,162

Taking into account our existing land bank and planting programme, we believe that our Group is well positioned to substantially increase our planted area over the next few years. We have 62,786 hectares of land bank available for planting in the near future, and we target to increase the planted area by approximately 13,000 hectares (including the Plasma Programme) per year over the next four years. The aforesaid 62,786 hectares of land bank available for planting in the near future is subject to re-measurement during the certification process for obtaining *Hak Guna Usaha*, and excludes the

Designated Mining Area (as defined below) described in the section entitled "Interested Person Transaction and Conflicts of Interests — Interested Person Transactions — Present and Ongoing Interested Person Transactions" of this Prospectus. We are also continuously seeking opportunities to increase the size of our land bank and planted area through selective external acquisitions and additional concessions from the Indonesian government. We have not encountered any significant problems with our past acquisitions. For more information, please refer to the section entitled "Prospects, Strategies and Future Plans" of this Prospectus.

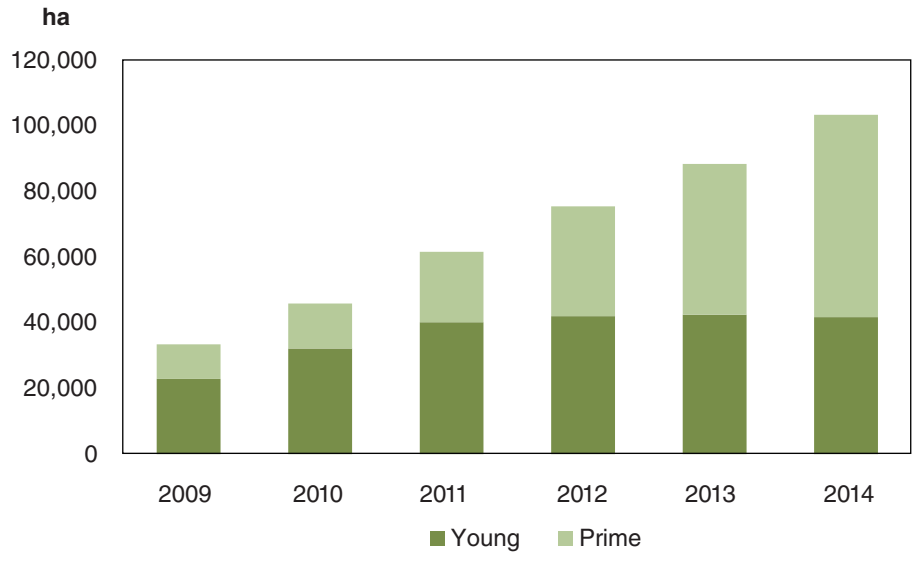
Attractive growth potential due to the young age profile of plantation

Oil palm trees require approximately three years to mature and do not reach peak production of FFB until seven years after planting. Peak production years for oil palm trees range from seven to eighteen years of age, after which, their production of FFB gradually declines. As at the Latest Practicable Date, the weighted average age of our oil palm trees was approximately five years, and only 28.1% of them have reached peak production age.

The following table shows the age profile of our cultivated plantations (including a breakdown between our nucleus plantation and the planted area under our Plasma Programme) as at the Latest Practicable Date:

	Immature Plants	**Mature Plants**		
	(0 – 3 years)	**Young (4 – 6 years)**	**Prime (7 – 18 years)**	**Total Area Planted**
Nucleus (ha)	36,319	31,117	20,415	87,851
Plasma (ha)	7,423	10,865	13,023	31,311
Total (ha)	43,742	41,982	33,438	119,162

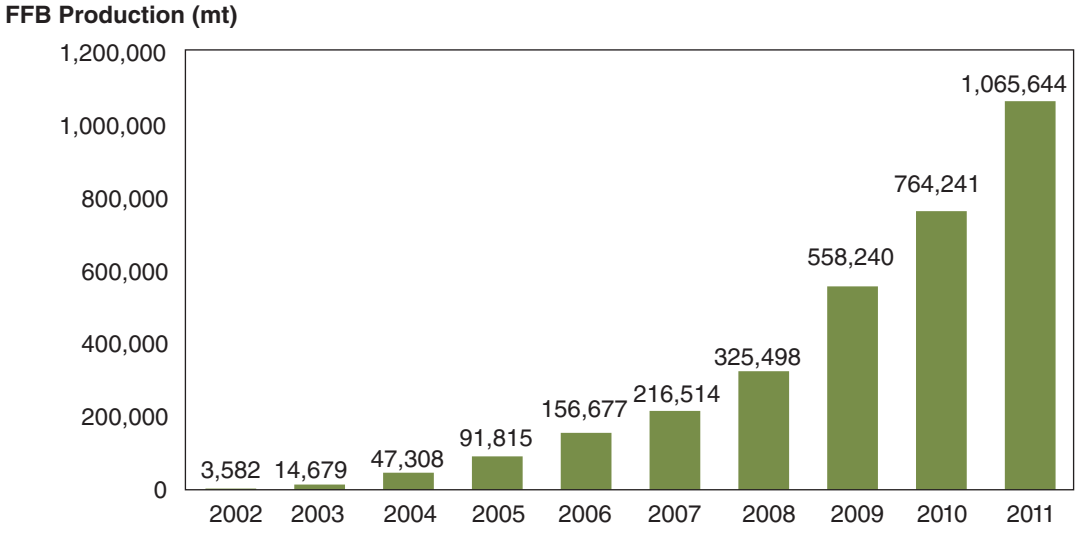
We expect the majority of our current immature and young plants to mature or reach peak production by 2014. The following diagram and table shows the maturity profile of our cultivated plantations (including the Plasma Programme) from FY2009 to FY2011 and over the next three years.



	2009	2010	2011	2012	2013	2014
Young (ha)	22,916	32,141	40,127	41,982	42,437	41,710
Prime (ha)	10,522	13,716	21,435	33,438	45,857	61,562

Our Group's FFB production increased at a CAGR of 88.3% from 3,582 mt in FY2002 to 1,065,644 mt in FY2011, and our average production yield was 16.3 mt of FFB per hectare in FY2011. We believe that our FFB production and yield will improve correspondingly as our trees reach their peak production age.

The following graph depicts the growth of our FFB production.



Strategically located plantations and CPO mills with efficient logistics

Our plantations and CPO mills are strategically located with efficient logistics support. Our plantations are located in the Kalimantan and Riau regions. The high mineral content in the soil and high average rainfall levels in these areas are well-suited for rapid oil palm growth and for maximising FFB production. Furthermore, substantially all our plantations are located on flat or mildly undulating terrain, which reduces the cost of planting, maintenance and harvesting.

We have located our CPO mills strategically such that they are in close proximity to our plantations, which ensures that our FFB arrives at our mills with minimal spoilage and reduces our transportation costs. In anticipation of increased FFB production, we expanded the FFB processing capacities of two of our CPO mills from 270,000 tpa each as at 31 December 2008 to 450,000 tpa and 540,000 tpa, respectively, as at 31 December 2009. We also commissioned two new mills in Central Kalimantan with FFB processing capacities of 45 tph or 270,000 tpa and 60 tph or 360,000 tpa in 2009 and 2011, respectively. We further commissioned a new mill in West Kalimantan with a FFB processing capacity of 30 tph or 180,000 tpa (expandable to 60 tph or 360,000 tpa) in 2011. We have also commenced the expansion of the FFB processing capacity of an existing CPO mill in Central Kalimantan from 45 tph or 270,000 tpa to 90 tph or 540,000 tpa, and another existing CPO mill in West Kalimantan from 30 tph or 180,000 tpa to 60 tph or 360,000 tpa, by acquiring and installing additional machinery. We expect such expansion to be completed by the second half of 2012. We intend to commence the construction of two additional CPO mills in Central Kalimantan with an aggregate FFB processing capacity of 90 tph

or 540,000 tpa (expandable to 135 tph or 810,000 tpa). We expect such construction to commence in the second half of 2012 and complete in the second half of 2013, increasing our total FFB processing capacity to 3,060,000 tpa.

Our logistics services support and complement our plantation operations by enabling us to store and transport our products efficiently and effectively. As at 31 December 2011, our Group owned 159 trucks for the transportation of FFB. We also owned 15 storage tanks, with a total combined capacity of 37,500 mt. Our storage and transportation facilities allow us to exercise better control over our logistics management. We have also improved our infrastructure, mainly through the construction of all weather roads in our plantations.

Application of the best agronomy practices

Our Group has adopted many industry best practices in our plantations to ensure better FFB and CPO yields at competitive costs.

We use high quality oil palm seeds, and only procure them from established seed producers such as PT PP London Sumatra Indonesia Tbk (Lonsum), New Britain Palm Oil Limited (PNG), PT Socfin Indonesia (Socfin), Pusat Penelitian Kelapa Sawit (Marihat) and PT Bina Sawit Makmur (Sriwijaya) due to historically higher FFB yield and extraction rate from the oil palms that we cultivate from these seeds.

We use *mucuna bracteata* as the leguminous cover plant for new plantings. The main functions of the legume ground cover are to protect the soil from erosion and enrich its organic content. This improves the soil structure, and leads to better aeration, infiltration and retention of moisture. The cover plant also minimises leaching losses of nutrients and reduces competition from noxious weeds. Legumes are the preferred cover plant as they increase the amount of nitrogen in the soil that is available to the oil palms. We prefer to use *mucuna bracteata* as our leguminous cover plant as it smothers noxious weeds well, has superior drought and shade tolerance, deters insects and cattle, has deep roots, and produces significant quantities of litter that decomposes slowly to increase the fertility of surface soil.

We are committed to using high quality fertilisers that are suitable for the oil palms in our plantations. We apply leaf and soil tests to ascertain the recommended dosage of fertiliser. We believe that the optimum use of fertilisers involves the right application of the right type of fertiliser at the right time and in the right dosage. In addition, we also improved the productive area of our plantations by increasing the trees per hectare planted to between 136 to 143 trees compared to an average of less than 130 trees per hectare for plantings prior to 2005.

As a result of implementing such best practices in plantation cultivation and management, the average FFB yield of our young nucleus plantations improved from 10.5 mt/ha in FY2009 to 13.3 mt/ha in FY2011, while the average OER of our plantations has also improved from 22.3% in FY2009 to 24.0% in FY2011. The average CPO yield of our nucleus plantations improved from 3.70 mt/ha in FY2009 to 3.92 mt/ha in FY2011.

Proven track record in plantation cultivation and management

We have an experienced and committed management team with an average of approximately 14 years of experience in the oil palm industry. Over the years, our management team has demonstrated the ability to build and integrate the various activities of our Group, enhance operational processes, manage price volatilities and identify new business opportunities including sourcing for suitable sites for

the cultivation of oil palm trees and the establishment of processing plants. We believe that the quality of our management team is vital in sustaining and growing our Group's business in the midst of increasing market competition.

Our management team has successfully operated in challenging business conditions and is able to understand and adapt to the local culture in the regions where our Group operates. We have successfully developed good rapport and relationships with the local communities and authorities in both the Kalimantan and Riau regions through our Plasma Programme as well as our corporate social responsibility programme.

Strong commitment to corporate social responsibility

Our Group is strongly committed to improving the social and economic welfare of the local communities in the areas where we operate. We believe it is imperative that we align our interest with the interests of the communities in which we operate in order to achieve long-term success in our industry. We have implemented a corporate social responsibility programme that provides livelihood to these local communities so that they can generate income and become independent. Our corporate social responsibility programme is focused on our Plasma Programme, and our education, health, religious, environmental and social initiatives.

As at the Latest Practicable Date, our Group maintained a partnership programme with more than 14,500 smallholders in all our operational areas with a total of 31,311 hectares of planted area under our Plasma Programme. The partnerships between us and the local communities are also stipulated by Law No. 18 of 2004 on Plantation. These partnerships helped increase the productivity of our plasma plantations as the local landowners benefit from our purchases of their FFB, and enjoy synergies from our Group's expertise in plantation management, logistics infrastructure and procurement of fertilisers and seeds. We believe that our Plasma Programme represents an avenue to provide more economic opportunities to local communities and to utilise the area more effectively.

As at the Latest Practicable Date, we had built 23 schools in the provinces of Central Kalimantan, West Kalimantan and Riau, with a total intake of more than 2,500 students. We have also provided educational scholarships for students and sponsored training programmes for teachers and principals. Our Group also provides free schooling, books and school bus transport to all students attending the schools we built.

Our Group has provided free basic medical services to all our employees and the local communities since 2004. We also contribute to the social and cultural welfare of the local communities by helping to build and repair places of worship. To promote cultural values, we sponsor and participate in traditional events and social functions.

Our education, medical and social initiatives have been well received by the local communities and have helped us to maintain strong ties with them. We believe that these initiatives are important factors in maintaining social harmony and minimising social issues within the local communities we operate.

Our Group also adheres strictly to a "zero burning policy" in our land-clearing methods to minimise air pollution, which is a health hazard to the local communities. We also apply a "zero waste policy" by recycling waste products such as EFB as an organic fertiliser and compost in our plantations. Our Group endeavours to comply with RSPO and ISPO principles. We are a member of RSPO and are aiming to achieve ISPO and RSPO certifications, starting with the certification of the CPO produced in one of our mills in Central Kalimantan by 2013.

Strategic association with IOI Corporation

As part of our plans to improve our value-chain, our Group also has an ongoing association with one of our Controlling Shareholders, IOI Corporation. IOI Corporation is one of the largest palm oil players globally with most of its plantations located in Malaysia, and is listed on the Bursa Malaysia Securities Berhad with a market capitalisation of US$11.0 billion as at the Latest Practicable Date.

The IOI Group cultivates oil palm and rubber and processes palm oil as part of its plantation business. It also engages in resource-based manufacturing, including the manufacturing of oleochemicals, specialty oils and fats, as well as palm oil refinery and palm kernel crushing. Apart from its plantation business, the IOI Group also has interest in the property business.

We believe that our Group can tap on technical and qualitative advice from IOI Corporation on plantation management and production processes to improve our operational efficiency. In particular, our Group's association with IOI Corporation has provided us with a useful benchmark for agronomy and operational practices.

Strategies and Future Plans

Our key strategies are to continue expanding our oil palm plantations and the FFB processing capacity of our CPO mills, and to carry on improving the productivity of our oil palm plantations and our CPO mills, capitalising on the expected strong demand for CPO and PK in the coming years.

Development and expansion of existing uncultivated land bank and oil palm plantations

As at the Latest Practicable Date, we owned and/or controlled an aggregate of 191,948 hectares of land (including land under our Plasma Programme and land managed by our Group on behalf of LSK), of which 119,162 hectares are planted area. Our total planted area comprised nucleus plantations of 87,851 hectares and plantations under our Plasma Programme of 31,311 hectares (73.7% and 26.3% of the total planted area, respectively). As our planted area covered only 62.1% of the total land bank owned and/or controlled by our Group as at the Latest Practicable Date, we believe that we are able to significantly increase our planted area through the development and cultivation of our existing land bank.

We intend to cultivate our existing land bank over the next four years with new plantings covering approximately 13,000 hectares (including the Plasma Programme) per year and further develop our immature oil palm plantations. In this connection, we intend to build access roads and clear existing vegetation in such uncultivated land bank for planting, purchase seeds and fertilisers, construct new permanent housing for our workers, acquire heavy equipment, and improve our transportation system and the existing supporting infrastructure to increase the efficiency of our delivery of harvested FFB to our processing facilities.

We intend to set aside S$142.0 million from the net proceeds of the Offering and the issuance of the Cornerstone Shares for these purposes. Further details are set out in the section entitled "Use of Proceeds" of this Prospectus.

Development and expansion of CPO mills

To cater for the expected increase in our FFB production as more of our oil palm trees mature, we have commenced the expansion of the FFB processing capacity of an existing CPO mill in Central

Kalimantan from 45 tph or 270,000 tpa to 90 tph or 540,000 tpa, and another existing CPO mill in West Kalimantan from 30 tph or 180,000 tpa to 60 tph or 360,000 tpa, by acquiring and installing additional machinery. We expect such expansion to be completed by the second half of 2012. We also intend to commence the construction of two additional CPO mills in Central Kalimantan with an aggregate FFB processing capacity of 90 tph or 540,000 tpa (expandable to 135 tph or 810,000 tpa). We expect such construction to commence in the second half of 2012 and complete in the second half of 2013, increasing our total FFB processing capacity to 3,060,000 tpa.

We intend to set aside S$29.2 million in FY2012 from our Group's internal resources and existing bank facilities for the above purposes, and expect the entire development and expansion to require S$48.0 million.

Acquisitions and other investments

With our key focus on growing our oil palm plantations and to ensure we have adequate land banks for cultivation, we are constantly on the lookout for new land banks. We plan, where appropriate, to acquire additional land banks and/or acquire high-yielding mature plantations directly or indirectly through acquisitions of companies with such interests whenever suitable opportunities arise or through land concessions from the Indonesian government. Such acquisitions are generally funded by our internal resources and/or bank borrowings.

SNA and BAS, our associated companies, are currently relatively small players in the oil palm industry in Indonesia. As at 31 December 2011, the SNA Group owned and/or controlled land of 39,650 hectares, with only 8,891 hectares being planted. The SNA Group started producing FFB towards the end of 2011, and is likely to begin construction of a CPO mill by 2014. The SNA Group is also looking to expand its planted area by increasing its planting. We have set aside up to S$27.9 million from the net proceeds of the Offering and the issuance of the Cornerstone Shares to finance our share of the capital expenditure of subsidiaries under SNA and BAS for cultivation.

Our subsidiary, BGA, entered into the GY Cooperation Agreement and GHL Cooperation Agreement on 1 November 2011 and 1 January 2011 respectively. Pursuant to the GY Cooperation Agreement and GHL Cooperation Agreement, our Group will (i) manage and operate the plantations of GY and GHL in return for a management fee; (ii) have the exclusive right to purchase any FFB produced from the plantations of GY and GHL; and (iii) have a call option over up to 95% and 80% of the total issued shares in GY and GHL, respectively.

For more information on the contracts entered into with KMS, Westbrook and SMS (as the case may be) in relation to GHL and GY, please refer to the section entitled "Interested Person Transactions and Conflicts of Interests — Present and Ongoing Interested Person Transactions" of this Prospectus.

Expansion and improvement of our corporate social responsibility and Plasma Programmes

Our Group is committed to improving the social and economic welfare of the local communities in the areas where we operate. We believe it is imperative that we align our interest with the interests of the communities in which we operate in order to achieve long term success in our industry. Our Group intends to continue to expand our corporate social responsibility programmes and to improve our ties with the local communities. To this end, we will take an active and leading role in community development and invest in the well-being of the local communities. We provide educational funds and assistance to local communities. We also carry out development and maintenance of public infrastructures such as roads and bridges leading to and from our estates, and opening new access roads to previously inaccessible areas. We also encourage and support religious pursuits regardless of religion by contributing to the construction of mosques, churches and other places of worship.

We believe that a strong corporate social responsibility programme keeps our ties with the local occupants strong and facilitates in our acquisitions of land banks under *Ijin Lokasi*. Our participation in the Plasma Programme is also significant, as it provides job opportunities and livelihoods for thousands of smallholders and their families, thereby minimising social issues and labour unrest that may otherwise hinder our Group's operations.

Where you can find us

The principal office of our principal subsidiary, BGA, is located at Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia, and its telephone number is +62 21 727 98418 and its facsimile number is +62 21 727 98665. Our registered office is located at 10 Anson Road #22-16B, International Plaza, Singapore 079903. Our telephone number is +65 6221 3686 and our facsimile number is +65 6222 2593. Our internet address is http://www.bumitama-agri.com.

Information contained on our website does not constitute part of this Prospectus.

The Issuer	:	Bumitama Agri Ltd., a company incorporated with limited liability in the Republic of Singapore on 2 December 2005.
The Vendor	:	Wellpoint Pacific Holdings Ltd, a company incorporated in the British Virgin Islands.
Offering Price	:	S$0.745 for each Share.
The Global Offering	:	297,570,000 Shares which consists of the subscription by the Cornerstone Investors, the Placement and the Public Offer (subject to the Over-allotment Option) comprising 273,334,000 New Shares and 24,236,000 Vendor Shares.
Subscription by the Cornerstone Investors	:	Each of Asdew Acquisitions Pte Ltd, Hwang Investment Management Berhad, Target Asset Management Pte Ltd, UOB Asset Management Ltd, Value Partners Hong Kong Limited and Wii Pte Ltd (a wholly-owned subsidiary of Wilmar International Limited) has entered into a cornerstone subscription agreement with the Company to subscribe for an aggregate of 124,833,000 New Shares at the Offering Price, conditional upon the Management and Underwriting Agreement and the Placement Agreement having been entered into, and not having been terminated pursuant to its terms on or prior to the Settlement Date, and the Offering Price not exceeding an agreed value. Each of Asdew Acquisitions Pte Ltd, Hwang Investment Management Berhad, Value Partners Hong Kong Limited and Wii Pte Ltd (a wholly-owned subsidiary of Wilmar International Limited) will subscribe for more than 5% of the Global Offering.
The Placement	:	157,737,000 Offering Shares by way of an international placement to investors at the Offering Price, including institutional and other investors in Singapore and outside the United States in compliance with Regulation S under the US Securities Act of which 2,712,000 Offering Shares will be reserved for subscription by certain key management staff of our Group. The Offering Shares have not been and will not be registered under the US Securities Act. The Offering Shares are being offered and sold outside of the United States in reliance on Regulation S and other applicable laws as defined in and in reliance on Regulation S.
The Public Offer	:	15,000,000 Offering Shares offered in Singapore at the Offering Price by way of an offering to the public in Singapore.
Clawback and Re-allocation	:	The Offering Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Joint Issue Managers, Bookrunners and Underwriters in the event of an excess of applications in one and a deficit in the other.

Application for Offering Shares under the Public Offer	:	Investors applying for Offering Shares under the Public Offer must follow the application procedures set out in the section entitled "Annex A — Terms and Conditions and Procedures for Applications" of this Prospectus. Applications must be paid for in Singapore Dollars in integral multiples of 1,000 Offering Shares subject to a minimum application for 1,000 Offering Shares.
Over-allotment Option	:	In connection with the Offering, the Vendor has granted the Joint Issue Managers, Bookrunners and Underwriters, an Over-allotment Option exercisable by the Stabilising Manager on behalf of the Joint Issue Managers, Bookrunners and Underwriters in whole or in part within 30 days from the Listing Date, to purchase and/or procure purchasers for up to an aggregate of 29,754,000 Additional Shares (which is in the aggregate of not more than 18% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of Offering Shares, if any.
Stabilisation	:	In connection with the Offering, the Stabilising Manager, on behalf of the Joint Issue Managers, Bookrunners and Underwriters, may over-allot Shares or effect transactions that stabilise or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulation thereunder. Such transactions, if commenced, may be discontinued at any time and shall not be effected after the earlier of (i) the date falling 30 days from the Listing Date or (ii) the date when the over-allotment of the Shares which are the subject of the Over-allotment Option has been fully covered, either through the purchase of the Shares on the SGX-ST or the exercise of the Over-allotment Option by the Stabilising Manager, or through both.
Lock-ups	:	We have agreed with the Joint Issue Managers, Bookrunners and Underwriters that, for a period from the date of the Management and Underwriting Agreement and the Placement Agreement until the date falling six months from the Listing Date (the "Lock-up Period"), we will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of our Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of our Shares.

Each of Wellpoint and Oakridge has agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters, *inter alia*, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its Shares, held by it as the date of its undertaking.

Fortune Holdings Limited, which owns 100% of Wellpoint, has agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters, *inter alia*, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its interest in Wellpoint or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its interest in Wellpoint, held by it as the date of its undertaking.

Fortune Holdings Limited has also agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will procure that Wellpoint will not without the prior consent of the Joint Issue Managers, Bookrunners and Underwriters, *inter alia*, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its interest in our Company, or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its interest in our Company, held by it as at the date of its undertaking.

IOI Corporation, which holds 100% interest in Oakridge, has agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters, *inter alia*, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its interest in Oakridge or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its interest in Oakridge, held by it as the date of its undertaking.

IOI Corporation has also agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will procure that Oakridge will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters, *inter alia*, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its interest in our Company, or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its interest in our Company, held by it as at the date of its undertaking.

Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto, who jointly control (i) 100% of the shareholding interest in Fortune Holdings Limited, the shareholder of Wellpoint, (ii) Fortune Corp Limited, which manages the Fortune Holdings Limited under a discretionary management mandate, and (iii) their and/or their associates' indirect interest in our Company, has agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, he will not and he will procure that his associates, Fortune Holdings Limited and Wellpoint (as the case may be), will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters, *inter alia*, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of his and/or his associates' and/or its interest in Fortune Holdings Limited, Fortune Corp Limited, Wellpoint and/or the Company (as the case may be) or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of his and/or his associates' and/or its interest in Fortune Holdings Limited, Fortune Corp Limited, Wellpoint and/or the Company (as the case may be) held by him/it as at the date of his undertaking.

The Cornerstone Investors are not subject to any lock-up restrictions in respect of their shareholdings.

For more information on the lock-up arrangements, please refer to the section entitled "Plan of Distribution — Restrictions on Issuance of Shares and Lock-ups" in this Prospectus.

Use of Proceeds : Based on the Offering Price of S$0.745 for each Offering Share and each Cornerstone Share, we estimate that the net proceeds to our Company from the issuance of 273,334,000 New Shares pursuant to the Offering and the Cornerstone Subscription Agreements, after deducting our share of management, underwriting and selling commissions and other estimated expenses payable in relation to the Offering and the issuance of the Cornerstone Shares, will be approximately S$195.2 million.

We intend to use these net proceeds as follows:

(a) approximately S$142.0 million will be committed for capital expenditure for the expansion and development of our existing uncultivated land bank and oil palm plantations;

(b) approximately S$12.6 million to repay the Shareholder Loans, where the majority of the loans were used to increase and consolidate our shareholding in our subsidiary, BGA, as part of the Restructuring Exercise;

(c) approximately S$27.9 million to finance our share of the capital expenditure of subsidiaries under SNA and BAS for cultivation; and

(d) the balance of approximately S$12.7 million for our working capital needs.

We will not receive any of the proceeds from the sale of the Vendor Shares and the Additional Shares if the Over-allotment Option is exercised. Please see the section entitled "Use of Proceeds" of this Prospectus.

Dividends : We will, in determining our dividend payout in respect of a particular financial year, take into account, among other things, our future earnings, operations, capital requirements, cash flow and financial condition, as well as conditions in the general business environment and other factors which may be considered relevant by our Directors.

Listing and Trading : Prior to the Offering, there has been no public market for our Shares. An application has been made to the SGX-ST for permission to list all our issued Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares) on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted to deal in and for quotation of all our issued Shares.

Our Shares are expected to commence trading on a "ready" basis at 9:00 a.m. (Singapore time) on 12 April 2012. Please see the section entitled "Details of the Offering — Indicative Timetable for Listing" of this Prospectus.

Our Shares will, upon their issue, listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of CDP. Dealing in and quotation of our Shares on the SGX-ST will be in Singapore Dollars. Our Shares will be traded in board lot sizes of 1,000 Shares on the SGX-ST.

Settlement	:	We and the Vendor expect to receive payment for all the Offering Shares in the Placement and the Public Offer on 11 April 2012. We and the Vendor will deliver global share certificates representing the Offering Shares to CDP for deposit into the securities accounts of successful applicants on or about 11 April 2012. Please see the section entitled "Clearance and Settlement" of this Prospectus.
Risk Factors	:	Prospective investors should carefully consider certain risks connected with an investment in the Offering Shares, as discussed under the section entitled "Risk Factors" of this Prospectus.

Prospective investors should carefully consider and evaluate the following considerations and all other information contained in this Prospectus before deciding to invest in our Shares. Some of the following risk factors relate principally to the industry in which our Group operates and the business of our Group in general. Other considerations relate principally to general economic and political conditions, the securities market and ownership of our Shares, including possible future sales of our Shares.

If any of the following considerations and uncertainties develops into actual events, our business, results of operations and financial condition could be materially and adversely affected. In such cases, the trading price of our Shares could decline due to any of these considerations and uncertainties, and investors may lose all or part of their investment in our Shares. To the best of our Directors' belief and knowledge, all the risk factors that are material to investors in making an informed judgement have been set out below.

RISKS RELATING TO OUR BUSINESS AND THE INDUSTRY IN WHICH OUR GROUP OPERATES

Our Group faces risks relating to the expansion of our operations and our plantations

We are currently in an expansion phase and intend to increase the hectarage of our plantations and expand the production facilities for our operations. We increased our land bank by 26,920 hectares in FY2011 and are in the process of expanding the FFB processing capacity of two of our existing CPO mills, as well as considering other expansion opportunities for our plantations and mills. For more details, please refer to the section entitled "Prospects, Strategies and Future Plans" of this Prospectus. Our expansion plans involve a number of risks, including planting, engineering, construction, regulatory and other significant risks, that may delay or prevent the successful completion or operation of expansion projects or significantly increase our expansion costs. In particular, in order to expand our plantations, we need to obtain a sufficient amount of suitable land and high quality germinated seeds. Our ability to successfully complete expansion projects on time is also subject to financing and other risks.

It is possible that our expansion will be adversely affected and/or be unsuccessful because:

- Indonesian government policies could limit our ability to obtain land rights to additional land suitable for plantation;
- we may not be able to convert our *Ijin Lokasi* to *Hak Guna Usaha* in order to use our land for our plantation business;
- we may not be able to complete our plantation and mill expansion projects on time or within budget;
- our new or expanded plantations may not be able to produce crops at the level expected or may cost more to cultivate and harvest than expected;
- our new or expanded mills may not be able to process FFB at the production level expected or may cost more to operate than expected;
- environmental concerns, principles or regulations may limit our ability to expand into the geographic areas or at the speed that we have planned;
- we may not be able to sell our production volumes at prices that we expect; and

- we are subject to a number of restrictive covenants under our banking and financing agreements that could restrict our operational activities, including our ability to finance or complete our expansion projects.

Any of these factors affecting the success of the expansion of our operations or plantations could have a material adverse impact on our business, financial condition or results of operations.

Our Group is vulnerable to significant fluctuations in prices and availability of key raw materials

The key raw materials required for our Group's operations include FFB acquired from third parties (excluding those acquired under the Plasma Programme), fertiliser and pesticides. These key raw materials accounted for 65.1%, 53.6% and 44.4% of the total cost of sales of our Group in FY2009, FY2010 and FY2011, respectively. For FY2011, our Group depended on third parties for 26.0% of the volume of FFB we processed. We also depend on third parties for all of our other key raw materials. The prices and availability of such materials may be affected by factors such as changes in global demand and supply for these materials, availability of other substitute products, the state of the global economy, environmental regulations, tariffs, natural disasters, forest fires, weather conditions and labour unrest. Any significant fluctuation in the prices and availability of such materials may result in a corresponding fluctuation in our Group's cost of sales, which may in turn adversely affect our profitability and overall financial performance.

Our expansion plans are dependent on the availability of high quality germinated seeds

In order to achieve high FFB yields, we use only high quality germinated seeds procured from established seed producers. For more information, please refer to the section entitled "General Information on our Group — Business and Operations" of this Prospectus. We do not possess seed production capabilities and as such, we are dependent on external suppliers for such high quality germinated seeds. In the event of a shortage of high quality germinated seeds arising from factors such as strong demand for such seeds in the industry or from the occurrence of natural disasters that may affect global supply of high quality germinated seeds, we may not be able to seek alternative sources of supply in a timely manner. This could adversely affect our ability to achieve our new planting target under our expansion plans.

Our Group may be affected by adverse weather conditions, natural disasters and other factors

The production of CPO and other palm oil derivative products are highly dependent on sufficient supply of FFB. Being an agricultural product, the occurrence of unfavourable weather conditions and natural disasters such as fires, droughts, floods, earthquakes, volcanic activity, as well as haze from forest fires, labour strikes or other disturbances which may cause delay in fertiliser application will affect the supply and quality of FFB. For instance, the quantity of FFB harvested is partially dependent on the level of rainfall. The areas in which our plantations are located experience seasonal changes in rainfall, generally resulting in a higher quantity of FFB harvested during the wet seasons and a lower quantity during the dry seasons. In the event of drought or flood, the quantity of FFB harvested from our plantations would be reduced. As our third party FFB suppliers are located near to our plantations and/or mills, where such drought or flood is widespread and affects the harvest of our FFB suppliers, there would also be a shortage of supply of FFB to our Group. In the event of any such shortage, our production of CPO will be adversely affected.

Our Group may be adversely affected by pests or diseases

Oil palm plantations are susceptible to pests and diseases. The outbreak of leaf eating insects such as nettle caterpillars and bagworms is common in plantations where only one type of crop is grown.

The outbreak of pest infestation and disease may result in a decrease in the production of FFB and destruction of oil palm trees in some instances, which in turn may have a negative impact on our business operations and financial performance. In addition, we may have to incur additional expenditure to control or eradicate such outbreaks.

Since the commencement of our business, we have not experienced any outbreaks of pest infestations or disease that has had a significant impact on our operations. There can be no assurance that there will be no major outbreaks of pest infestation or disease in the future that could materially and adversely affect our business, financial condition, results of operations and prospects.

Our Group will be adversely affected by any significant or prolonged disruption to our production facilities

We face a number of operational risks at our mills and plantations. Any prolonged and/or significant downtime arising from major and unexpected repairs or servicing or mechanical failure of any of our major plants, machinery and/or equipment that result in major disruptions to our operations could cause us to be unable to process our harvested FFB, either within a short period of time or at all, which could lead to a loss of product or diminished product quality.

Similarly, our processing facilities are also subject to a number of risks, such as fires, floods, explosions, natural disasters, spills from storage tanks, third-party interference, disruptions in the supply of water or electricity, war or terrorism and communal unrest. This could lead to significant disruption to our operations or result in significant damage to our Group's production facilities or inventories. These hazards could also result in environmental pollution, personal injury or wrongful death claims and other damage to our properties. These may materially and adversely affect our Group's business and financial performance.

Our Group is dependent on temporary labour for planting, maintenance and production processes

We engage temporary labour (on a daily basis without any contract) to carry out certain aspects of our planting, maintenance and production processes. As at the Latest Practicable Date, temporary labour accounted for 51.2% of our Group's total labour force. There can be no assurance that we can engage sufficient temporary labour for our planting, maintenance and production processes. In the event that we are unable to secure sufficient temporary labour, our ability to produce our products may be adversely affected and accordingly, our financial performance may be adversely affected.

Our Group is exposed to foreign currency exchange risks

Our Group's functional and reporting currency is the Rupiah. One of the most important and immediate causes of the economic crisis that began in Indonesia in mid-1997 was the depreciation of and volatility in the value of the Rupiah as measured against other currencies, such as the US Dollar. Although the Rupiah has since appreciated from the low point of approximately IDR 16,650 per one US$ in June 1998, the Rupiah continues to experience significant volatility.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to accounts held by non-Indonesians at a bank within or outside Indonesia). 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. There can be no assurance 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 US Dollar, will not occur, or that the Indonesian government will take additional action to stabilise, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful. Please see the section entitled "Exchange Rates and Exchange Controls" of this Prospectus for more information on Bank Indonesia's policies and regulations to maintain the stability of the Rupiah.

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 and increases in the price of imports. Any of the foregoing consequences could have a material adverse effect on our business, financial conditions, results of operations and prospects.

Further, the costs of certain of our Group's key purchases, in particular, fertilisers, heavy equipment, machinery and spare parts, representing 7.3% of our total purchases (including capital expenditure) in FY2011, are denominated in US Dollars. To the extent that the purchases of our Group are denominated in currencies other than the Rupiah, our Group will have a foreign currency exposure which may have an adverse impact on its business.

In addition, a significant amount of our borrowings are denominated in US Dollars. As such, any appreciation in the US Dollar against the Rupiah could result in our Group incurring foreign exchange losses due to settlement or revaluation of our US Dollar denominated borrowings. As at the Latest Practicable Date, 56.5% and 43.5% of our total borrowings were denominated in US Dollars and Rupiah, respectively.

We rely on bank borrowings to finance our operations

Certain of our Group Companies rely on credit facilities from financial institutions. Such facilities may include restrictive covenants such as (i) limiting certain of our Group Companies' ability to pay dividends or requiring us to seek consent from the relevant financial institutions for the payment of dividends; (ii) requiring us to maintain certain financial ratios, failing which repayment of the debt may be accelerated; (iii) restricting our ability to undertake or requiring us to obtain consents from the relevant financial institutions for corporate restructurings, mergers and acquisitions, additional financing or other fund raising exercises; and/or (iv) requiring the retention of ultimate majority shareholding interest in certain of our Group Companies by the Controlling Shareholders both prior to and after the Offering. In the event that such restrictive covenants are not discharged or such consent is not granted by the relevant financial institutions, our operations, future expansion and the attractiveness of our Shares as an investment may be adversely affected. For more details on the restrictive covenants applicable to our credit facilities, please refer to Note 17 of our combined financial statements included in this Prospectus. As at the Latest Practicable Date, the aggregate amount of credit facilities which were subject to one or more of these covenants was approximately US$246.6 million.

Apart from internal funding resources, we also rely on finance leases and loans to finance our operations. Please refer to the section entitled "Capitalisation and Indebtedness" of this Prospectus for a summary of our bank borrowings. If all or a substantial portion of our facilities are withdrawn and we

are unable to secure alternative funding on acceptable commercial terms, or if the cost of such alternative funding is higher than our present cost of funds, our operations and financial position will be materially and adversely affected.

Our Group may require additional funding in the future

Our Group may, from time to time, come across and pursue business opportunities that we consider to be favourable for our future growth and prospects. To the extent that funds generated from our operations have been exhausted, our Group may need to obtain additional funding (through bank borrowings or from the debt or equity capital markets) to finance such opportunities. Our Group's working capital and capital expenditure needs may also vary materially from those presently planned and this may also result in the need for substantial new capital or funding.

Further issuances of securities after the completion of the Offering may lead to a dilution in the equity interests of Shareholders in our Company. Further debt financing (whether through bank borrowings or from the debt capital markets) may, apart from increasing gearing and interest expense, contain restrictions on dividend payments, future fund raising ability and other financial and operational matters. Additionally, there can be no assurance that our Group will be able to obtain any additional funding, whether bank borrowings, equity or debt, at commercially reasonable terms, or at all. Our failure to obtain adequate or additional funding in the future may limit the expansion and growth of our business and may adversely affect our financial performance as a whole.

Increases in interest rates on our bank borrowings may adversely affect our Group's profits

As at the Latest Practicable Date, the aggregate amount outstanding in respect of our Group's bank borrowings was US$246.6 million. For details of our bank borrowings, please refer to the section entitled "Capitalisation and Indebtedness" of this Prospectus. Interest rates on all of our bank borrowings are subject to revision by the lending banks, which may adjust the interest rates to take into account inflation, changes in general economic conditions or changes to monetary policy adopted by Bank Indonesia. If the interest rates for all or a substantial portion of our credit facilities increase, our present borrowing costs will increase and this would in turn have an adverse impact on our profitability and financial results.

Our Group is subject to trade, import and export policies and tariffs

As our Group buys imported fertilisers and heavy equipment, any material changes in Indonesian import policies that affect our Group's purchases of such fertilisers or heavy equipment or any import or export bans or an increase in export or import taxes or other similar or related actions by the relevant governments may cause a significant disruption to our production activities and adversely affect our Group's profitability.

Our Group faces various risks relating to its ownership and acquisition of land

As at the Latest Practicable Date, our Group owned and/or controlled an aggregate of 191,948 hectares of land (including land under the Plasma Programme and land managed by our Group on behalf of LSK), comprising land under:

(a) *Ijin Prinsip* of 11,104 hectares, of which 8,684 hectares have expired *Ijin Prinsip*;

(b) *Ijin Lokasi* of 136,320 hectares, of which 111,820 hectares have expired *Ijin Lokasi*;

(c) *Hak Guna Usaha* of 32,729 hectares; and

(d) Plasma Programme of 11,795 hectares where the plasma holders have obtained their own *Ijin Lokasi* and/or *Hak Milik*.

The risk factors relating to the ownership and acquisition of land which our Group is subject to are as follows:

(i) Our Group may face prohibitions and constraints in its ownership and acquisition of land

Land in Indonesia is controlled by the government, who grants land rights for fixed durations. *Hak Guna Usaha* gives its registered holder the right to use state-owned land to cultivate plantations for a fixed duration. The validity of *Hak Guna Usaha* may be extended beyond its initial duration, provided that the holder can fulfil certain requirements. *Hak Guna Usaha* can be obtained from the Indonesian government via an application to the National Land Agency.

The application for *Hak Guna Usaha* involves a number of stages. The main stages of the process are: the issuance of *Ijin Prinsip*; the issuance of *Ijin Lokasi*; obtaining Forest Relinquishment (in the event the relevant land is located within a forest area); Kadastral Map (a land measurement and survey process); the recommendation of Panitia B Minutes (a report containing the opinions and considerations of a special land committee in relation to the granting of *Hak Guna Usaha*); the issuance of *Surat Keputusan Pemberian Hak Guna Usaha* (Decision Letter of Granting of *Hak Guna Usaha*); and, subject to the payment of the land registration compensation to the state account, the issuance of the *Hak Guna Usaha* certificate by the District Regional Land Agency. Please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus for more information on the land application process.

On 10 February 1999, the State Minister for Agrarian Affairs and Head of the National Land Agency issued Regulation No. 2/1999, which sets limits on the aggregate size of agricultural plantations (including oil palm plantations) which may be held by any person, company, group or related persons or companies. According to Regulation No. 2/1999, the maximum aggregate land area that may be owned by a company, or a group of companies under the same shareholding, for oil palm cultivations is 100,000 hectares nationally and 20,000 hectares for each province, except for the province of Papua (formerly known as Irian Jaya) where the maximum area is 40,000 hectares. The above limitations are only applicable to *Hak Guna Usaha* and do not apply to land under Kadastral Map or *Ijin Lokasi*. Our Group currently owns 32,729 hectares of land under *Hak Guna Usaha* nationwide, with all of these lands located in the same province of Central Kalimantan.

On 23 May 2002, the Minister of Agriculture issued Decree No. 357/Kpts/HK.350/5/2002 on guidelines for licensing plantation business ("Decree No. 357/2002"), which imposes the same restrictions on the size of land plots for plantation cultivation.

However, on 11 August 2004, the Indonesian government enacted Law No. 18 of 2004 on Plantation ("Law 18/2004"), which provides, *inter alia*, that with regard to land used for plantation businesses, the Minister of Agriculture shall stipulate the minimum and maximum acreage that may be granted to a company, while the governmental agency in charge of land affairs shall issue the land titles.

Pursuant to Law 18/2004, the Minister of Agriculture issued Regulation No. 26/Permentan/OT.140/2/2007 on the Guidelines for Licensing of Plantation Business ("Regulation No. 26/2007"). Regulation No. 26/2007 provides, amongst others, that the maximum acreage which can be

granted to an oil palm plantation company (each company is deemed as a single legal entity and not to be aggregated with other group companies under the same shareholding) is 100,000 hectares, except that the maximum acreage in the province of Papua is two times the maximum acreage as set forth in Regulation No. 26/2007. As our Group owns and/or controls 191,948 hectares of plantation land (including land under the Plasma Programme and land managed by our Group on behalf of LSK) through various subsidiaries, each holding no more than 100,000 hectares, we are in compliance with Regulation No. 26/2007. The *Ijin Usaha Perkebunan* (Plantation Business Licence) issued prior to the enactment of Regulation No. 26/2007 is still valid and serves as a business licence for the holder. Decree No. 357/2002 was revoked by Regulation No. 26/2007.

Although Regulation No. 26/2007 has been effective since February 2007, Regulation No. 2/1999 which was issued by the National Land Agency has never been revoked or amended to be in line with Law 18/2004 and Regulation No. 26/2007. As mentioned above, Regulation No. 26/2007 allows each company to own plantations of up to 100,000 hectares, and thus appears to be in conflict with Regulation No. 2/1999. Hence, it is unclear how the National Land Agency or the Provincial Regional Government will respond to the issuance of Regulation No. 26/2007. There is a possibility that, in practice, the National Land Agency may still enforce and apply the limitation of plantation area stipulated in Regulation No. 2/1999.

In addition, on 20 May 2011, the President of the Republic of Indonesia issued Presidential Instruction No.10 of 2011 on the Suspension of New Licences and Improvement of the Management of Natural Primary Forest and Peat Land ("Presidential Instruction No. 10/2011"), which instructed the Minister of Forestry, the Minister of Internal Affairs, the Minister of Environment, the Head of National Land Agency, all governors, all Heads of Regencies and several other government authorities to suspend for a period of two years any issuance of new licences, recommendations, and *Ijin Lokasi* involving land area of natural forests and peat land located in conservation forests, protected forests, production forests and other designated areas (*Area Penggunaan Lain*) as prescribed in an indicative map attached thereto, and its further amendments from time to time. Presidential Instruction No. 10/2011 stipulates that the indicative map shall be re-evaluated every six months. The term "other designated areas" is not defined. Please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus for more information on the land application process.

These regulations, or changes to such regulations, or any new regulations imposed by the Indonesian Government in relation to the ownership and acquisition of land, may prevent us from acquiring suitable land for development to expand our plantation operations in the future and/or affect the existing land owned and/or controlled by our Group that is currently in the certification process for obtaining *Hak Guna Usaha*, which could adversely and materially affect our business and financial performance.

(ii) Our Group holds uncertified land, the titles to which may be the subject of dispute

As at the Latest Practicable Date, 79.3% of the aggregate land owned and/or controlled by our Group (including land under the Plasma Programme and land managed by our Group on behalf of LSK) is uncertified. Uncertified land refers to land for which title (in this case *Hak Guna Usaha* and/or *Hak Milik*) has not been conferred on the landholder. Uncertified land includes land under *Ijin Prinsip* and *Ijin Lokasi*, in the Forest Relinquishment process, in the Kadastral Map process, in the Panitia B Minutes process, and under the issuance of *Surat Keputusan Pemberian Hak Guna Usaha* (Decision Letter of Granting of *Hak Guna Usaha*), pending payment of the land registration compensation to the state account. For some of our land under *Ijin Lokasi*, we have

entered into various compensation arrangements with Indonesian individuals who were mainly the existing occupants of such uncertified lands, where these individuals agreed to vacate the land or relinquish their control over the land to the state, to enable us to obtain *Hak Guna Usaha* over the land. We have the contractual arrangements to physically possess such uncertified land based on our compensation arrangements with the previous occupants of the land. Despite such contractual arrangements, we still have to apply for *Hak Guna Usaha* with the Indonesian government before we are able to obtain valid title to the land. As at the Latest Practicable Date, our Group has applied for *Hak Guna Usaha* certification in respect of all the uncertified land for which such compensation arrangements have been completed.

However, due to the developing nature of Indonesian land law and the lack of a uniform title system in Indonesia, disputes over our acquisition of title may arise in situations such as: (i) claims by former owners and/or their relations or illegal occupants over the same land; and (ii) claims by third parties who want to profit from the situation by moving into such land, knowing that our Group needs the land cleared for its business. In particular, rights to lands that have been formed from the land of many small occupants or land belonging to the indigenous people may give rise to disputes with former or illegal occupants. A dispute may prevent or indefinitely postpone the granting of *Hak Guna Usaha* in our favour, as the government will need time to investigate the dispute. Generally, the government will issue *Hak Guna Usaha* only after all disputes have been settled. Any such postponement could in turn have an adverse effect on our prospects and future expansion. As at the Latest Practicable Date, our Group has not been involved in any material dispute over the uncertified land controlled by our Group.

Further, before allocating undeveloped land for plantation use, the Regional Government will consult other related government agencies. Due to the difficulties in producing accurate maps, there is no assurance that the government agencies will not assign overlapping or competing rights for different uses for the same area of land. In addition, the allocation of undeveloped land for use may not always take into account the existence of protected areas such as forest areas. There is therefore a risk that we may have been or be assigned rights to land which contains protected areas or is subject to restrictions or on which there are already competing and conflicting third party land rights. Such restrictions or conflicts may limit or prevent our use of such land for our intended purposes such as oil palm cultivation.

(iii) The issuance of Ijin Lokasi is subject to approval and recommendation from the relevant authorities

As at the Latest Practicable Date, our Group has applied for additional *Ijin Lokasi* in respect of 11,104 hectares of land for which we had already obtained *Ijin Prinsip*, some of which have since expired. The *Ijin Lokasi* will be issued by the Head of Regency having jurisdiction over the location of the plots of land in respect of which the *Ijin Lokasi* is being applied for. The issuance of *Ijin Lokasi* will be made by the Head of Regency in accordance with the regional spatial layout and based on the recommendations from the District Regional Land Agency and other government related agencies (as the case may be), including the Department of Agriculture and the Department of Forestry (together, the "Relevant Departments"). There is a possibility that the Relevant Departments may, for any reason, not issue the required recommendation in our favour, which may have an adverse effect on our prospects and future plans.

(iv) The Ijin Lokasi for certain of our land may not be extended

The *Ijin Lokasi* allows our Group to acquire the title with respect to the land covered by the *Ijin Lokasi* in accordance with the prevailing laws and regulations. Upon the completion of the

compensation arrangements for such land, our Group would be entitled to begin the process of applying for *Hak Guna Usaha* certification over such land and to occupy and cultivate such land. During the certification process, the land will be re-measured to exclude, *inter alia*: (i) land allocated to the Plasma Programme (for which our Group is not responsible for applying for land titles); and (ii) land deemed unsuitable for cultivation (such as river and swamp areas). The extension of *Ijin Lokasi* may be prevented if our Group fails to acquire at least 50% of the land covered under the *Ijin Lokasi* within its validity period. The validity period of *Ijin Lokasi* is usually one to three years, depending on the size of the area. In approving the extension of an *Ijin Lokasi*, the Indonesian government will take into account (i) the readiness and ability of the relevant plantation company to commence commercial planting, (ii) the obstacles to achieving the 50% land acquisition threshold, and (iii) the reputation of the holder of the *Ijin Lokasi*.

As at the Latest Practicable Date, 111,820 hectares of our land have expired *Ijin Lokasi* and applications for extension of the expired *Ijin Lokasi* are currently underway. We have also applied for the *Hak Guna Usaha* certification in respect of 101,820 hectares of the land under the expired *Ijin Lokasi*, with the remaining 10,000 hectares of land allocated to plasma holders for which the responsibility of applying for land titles lies with the relevant plasma holders.

There can be no assurance that the extension of our *Ijin Lokasi* will be granted and that *Hak Guna Usaha* will be issued. In such an event, our Group may lose its rights granted by the Indonesian government under the expired *Ijin Lokasi* and the prospects of our Group may be adversely affected.

(v) We may not be able to obtain Hak Guna Usaha certification in respect of our Ijin Lokasi

As at the Latest Practicable Date, we have applied for *Hak Guna Usaha* certification in respect of 101,820 hectares of land which have expired *Ijin Lokasi*, out of which:

(a) 31,610 hectares of land are still in the application stage for the Kadastral Map; and

(b) the remaining land has been re-measured at various stages of Forest Relinquishment, Kadastral Map, Panitia B Minutes and/or *Surat Keputusan Pemberian Hak Guna Usaha* (Decision Letter of Granting of Hak Guna Usaha) (where applicable) to be 59,401 hectares.

However, as the administration of land laws and regulations may be subject to a certain degree of discretion by the Indonesian government authorities and due to the lack of uniform implementation of regulations, there is no assurance that the relevant authorities will not take a different approach or view with respect to the uncertified land, its use, registration and future disposal. Please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus for more information on the procedures for obtaining *Hak Guna Usaha* certifications.

If for any reason our Group fails to fulfil the registration procedures as required under the Basic Agrarian Law of 1960, there is no assurance that the relevant land agency will proceed to issue *Hak Guna Usaha* certification for land which we have begun planting. In the event that *Hak Guna Usaha* certification is not obtained for whatever reason, we are required by law to clear such land which we have started planting, and this would materially and adversely affect our operations and prospects.

Our Group is subject to intense competition for land in Indonesia

We compete with other plantation companies in the procurement of suitable land for expansion. Our current land bank (excluding the Designated Mining Area of 10,000 hectares) is expected to be fully utilised in about four years' time and as such we are actively expanding our land bank and are open to offers from other planters for existing private lands as well as from the state government for state lands. If we are not able to acquire suitable land on a timely basis, our ability to grow and expand may be curtailed.

Our Group's operations are dependent on our ability to obtain, maintain and renew all necessary licences and approvals

Our Group is required to possess various licences or approvals from the Central Government and the Regional Governments to carry out its plantation operations. The licences from the Central Government or the Regional Governments include, among others, business licences, foreign investment licences and land utilisation permits. There can be no assurance that the relevant governments or regional government authorities will not revoke or refuse to issue or to renew the licences and/or approvals of our Group in order to operate its business. Our Group must renew all licences and approvals as they expire, as well as obtain new licences and approvals whenever required.

We are also required to comply with reporting obligations to the relevant governmental authorities in accordance with the provisions and procedures set forth in our licences such as, among others, *Ijin Usaha Perkebunan* (Plantation Business Licence) and foreign investment licences. The failure of our Group to comply with the reporting obligations in connection with our *Ijin Usaha Perkebunan* may cause our Group to be subject to an administrative penalty in the form of a warning and revocation of our *Ijin Usaha Perkebunan* if such reporting is not complied with after three warnings are served. The failure of our Group to comply with the reporting obligations in connection with our foreign investment licences may also cause our Group to be subject to an administrative penalty in the forms of, *among others*, written warnings, restriction of business activity, and business activity and investment facilities revocation. Although there were instances in the past where we did not fully comply with the reporting obligations for *Ijin Usaha Perkebunan* and foreign investment licences, our Group has never received any administrative penalty from the relevant authorities. However, there is no assurance that in the future, our Group will not receive any administrative penalty in connection with any past non-compliance with these reporting obligations.

If our Group fails to obtain, maintain or renew the licences and approvals required by the Central Government and the Regional Governments to conduct its operations, our Group's business, financial condition, results of operations and prospects would be materially and adversely affected.

Our Group may not be able to retain or replace our major customers

Our Group is largely dependent on two major customers, the Wilmar Group and the Sinar Mas Group, for a substantial portion of our sales. Sales to the Wilmar Group and the Sinar Mas Group accounted for, in aggregate, 56.8% and 25.3% of our Group's sales of CPO and PK for FY2011. For details on the major customers of our Group, please refer to the section entitled "General Information on our Group — Major Customers" of this Prospectus.

Also, save for certain short-term contracts which usually have a term of three months to one year for an agreed volume entered into with the Wilmar Group and the Sinar Mas Group, our Group does not require our customers to purchase any minimum quantum of our products on a recurring basis.

There is no assurance that our major customers will continue to place orders with our Group at current levels. If there is a significant decline in demand from our major customers or should they decide to discontinue their relationship with our Group, we may be left with surplus inventory of CPO which we may not be able to sell within a viable period. Consequently, our Group's sales volume and financial performance will be severely and adversely affected.

Our Group may have insufficient insurance coverage or no insurance coverage for certain contingencies and assets

Our operations are subject to hazards and risks inherent in agriculture and processing operations, such as fires, storage tank leaks, mechanical failure of equipment at our processing facilities and natural disasters. Many of these operating risks may cause personal injury and loss of life, severe damage to or destruction of our properties and environmental pollution, and could result in suspension of part or all of our operations and the imposition of penalties by the relevant authorities.

Our Group maintains industrial all risk insurance coverage for its storage tanks, mills and inventory. These insurance policies cover losses caused by, *inter alia*, fires, explosions, lightning strikes, floods, typhoons, storms, sudden landslides, depressions and sinking of the ground and other force majeure events, but exclude, *inter alia*, wars, hostile acts, military actions, riots, nuclear radiation and earthquakes. In addition, our Group maintains all risk and total loss insurance cover for its vehicles and heavy equipment.

Our Group also maintains fire insurance coverage for our oil palm plantations. However, as at 31 December 2011, the insurance coverage against plantation fires in our oil palm plantations covers only an aggregate area of 73,142 hectares (out of nucleus planted area of 87,581 hectares) for up to approximately IDR 1.8 trillion. In addition, our Group does not have insurance coverage against any losses arising from business interruption and only maintains insurance coverage against natural disasters including earthquakes, volcanic eruptions and tsunamis, in respect of our facilities in Riau.

In the event our losses exceed our insurance coverage, or if we are not covered by the insurance policies we have taken up, we may be liable to cover any losses. Any such losses may adversely affect our Group's business and may have an adverse impact on our financial results and profitability.

In addition, in the event of claims made against the insurance policies obtained by our Group, the premiums for such insurance policies may rise substantially. This will increase our expenses and adversely affect our profitability.

Our Group is dependent on our key management team

The continued service of our management team is one of our key success factors. The Company's success is to a large extent attributable to the strategy and vision of our senior management team, including Mr. Lim Gunawan Hariyanto (Executive Chairman and Chief Executive Officer), Mr. Gunardi Hariyanto Lim (Deputy Chief Executive Officer), Mr. Johannes Tanuwijaya (Chief Financial Officer) and Mr. Roebbianto (Chief Operating Officer), who have been instrumental in charting the business direction and spearheading the growth of our Group. There is no assurance that we will be able to retain our key management personnel. A loss of any of our key personnel without suitable replacements may have an adverse impact on our operations and our growth, prospects and future performance.

Our Group is subject to intense competition from other producers in the palm oil industry

We operate in an industry which is highly competitive and we face competition from other producers in the palm oil industry of similar products in the local market. Some of these producers have similar capabilities and compete with each other on key attributes such as quality of products, pricing, time-to-market and available production capacity. There can be no assurance that we can compete successfully in the future and maintain or increase our market share. In the event that we are unable to compete effectively, our business and future growth may be adversely affected.

Labour activism and strikes, or failure to maintain satisfactory labour relations may adversely affect our Group

Laws and regulations which facilitate the formation of labour unions, combined with weak economic conditions, have resulted, and may continue to result, in labour unrest and activism in Indonesia. In 2000, the Indonesian government issued Law No. 21/2000 (the "Labour Union Law"). The Labour Union Law permits employees to form unions without employer intervention. On 25 February 2003, a committee of the Indonesian Parliament, the People's Representative Council, or *Dewan Perwakilan Rakyat* ("DPR") passed Law No. 13/2003 (the "Labour Law"). The Labour Law took effect on 25 March 2003 and requires further implementation of regulations that may substantively affect labour relations in Indonesia.

The Labour Law increased the amount of mandatory severance, service and compensation payments payable to terminated employees. Under the Labour Law, employees who voluntarily resign are entitled to payments for, among other things, (i) unclaimed annual leave, (ii) relocation expenses (if any), (iii) compensation which amounts to 15% of the severance payment and/or reward for years of service (for those who are eligible), and (iv) certain other expenses. Employees who resign in connection with a change of control of their employer are also entitled, under the Labour Law, to severance and service payment. The Labour Law requires bipartite forums with participation from employers and employees and the participation of more than 50.0% of the employees of a company in order for a collective labour agreement to be negotiated, and also creates procedures that are more permissive to the staging of strikes. Following the enactment, several labour unions urged the Indonesian Constitutional Court to declare the Labour Law unconstitutional and order the government to revoke it. The Indonesian Constitutional Court declared the Labour Law valid except for certain provisions, including (i) the procedures for termination of employment of an employee who commits a serious mistake, (ii) criminal sanctions against an employee who instigates or participates in an illegal labour strike whether in the form of imprisonment or monetary penalty, (iii) for labour unions in companies which have more than one labour union, the need for 50.0% employee representation before such labour unions are eligible to conduct negotiations with the employer, and (iv) the ability to have outsourcing arrangements with fixed term employment contracts that do not contain provisions that protect outsourced employees upon the replacement of the outsourcing company, in which case the Company may not be able to rely on certain provisions of the Labour Law.

In April 2006, thousands of workers across Indonesia protested against proposed parliamentary revisions to the Labour Law which, if implemented, would curb the ability of workers to strike and soften regulations on severance payment for dismissed workers, among other changes. In response to these protests, President Yudhoyono has called upon Indonesian government officials and representatives of labour unions and employers to meet and agree on mutually acceptable revisions to the Labour Law. However, there can be no assurance that any revisions to the Labour Law will be passed into law. In the absence of any changes to the labour laws and regulations currently in effect, businesses in Indonesia, including our Group's, will be limited in their ability to maintain flexible labour policies.

Our Group's plantations and processing plants are labour intensive. Labour unrest and activism could disrupt our Group's operations and have a material adverse effect on our business operations and, in turn, our financial performance as a whole.

None of our employees is currently unionised. Although the operations of our Group have not been materially affected by any significant labour dispute in the last three financial years ended 31 December 2011 and the Relevant Period, there is no assurance that we will not experience labour unrest, activism or disputes in future which may be significant and could adversely and materially affect our business and financial performance as a whole.

Our Group may be adversely affected by an expansion of government policy on our obligations under the Plasma Programme

Under Indonesian government regulations, a plantation company with an oil palm planted area of at least 25 hectares and/or a minimum production capacity as set out in Regulation No. 26/2007 is required to develop and operate a plantation area near its plantation covering a minimum of 20% of the total plantation area which is operated by the plantation company for the local communities. Under the cooperation agreements entered into by our Group, we are committed to purchasing harvested FFB from the local farmers at the prevailing price set by a price committee established by the District Regional Government, with appropriate adjustments for the quality of the FFB. The prevailing price is based on the market price for CPO and PK.

There is no assurance that the relevant Indonesian authorities will not change the formula by which it sets the prevailing price. In the event that the prevailing price is set to be greater than the market price, our profit margins will be adversely affected as we will be required to purchase the harvested FFB from the local farmers at such price formula.

Our Group may be affected by regional and worldwide social, political and economic conditions

Globalisation has resulted in our dependence on global, social, political and economic conditions. Uncertainties arising from war, the potential threat of terrorism and the outbreak of infectious diseases may cause our customers to take a cautious approach to spending and consumption of services. Adverse changes in the political and social conditions both regionally and worldwide may affect consumers' sentiment and may result in the reduction of demand for our CPO and PK which will have an adverse effect on our Group's financial performance and growth.

We are, and will continue to be, dependent on the economic growth, political stability, social conditions of Indonesia and any other countries in which we intend to operate. Our growth and expansion plans may also be undermined by any labour disputes, political unrest, economic or financial crisis or disturbances occurring in Indonesia and any of such countries.

Future transactions between IOI Corporation and its associates and our associated companies, the SNA Group, may not be carried out on an arm's length basis

The SNA Group, our associated companies, are currently relatively small players in the oil palm industry in Indonesia. Our Company owns a 28% stake in each of SNA and BAS, while the IOI Group (through Oleander Capital Resources Pte Ltd) owns a controlling stake of 67% in each of SNA and BAS. The IOI Group utilises CPO and PK in its downstream manufacturing processes to produce, amongst others, oleochemicals and specialty oils and fats.

The IOI Group extends loans, provides management services and sells seedlings and/or clonal ramets to the SNA Group. While there are procedures in place to ensure that transactions between IOI Corporation and its associates and the SNA Group are carried out on an arm's length basis, as our Company has no management control over the SNA Group, there is no assurance that these procedures will be adhered to and that future transactions between IOI Corporation and its associates and the SNA Group will be conducted on an arm's length basis.

We will be seeking a shareholders' mandate in relation to future transactions between IOI Corporation and its associates and the SNA Group. For more information on the shareholders' mandate, please refer to the section entitled "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate for Transactions with IOI Corporation and its Associates" of this Prospectus, and the risk factor entitled "Future transactions between IOI Corporation and its associates and our associated companies, the SNA Group, may not be discontinued in the event the shareholders' mandate is not renewed".

Future transactions between IOI Corporation and its associates and our associated companies, the SNA Group, may not be discontinued in the event the shareholders' mandate is not renewed

Transactions between IOI Corporation, one of our Controlling Shareholders, and its associates and the SNA Group, our associated companies which are controlled by IOI Corporation, are regarded as interested person transactions under Chapter 9 of the Listing Manual. As such, we are seeking a shareholders' mandate in relation to future transaction between IOI Corporation and its associates and the SNA Group. For more information on the shareholders' mandate, please refer to the section entitled "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate for Transactions with IOI Corporation and its Associates" of this Prospectus.

As our Company has no management control over the SNA Group, in the event that the shareholders' mandate is not renewed, there is no assurance that future transactions between IOI Corporation and its associates and the SNA Group will be discontinued. There is also no assurance that such future transactions will be conducted on an arm's length basis. In such an event, our Company may not be able to comply with the requirements under Chapter 9 of the Listing Manual.

RISKS RELATING TO THE PALM OIL INDUSTRY

The prices of our products fluctuate along with international prices

CPO is a freely-traded market commodity. As such, the price for our CPO is based upon or affected by international prices for CPO, which are affected by a number of factors, including changes in:

- the supply and demand levels for CPO;
- world production levels of CPO and other vegetable oils (which tend to be affected principally by global weather conditions);
- world consumption levels of CPO; and
- the world economy generally.

The CPO price (cost, insurance and freight Rotterdam) on the Rotterdam market rose from a low of US$227.50 per mt in 2001 to US$1,040 per mt on 30 December 2011. Decreases in the international price of CPO could adversely affect our results of operations and financial condition. Taxes and other

factors, such as Indonesian export taxes and other Indonesian government regulations, also affect the prices at which we can sell our products domestically.

Decreases in the international market prices for CPO and PK could also cause us to realise losses from the changes in the fair value of our oil palm plantations under our accounting standards. See Notes 2.12 and 8 to our combined financial statements included in this Prospectus. Such losses (and gains) from the changes in the fair value of our oil palm plantations was one of the important factors determining the amount of our profits for FY2011. However, there is no cash flow impact arising from any fair value increase or decrease. As market prices for CPO and PK, as well as the other factors taken into account in the determination of the fair value of our oil palm plantations, such as, in particular, the discount rate used, can fluctuate significantly, it is difficult to predict our profits for any particular period and our historical results should not be regarded as an indicator of the future prospects of our Group. Please see the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" of this Prospectus.

Our products are subject to changes in consumer preferences and may face significant competition from other substitute products

CPO, soybean oil and rapeseed oil are some of the more common vegetable oils and to a certain extent are substitutable for one another. According to the industry report in the section entitled "Prospects, Strategies and Future Plans — The Palm Oil Industry" of this Prospectus, in the last ten years, worldwide consumption of palm oil had increased faster than any other vegetable oil and its success is linked to its versatile uses in the food industry and for many non-food applications, as well as its comparatively attractive price. Any significant increase in demand for products manufactured from soybean or rapeseed or substitution of palm oil for its competing vegetable oils in both food and non-food operations may have a material adverse effect on our business, results of operations and financial performance.

Our Group is exposed to risks of compensation claims from our customers if our CPO quality falls below the contracted quality standard

We are liable to compensate our customers in the event that the quality of our CPO falls below the contracted quality standard of CPO. For example, if the FFA content in CPO that we deliver to customers exceeds the contracted limit of FFA content, we may be liable to compensate our customers. In the event of compensation claims, there may be an adverse impact on our Group's financial performance. For more information on the quality standards of CPO, please refer to the section entitled "General Information on our Group — Quality Control" of this Prospectus.

Our revenue may be materially and adversely affected if our CPO quality falls below industry standard

The strength of our relationship with our customers depends on our ability to consistently supply quality products that comply with industry standards guided by the Federation of Oils, Seeds and Fats Association Limited. To meet such industry standards, we have adopted best agronomy practices, such as using high quality germinated seeds procured from established seed producers. For more information on the quality standards of CPO and our agronomy practices, please refer to the section entitled "General Information on our Group — Quality Control" of this Prospectus. In the event that our CPO quality falls below such industry standards, the demand for our products, our reputation and the growth and prospects of our business as a whole would be materially and adversely affected. This would in turn affect our financial results.

Our Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations

Our Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. Our Group's principal environmental concern relates to the discharge of effluent resulting from the milling of FFB as well as land and forest clearance for plantation development. Our principal social concern relates to possible conflicts with local communities around our plantations. Any environmental claims or the failure to comply with any present or future regulations could result in the imposition of fines or the suspension or a cessation of our Group's operations.

Our plantations are subject to both scheduled and unscheduled inspections by various government agencies, each of whom may have different perspectives or standards from the others. These agencies have the power to examine and control our compliance with their environmental regulations, which includes the imposition of fines and revocation of licences and land rights. These agencies may also adopt additional regulations that would require us to spend additional funds on environmental matters. Please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus for more information on environmental regulations in Indonesia.

While our Group has not been subject to any such fines or suspensions or revocation of licences and land rights for any environmental claims or as a result of inspections by the various government agencies, there is no assurance that we will not be subject to such penalties in the future.

The nature of our business exposes us to risks of liability under these laws and regulations due to the production, storage, treatment or disposal and/or sale of materials and/or waste that can cause contamination or personal injury if released into the environment or workplace. These laws and regulations may also expose us to liability for the conduct of, or conditions caused by, its acts. We may incur substantial costs, including fines, damages, criminal or civil sanctions, remediation costs, or experience interruptions in our operations for violations of any of these laws.

While our Group has not been subject to any such fines, damages, criminal or civil sanctions, remediation costs, or experienced interruptions in operations for violations of any laws and regulations due to the production, storage, treatment or disposal and/or sale of materials and/or waste, there is no assurance that we will not be subject to such penalties in the future.

We are a member of the RSPO and are committed to implementing the principles that the ISPO and RSPO have enumerated or will enumerate. Some of these principles may prevent us from planting additional oil palm trees on parts of our uncultivated land bank if those parts consist of high conservation value forest, protected forest or are otherwise protected.

Environmental regulations and social practices in Indonesia tend to be less stringent than in developed countries. Any changes in Indonesian environmental laws and regulations could adversely affect us and it is possible that increased governmental enforcement of environmental laws or more stringent regulations might be put in place in the future and compliance with them may require us to make additional capital expenditures or involve incurring significant costs. We may be required to invest significant financial and managerial resources to comply with environmental laws and regulations and we anticipate that we will continue to be required to do so in the future in order to comply with laws in Indonesia. This may consequently have an adverse effect on our business and financial performance or the results of our operations as a whole. Any failure to comply with the laws and regulations could also subject our Group to liabilities and penalties.

Our plantation operations may face disruption from environmental groups, non-governmental organisations and interested individuals

Environmental groups, non-governmental organisations and interested individuals may from time to time seek to challenge or impair the ability of plantation companies to engage in plantation activities. For instance, groups and individuals may stage protests that disrupt harvesting or production plans and may file or threaten to file legal proceedings seeking to disrupt the operations of plantation companies generally. Such activities may generate negative press about plantation companies in general. Any delay in production activities imposed as a result of the intervention of environmental groups, non-governmental organisations or such interested individuals or other action that may give rise to negative perceptions about plantation companies generally, may adversely affect our reputation and disrupt our operations which in turn may cause us to suffer financial loss.

Our Group may be adversely affected by third parties' actions in using fire for land clearing

We adopt a strict "zero burning policy" for land clearing and practise fire-control measures such as maintaining watchtowers and conducting regular patrols in our plantations. However, there is a possibility that third parties may conduct burning in order to carry out land clearing activities near our plantations or commit arson that cause fires to occur in our plantations, resulting in damage to our plantations. In such an event, we may be suspected of starting the fires, of not having the systems to control forest fires, or of not having the facilities to conduct land clearance and the management of plantation area without using fire. This may lead to legal proceedings against us in respect of fires occurring in our plantations, which may affect our reputation and disrupt our operations, which in turn may cause us to suffer financial loss. The Indonesian government may also investigate the forest fires and may choose to impose a fine or suspend or revoke our *Ijin Usaha Perkebunan*. This may consequently adversely affect our business and financial performance.

Our Group's results of operations may be adversely affected by an over-supply of CPO in the future

In recent years, there have been significant new plantings of oil palm trees in Indonesia and Malaysia. As these trees reach maturity, there may be a significant increase in the production and availability of CPO, in particular in Indonesia. In the event the demand for CPO is insufficient to meet such increased supply, our pricing and thus our results of operations may be adversely affected by a decrease in prices of CPO resulting from an over-supply. Similarly, a decrease in demand due to consumer preference, competition from other edible oils and fats or other reasons could have a material adverse effect on our results of operations.

RISKS RELATING TO INDONESIA

Since all of our subsidiaries are incorporated, and substantially all of our operations and assets are located in Indonesia, we could be adversely affected by changes in the Indonesian governmental policies, social instability, natural disasters or other political, economic, legal, regulatory or international developments in or affecting Indonesia which are not within our control, examples of which are described below. These could, in turn, have an adverse effect on our business, financial condition, results of operations and prospects.

Our operations may be adversely affected by political and social instability in Indonesia

Since the collapse of President Soeharto's regime in 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. In 1999, Indonesia successfully conducted its first free elections for its Parliament and President. As a newly democratic country, Indonesia continues to face various socio-political issues and has from time to time, experienced political instability and social and civil unrest.

Since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati and current President Yudhoyono, as well as in response to specific issues, including fuel subsidy reductions, privatisation of state-owned assets, anti-corruption measures, decentralisation and provincial autonomy and the US-led military campaigns in Afghanistan and Iraq. For example, in June 2001, demonstrations and strikes affected at least 19 cities after the Indonesian government mandated a 30% increase in fuel prices. Similar demonstrations occurred in January 2003 and March 2005, when the Indonesian government effected an increase in fuel prices. In May 2008, the government further decreased fuel subsidies to the public, which led to public demonstrations. Although these demonstrations were generally peaceful, some have turned violent. There can be no assurance that future sources of discontent will not lead to political and social instability.

Regional political instability and clashes between religious and ethnic groups remain problematic. Separatist movements and clashes between religious and ethnic groups have resulted in social and civil unrest in parts of Indonesia. In the provinces of Aceh and Papua (formerly Irian Jaya), there have been clashes between supporters of those separatist movements and the Indonesian military, although there has been little conflict in Aceh since a memorandum of understanding was signed in August 2005. In recent years, political instability in Maluku and Poso, a district in the province of Central Sulawesi, has intensified and clashes between religious groups in these regions have resulted in thousands of casualties and displaced persons in Central Kalimantan and Central Sulawesi. In recent years, the Indonesian government has made limited progress in negotiations with the separatist movements in these troubled regions, except in the province of Aceh where a peaceful local election was held in 2006 which resulted in a former separatist winning the election and becoming the governor of the province.

Political and related social developments in Indonesia have been unpredictable in the past. Social and civil disturbances could, directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects.

Terrorist attacks and activities could cause economic and social volatility

Several bombing incidents have taken place in Indonesia, most significantly in October 2002 in Bali, a region of Indonesia previously considered safe from the unrest affecting other parts of the country. Other bombing incidents, although on a lesser scale, have also occured over the past few years in Indonesia on a number of occasions, including at shopping centres, hotels (such as JW Marriott Hotel Jakarta in August 2003), places of worship, in front of the Australian embassy in Jakarta in September 2004 and in an eastern Indonesian town in May 2005. Further terrorist acts may occur in the future and may be directed at foreigners in Indonesia. Violent acts arising from, and leading to, instability and unrest could destabilise Indonesia and its government and have had, and may continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and may have a material adverse effect on our business, financial condition, results of operations and prospects.

Regional or global economic changes and crises may materially and adversely affect the Indonesian economy and our business

The 1997 Southeast Asian economic crisis affected Indonesia and resulted in, among other effects, currency depreciation, a significant decline in real gross domestic product, high interest rates, social unrest and extraordinary political developments. The economic crisis resulted in the failure of many Indonesian companies to repay their debts when due. These conditions had a material adverse effect on Indonesian businesses. Indonesia entered a recessionary phase with relatively low levels of growth from 1999 to 2002, although the rate of growth has increased in recent years.

Indonesia's economy was affected by the crisis in the global financial markets originating from the liquidity shortfalls in the US credit and sub-prime residential mortgage markets in 2008, which have caused liquidity problems resulting in bankruptcy for many institutions, and resulted in major government bailout packages for banks and other institutions. This crisis has also resulted in a reduction in foreign direct investment, the failure of global financial institutions, a drop in the value of global stock markets, a slowdown in global economic growth and a drop in demand for certain commodities.

Recently, the European sovereign debt crisis and the US budget crisis have both caused significant economic uncertainty and turmoil around the world. This may adversely affect consumers and our customers, and may in turn cause demand and prices for our products to fall, thereby reducing our sales and profitability.

Economic crises may also lead to higher interest rates which will increase the costs of our business. While we have been able to secure the necessary credit facilities to finance our operations thus far, any further disruptions, volatility or uncertainty in the credit markets could limit our ability to borrow or increase our cost of borrowing. As such, we may be forced to pay unattractive interest rates, thereby increasing our interest expense, decreasing our profitability and reducing our financial flexibility.

Furthermore, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the international and Indonesian financial markets and inhibit or reverse the growth of the global economy and the Indonesian economy. Any such increased volatility, slowdown or negative growth could materially and adversely affect our business, financial condition, results of operations and prospects.

Indonesia is located in an earthquake zone and is subject to significant geological and meteorological risks that could lead to social unrest and economic loss

The Indonesian archipelago is one of the most volcanically active regions in the world. Indonesia is located in the convergence zone of three major lithospheric plates and therefore is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis or tidal waves. On 26 December 2004, an underwater earthquake off the coast of Sumatra caused a tsunami that devastated coastal communities in Indonesia, Thailand, India and Sri Lanka. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster and there were damages amounting to billions of US Dollars. On 25 October 2010, an earthquake of magnitude 7.7 on the Richter scale struck the Mentawai Islands, off the coast of West Sumatra, which then triggered a tsunami, killing over 450 people. In 2010, a series of eruptions of Mount Merapi, a volcano located in Java, killed over 300 people. Volcanic ash from the eruptions caused flight disruptions in certain cities in Indonesia, including Jakarta, affecting domestic and international flights.

Future geological occurrences could significantly affect the Indonesian economy. Our operations are mainly located in Kalimantan, Indonesia. Although the risk of Kalimantan being affected directly by an

earthquake, tsunami or volcano eruption is relatively low, Kalimantan experiences floods from time to time. There can be no assurance that Kalimantan will not experience geological disturbances or floods in future or that such geological disturbances or floods will not significantly impact our operations.

There is no assurance that our insurance coverage will be sufficient to protect us from potential losses resulting from such natural disasters and other events beyond our control. In addition, there is no assurance that the premium payable for these insurance policies upon renewal will not increase substantially, which may materially and adversely affect our financial condition and results of operations. There is also no assurance that future geological or meteorological occurrences will not have more of an impact on the Indonesian economy. A significant earthquake, other geological disturbance or weather-related natural disaster in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Any outbreak of infectious disease or fear of an outbreak, or any other serious public health concerns in Asia (including Indonesia) or elsewhere may have an adverse effect on the economies of certain Asian countries and may adversely affect us

The outbreak of an infectious disease in Asia (including Indonesia) or elsewhere or fear of an outbreak, together with any resulting travel restrictions or quarantines, could have a negative impact on the economy and business activity in Indonesia and thereby adversely affect our revenue. Examples are the outbreak in 2003 of Severe Acute Respiratory Syndrome ("SARS") and the outbreak in 2004 and 2005 of Avian influenza, or "bird flu", in Asia. During the last three years, large parts of Asia experienced unprecedented outbreaks of the avian flu. In addition, the World Health Organization ("WHO") announced in June 2006 that human-to-human transmission of avian flu had been confirmed in Sumatra, Indonesia. In 2006, 55 out of the 115 avian flu cases in the world occurred in Indonesia. In March 2008, the United Nations Food and Agriculture Organization reported that the avian flu virus was entrenched in 31 of Indonesia's 33 provinces. Although the number of avian flu cases has declined in recent years, according to the Ministry of Health in Indonesia, in 2011, 11 out of the 60 avian flu cases in the world occurred in Indonesia. No fully effective avian flu vaccines have been developed and an effective vaccine may not be discovered in time to protect against the potential avian flu pandemic.

In April 2009, there was an outbreak of the Influenza A (H1N1) virus (swine flu) which originated in Mexico but subsequently spread to Indonesia, Hong Kong, Japan, Malaysia, Singapore, and elsewhere in Asia. The Influenza A (H1N1) virus is believed to be highly contagious and may not be easily contained.

An outbreak of avian flu, SARS, the Influenza A (H1N1) virus or another contagious disease or the measures taken by the governments of affected countries, including Indonesia, against such potential outbreaks, could seriously interrupt our operations or the services or operations of our suppliers and customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. The perception that an outbreak of avian flu, SARS, the Influenza A (H1N1) virus or another contagious disease may occur may also have an adverse effect on the economic conditions of countries in Asia, including Indonesia and thereby adversely affect our business, financial condition, results of operations and prospects.

We operate in a legal system in which the application of various laws and regulations may be uncertain, and through the purchase of our Shares, the potential holders of our Shares in the future may be exposed to such a legal system and may find it difficult or impossible to pursue claims relating to our Shares

As Indonesia is a developing market, its legal and regulatory regime may be less certain than other markets and may be subject to unforeseen changes. At times, the interpretation or application of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public. Under such circumstances, consultation with the relevant authority in Indonesia may be necessary to obtain a better understanding or clarification of applicable laws and regulations.

Indonesia's legal system is a civil law system based on written statutes and as such, decided legal cases do not constitute binding precedents. The administration of laws and regulations by courts and government agencies may be subject to considerable discretion. In addition, because relatively few disputes relating to commercial matters and modern financial transactions and instruments are brought before Indonesia's courts, such courts do not necessarily have the experience of courts in other jurisdictions. There is no certainty as to how long it will take for proceedings in Indonesian courts to be concluded, and the outcome of proceedings in Indonesian courts may be more uncertain than that of similar proceedings in other jurisdictions. Accordingly, it may not be possible for investors to obtain timely and equitable enforcement of their legal rights.

Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion, uncertainty and inconsistency. Furthermore, corruption in the court system in Indonesia has been widely reported in publicly available sources.

Indonesian legal principles relating to the rights of shareholders, or their practical implementation by Indonesian courts, differ from those that would apply within the United States or the European Union. Without a binding precedent system, the rights of shareholders under Indonesian law might not be as clearly evident as in most United States and European Union jurisdictions. In addition, under Indonesian law, companies may have rights and defenses to actions filed by shareholders that these companies would not have in certain other jurisdictions.

The interpretation and implementation of legislation on regional governance in Indonesia is uncertain and may adversely affect our Group

Regional autonomy laws and regulations have changed the regulatory environment in Indonesia by decentralising certain regulatory and other powers from the Central Government to Regional Governments. Please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus for more information.

The Regional Governments and regional institutions or agencies in the regions where our plantations are located could have different interpretation or implementation of the prevailing regulations and this creates uncertainty for our Group. These uncertainties include among other the validity of land rights, process of *Hak Guna Usaha* certification, land utilisation permits, plantation licences, business and operating licences, and other licences. This uncertainty has increased the risks, and may materially and adversely affect our Group's business, financial condition, results of operations and prospects.

Growing regional autonomy creates an uncertain business environment for us and may increase our costs of doing business

In response to a rise in demand for and assertion of autonomy by local governments in Indonesia, the Central Government has recently devolved some autonomy to local governments, allowing the imposition by such local governments of taxes and other charges on businesses within their jurisdiction and often requiring local participation and investment in such businesses. Increased regional autonomy may increase regulation of our business, disrupt sources of raw materials, require organisational restructuring to be undertaken and increase taxes and other costs of doing business, all of which could have a material and adverse effect upon our business, prospects, financial condition, cash flows and results of operations.

High levels of inflation and high interest rates in Indonesia could adversely affect our financial condition and results of operations

The inflation rate in Indonesia in 2009, 2010 and 2011 was 2.8%, 7.0% and 3.8%, respectively, as reported by Badan Pusat Statistik Republik Indonesia. Should inflation in Indonesia increase significantly, our costs, including our operating and financing costs are expected to increase.

Until we can make appropriate adjustments, the real value of our gross interest expense is expected to increase, which would have an adverse effect on our net income. Furthermore, high inflation rates could have an adverse effect on Indonesia's economy, business climate and consumer confidence. As a result, a high rate of inflation in Indonesia could have a material adverse effect on our financial condition and results of operations.

RISKS RELATING TO AN INVESTMENT IN OUR SHARES

Our Directors and Substantial Shareholders will retain significant control over our Company after the Offering, which will allow them to influence the outcome of matters submitted to Shareholders for approval

Upon the completion of this Offering, our Directors, Substantial Shareholders and their associates will beneficially own in aggregate approximately 81.4% of our Company's post-Offering share capital (assuming the Over-allotment Option is exercised in full). As a result, these persons will be able to exercise significant influence over all matters requiring Shareholders' approval, including the election of directors and the approval of significant corporate transactions, if they act together. These persons will also have veto power, if they act together, with respect to any Shareholders' action or approval requiring a majority vote except where they are required by the rules of the Listing Manual or the SGX-ST to abstain from voting. Such concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of the Company which may not benefit Shareholders.

Any future sales of our Shares could adversely affect our Share price

Following the Offering, we will have 1,757,531,844 Shares, of which 1,430,207,844 Shares, or 81.4%, will be collectively held by Wellpoint and Oakridge and 124,833,000 Shares, or 7.1%, will be collectively held by the Cornerstone Investors (assuming the Over-allotment Option is exercised in full). Our Shares will be tradable on the Main Board of the SGX-ST following listing. Under the lock-up arrangements (as described in the section entitled "Plan of Distribution — Restrictions on Issuance of Shares and Lock-ups" of this Prospectus), the transfer of our Shares by our Substantial Shareholders will be restricted for a period lasting until the date falling six months from the Listing Date. If upon the

expiration of the lock-up arrangement, any of the existing Shareholders sells or is perceived as intending to sell a substantial amount of Shares, the market price for our Shares could be adversely affected.

The Cornerstone Investors are not subject to any lock-up. If the Cornerstone Investors directly or indirectly sell or are perceived as intending to sell a substantial amount of Shares, the market price for the Shares could be adversely affected.

There could be a downward pressure on our share price from any future sale or availability of our Shares. The sale of a significant amount of Shares in the public market after the Offering, or the perception that such sales may occur, could adversely affect the market price of our Shares. These factors could also affect our ability to sell additional equity securities. Except as otherwise described in the section entitled "Plan of Distribution — Restrictions on Issuance of Shares and Lock-ups" of this Prospectus, there will be no restrictions imposed on our Controlling Shareholders to dispose of their shareholding.

Our Group may not be able to pay dividends to our Shareholders

We conduct all of our operations through our subsidiaries. Accordingly, an important source of our income, and consequently an important factor in our ability to pay dividends on our Shares, is the dividends and other distributions received from our subsidiaries and associated companies. These companies' ability to pay dividends and make other distributions may depend on their subsidiaries' and associated companies' earnings and cash flows and are subject to laws and regulations (including tax laws) in each jurisdiction and any restrictive loan covenants applicable to them.

For a description of our dividend policy, see the section entitled "Dividend Policy" of this Prospectus.

There has been no prior market for our Shares

There has been no public market for our Shares, prior to this Offering. We have applied to the SGX-ST for the listing and quotation of our Shares on the Official List of the SGX-ST. However, no assurance can be given that an active trading market for our Shares will develop or, if developed, will be sustained, or that the market price for our Shares will not decline below the Offering Price. The Offering Price may not be indicative of the market price for our Shares after the completion of this Offering.

The Offering Price of our Shares under the Offering has been determined following a book-building process by agreement between the Joint Issue Managers, Bookrunners and Underwriters, the Vendor and us and may not be indicative of prices that will prevail in the trading market. You may not be able to resell your Shares at a price that is attractive to you.

It may be difficult to assess our performance against either domestic or international benchmarks.

Although it is intended that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares.

Our Share price may fluctuate following this Offering

The market price of our Shares may fluctuate significantly and rapidly as a result of, among others, the following factors, some of which are beyond our control:

- variations of our operating results;
- changes in securities analysts' recommendations, perceptions or estimates of our financial performance;
- changes in market valuations and share prices of companies with similar businesses to our Company and which are listed in Singapore or based in Indonesia;
- announcements by us of significant acquisitions, strategic alliances or joint ventures;
- additions or departures of key personnel;
- fluctuations in stock market prices and volume;
- involvement in litigation or arbitration;
- success or failure of our management team in implementing business and growth strategies;
- announcements of technological innovations or new products;
- changes in conditions affecting the industry, the general economic conditions or stock market sentiments or other events or factors; and
- negative publicity involving the Company, any of our Directors, Executive Officers or Substantial Shareholders, whether or not it is justified. Some examples are unsuccessful attempts in joint ventures, takeovers or involvement in insolvency proceedings.

These fluctuations may be exaggerated if the trading volume of our Shares is low.

The Offering Price is substantially higher than the adjusted NAV per Share

The Offering Price of our Shares is substantially higher than the adjusted NAV per Share as at 31 December 2011 after adjusting for the estimated net proceeds from the Offering and the issuance of the Cornerstone Shares and based on the post-Offering share capital. If we were liquidated immediately following this Offering, each investor subscribing to this Offering would receive less than the price paid for their Shares. Please refer to the section entitled "Dilution" of this Prospectus for details.

Singapore law contains provisions that could discourage a takeover of the Issuer

Sections 138, 139 and 140 of the Securities and Futures Act and the Singapore Code on Take-overs and Mergers (collectively, the "Singapore Take-over Laws and Regulations") contain certain provisions that may delay, deter or prevent a future takeover or change in control of our Company for so long as our Shares are listed for quotation on the SGX-ST. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30% or more of our Shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30% and 50% (both inclusive) of our Shares, and he (or parties acting in concert with him) acquires additional Shares representing more than 1% of our voting Shares in any six-month period, must, except with the consent

of the Securities Industry Council, extend a takeover offer for the remaining Shares in accordance with the provisions of the Singapore Take-over Laws and Regulations. While the Singapore Take-over Laws and Regulations seek to ensure equality of treatment among Shareholders, their provisions may discourage or prevent certain types of transactions involving an actual or threatened change of control of our Company. Some of our Shareholders, which may include you, may therefore be disadvantaged as a transaction of that kind might have allowed the sale of shares at a price above the prevailing market price.

Overseas Shareholders may not be able to participate in future rights offerings or certain other equity issues we may make

If we offer or cause to be offered to our Shareholders rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to our Shareholders or in disposing of such rights for the benefit of such Shareholders and making the net proceeds available to such Shareholders. We may choose not to offer such rights to the holders of our Shares having an address in a jurisdiction outside Singapore. For instance, we will not offer such rights to the holders of our Shares who are US persons (as defined in Regulation S) or have a registered address in the United States unless:

(i) a registration statement is in effect, if a registration statement under the US Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights; or

(ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the US Securities Act.

We have no obligation to prepare or file any registration statement under the US Securities Act. Accordingly, Shareholders who are US persons (as defined in Regulation S) or have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

There may be difficulties in enforcing foreign judgments against us, our Directors and our management

We are incorporated in Singapore. Our Executive Directors and most of the members of our management reside in Indonesia. All or a substantial portion of our and such persons' assets are located in Indonesia. As a result, it may be difficult or impossible for investors to effect service of process upon us or such persons within Indonesia, or to enforce against us or such person in such jurisdiction judgments obtained in the courts of that jurisdiction.

In addition, as most of our Executive Directors and management reside outside Singapore and a substantial portion, if not all, of our or such persons' assets are located outside Singapore, it may be difficult or impossible for investors to effect service of process upon such person within Singapore, or to enforce against us or such persons' judgments obtained in the Singapore courts.

Our financial statements are expressed in Rupiah. The exchange rates for IDR: S$, IDR: US$ and S$: US$ as outlined in the tables below are presented solely for information only. The tables and figures below should not be construed as representations that those Singapore Dollar, Rupiah or US Dollar amounts could have been, could be or would be, converted or convertible into the respective mentioned currencies at any particular rate, the rate stated below, or at all.

The following table sets out the high and low daily closing exchange rates between the Singapore Dollar and the Rupiah for each of the past six months prior to the Latest Practicable Date. The table illustrates how many Rupiah it would take to buy one Singapore Dollar.

	IDR: S$	
Period	**High**	**Low**
September 2011	7,138	6,771
October 2011	7,122	6,747
November 2011	7,149	6,874
December 2011	7,074	6,920
January 2012	7,185	7,000
February 2012	7,286	7,118
1 March 2012 to the Latest Practicable Date	7,286	7,228

The following table sets forth, for the financial year indicated, how many Rupiah it would take to buy one Singapore Dollar, based on the average month-end exchange rates over the respective financial years.

	IDR: S$	
	Average Exchange Rate	**Closing Exchange Rate**
FY2009	7,144	6,694
FY2010	6,682	7,004
FY2011	6,995	6,996

As at the Latest Practicable Date, the exchange rate between the Rupiah and the Singapore Dollar was IDR 7,236: S$1.00.

The following table sets forth, for the financial year indicated, how many Rupiah it would take to buy one US Dollar, based on the average daily closing exchange rates over the respective financial years. Unless otherwise noted, the exchange rates in this table in respect of a financial year are used for the translation of our Company's financial statements in respect of the same financial year disclosed elsewhere in this Prospectus.

	IDR: US$	
	Average Exchange Rate	**Closing Exchange Rate**
FY2009	10,398	9,400
FY2010	9,085	8,991
FY2011	8,779	9,068

As at the Latest Practicable Date, the exchange rate between the Rupiah and the US Dollar was IDR 9,178: US$1.00.

The following table sets forth, for the financial year indicated, how many Singapore Dollars it would take to buy one US Dollar, based on the average month-end exchange rates over the respective financial years.

	S$: US$	
	Average Exchange Rate	**Closing Exchange Rate**
FY2009	1.4527	1.4049
FY2010	1.3594	1.2834
FY2011	1.2539	1.2966

As at the Latest Practicable Date, the exchange rate between the Singapore Dollar and the US Dollar was S$1.2575: US$1.00.

The exchange rates for IDR: S$ and S$: US$ are extracted from published information by Bloomberg L.P.. Bloomberg L.P. has not consented to the inclusion of the exchange rates quoted under this section for the purposes of Section 249 of the Securities and Futures Act and is thereby not liable for these exchange rates under Sections 253 and 254 of the Securities and Futures Act. Our Company and the Vendor have included the above exchange rates in the proper form and context in the Prospectus and have not verified the accuracy of these exchange rates.

The exchange rates for IDR: US$ are extracted from published information by Bank Indonesia. Bank Indonesia has not consented to the inclusion of the exchange rates quoted under this section for the purposes of Section 249 of the Securities and Futures Act and is thereby not liable for these exchange rates under Sections 253 and 254 of the Securities and Futures Act. Our Company and the Vendor have included the above exchange rates in the proper form and context in the Prospectus and have not verified the accuracy of these exchange rates.

EXCHANGE CONTROLS

No foreign exchange control restrictions exist in Indonesia. Foreign currency is generally freely transferable within and from Indonesia. However, to maintain the stability of the Rupiah and to prevent the utilisation of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from (i) banks within Indonesia to banks domiciled outside of Indonesia or to offshore branches of Indonesian banks, and (ii) any Rupiah-denominated investment with foreign parties or Indonesian parties domiciled or permanently residing outside of 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 persons and legal entities that are domiciled, or plan to be domiciled, in Indonesia for at least one year.

Bank Indonesia regulations also require resident banks and companies that have total assets or total annual gross revenues of at least IDR 100 billion to report to Bank Indonesia all data concerning their foreign currency activities involving transactions not conducted via a domestic bank or domestic non-bank financial institution (such as insurance companies, securities companies, finance companies, or venture capital companies). However, if such transactions are conducted via a domestic bank or a domestic non-bank financial institution, the requirement to report to Bank Indonesia is imposed on the relevant Indonesian bank or non-bank financial institution that carried out the transaction. The transactions that must be reported include receipt and payment of foreign currency through bank accounts outside of Indonesia.

Currently, there is no restriction under Indonesian law that restricts the repatriation of capital and the remittance of profits to Singapore.

Currently, no foreign exchange control restrictions exist in Singapore.

USE OF PROCEEDS

Based on the Offering Price of S$0.745 for each Offering Share and each Cornerstone Share, the gross proceeds due to us from the Offering and the issuance of the Cornerstone Shares will be S$203.6 million. We estimate that, after deducting our share of the management, underwriting and selling commission, and other expenses of the Offering and the issuance of the Cornerstone Shares, the net proceeds due to us will be S$195.2 million. We will not receive any of the proceeds from the sale of the Vendor Shares and the Additional Shares if the Over-allotment Option is exercised.

We intend to use the net proceeds from the Offering and the issuance of the Cornerstone Shares as follows:

(a) approximately S$142.0 million will be committed for capital expenditure for the expansion and development of our existing uncultivated land bank and oil palm plantations;

(b) approximately S$12.6 million to repay the Shareholder Loans, which comprises a loan from Wellpoint amounting to S$1.8 million with no fixed repayment date (which was used mainly for our Group's working capital needs and/or to finance investments made by our Company in BGA) and loans from Wellpoint and Oakridge amounting to an aggregate of S$10.7 million with a tenor of five years (which was used to increase and consolidate our shareholding in our subsidiary, BGA, as part of the Restructuring Exercise);

(c) approximately S$27.9 million to finance our share of the capital expenditure of subsidiaries under SNA and BAS for cultivation; and

(d) the balance of approximately S$12.7 million for our working capital needs.

For paragraphs (a) and (c) above, please refer to the section entitled "Prospects, Strategies and Future Plans — Strategies and Future Plans" in this Prospectus for more information.

For each Singapore Dollar of the gross proceeds from the Offering and the issuance of the Cornerstone Shares, we will use:

(a) approximately 69.7 Singapore cents for capital expenditure for the expansion and development of our existing uncultivated land bank and oil palm plantations;

(b) approximately 6.2 Singapore cents to repay the Shareholder Loans;

(c) approximately 13.7 Singapore cents to finance our share of the capital expenditure of subsidiaries under SNA and BAS for cultivation;

(d) approximately 6.2 Singapore cents for our working capital needs; and

(e) approximately 4.2 Singapore cents to pay for expenses incurred in connection with the Offering and the issuance of the Cornerstone Shares.

The foregoing represents our best estimate of our allocation of net proceeds from the Offering and the issuance of the Cornerstone Shares based on our current plans and estimates regarding our anticipated expenditures. Actual expenditures may vary from these estimates, and we may find it necessary or advisable to re-allocate our net proceeds within the categories described above or to use portions of our net proceeds for other purposes. In the event that we decide to re-allocate our net proceeds from the Offering and the issuance of the Cornerstone Shares for other purposes, we will publicly announce our intention to do so through a SGXNET announcement to be posted on the SGX-ST website, http://www.sgx.com. Any such re-allocation will be for our Group's core business of oil palm plantations.

USE OF PROCEEDS

The following table shows the estimated amount we will pay for expenses incurred in connection with the Offering and the issuance of the Cornerstone Shares:

	Estimated amount (including GST) (S$ million)	**As a percentage of gross proceeds due to us from the Offering and the issuance of the Cornerstone Shares (%)**
Professional fees and charges	2.4	1.2
Management, underwriting and placement commission	4.9	2.4
Miscellaneous expenses (including listing expenses)	1.1	0.5
Total	8.4	4.2

The expenses in connection with the Offering and the issuance of the Cornerstone Shares and the application for listing, including the management, underwriting and placement commission, auditors' fee, solicitors' fee, and all other incidental expenses will be borne by our Company and the Vendor in proportion to the number of Offering Shares and Cornerstone Shares (as the case may be) offered by each of them pursuant to the Offering and the Cornerstone Subscription Agreements.

Pending the deployments of the net proceeds as aforesaid, the funds will be placed in short-term deposits with financial institutions or used to invest in short-term money market instruments as our Directors may deem appropriate.

There is no minimum amount which, in the reasonable opinion of our Directors, must be raised from the Offering.

DIVIDEND POLICY

We do not have a fixed dividend policy.

In making their recommendation for dividends or when declaring any interim dividends, our Directors will consider, amongst other things, our future earnings, operations, capital requirements, cash flow and financial condition, as well as conditions in the general business environment and other factors which may be considered relevant by our Directors. There can be no assurance that dividends will be paid in the future or as to the timing of any dividends that are to be paid in the future.

No dividends have been paid or proposed by our Company or its subsidiaries for each of the financial years under review, namely FY2009, FY2010 and FY2011. If we pay dividends, we may declare dividends by ordinary resolution of our Shareholders at a general meeting, but we are not permitted to pay dividends in excess of the amount recommended by our Board. Our Board may, without the approval of our Shareholders, also declare interim dividends. We must pay all dividends out of our profits.

Our Indonesian subsidiaries will declare and pay cash dividends, if any, in Rupiah, which will be converted into Singapore Dollars. Dividends paid to us by our subsidiaries are subject to Indonesian withholding tax. For information relating to the withholding tax, please refer to the section entitled "Annex B — Taxation" of this Prospectus. Our Company will pay cash dividends, if any, in Singapore Dollars.

All the foregoing statements are statements of our present intention and shall not constitute legally binding statements in respect of future dividends, which may be subject to modification in our Directors' sole and absolute discretion.

SHARE CAPITAL

Our Company was incorporated in Singapore on 2 December 2005 under the Act as a private company limited by shares under the name "Global Crest Holdings & Investments Pte. Ltd.". On 6 April 2011, our Company changed its name to "Bumitama Agri Pte. Ltd.", and subsequently on 2 April 2012 to "Bumitama Agri Ltd." in connection with our conversion to a public company limited by shares.

As at the date of incorporation, the issued and paid-up share capital of our Company was S$2.00 comprising two fully paid-up ordinary shares, and we only have one class of shares in the capital of our Company. The rights and privileges of our Shares are stated in our Articles of Association. There are no founder, management or deferred shares reserved for issuance for any purpose.

Pursuant to written resolutions passed by our Shareholders on 27 March 2012, our Shareholders approved the following:

(a) the conversion of our Company into a public company limited by shares and the consequential change of name to "Bumitama Agri Ltd.";

(b) the adoption of our new Articles of Association;

(c) the sub-division of every one Share into 38 Shares;

(d) the issuance of New Shares pursuant to the Offering and the Cornerstone Subscription Agreements;

(e) the authorisation to our Directors to allot and issue Shares and/or convertible securities (where the maximum number of Shares to be issued upon conversion can be determined at the time of issue of such convertible securities) from time to time (whether by way of rights, bonus or otherwise) and upon such terms and conditions and for such purposes and to such persons as our Directors may in their absolute discretion deem fit, provided that the aggregate number of Shares and/or convertible securities which may be issued pursuant to such authority shall not exceed 50% of the issued shares of our Company, of which the aggregate number of Shares and/or convertible securities which may be issued other than on a pro-rata basis to the existing Shareholders of our Company shall not exceed 20% of the issued shares of our Company (the percentage of issued shares being based on the post-Offering issued shares of our Company after adjusting for new Shares arising from the conversion or exercise of any convertible securities or employee share options on issue at the time such authority is given and any subsequent consolidation or sub-division of shares) and, unless revoked or varied by our Company in a general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of our Company or on the date by which the next annual general meeting is required by law to be held, whichever is earlier; and

(f) the provision of the Management Subscription Loan to such key management staff as described in the section entitled "Directors, Executive Officers and Staff — Offering Shares Reserved for Management" of this Prospectus.

As at the date of this Prospectus, the issued and paid-up share capital of our Company is S$51.6 million divided into 1,484,197,844 Shares. Upon the allotment of the New Shares which are part of the subject of the Offering and the Cornerstone Subscription Agreements, the resultant issued share capital of our Company will be increased to S$246.8 million comprising 1,757,531,844 Shares.

Details of the changes in our issued share capital since our incorporation and the resultant issued share capital immediately after the Offering and the issuance of the Cornerstone Shares are as follows:

	Number of new Shares issued	Resultant issued and paid-up share capital	
		Number of Shares	Value (S$'000)
Upon first allotment	2	2	—(1)
New Shares issued pursuant to the Restructuring Exercise	39,057,836	39,057,838	51,609
Sub-division of every one Share into 38 Shares	1,445,140,006	1,484,197,844	51,609
Pre-Offering share capital	—	1,484,197,844	51,609
New Shares to be issued pursuant to the Offering and the Cornerstone Subscription Agreements	273,334,000	1,757,531,844	246,791(2)
Post-Offering share capital	—	1,757,531,844	246,791(2)

Notes:

(1) Our resultant issued and paid-up share capital upon first allotment was S$2.00.

(2) Less certain estimated expenses incurred by our Company in connection with the Offering and the issuance of the Cornerstone Shares.

The shareholders' equity of our Group (i) as at incorporation; (ii) after adjustments to reflect the Restructuring Exercise; and (iii) immediately after the Offering and the issuance of the Cornerstone Shares are set out below:

(IDR'million) Shareholders' equity	As at incorporation	After the Restructuring Exercise	After the Offering and the issuance of the Cornerstone Shares
Issued and paid-up share capital	—(1)	365,523	1,777,864
Other reserves	—	(188,416)	(188,416)
Foreign currency translation reserve	—	5,809	5,809
Retained earnings	—	2,521,109	2,521,109
Total shareholders' equity	—(1)	2,704,025	4,116,366

Note:

(1) Less than IDR 1.0 million.

The changes in the issued and paid-up share capital of our Company within the three years preceding the date of this Prospectus are set out below:

Date of Issue	Event	No. of shares issued	Issue Price Per Share	Resultant Issued share capital ('000)
2 December 2005	First allotment and issue	2	S$1.00	—(1)
8 March 2011	Capitalisation of shareholders' loans of S$6,399,998	6,399,998	S$1.00	S$6,400
30 March 2012	Allotment and issuance of new Shares to Wellpoint and Oakridge	32,000,724	S$1.00	S$38,401
30 March 2012	Allotment and issuance of new Shares to Wellpoint, a nominee of KMS, in consideration of the acquisition of 28% of the share capital of SNA and BAS	657,114	S$20.10	S$51,609
30 March 2012	Sub-division of every one Share into 38 Shares	1,445,140,006	—	S$51,609

Note:

(1) Our resultant issued share capital upon first allotment and issue was S$2.00.

DILUTION

Dilution to new investors is the amount by which the Offering Price paid by new investors for the Offering Shares exceeds our NAV per Share adjusted for the Offering and the issuance of the Cornerstone Shares.

Our NAV per Share as at 31 December 2011 before adjusting for the net proceeds from the issue of the New Shares pursuant to the Offering and the Cornerstone Subscription Agreements and based on the pre-Offering share capital of 1,484,197,844 Shares was 25.8 cents.

Pursuant to the Offering in respect of 172,737,000 Offering Shares and the issuance of 124,833,000 Cornerstone Shares at the Offering Price, our NAV per Share as at 31 December 2011 after adjusting for the estimated net proceeds from the Offering and the issuance of the Cornerstone Shares and based on the post-Offering share capital of 1,757,531,844 Shares would have been 32.9 cents. This represents an immediate increase in NAV per Share of 7.1 cents to our existing Shareholders and an immediate dilution in NAV per Share of 41.6 cents to our new investors.

The following table illustrates the dilution per Share as at 31 December 2011:

	Cents
Offering Price per Share	74.5
NAV per Share based on the pre-Offering share capital of 1,484,197,844 Shares	25.8
Increase in NAV per Share attributable to the Offering and the issuance of the Cornerstone Shares to existing Shareholders	7.1
NAV per Share adjusted for the Offering and the issuance of the Cornerstone Shares	32.9
Dilution in NAV per Share to new investors	41.6
Dilution in NAV per Share to new investors (as a percentage of the Offering Price)	55.8%

The following table summarises the total number of Shares acquired (adjusted for the Sub-division) by our Shareholders during the period of three years prior to the date of lodgement of this Prospectus, the total consideration paid by them and the average effective cost per Share to our existing Shareholders, Cornerstone Investors and our new investors in this Offering.

	Number of Shares acquired	**Total consideration (S$'000)**	**Average price per Share (cents)**
Wellpoint	949,147,774	37,528	4.0
Oakridge	535,050,070	14,080	2.6
Cornerstone Investors and new public investors	297,570,000	221,690	74.5

Prior to the Offering, the Restructuring Exercise was carried out to rationalise and streamline our corporate structure, resulting in our Company becoming the holding company of our Group.

The Restructuring Exercise was completed before the sub-division of every one of our Shares into 38 Shares as described in the section entitled "Share Capital" of this Prospectus. As such, references made in this section to the issuance of Shares are to figures before the sub-division.

The following steps were taken in the Restructuring Exercise:

(a) Acquisition of LGI and its Subsidiaries by our Subsidiary, BGA

In line with our growth strategies to increase our Group's total planted areas and land banks, and to consolidate the oil palm plantation business of the Lim Family for the purposes of the Offering, the following transactions were undertaken by our Group:

(i) on 18 October 2010, BGA acquired a 15.2% equity interest in each of the subsidiaries of LGI, namely KPAS, ASM and KML, from KMS, an associate of one of our Controlling Shareholders, the Hariyantos, for an aggregate amount of IDR 34.1 billion; and

(ii) on 21 October 2010, BGA acquired a 90.0% equity interest in LGI from Sennet Asia Resources Pte Ltd, an associate of one of our Controlling Shareholders, the Hariyantos, for an aggregate amount of IDR 172.4 billion.

Upon the completion of the above transactions, our Company had an effective interest of 81.0% in LGI, and 82.4% effective interest in each of KPAS, ASM and KML. The transactions were conducted at arm's length as the purchase consideration was determined on a willing-buyer willing-seller basis with reference to an aggregate valuation of LGI and its subsidiaries of IDR 224.4 billion.

On 29 November 2011, as part of our strategy to focus our Kalimantan-based operations in Central and West Kalimantan, our Group divested our equity interest in KPAS to PT. Dharma Satya Nusantara and PT. Pilar Wanapersada, third parties that are unrelated to our Group, for an aggregate amount of US$12.1 million. The transaction was conducted at arm's length as the purchase consideration was determined on a willing-buyer willing-seller basis with reference to the value of KPAS' plantation. As at the Latest Practicable Date, the LGI Group has 40,000 hectares of land bank, of which 7,804 hectares consists of planted area (including planted area under the Plasma Programme).

(b) Incorporation of our Controlling Shareholder, Wellpoint

Wellpoint was incorporated in the British Virgin Islands on 2 February 2011 with an issued and paid-up capital of S$1.00 comprising one share. Wellpoint is wholly controlled in equal parts by the Hariyantos through Fortune Holdings Limited. Wellpoint became a shareholder of our Company on 23 February 2011 by acquiring from Deloris Management Ltd the entire S$2.00 issued and paid-up share capital of our Company and the existing shareholder loan of S$8.2 million provided by Deloris Management Ltd to our Company for an aggregate consideration of S$8.2 million. Deloris Management Ltd is a company beneficially owned by the Hariyantos. The transaction was conducted at arm's length as the purchase consideration was determined on a willing-buyer willing-seller basis with reference to the share capital and outstanding loans of our Company as at 23 February 2011. For more information on the shareholding of the Hariyantos, please refer to the section entitled "Principal Shareholders" of this Prospectus.

(c) Conversion of Shareholder Loan into Equity in our Company

On 8 March 2011, Wellpoint capitalised S$6,399,998 of its S$8.2 million shareholder loan, resulting in an increase in the issued and paid-up share capital of our Company from S$2.00 to S$6.4 million, with an aggregate of 6,400,000 issued Shares. The capitalisation was conducted on an arm's length basis based on the then existing average price of each Share.

(d) Acquisitions by BGA of Non-Controlling Interests in its Subsidiaries

On 7 February 2011, BGA entered into several conditional sale and purchase agreements with KMS, an associate of the Lim Family, for the purchase of 15% equity interest in AMS, WNS, BG Abadi and WNA, and 5% equity interest in MCM, for an aggregate cash consideration of IDR 291.0 billion (collectively, the "Acquisition of Subsidiaries").

The transactions were conducted on an arm's length basis as the total purchase consideration for the Acquisition of Subsidiaries was determined with reference to the equity values of AMS, WNS, BG Abadi, WNA and MCM of IDR 579.4 billion, IDR 7.5 billion, IDR 815.3 billion, IDR 510.5 billion and IDR 81.6 billion, respectively, as agreed upon between the parties on a willing-buyer willing-seller basis. The Acquisition of Subsidiaries was completed on 19 December 2011.

After the completion of the Acquisition of Subsidiaries, BGA owns 95% of shares in BG Abadi, MCM, AMS, WNA and WNS while KMS retains its ownership of 5% shares in such subsidiaries.

(e) Changes in Shareholding in our Subsidiary, BGA

On 20 March 2012, our Company entered into various conditional sale and purchase agreements with:

(i) Oakridge to acquire 77,939 shares in BGA, comprising the entire interest of Oakridge in BGA, for approximately S$11.0 million in cash. The purchase consideration was separately funded by a loan from Oakridge to our Company of S$2.7 million and the allotment and issuance of 8,313,650 new Shares to Oakridge;

(ii) Lynwood to acquire 54,061 shares in BGA, comprising the entire interest of Lynwood in BGA, for approximately S$7.6 million in cash. The purchase consideration was separately funded by a loan from Oakridge to our Company of S$1.9 million and the allotment and issuance of 5,766,615 new Shares to Oakridge; and

(iii) Harita Jayaraya to acquire 170,811 shares in BGA, representing 42.7% of the entire share capital of BGA, for approximately S$24.1 million in cash. The purchase consideration was separately funded by a loan from Wellpoint to our Company of S$6.2 million and the allotment and issuance of 17,920,459 new Shares to Wellpoint,

(collectively, the "BGA Acquisitions").

The purchase consideration for each of the BGA Acquisitions was determined based on the par value of the shares of BGA, as agreed upon a willing-buyer willing-seller basis. As at the date of this Prospectus, our Company had paid Oakridge, Lynwood and Harita Jayaraya in full for the BGA Acquisitions.

Following the BGA Acquisitions, our Company's shareholding interest in BGA increased to 90%. The remaining 10% of the issued share capital of BGA is directly held by Harita Jayaraya, partially

due to the requirements of the local ownership laws in Indonesia. For more information on the local ownership laws in Indonesia, please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus. Following the completion of the BGA Acquisitions, Oakridge and Wellpoint held 36.7% and 63.3% of the then enlarged share capital of our Company.

Each of Oakridge, Lynwood, Wellpoint and Harita Jayaraya are interested persons of our Group. Our Directors are of the opinion that the BGA Acquisitions were not conducted on an arm's length basis as the purchase consideration was determined based on the par value, which is lower than the market value, of the shares in view that the transactions were part of the Restructuring Exercise to rationalise the structure of our Group.

(f) Acquisition of Shares in SNA and BAS

Pursuant to a sale and purchase agreement dated 20 March 2012 entered into between our Company and KMS, our Company acquired from KMS 28% equity interest in each of SNA and BAS, comprising 280 shares in the capital of each of SNA and BAS, for an aggregate consideration of S$13.3 million.

The transaction was conducted at arm's length as the purchase consideration was determined on a willing-buyer willing-seller basis with reference to the aggregate equity value of SNA and BAS of S$47.5 million.

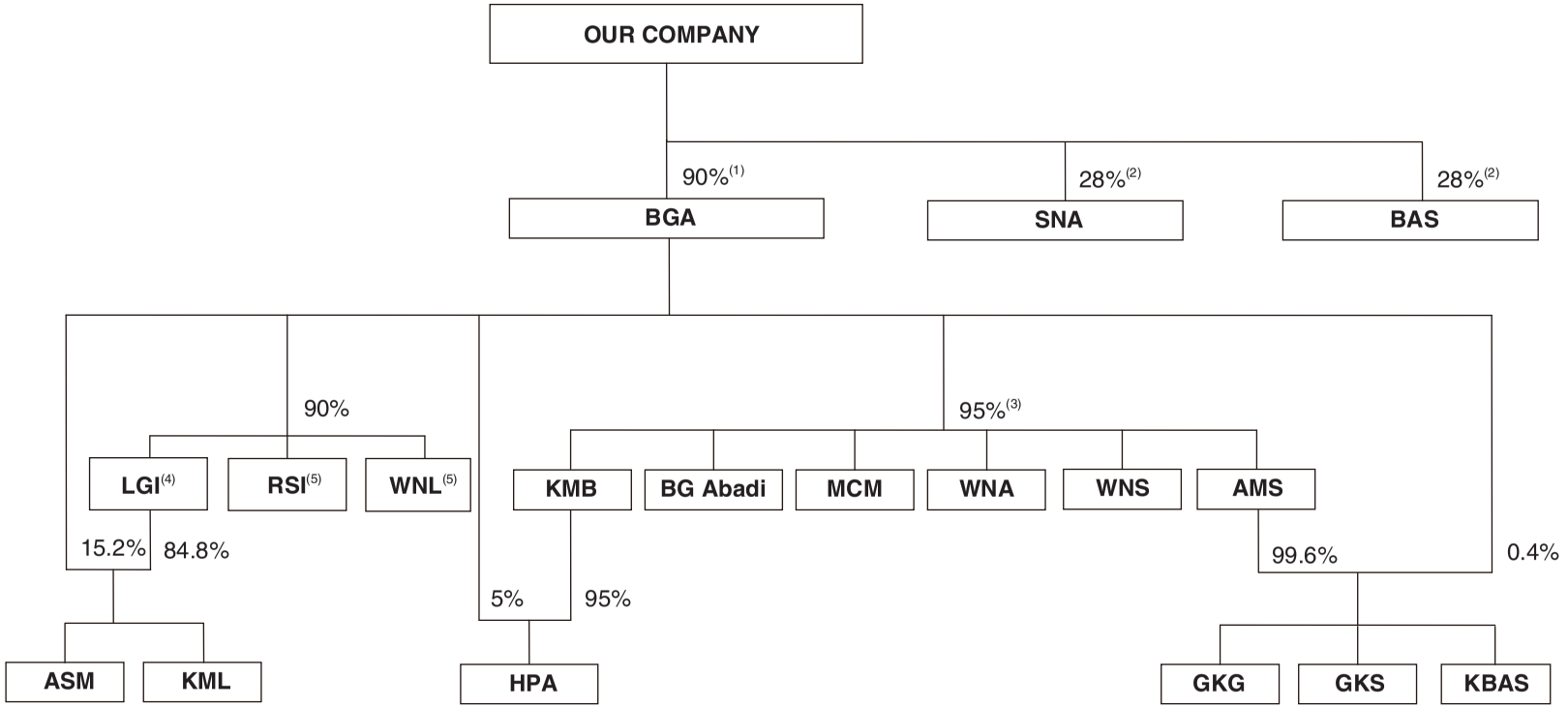
Such purchase consideration was satisfied as follows:

(i) S$78,986 was paid in cash by our Company to KMS; and

(ii) the balance of S$13.2 million was satisfied by the issuance of 657,114 Shares, credited as fully paid, to Wellpoint, a nominee of KMS, on 30 March 2012.

After the completion of our acquisition of the 28% equity interest in SNA and BAS, we have also agreed to commit S$27.9 million to finance our share of the capital expenditure of the subsidiaries under SNA and BAS for cultivation. For more information, please refer to the section entitled "Interested Person Transactions and Conflicts of Interests — Interested Person Transactions" of this Prospectus.

KMS retained a 5% interest in both SNA and BAS in order to comply with local ownership laws in Indonesia. Oleander Capital Resources Pte Ltd, a subsidiary of one of our Controlling Shareholders, namely IOI Corporation, continued to hold 67% equity interest in SNA and BAS. For more information on the local ownership laws in Indonesia, please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus.



Notes:

(1) The remaining shares representing 10% of the share capital of BGA are held by Harita Jayaraya, an associate of the Lim Family.

(2) Shares representing 5% of each of the share capital of SNA and BAS are held by KMS, an associate of the Hariyantos. The remaining shares representing 67% of each of the share capital of SNA and BAS are held by Oleander Capital Resources Pte Ltd, a subsidiary of IOI Corporation.

(3) The remaining shares representing 5% of the share capital of each subsidiary are held by KMS, an associate of the Hariyantos.

(4) The remaining shares representing 10% of the share capital of LGI are held by SMS, an associate of the Lim Family.

(5) The remaining shares 10% of the share capital of each subsidiary are held by RSA, an associate of the Lim Family.

SUBSIDIARIES

The details of our subsidiaries as at the Latest Practicable Date are as follows:

Name of company	Date and place of incorporation	Principal place of business/registered address	Principal activities	Issued and paid-up capital (IDR)	Effective equity interest held by our Group
AMS	23 August 2007, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural raw materials	1,000,000,000	85.5%
ASM	28 May 2007, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural raw materials	1,000,000,000	82.4%
BG Abadi	30 August 2004, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of machinery, spare parts and equipment	25,000,000,000	85.5%
BGA	4 June 1997, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural products	400,000,000,000	90.0%
GKG	23 July 2004, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural products	25,000,000,000	85.5%
GKS	23 July 2004, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural products	1,000,000,000	85.5%
HPA	31 December 1997, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of machinery, spare parts and equipment	2,500,000,000	85.7%
KBAS	28 May 2007, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural raw materials	1,000,000,000	85.5%
KMB	20 May 1997, Samarinda	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Plantations of fruit plants which produce oil	102,500,000,000	85.5%
KML	24 February 2004, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural raw materials	1,000,000,000	82.4%
LGI	25 April 2008, South Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural raw materials	1,000,000,000	81.0%
MCM	12 October 2004, Ujung Batu	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural products	23,000,000,000	85.5%
RSI	4 December 2002, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Industry of edible crude palm oil and crude palm cooking oil	12,500,000,000	81.0%
WNA	24 February 2004, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural products	25,000,000,000	85.5%

Name of company	Date and place of incorporation	Principal place of business/registered address	Principal activities	Issued and paid-up capital (IDR)	Effective equity interest held by our Group
WNL	13 May 1994, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Plantations of fruit plants which produce oil	150,000,000,000	81.0%
WNS	24 February 2004, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural products	1,000,000,000	85.5%

None of our subsidiaries are listed on any stock exchange.

ASSOCIATED COMPANIES

Name of company	Date and place of incorporation	Principal place of business/registered address	Principal activities	Issued and paid-up capital (IDR)	Effective equity interest held by our Group
BAS	28 May 2007, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural raw materials	1,000,000,000	28.0%
SNA	23 August 2007, Jakarta	Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia	Wholesale of agricultural raw materials	1,000,000,000	28.0%

Pursuant to the Restructuring Exercise, our Company holds a 28% equity interest in each of SNA and BAS, with IOI Corporation (through Oleander Capital Resources Pte Ltd) and KMS holding the remaining equity interest of 67% and 5%, respectively. The SNA Group is thus a subsidiary of IOI Corporation, with IOI Corporation wholly managing the day-to-day operations of the SNA Group. Our Company is not involved in the management of the SNA Group.

On 20 March 2012, our Company entered into a joint venture agreement (the "JV Agreement") with Oleander Capital Resources Pte Ltd and KMS to confirm our mutual understanding as shareholders of SNA and BAS regarding the governance and regulation of the affairs of the SNA Group. The risks and rewards in relation to the SNA Group will be shared proportionally among its shareholders.

Under the JV Agreement, IOI Corporation (through Oleander Capital Resources Pte Ltd) shall: (i) provide plantation management, agronomy and related technical advisory services to enhance the operation of the SNA Group's plantations; and (ii) use its best endeavours to assist in the procurement of seeds and fertilisers. Our Company shall: (i) secure all regulatory approvals, permits and licences required for the operation and management of the SNA Group's plantations and any other businesses that the SNA Group may be involved in from time to time; (ii) assist in the procurement and recruitment of all necessary manpower requirement of the SNA Group; and (iii) assist in human resource matters relating to the SNA Group and its business. Subject to the approval of all the shareholders, the shareholders are also obligated to make loan contributions to the SNA Group from time to time in proportion to their respective interest in SNA and BAS. Furthermore, SNA and/or BAS may, with the approval of all the shareholders, undertake a rights issue to the shareholders in proportion to their respective interest in SNA and BAS.

Also, under the JV Agreement, at any board meeting of SNA or BAS, the vote of at least one director nominated by our Company and one director nominated by IOI Corporation (through Oleander Capital Resources Pte Ltd) is required for certain reserved matters such as:

(a) the incurrence of any material debt, liabilities or similar obligations (whether secured or unsecured); the making of any loan or advance to any person or entity of a material nature; delivery of any guarantee, or the creation of any liens or encumbrances upon any asset or property of a company within the SNA Group of a material nature ("material" means an amount in excess of US$2.0 million, whether singly or in aggregate or having a term in excess of three years); and

(b) the approval of the annual operating plan and budget of a company within the SNA Group (or any variation or amendment thereto).

Furthermore, under the terms of the JV Agreement, any agreement, contract or commitment between the SNA Group and any shareholder or affiliate of a shareholder, or any agreement that benefits either a shareholder or an afflitate of a shareholder, will require the approval of both our Company and Oleander Capital Resources Pte Ltd (acting as shareholders). Such agreements will include agreements between the SNA Group and IOI Corporation.

Save for SNA, BAS and their subsidiaries, we do not have any associated companies.

The following table shows our cash and cash equivalents, capitalisation and indebtedness as at 31 January 2012:

(i) on an actual basis; and

(ii) as adjusted to give effect to the Restructuring Exercise, the issuance of 273,334,000 New Shares at the Offering Price pursuant to the Offering and the Cornerstone Subscription Agreements, and the application of net proceeds thereof (after deducting our estimated expenses in relation to the Offering and the issuance of the Cornerstone Shares).

You should read this table in conjunction with the "Audited Combined Financial Statements for the Financial Years ended 31 December 2009, 2010 and 2011" and "Unaudited Pro Forma Consolidated Financial Information for the Financial Year ended 31 December 2011" set out in Annex G and Annex H of this Prospectus and the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition".

	As at 31 January 2012		
	Actual (in IDR'million)	**Adjusted (in IDR'million)**	**Adjusted (in US$'000)[1]**
Cash and cash equivalents	245,048	337,592	37,510
Indebtedness			
Short-term			
— secured and guaranteed loans and borrowings	524,478	524,478	58,275
— finance leases	5,471	5,471	608
Long-term			
— secured and guaranteed loans and borrowings	1,786,154	1,786,154	198,462
— finance leases	89	89	10
— unsecured amount due to Shareholders	12,858	—	—
Total indebtedness	2,329,050	2,316,192	257,355
Share capital	45,000	1,777,864[2]	197,540[2]
Other reserves	151,510	(188,416)	(20,935)
Retained earnings	2,526,188	2,521,109	280,123
Foreign currency translation reserve	9,723	5,809	645
Total shareholders' equity	2,732,421	4,116,366	457,373
Total capitalisation and indebtedness	**5,061,471**	**6,432,558**	**714,728**

(1) For illustrative purposes, the figures above have been translated into US$ using the closing rate of IDR 9,000: US$1.00 for the period ended 31 January 2012.

(2) Pursuant to the Restructuring Exercise, our Group will acquire the 28% equity interest in SNA and BAS for the aggregate consideration amounting to IDR 94,203 million comprising cash amounting to IDR 560 million and in shares of the Company amounting to IDR 93,643 million. For the above illustration, the aggregate consideration used is IDR 94,203 million. However, FRS 102 "Share-Based Payment", requires shares issued for consideration to be at market value, which may differ from the consideration used in this illustration.

Since 31 January 2012 to the Latest Practicable Date, there has been no material change to our Group's capitalisation or indebtedness save for drawdowns and scheduled repayments of our borrowings amounting to IDR 78,842 million. The cash and cash equivalents of our Group are mainly held in Rupiah and US Dollars.

As at the Latest Practicable Date, our Group has entered into loan agreements that contain a condition making reference to the shareholding interests of our Controlling Shareholder(s), or places restrictions on any change in control of our Company. Such conditions may include: (i) restrictions on the ability of our subsidiaries to change their capital, shareholders or shareholding composition, or undertake corporate restructurings or mergers and acquisitions; and (ii) the requirement to retain ultimate majority shareholding interest in certain of our Group Companies by the Controlling Shareholders both prior to and after the Offering. As at the Latest Practicable Date, the aggregate level of credit facilities that may be affected by a breach of such conditions or restrictions is IDR 2,263 billion.

We have obtained an undertaking from each of the Lim Family and IOI Corporation to notify us, as soon as the Lim Family or IOI Corporation (as the case may be) becomes aware, of any share pledging arrangements relating to the shares that are the subject of the above conditions and of any event which may result in a breach of the provisions in the above facilities.

Bank Borrowings

As at the Latest Practicable Date, our banking facilities were as follows:

Type of Borrowing	Total Utilised (million)	Total Unutilised (million)	Interest Rates	Maturity Profile
Working capital loans	IDR 20,000	—	11.00%	Renewable annually
	US$15	—	SIBOR + 4.00%	Renewable annually
Investment loans	IDR 936,359	IDR 158,771	10.75% to 12.50%	Tenor of 5 to 12 years, maturing in 2015 to 2022. Repayable in quarterly instalments
	US$124.3	—	SIBOR + 3.50%	Tenor of 5 years, maturing in 2015. Repayable in quarterly instalments

Our banking facilities are secured and/or guaranteed by one or several collateral(s) including: (i) fixed and floating charges over assets (including land use rights) and trade receivables, (ii) corporate guarantees, (iii) personal guarantees from our Executive Directors, (iv) shares of certain of our subsidiaries, and (v) insurance claims.

As at the Latest Practicable Date, we are not in breach of any of the terms and covenants of our banking facilities which could materially affect our financial position and results or business operations.

Shareholders' Loan

As at the Latest Practicable Date, we also had an outstanding amount due to our Shareholders of S$1.8 million, which is non-interest bearing and unsecured, with no fixed repayment term. We intend to repay the aforesaid S$1.8 million from the proceeds of the Offering and the issuance of the Cornerstone Shares at the time of listing of our Shares on the SGX-ST.

Finance Lease

As at the Latest Practicable Date, our Group also had a total IDR 4.5 billion finance lease payables pursuant to capital lease agreements entered into for the purchase of farming equipment and motor vehicles.

Contingent Liabilities

As at the Latest Practicable Date, our Group had outstanding contingent liabilities of approximately IDR 793 billion due to corporate guarantees given by our Group under our Plasma Programme. For more information on the Plasma Programme, please refer to the section entitled "General Information on Our Group — Business and Operations" of this Prospectus.

SELECTED PRO FORMA FINANCIAL INFORMATION

The following tables present our unaudited pro forma consolidated income statement for the year ended 31 December 2011 and the unaudited pro forma consolidated balance sheet as at 31 December 2011. Such unaudited pro forma consolidated financial information presents the pre-IPO restructuring of the Company and our subsidiaries, including the increase in the Company's issued and paid up capital, increase in our Company's interest in BGA through the acquisition of BGA interests held by common control parties, increase in BGA's interests in certain of its subsidiaries through the acquisition of certain interests held by non-controlling interest holders, and with respect to the profit and loss statement, the disposal of KPAS as if it had been disposed on 1 January 2011, in order to assist investors' understanding of our pro forma results of operations and financial condition. However, the unaudited pro forma consolidated financial information does not include the financial information of the SNA Group, wherein a stake was acquired by our Group subsequent to the year ended 31 December 2011. Please refer to the section entitled "Restructuring Exercise" of this Prospectus.

The unaudited pro forma consolidated financial information has been derived from and should be read in conjunction with our "Annex H — Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2011", related notes and auditors' report thereto, which are included elsewhere in this Prospectus. "Note 4 — Basis of preparation of unaudited pro forma consolidated financial information" to the unaudited pro forma consolidated financial information describes the procedures and adjustments used to create our pro forma consolidated financial information. Consequently, this financial information is not necessarily an indication of (i) the results of operations that we would have realised if the acquisitions had been effected during the periods under review or (ii) the results of operations that we will realise in the future.

The following selected financial information should be read in conjunction with the full text of this Prospectus, including the "Unaudited Pro Forma Consolidated Financial Information for the Financial Year Ended 31 December 2011" set out in Annex H of this Prospectus.

Unaudited Pro Forma Consolidated Income Statement[1]

	Unaudited for the year ended 31 December 2011	
	IDR'million	**US$'000**[2]
Revenue	2,805,316	319,548
Cost of sales	(1,565,632)	(178,338)
Gross profit	**1,239,684**	**141,210**
Interest income	10,769	1,227
Gain arising from fair value changes in biological assets	181,008	20,618
Selling expenses	(38,938)	(4,435)
General and administrative expenses	(154,529)	(17,602)
Finance cost	(105,024)	(11,963)
Other (expenses)/income	57,063	6,500
Profit before tax	**1,190,033**	**135,555**
Income tax expense	(297,071)	(33,839)
Profit for the year	**892,962**	**101,716**
Attributable to:		
Owners of the Company	749,105	85,329
Non-controlling interests	143,857	16,387
	892,962	**101,716**
EPS attributable to owners of the Company (IDR/US$ per Share)[3]	**IDR 505**	**US$0.06**
EPS attributable to owners of the Company as adjusted for the Offering (IDR/US$ per Share)[4]	**IDR 426**	**US$0.05**
Profit before taxation (excluding gain arising from fair value changes in biological assets)	1,009,025	114,936
Income tax expense	(251,925)	(28,696)
Profit for the year (excluding gain arising from fair value changes in biological assets)	**757,100**	**86,240**
Attributable to (excluding gain arising from fair value changes in biological assets):		
Owners of the Company	632,384	72,034
Non-controlling interests	124,716	14,206
	757,100	**86,240**
EPS attributable to owners of the Company (excluding gain arising from fair value changes in biological assets) (IDR/US$ per Share)[3]	**IDR 426**	**US$0.05**
EPS attributable to owners of the Company as adjusted for the Offering (excluding gain arising from fair value changes in biological assets) (IDR/US$ per Share)[4]	**IDR 360**	**US$0.04**

Notes:

(1) The unaudited pro forma consolidated income statement of our Group for the year ended 31 December 2011 has been prepared on the basis that our Group has been in existence throughout the year and period then ended, respectively.

(2) For illustrative purposes, the unaudited pro forma consolidated income statement of our Group has been translated into US$ using the average rate of IDR 8,779: US$1.00 for the year ended 31 December 2011 as set out in the section entitled "Exchange Rates and Exchange Controls" of this Prospectus

(3) The EPS is calculated based on profit attributable to the owners of the Company and the pre-Offering share capital of 1,484,197,844 Shares of the Company.

(4) The EPS adjusted for the Offering is calculated based on profit attributable to the owners of the Company and the post-Offering share capital of 1,757,531,844 Shares of the Company.

Unaudited Pro Forma Consolidated Balance Sheet[1]

	Unaudited for the year ended 31 December 2011	
	IDR'million	US$'000[2]
Non-current assets		
Biological assets	4,319,988	476,399
Plasma receivables	106,545	11,750
Property, plant and equipment	1,170,287	129,057
Land use rights	144,914	15,981
Intangible assets	77,588	8,556
Deferred tax assets	8,140	898
Tax refundable	16,593	1,830
Total non-current assets	**5,844,055**	**644,471**
Current assets		
Inventories	263,333	29,040
Deferred charges	25,630	2,826
Trade and other receivables	33,891	3,737
Prepayments and advances	17,997	1,985
Prepaid taxes	51,763	5,708
Cash and short-term deposits	270,139	29,790
Total current assets	**662,753**	**73,086**
Total assets	**6,506,808**	**717,557**
Current liabilities		
Loans and borrowings	516,300	56,936
Obligations under finance leases	6,092	672
Trade and other payables	365,237	40,278
Accrued operating expenses	56,308	6,210
Sales advances	196,345	21,653
Income tax payable	152,827	16,853
Total current liabilities	**1,293,109**	**142,602**
Non-current liabilities		
Deferred tax liabilities	464,638	51,239
Amounts due to shareholders	12,955	1,429
Loans and borrowings	1,794,882	197,936
Obligation under finance leases	203	22
Post employment benefits	15,568	1,717
Shareholders' loan (restructuring)	74,690	8,236
Total non-current liabilities	**2,362,936**	**260,579**
Total liabilities	**3,656,045**	**403,181**
Net assets	**2,850,763**	**314,376**

	Unaudited for the year ended 31 December 2011	
	IDR'million	US$'000[2]
Equity attributable to owners of the company		
Share capital	271,881	29,982
Other reserves	(260,029)	(28,675)
Retained earnings	2,462,683	271,580
Foreign currency translation reserve	8,784	968
	2,483,319	**273,855**
Non-controlling interests	367,444	40,521
Total equity	**2,850,763**	**314,376**
NAV per Share (IDR/US$ per Share)[3]	IDR1,673	US$0.18

Notes:

(1) The unaudited pro forma consolidated balance sheet of our Group as at 31 December 2011 has been prepared on the basis that our Group has been in existence on 31 December 2011.

(2) For illustrative purposes, the unaudited pro forma consolidated balance sheet of our Group has been translated into US$ using the closing rate of IDR 9,068: US$1.00 as at 31 December 2011 as set out in the section entitled "Exchange Rates and Exchange Controls" of this Prospectus.

(3) The pro forma NAV per Share as at 31 December 2011 has been computed based on our pre-Offering share capital of 1,484,197,844 Shares of the Company.

The following tables present our summary combined financial statements and other information as at and for the financial years ended 31 December 2009, 2010 and 2011 and certain operating data for the same periods. The summary combined financial statements as at and for the years ended 31 December 2009, 2010 and 2011 should be read in conjunction with our audited combined financial statements and the related notes thereto, which are included elsewhere in this Prospectus. The financial information included in this Prospectus does not reflect our results of operations, financial position and cash flows in the future, and our past operating results are no guarantee of our future operating performance. The audited combined financial statements are prepared and presented in accordance with Singapore Financial Reporting Standards, which may differ in certain respects from generally accepted accounting principles in other countries. For a summary of our significant accounting policies and the basis of the presentation of our combined financial statements, refer to the notes to our audited combined financial statements included elsewhere in this Prospectus. The following information should be read in conjunction with the section entitled "Management's Discussion and Analysis of Results of Operations and Financial Condition" and our combined financial statements and the related notes, included elsewhere in this Prospectus. Unless otherwise noted, the following discussion does not include the financial information and operating data of the SNA Group.

Audited Combined Income Statements

	For The Financial Year Ended 31 December		
	2009	**2010**	**2011**
	IDR'million	**IDR'million**	**IDR'million**
Revenue	1,431,454	1,960,671	2,805,316
Cost of sales	(956,395)	(1,243,465)	(1,565,632)
Gross profit	**475,059**	**717,206**	**1,239,684**
Interest income	2,489	9,105	10,796
Gain arising from fair value changes in biological assets	94,233	831,242	181,008
Selling expenses	(28,348)	(31,830)	(38,938)
General and administrative expenses	(77,910)	(113,142)	(154,630)
Finance cost	(95,166)	(111,773)	(105,024)
Other (expenses)/income	98,772	54,165	57,138
Profit before tax	**469,129**	**1,354,973**	**1,190,034**
Income tax expense	(120,102)	(328,733)	(297,071)
Profit for the year	**349,027**	**1,026,240**	**892,963**
Attributable to:			
Owners of the Company	319,813	892,534	761,852
Non-controlling interests	29,214	133,706	131,111
	349,027	**1,026,240**	**892,963**
EPS attributable to owners of the Company (IDR per Share)[(1)]	**IDR 215**	**IDR 601**	**IDR 513**
EPS attributable to owners of the Company as adjusted for the Offering (IDR per Share)[(2)]	**IDR 182**	**IDR 508**	**IDR 433**

	For The Financial Year Ended 31 December		
	2009 US$'000[3]	2010 US$'000[3]	2011 US$'000[3]
Revenue	137,666	215,814	319,548
Cost of sales	(91,979)	(136,870)	(178,338)
Gross profit	**45,687**	**78,944**	**141,210**
Interest income	239	1,002	1,230
Gain arising from fair value changes in biological assets	9,063	91,496	20,618
Selling expenses	(2,726)	(3,504)	(4,435)
General and administrative expenses	(7,493)	(12,453)	(17,613)
Finance cost	(9,152)	(12,303)	(11,963)
Other (expenses)/income	9,499	5,962	6,508
Profit before tax	**45,117**	**149,144**	**135,555**
Income tax expense	(11,550)	(36,184)	(33,839)
Profit for the year	**33,567**	**112,960**	**101,716**
Attributable to:			
Owners of the Company	30,757	98,243	86,781
Non-controlling interests	2,810	14,717	14,935
	33,567	**112,960**	**101,716**
EPS attributable to owners of the Company (US$ per Share)[1]	**US$0.02**	**US$0.07**	**US$0.06**
EPS attributable to owners of the Company as adjusted for the Offering (US$ per Share)[2]	**US$0.02**	**US$0.06**	**US$0.05**

Notes:

(1) The EPS has been computed based on profit attributable to the owners of the Company and the pre-Offering share capital of 1,484,197,844 Shares of the Company.

(2) The EPS adjusted for the Offering is calculated based on profit attributable to the owners of the Company and the post-Offering share capital of 1,757,531,844 Shares of the Company.

(3) For illustrative purposes, the audited combined income statements of our Group for FY2009, FY2010 and FY2011 has been translated into US$ using the average rate of IDR 10,398: US$1.00, IDR 9,085: US$1.00 and IDR 8,779: US$1.00 respectively as set out in the section entitled "Exchange Rates and Exchange Controls" of this Prospectus.

Audited Combined Balance Sheets

	As at 31 December,		
	2009	2010	2011
	IDR'million	IDR'million	IDR'million
Non-current assets			
Biological assets	2,142,881	3,624,897	4,319,988
Plasma receivables	110,758	188,891	106,545
Property, plant and equipment	703,167	938,895	1,170,287
Land use rights	49,106	112,519	144,914
Intangible assets	27,500	95,254	77,588
Restricted cash	35,101	6,439	—
Deferred tax assets	21,140	2,385	8,140
Tax refundable	411	—	16,593
Total non-current assets	**3,090,064**	**4,969,280**	**5,844,055**
Current assets			
Inventories	119,733	155,986	263,333
Deferred charges	3,059	6,492	25,630
Trade and other receivables	51,160	16,184	33,891
Prepayments and advances	17,876	11,013	17,997
Prepaid taxes	34,594	40,295	51,763
Cash and short-term deposits	23,662	363,076	270,139
Total current assets	**250,084**	**593,046**	**662,753**
Total assets	**3,340,148**	**5,562,326**	**6,506,808**
Current liabilities			
Loan and borrowings	195,190	244,306	516,300
Obligations under finance leases	15,388	10,889	6,092
Trade and other payables	279,636	268,653	365,237
Accrued operating expenses	20,458	30,478	56,308
Sales advances	63,389	100,471	196,345
Income tax payable	80,207	65,732	152,827
Total current liabilities	**654,268**	**720,529**	**1,293,109**
Non-current liabilities			
Deferred tax liabilities	191,286	422,898	464,638
Amounts due to Shareholders and related parties	450,222	57,799	12,955
Loans and borrowings	719,567	2,051,901	1,794,882
Obligation under finance leases	24,042	7,907	203
Post employment benefits	6,052	12,141	15,568
Other liability	16,522	15,711	—
Total non-current liabilities	**1,407,691**	**2,568,357**	**2,288,246**
Total liabilities	**2,061,959**	**3,288,886**	**3,581,355**
Net assets	**1,278,189**	**2,273,440**	**2,925,453**
Equity attributable to owners of the Company			
Share capital	—[1]	—[1]	45,000
Other reserves	329,613	284,125	151,511
Retained earnings	821,046	1,713,580	2,475,432
Foreign currency translation reserve	7,354	9,842	9,449
	1,158,013	**2,007,547**	**2,681,392**
Non-controlling interests	**120,176**	**265,893**	**244,061**
Total equity	**1,278,189**	**2,273,440**	**2,925,453**
NAV per share (IDR per Share)[2]	IDR 780	IDR 1,353	IDR 1,807

	As at 31 December		
	2009	2010	2011
	US$'000[3]	US$'000[3]	US$'000[3]
Non-current assets			
Biological assets	227,966	403,170	476,399
Plasma receivables	11,783	21,009	11,750
Property, plant and equipment	74,805	104,426	129,057
Land use rights	5,224	12,515	15,981
Intangible assets	2,926	10,594	8,556
Restricted cash	3,734	716	—
Deferred tax assets	2,249	265	898
Tax refundable	44	—	1,830
Total non-current assets	**328,731**	**552,695**	**644,471**
Current assets			
Inventories	12,738	17,349	29,040
Deferred charges	325	722	2,826
Trade and other receivables	5,443	1,800	3,737
Prepayments and advances	1,902	1,225	1,985
Prepaid taxes	3,680	4,482	5,708
Cash and short-term deposits	2,517	40,382	29,790
Total current assets	**26,605**	**65,960**	**73,086**
Total assets	**355,336**	**618,655**	**717,557**
Current liabilities			
Loan and borrowings	20,765	27,172	56,936
Obligations under finance leases	1,637	1,211	672
Trade and other payables	29,748	29,880	40,277
Accrued operating expenses	2,176	3,390	6,210
Sales advances	6,744	11,175	21,653
Income tax payable	8,533	7,311	16,853
Total current liabilities	**69,603**	**80,139**	**142,601**
Non-current liabilities			
Deferred tax liabilities	20,350	47,036	51,239
Amounts due to Shareholders and related parties	47,896	6,429	1,429
Loans and borrowings	76,550	228,217	197,936
Obligation under finance leases	2,558	879	22
Post employment benefits	644	1,351	1,717
Other liability	1,758	1,747	—
Total non-current liabilities	**149,756**	**285,659**	**252,343**
Total liabilities	**219,359**	**365,798**	**394,944**
Net assets	**135,977**	**252,857**	**322,613**

	As at 31 December		
	2009	2010	2011
	US$'000[3]	US$'000[3]	US$'000[3]
Equity attributable to owners of the Company			
Share capital	—[1]	—[1]	4,963
Other reserves	35,065	31,601	16,708
Retained earnings	87,345	190,588	272,985
Foreign currency translation reserve	782	1,095	1,042
	123,192	**223,284**	**295,698**
Non-controlling interests	12,785	29,573	26,915
Total equity	**135,977**	**252,857**	**322,613**
NAV per share (US$ per Share)[2]	US$0.08	US$0.15	US$0.20

Notes:

(1) Share capital as at 31 December 2009 and 2010, were less than IDR 1,000,000.

(2) The NAV per Share as at 31 December 2009, 2010 and 2011 has been computed based on our pre-Offering share capital of 1,484,197,844 Shares of the Company.

(3) For illustrative purposes, the audited combined balance sheet of our Group for FY2009, FY2010, and FY2011 has been translated into US$ using the closing rate of IDR 9,400: US$1.00, IDR 8,991: US$1.00 and IDR 9,068: US$1.00 respectively as set out in the section entitled "Exchange Rates and Exchange Controls" of this Prospectus.

SELECTED OPERATING DATA

	2009	2010	2011
Planted area (ha)			
Nucleus	59,013	76,987	87,581
Plasma	25,742	30,515	30,879
Total	**84,755**	**107,502**	**118,460**
Plantable land (ha)	**49,501**	**67,043**	**73,101[1]**
Total land bank (ha)	**134,256**	**174,545**	**191,561**
Sales volume (mt)			
a. CPO Indonesia	211,999	253,862	335,410
CPO Overseas	3,999	—	—
CPO	**215,998**	**253,862**	**335,410**
b. **PK**	**46,052**	**52,742**	**62,419**
Average selling price (net) (IDR/kg)			
c. CPO Indonesia	6,093	6,911	7,532
CPO Overseas	6,099	—	—
d. PK	2,506	3,909	4,470
Production			
a. **Average FFB yield per mature hectare (mt/ha)[2]:**			
Nucleus			
Young (4–6 years)	10.5	12.3	13.3
Prime (7–18 years)	23.5	20.7	20.2
Overall nucleus	**14.3**	**14.7**	**15.5**
Plasma			
Young (4–6 years)	13.1	13.6	15.6
Prime (7–18 years)	20.4	20.2	21.6
Overall plasma	**15.7**	**15.7**	**18.0**
Overall nucleus and plasma	**14.8**	**15.1**	**16.3**

		2009	2010	2011
b.	**FFB processed (mt)**			
	Nucleus			
	Immature (0–3 years)	41,156	57,208	41,921
	Young (4–6 years)	152,846	246,905	369,168
	Prime (7–18 years)	138,371	169,463	267,241
	Subtotal	**332,373**	**473,576**	**678,330**
	% of total FFB processed	*33.3*	*40.5*	*47.1*
	Plasma			
	Immature (0–3 years)	21,462	14,401	18,032
	Young (4–6 years)	109,870	164,845	191,862
	Prime (7–18 years)	94,535	111,419	177,420
	Subtotal	**225,867**	**290,665**	**387,314**
	% of total FFB processed	*22.6*	*24.8*	*26.9*
	Third Party	**439,519**	**405,769**	**374,744**
	% of total FFB processed	*44.1*	*34.7*	*26.0*
	Total FFB processed	**997,759**	**1,170,010**	**1,440,388**
c.	**Average CPO yield (mt/ha)**[3]			
	Nucleus	3.70	3.73	3.92
	Plasma	3.89	3.64	4.54
d.	*OER (%)*	*22.3*	*22.0*	*24.0*
	KER (%)	*4.5*	*4.5*	*4.5*
e.	CPO (mt)	222,985	256,883	345,111
f.	PK (mt)	45,267	52,989	64,875

Notes:

(1) This includes the Designated Mining Area (as defined below) described in the section entitled "Interested Person Transactions and Conflicts of Interests — Interested Person Transactions — Present and Ongoing Interested Person Transactions" of this Prospectus.

(2) FFB yield for each financial period was calculated by dividing FFB produced from mature oil palm trees for the period by the respective hectares of mature planted area at the end of the period.

(3) CPO yield for each financial period was calculated by dividing CPO produced from nucleus and plasma for the period by the respective hectares of mature planted area at the end of the period.

The following discussion of our results of operations and financial position should be read in conjunction with the sections entitled "Selected Financial and Other Information", "Annex G — Audited Combined Financial Statements for the Financial Years ended 31 December 2009, 2010 and 2011" and "Annex H — Unaudited Pro Forma Consolidated Financial Information for the financial year ended 31 December 2011" of this Prospectus.

Statements contained in this discussion that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties, and assumptions that could cause the actual results to differ materially from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly in the section entitled "Risk Factors". Under no circumstances should the inclusion of such forward-looking statements herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by our Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters, or any other person. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Please refer to the section entitled "Cautionary Note on Forward-Looking Statements" of this Prospectus.

OVERVIEW

We are a producer of CPO and PK, with our oil palm plantations located in Indonesia. Our primary business activities are cultivating and harvesting our oil palm trees, processing FFB from our oil palm plantations, our plasma plantations and third parties into CPO and PK, and selling CPO and PK in Indonesia. We intend to start selling CPO in Malaysia in 2012. We aim to be a leading CPO producer and supplier through the continuous improvement of our operations and product quality. Our mission is to create value for our Shareholders (including through the expansion of our plantation business and the improvement of the productivity of our oil palm plantations and CPO mills) and improve the welfare of the local communities through various corporate social responsibility programmes and environmentally-friendly practices.

We operate in three provinces in Indonesia, namely Central Kalimantan, West Kalimantan and Riau. As at the Latest Practicable Date, we owned and/or controlled an aggregate of 191,948 hectares of land (including land under the Plasma Programme and land managed by our Group on behalf of LSK), of which 119,162 hectares are planted area. Our total planted area comprised nucleus plantations of 87,851 hectares and plantations under our Plasma Programme of 31,311 hectares (73.7% and 26.3% of the total planted area, respectively). As our planted area covers only 62.1% of the total land owned and/or controlled by our Group as at the Latest Practicable Date, we believe that we can significantly increase our cultivated plantation land through the development and cultivation of our existing land bank. In addition to the land owned and/or controlled by our Group, we also manage 7,310 hectares of land which are owned and/or controlled by associates of one of our Controlling Shareholders, namely the Hariyantos, pursuant to the GY Cooperation Agreement and the GHL Cooperation Agreement, whereby we have the exclusive right to purchase any FFB produced from such plantations. For more information, please refer to the sub-section entitled "Business and Operations — Land Managed by our Group and Future Acquisitions" in this section of this Prospectus.

Oil palm trees require approximately three years to mature, and typically do not reach peak production of FFB until seven years after planting. Peak production years for the oil palm trees range from seven to eighteen years of age, after which, their production of FFB gradually declines. As at the Latest Practicable Date, we had 75,420 hectares of mature and 43,742 hectares of immature oil palm plantations under cultivation. As we started aggressive planting only in 2004, as at the Latest

Practicable Date, the weighted average age of our oil palm trees was approximately five years, and only 28.1% of them have reached peak production age. Our FFB production grew from 558,240 mt in FY2009 to 1,065,644 mt in FY2011, which translated to an average production yield of 16.3 mt of FFB per hectare for FY2011. Over the next few years, given that the majority of our oil palm trees are either immature or young, we expect our FFB yields to improve and CPO production to increase as more of our oil palm trees mature and reach peak production age.

As at the Latest Practicable Date, our Group had five CPO mills in Kalimantan and one CPO mill in Riau. The CPO mills had a combined FFB processing capacity of 345 tph or 2,070,000 tpa. Our CPO production grew from 222,985 mt in FY2009 to 345,111 mt in FY2011 and PK production grew from 45,267 mt in FY2009 to 64,875 mt in FY2011. In FY2011, our CPO mills achieved an average OER of 24.0%. We process the FFB produced by our own oil palm plantations and those purchased from plasma farmers and third parties. For FY2011, 47.1%, 26.9% and 26.0% of the FFB processed by our CPO mills was sourced from our own plantations, the Plasma Programme and third parties, respectively. Our CPO mill average utilisation rates were 65.2%, 76.5% and 69.6% for FY2009, FY2010 and FY2011, respectively. Going forward, we expect the utilisation rates of our CPO mills to improve as our plantations continue to mature and reach peak production age.

We are in the process of expanding the FFB processing capacity of two of our existing CPO mills, and intend to commence the construction of two additional CPO mills during the second half of 2012. When fully completed in the second half of 2013, the expanded and new CPO mills are expected to increase our FFB processing capacity to 3,060,000 tpa. Our Group currently has nine steam turbines in the CPO mills which are used to generate electricity by utilising waste, such as fibre and PK shells recycled from the CPO production process. The majority of the electricity generated is used by the mills and the housing and office buildings in the surrounding areas.

The majority of our oil palm plantations in Central Kalimantan and West Kalimantan are located in close proximity to one another and our CPO mills are strategically situated near our plantation clusters. The close proximity of our CPO mills to our plantations expedites the delivery of harvested FFB. This minimises FFB spoilage during transportation and reduces overall transportation costs. At the same time, we are able to maximise OER by delivering FFB to the mills within 24 hours of harvesting, thereby preserving the freshness of the fruits. The plantations within each cluster are well connected by roads which facilitate the transportation of FFB harvests to the CPO mills and the movement of labour. Within each plantation cluster, we are thus able to achieve operational efficiency through the sharing of resources such as labour, infrastructure and port facilities.

Recent developments

We have undertaken the Restructuring Exercise in preparation for the Offering. For further information, please refer to the "Restructuring Exercise" section of the Prospectus.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are significantly impacted by the following factors:

CPO prices

We derived more than 89% of our revenues for the financial years ended 31 December 2009, 2010 and 2011, from the sale of CPO, whilst the remainder was derived from the sale of PK. In general, the prices of both our end-products, CPO and PK, will typically move in tandem with the changes in international

prices of CPO which would in turn impact our revenue. The prices at which we sell our CPO are determined with reference to the tender prices arrived at in the local auction conducted by PT Astra Agro Lestari, Tbk. These tender prices are dependent on international CPO prices which are in turn, impacted by, among others, weather conditions, government policies, domestic and worldwide demand and supply dynamics, shifts in consumption patterns, economic developments, population growth and the availability and prices of substitute products (such as rapeseed oil and soybean oil). Please refer to the section entitled "Prospects, Strategies and Future Plans" of this Prospectus for more information on the factors which may affect CPO and PK prices.

Our average CPO local selling price per kg for the financial years ended 31 December 2009, 2010 and 2011 was IDR 6,093, IDR 6,911, and IDR 7,532, respectively. Our average selling price per kg for PK was IDR 2,506, IDR 3,909, and IDR 4,470 for the financial years ended 31 December 2009, 2010 and 2011, respectively.

Yields from oil palm plantations and CPO mills

FFB is the primary raw material used in the production of CPO and PK. FFB is sourced from our plantations, our partners in the Plasma Programme and third parties. For the financial year ended 31 December 2011, we sourced 47.1%, 26.9% and 26.0% of the total FFB processed from our plantations, plasma plantations and third parties respectively. We source FFB from third parties primarily to maximise the capacity utilisation of our mills, particularly in Riau, due to the young age of our plantations.

The yields from oil palm plantations depend on a variety of factors, including quality of the oil palm seeds used, soil quality, weather conditions, amount and type of fertilisers used, overall plantation management and harvesting and processing of FFB at the optimal time. The yields are also significantly influenced by the maturity of oil palm trees. Oil palm trees reach commercial maturity after three years and thereafter remain commercially viable for up to 22 years. As oil palm trees mature, FFB yields improve significantly, generally reaching peak production between the ages of seven and eighteen. In general, mature trees can produce 18 to 25 mt of FFB per hectare per annum.

As at 31 December 2011, only 18.1% of our oil palm trees, including those under the Plasma Programme, had reached their peak production age. Our average FFB yield for the financial years ended 31 December 2009, 2010 and 2011 for our nucleus plantations was 14.3, 14.7 and 15.5 mt per hectare, respectively. Our average FFB yield for the financial years ended 31 December 2009, 2010 and 2011 for our plasma plantations was 15.7, 15.7 and 18.0 mt per hectare, respectively. The increase in FFB yield for our nucleus and plasma plantations was mainly due to the increase in age of our oil palm trees and improved harvesting methods. Given that the weighted average age of our oil palm trees (including those under the Plasma Programme) are 3.7 years for nucleus and 5.1 years for plasma as at 31 December 2011, we expect that our FFB production and yield will increase over the next few years.

The extraction rate of CPO and PK is primarily dependant on the age of oil palm trees, quality and ripeness of the FFB (which is partly related to the quality of our harvesting operations), processing efficiency of our mills and overall weather conditions. To optimise our extraction rate and maintain the quality of CPO, FFB must be harvested when ripe and transported quickly to the mills for processing. In general, harvested FFB should be processed within 24 hours to maximise the OER and to maintain the quality of the CPO produced. Our CPO extraction rate increased from 22.3% in FY2009 to 24.0% in FY2011 mainly due to better harvesting management and the increase in the average age of our oil palm trees.

Utilisation of existing land bank for future planting programme

Currently, we have 62,786 hectares of undeveloped land bank which can be utilised for cultivating oil palm trees in the near future and therefore represents significant potential for growth. The aforesaid 62,786 hectares of land bank available for planting in the near future is subject to re-measurement during the certification process for obtaining Hak Guna Usaha, and excludes the Designated Mining Area described in the section entitled "Interested Person Transactions and Conflicts of Interests — Interested Person Transactions — Present and Ongoing Interested Person Transactions" of this Prospectus. Our ability to expand our planted area and cultivate our land would affect the production volume of FFB and hence our revenues derived from the sale of CPO and PK. Factors which may affect our ability to expand our planted area include the ability to convert land rights to *Hak Guna Usaha*, government policies, climate changes, the ability to build infrastructure and support from the local villagers.

Production costs

A substantial portion of our cost of goods sold consists of the cost of purchasing FFB from third parties and our partners in the Plasma Programme, cost of purchasing fertiliser for our plantations, and cost of labour required for the upkeep of our plantations and harvesting FFB at our plantations.

The cost of procuring FFB from third parties and our partners in the Plasma Programme, fertiliser costs and labour costs represented 35.1%, 6.3% and 5.4% of sales for the financial year ended 31 December 2011 respectively. Our average cost per kg of FFB purchased from third parties and our partners in the Plasma Programme for the financial years ended 31 December 2009, 2010 and 2011 was IDR 1,092, IDR 1,241 and IDR 1,292, respectively. FFB costs increases are usually due to higher CPO prices, which will usually translate to higher revenue when we sell our CPO. Conversely, lower CPO prices would usually be mitigated by lower FFB prices.

Our FFB volume purchased from third parties was 439,519 mt, 405,769 mt, and 374,744 mt for the financial years ended 31 December 2009, 2010 and 2011, respectively. The decrease in FFB volume purchased from third parties was mainly due to the increase in FFB produced by our nucleus plantations and our partners in the Plasma Programme. Our FFB volume purchased from our partners in the Plasma Programme was 225,867 mt, 290,665 mt and 387,314 mt for the financial years ended 31 December 2009, 2010 and 2011, respectively. Any increase in the price of FFB purchased from third parties and our partners in the Plasma Programme and increase in fertiliser costs and labour costs will have an impact on our total cost of sales and overall profits.

Fluctuation in foreign currency exchange rates

Currently, majority of our revenues and expenses are denominated in IDR. At present, our fertiliser purchases, heavy equipment, machinery and spare parts purchases and part of our interest expenses are denominated in US$. Any movement in the exchange rate between the US$ and IDR would have an impact on our costs of sales and profits in any financial period.

Fair value of our biological assets

We have adopted FRS No. 41 — Agriculture, which requires our biological assets to be stated at each balance sheet date, at their fair values less estimated point-of-sale costs. Any resultant gain or loss arising from a change in the fair value is immediately recognised in our income statement. These gains and losses are determined by comparing the carrying value of our biological assets as at a balance

sheet date with their fair value. To the extent the carrying value exceeds the fair value, we will recognise a loss; to the extent the fair value exceeds the carrying value, we will recognise a gain. These gains or losses from changes in the fair value of our biological assets have been an important factor affecting our profits, for the financial years ended 31 December 2009, 2010 and 2011. Accordingly, should there be any significant adverse fluctuations in the fair value of these biological assets, our financial performance for that relevant period may be adversely affected. Please refer to Note 2.12 on "Summary of significant accounting policies" and Note 8 on "Biological assets" to "Annex G — Audited Combined Financial Statements for the Financial Years ended 31 December 2009, 2010 and 2011" of this Prospectus for further details.

The fair values of our oil palm plantations are determined by an independent third-party, using the discounted future cash flows of the underlying plantations. The most important factors affecting this calculation are the forecast market price for FFB, which is largely dependent on the projected selling prices of CPO and PK in the international markets, and the applicable discount rate, which reflects primarily our cost of capital. Cost of capital, in turn, depends on numerous factors, some of which are beyond our control, including interest rates, commodity prices and other macro-economic factors with an impact on the palm oil industry and on us.

Both mature and immature oil palm trees are valued using the "income" approach, whereby the value of the trees is derived from the calculation of the present value of the future income generated by those trees. The estimated yield of the oil palm plantations is affected by the age of the oil palm trees, the location, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of CPO and PK in Indonesia and the international market. The discount rates applied varied from year to year and were determined by using the weighted average cost of capital ("WACC") of our Group in each year.

Capital expenditures

We have made significant investments to increase our plantation hectarage and processing capacity over the past three financial years to cater to the increasing demand for our products. For the financial years ended 31 December 2009, 2010 and 2011, we incurred capital expenditures of IDR 538 billion, IDR 671 billion and IDR 1,021 billion, respectively. This is expected to improve our revenue over the next few years. Given that the oil palm plantation and processing businesses are capital intensive, we will need sufficient capital resources to continue increasing our plantation hectarage and expanding our milling capacity to commensurate with our production of FFB. Any additional future capital expenditures are expected to impact our revenues, financing cost and depreciation. Please refer to the sub-section entitled "Capital Expenditure, Commitments and Capital Divestment" in this section of this Prospectus for additional information.

RESULTS OF OPERATIONS

Revenue

Our revenue is generated from the sale of CPO and PK. For the financial years ended 31 December, 2009, 2010 and 2011, we sold almost all of our CPO and PK in the domestic market and our sales were primarily denominated in IDR. Our major customers include the Wilmar Group and the Sinar Mas Group.

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the buyers which usually coincides with the delivery of goods.

The following table sets forth our sales of CPO and PK for the financial years ended 31 December 2009, 2010 and 2011, in absolute terms and expressed as a percentage of total sales:

	For the year ended 31 December					
	2009		2010		2011	
	IDR'million	%	IDR'million	%	IDR'million	%
CPO	1,316,069		1,754,517		2,526,310	
Indonesia	1,291,681	90.2	1,754,517	89.5	2,526,310	90.1
Overseas	24,388	1.7	—	—	—	—
PK	115,385	8.1	206,154	10.5	279,006	9.9
Total	**1,431,454**	**100.0**	**1,960,671**	**100.0**	**2,805,316**	**100.0**

Revenue has increased progressively from FY2009 to FY2011 as a result of higher CPO and PK volume and higher average sale prices as illustrated in the following tables:

The following table sets forth our sales volume of CPO and PK for the financial years ended 31 December 2009, 2010 and 2011:

	For the year ended 31 December		
	2009	2010	2011
(in mt)			
CPO	215,998	253,862	335,410
PK	46,052	52,742	62,419
Total	**262,050**	**306,604**	**397,829**

The following table sets forth our average sales prices per kg of CPO and PK realised for the financial years ended 31 December 2009, 2010 and the 2011:

	For the year ended 31 December		
	2009	2010	2011
	IDR	IDR	IDR
CPO	6,093	6,911	7,532
PK	2,506	3,909	4,470

A discussion of historical CPO prices can be found in the section entitled "Prospects, Strategies and Future Plans — The Palm Oil Industry" of this Prospectus.

Cost of sales

Our cost of sales constituted 66.8%, 63.4%, and 55.8% of our total revenues in financial years ended 31 December 2009, 2010 and 2011, respectively, and consists of costs related to the production of FFB at our plantations, as well as costs relating to the production of CPO and PK at our mills. The principal costs at our plantations include the cost of fertiliser, depreciation and amortisation charges and labour cost. The principal costs at our mills include the cost of FFB purchased (from third parties and partners in the Plasma Programme), depreciation charges and cost of labour and spare parts.

The following table sets forth the cost of various activities and charges included in our cost of sales for the financial years ended 31 December 2009, 2010 and 2011 in absolute terms and as a percentage of total cost of sales:

	For the year ended 31 December					
	2009		2010		2011	
	IDR'million	%	IDR'million	%	IDR'million	%
Cost of sales						
Purchase of FFB	726,672	76.0	864,114	69.5	984,863	62.9
Maintenance cost	130,175	13.6	176,795	14.2	294,661	18.8
Harvesting	41,615	4.4	81,655	6.6	126,755	8.1
Depreciation and amortisation	44,342	4.6	55,913	4.5	65,140	4.2
Processing cost	26,526	2.8	33,185	2.7	42,420	2.7
Purchase of CPO and PK	—	—	26,314	2.1	67,248	4.3
Overhead cost	13,671	1.4	22,429	1.8	31,057	2.0
Net changes of inventory	(26,606)	(2.8)	(16,940)	(1.4)	(46,512)	(3.0)
Total cost of sales	956,395	100.0	1,243,465	100.0	1,565,632	100.0

The following table sets forth our principal cost items for the years indicated and their percentage of total cost of sales:

	For the year ended 31 December					
	2009		2010		2011	
	IDR'million	%	IDR'million	%	IDR'million	%
Purchase of FFB	726,672	76.0	864,114	69.5	984,863	62.9
Fertiliser	88,707	9.3	109,416	8.8	177,110	11.3
Labour cost	75,346	7.9	109,735	8.8	151,549	9.7

In general, the purchase price of FFB from third parties and our partners in the Plasma Programme is significantly higher than the unit cost of FFB harvested from our plantations. Fertiliser is the largest cost element of our maintenance costs. Labour costs comprise mainly wages and other worker-related costs at our plantations and mills and are part of the maintenance, harvesting, processing and overhead costs in the preceding table. Labour costs are affected by factors such as the number of workers, number of hours worked and wage increments.

Selling, general and administrative expenses

	For the year ended 31 December					
	2009		2010		2011	
	IDR'million	%	IDR'million	%	IDR'million	%
General and administrative expenses	77,910	73.3	113,142	78.0	154,630	79.9
Selling expenses	28,348	26.7	31,830	22.0	38,938	20.1
Total	**106,258**	**100.0**	**144,972**	**100.0**	**193,568**	**100.0**

General and administrative expenses, which include salaries and employee benefits relating to non-plantation and non-mill related staff, bank fees, amortisation of deferred charges, transportation, training, non-plantation and non-mill related depreciation charges and other miscellaneous expenses, constituted 73.3%, 78.0%, and 79.9% of total selling, general and administrative expenses for the financial years ended 31 December 2009, 2010 and 2011, respectively.

Selling expenses, which include freight and loading expenses, constituted 26.7%, 22.0%, and 20.1% of total selling, general and administrative expenses for the financial years ended 31 December 2009, 2010 and 2011, respectively.

Earnings before interest, tax, depreciation and amortisation ("EBITDA")

EBITDA is derived from profit before tax, excluding interest income, gain arising from fair value changes in biological assets, finance cost, depreciation and amortisation expenses, foreign exchange gains/(losses), and gains from waiver of other liability and disposal of a subsidiary. For the financial years ended 31 December 2009, 2010 and 2011, we generated EBITDA of IDR 420 billion, IDR 637 billion and IDR 1,132 billion respectively.

Gains or losses arising from fair value changes in biological assets

Biological assets, which include mature and immature oil palm trees in our plantations, are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the income statement.

The fair value of our oil palm plantations are based on the discounted cash flows of the underlying biological assets determined by an independent third-party valuation conducted by KJPP Rengganis, Hamid & Rekan.

The discounted cash flows of the underlying biological assets are determined based on, among others things, the expected FFB production, which is based on the projection of potential production per year of planting, and the assumed market price of the CPO for the projection period. The determination of the present value of expected net cash flows, involves the computation of the net cash flows that market participants would expect such assets to generate in their most relevant market. The expected net cashflows are computed by deducting the estimated direct and indirect costs of the estate operations from expected gross income over the projection period. These costs include harvesting cost, maintenance cost and other relevant cost; however it will not include depreciation, interest and tax.

The following table sets forth our profits before taxation, income tax expenses and profits for the years after excluding the effects of net gains or losses arising from fair value changes in biological assets.

	For the year ended 31 December		
	2009	2010	2011
	IDR'million	IDR'million	IDR'million
Profit before taxation (excluding gain arising from fair value changes in biological assets)	374,896	523,731	1,009,026
Income tax expense	(96,544)	(120,923)	(251,816)
Profit for the year (excluding gain arising from fair value changes in biological assets)	278,352	402,808	757,210

	For the year ended 31 December		
	2009	2010	2011
	IDR'million	IDR'million	IDR'million
Attributable to:			
Owners of the Company	251,665	351,334	632,283
Non-controlling interest	26,687	51,474	124,927
Profit for the year (excluding gain arising from fair value changes in biological assets)	278,352	402,808	757,210

Finance cost

Finance cost comprises interest charged on our bank borrowings and interest-bearing shareholders' loan net of interest received from bank deposits.

Other (expense)/income

Other (expense)/income comprises mainly foreign exchange (loss)/gain incurred due to depreciation/appreciation of IDR against US$ over a given period of time. Transactions during the year involving foreign currencies are recorded at the exchange rate prevailing at the relevant transaction dates. At the balance sheet dates, monetary assets and liabilities denominated in foreign currencies are translated into our functional currency at the closing rates on each balance sheet date. Any gain is credited or loss is charged to the profit and loss account for the year. For the financial years ended 31 December 2009, 2010 and 2011, the net foreign exchange gains/(losses) were IDR 95 billion, IDR 52 billion, and IDR (9) billion, respectively.

Income tax expense

Income tax expense comprises current and deferred taxes. The statutory tax rates in Indonesia for the financial years ended 31 December 2009, 2010 and 2011 were at flat rates of 28.0%, 25.0% and 25.0%, respectively. Current tax is the expected tax payable on the taxable income, using tax rates enacted or substantially enacted at the balance sheet dates.

Deferred tax is provided, using the liability method, for temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax is measured using the tax rates expected to be applied to the temporary differences when they are realised or settled, based on tax rates enacted or substantially enacted at the balance sheet dates.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each balance sheet date and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

REVIEW OF PAST EARNINGS PERFORMANCE

Financial year ended 31 December 2009 compared to the financial year ended 31 December 2010

Revenue

Our revenue increased by IDR 530 billion or 37.0% from IDR 1,431 billion in FY2009 to IDR 1,961 billion in FY2010. The increase was mainly attributable to increases in CPO and PK sales volume and the average selling prices of CPO and PK. The increase in CPO and PK sales volume was mainly due to full year operations of two expanded mills (their capacity expansions were completed in March 2009 and August 2009, respectively) and an increase in total FFB produced as our oil palm trees increased in maturity.

Our revenue from CPO increased by IDR 439 billion or 33.3% from IDR 1,316 billion in FY2009 to IDR 1,755 billion in FY2010, mainly attributed to an increase in sales volume and average selling price. The sales volume of CPO increased by 37,864 mt or 17.5% from 215,998 mt in FY2009 to 253,862 mt in FY2010. The average selling price of CPO increased by IDR 818 per kilogram or 13.4% from IDR 6,093 per kilogram in FY2009 to IDR 6,911 per kilogram in FY2010.

Our revenue from PK increased by IDR 91 billion or 78.7% from IDR 115 billion in FY2009 to IDR 206 billion in FY2010, attributed to an increase in sales volume and average selling price of PK. The sales volume of PK increased by 6,690 mt or 14.5% from 46,052 mt in FY2009 to 52,742 mt in FY2010. The average selling price of PK increased by IDR 1,403 per kilogram or 56.0% from IDR 2,506 per kilogram in FY2009 to IDR 3,909 per kilogram in FY2010.

Cost of sales

Our Group recorded an increase in cost of sales of IDR 287 billion or 30.0% from IDR 956 billion in FY2009 to IDR 1,243 billion in FY2010. The increase in cost of sales was mainly attributed to an increase in the cost of FFB purchased, fertiliser, depreciation and amortisation, labour costs and purchase of CPO and PK.

The total cost of FFB purchased from third parties and partners in the Plasma Programme increased by IDR 137 billion from IDR 727 billion in FY2009 to IDR 864 billion in FY2010 due to an increase in the purchase price and volume of FFB purchased.

Fertiliser cost increased by IDR 20 billion from IDR 89 billion in FY2009 to IDR 109 billion in FY2010 mainly due to an increase in the quantity of fertiliser used as we expanded our mature nucleus plantation area from 20,415 hectares in FY2009 to 28,252 hectares in FY2010 which was partially offset by a decrease in fertiliser prices.

Depreciation and amortisation increased by IDR 12 billion from IDR 44 billion in FY2009 to IDR 56 billion in FY2010 due to the increase in mature nucleus plantation area.

Labour costs increased by IDR 35 billion, from IDR 75 billion in FY2009 to IDR 110 billion in FY2010. This was mainly due to an increase in the number of workers required for maintenance, harvesting and processing as we expanded our nucleus plantation area and our FFB and CPO production, and an increase in the minimum wage rate in Indonesia.

Our Group purchased CPO and PK amounting to IDR 26 billion from third parties for trading in FY2010. No purchase of CPO and PK was made by our Group in FY2009.

Gross profit

Our gross profit increased by 51.0% from IDR 475 billion in FY2009 to IDR 717 billion in FY2010 as our revenue increased by 37.0% compared to an increase in our cost of sales of only 30.0%. As a result of the foregoing, our gross profit margin increased from 33.2% in FY2009 to 36.6% in FY2010.

Selling, general and administration expenses

Our selling, general and administration expenses increased by IDR 39 billion or 36.4% in FY2010 mainly due to an increase of IDR 19 billion in salary and employee benefits for staff other than those involved in plantation and mill operations. The increase in salary and employee benefits resulted from additional headcount and annual salary increment.

Gains/losses arising from changes in fair valuation of biological assets

Our gain arising from changes in fair value of biological assets increased by IDR 737 billion or 782% from IDR 94 billion in FY2009 to IDR 831 billion in FY2010. This was primarily due to the recovery of CPO prices in FY2010, an increase in the planted area of our Group and a decrease in the discount rates used in the fair valuation of biological assets from 16.5% in FY2009 to 13.6% in FY2010, due to a decrease in both the risk-free rate and market-risk premium for Indonesia.

Finance cost

Our finance costs increased by IDR 17 billion or 17.5% from IDR 95 billion in FY2009 to IDR 112 billion in FY2010. This was mainly due to additional interest expense incurred on additional bank loans and new syndication loans.

Other (expenses)/income

In FY2010, we recorded net foreign exchange gain of IDR 52 billion as compared to a net gain of IDR 95 billion in FY2009 mainly due to translation gain on US$ denominated bank loans and amounts due to shareholders as IDR appreciated against US$. As at 31 December 2010, the exchange rate between IDR and the US Dollar was IDR 8,991: US$1.00, compared to IDR 9,400: US$1.00 as at 31 December 2009.

Income tax

Our Group recorded an income tax expense of IDR 329 billion in FY2010 as compared to an income tax expense of IDR 120 billion in FY2009. The increase in income tax expense was mainly due to the increase in taxable profits which was mitigated by a decline in the income tax rate from 28.0% in FY2009 to 25.0% in FY2010.

Profit after tax

As a result of the foregoing, our profit after tax increased by IDR 677 billion or 194.0% from IDR 349 billion in FY2009 to IDR 1,026 billion in FY2010.

Our adjusted net profit attributable to owners of the Company, which comprises profit for the year attributable to owners of the Company (excluding the effects of gains arising from fair value changes in biological assets) increased by IDR 99 billion or 39.3% from IDR 252 billion in FY2009 to IDR 351 billion in FY2010.

Financial year ended 31 December 2010 compared to the financial year ended 31 December 2011

Revenue

Our revenue increased by IDR 844 billion or 43.1% from IDR 1,961 billion in FY2010 to IDR 2,805 billion in FY2011. The increase is mainly attributable to increases in CPO and PK sales volume and the average selling prices of CPO and PK. The increase in CPO and PK sales volume was mainly due to generally higher utilisation rate of our older CPO mills, two new mills coming on-stream in FY2011, an increase in total FFB production from our nucleus plantations and our partners in the Plasma Programme as our oil palm trees continued to increase in maturity and an improvement in our average palm oil extraction rate due to better harvesting management and the increase in the age profile of our oil palm plantations.

Our revenue from CPO increased by IDR 771 billion or 44.0% from IDR 1,755 billion in FY2010 to IDR 2,526 billion in FY2011, mainly attributed to an increase in sales volume and average selling price of CPO. The sales volume of CPO increased by 81,548 mt or 32.1% from 253,862 mt in FY2010 to 335,410 mt in FY2011. The average selling price of CPO increased by IDR 621 per kilogram from IDR 6,911 per kilogram in FY2010 to IDR 7,532 per kilogram in FY2011.

Our revenue from PK increased by IDR 73 billion or 35.3% from IDR 206 billion in FY2010 to IDR 279 billion in FY2011, attributed to an increase in sales volume and average selling price of PK. The sales volume of PK increased by 9,677 mt or 18.3% from 52,742 mt in FY2010 to 62,419 mt in FY2011. The average selling price of PK increased by IDR 561 per kilogram from IDR 3,909 per kilogram in FY2010 to IDR 4,470 per kilogram in FY2011.

Cost of sales

Our Group recorded an increase in cost of sales of IDR 323 billion or 25.9% from IDR 1,243 billion in FY2010 to IDR 1,566 billion in FY2011. The increase in cost of sales was mainly attributed to an increase in the cost of FFB purchased, fertiliser, labour costs and purchase of CPO and PK.

The total cost of FFB purchased from third parties and partners in the Plasma Programme increased by IDR 121 billion from IDR 864 billion in FY2010 to IDR 985 billion in FY2011 due to an increase in the purchase price and volume of FFB purchased.

Fertiliser cost increased by IDR 68 billion from IDR 109 billion in FY2010 to IDR 177 billion in FY2011 mainly due to an increase in quantity of fertiliser used as we expanded our mature nucleus plantation area from 28,252 hectares in FY2010 to 41,084 hectares in FY2011, higher fertiliser prices and increased quantity of fertiliser applied per hectare of mature plantation area.

Depreciation and amortisation increased by IDR 9 billion from IDR 56 billion in FY2010 to IDR 65 billion in FY2011 due to the increase in mature nucleus plantation area, completion of two new mills and additional housing for plantation workers.

Labour costs increased by IDR 42 billion, from IDR 110 billion in FY2010 to IDR 152 billion in FY2011. This was mainly due to an increase in the number of workers required for maintenance, harvesting and processing as we expanded our FFB and CPO production, and an increase in the minimum wage rate in Indonesia.

Our Group purchased CPO and PK from third parties for trading amounting to IDR 26 billion in FY2010 and IDR 67 billion in FY 2011.

Gross profit

Our gross profit increased by 72.8% from IDR 717 billion in FY2010 to IDR 1,240 billion in FY2011 as our revenue increased by 43.1% compared to an increase in our cost of sales of only 25.9%. As more of our plantations matured in FY2011, producing more FFB and with improved OER, our purchase of FFB from third parties and our partners in the Plasma Programme as a percentage of our total revenue decreased in FY2011 compared to FY2010. As a percentage of revenue, the purchases of FFB from third parties and our partners in the Plasma Programme declined from 44.1% in FY2010 to 35.1% in FY2011.

As a result of the foregoing, our gross profit margin increased from 36.6% in FY2010 to 44.2% in FY2011.

Selling, general and administration expenses

Our selling, general and administration expenses increased by IDR 49 billion or 33.5% in FY2011 mainly due to an increase of IDR 25 billion in salary and employee benefits for staff other than those involved in plantation and mill operations. The increase in salary and employee benefits resulted from additional headcount and annual salary increment.

Gains/losses arising from changes in fair valuation of biological assets

Our gain arising from changes in fair value of biological assets of IDR 181 billion in FY2011 was lower as compared to gain of IDR 831 billion in FY2010. This is mainly due to a lower increase in average CPO price in FY2011 compared with the significant increase in average CPO price in FY2010.

Finance cost

Our finance costs decreased 6.0% from IDR 112 billion in FY2010 to IDR 105 billion in FY2011. This was mainly due to a decrease in interest rates, which was partially offset by an increase in bank loans.

Other (expenses)/income

In FY2011, we recorded net foreign exchange loss of IDR 9 billion as compared to a net gain of IDR 52 billion in FY2010 mainly due to translation loss on US$ denominated bank loans and amounts due

to shareholders as IDR depreciated against US$. As at 31 December 2011, the exchange rate between IDR and the US Dollar was IDR 9,068: US$1.00, compared to IDR 8,991: US$1.00 as at 31 December 2010.

Income tax

Our Group recorded an income tax expense of IDR 297 billion in FY2011 as compared to an income tax expense of IDR 329 billion in FY2010. The decrease in income tax expense was mainly due to the decrease in taxable profits.

Profit after tax

As a result of the foregoing, our profit after tax decreased by IDR 133 billion or 13.0% from IDR 1,026 billion in FY2010 to IDR 893 billion in FY2011.

Our adjusted net profit attributable to owners of the Company, which comprises profit for the year attributable to owners of the Company (excluding the effects of gains arising from fair value changes in biological assets, waiver of other liability and disposal of a subsidiary), increased by IDR 241 billion or 68.7% from IDR 351 billion in FY2010 to IDR 592 billion in FY2011.

REVIEW OF FINANCIAL POSITION

Non-current assets

Non-current assets comprised mainly property, plant and equipment, biological assets, plasma receivables, land use rights and goodwill. For more information on plasma receivables, please refer to Note 9 of the section entitled "Annex G — Audited Combined Financial Statements for the Financial Years Ended 31 December 2009, 2010 and 2011" of this Prospectus.

As at 31 December 2011, non-current assets amounted to IDR 5,844 billion or 89.8% of total assets. Biological assets, which comprised nursery, immature plantations and mature plantations, amounted to IDR 4,320 billion, accounting for 73.9% of non-current assets. Property, plant and equipment (which included, amongst others, CPO mills, heavy equipment, and vehicles) amounted to IDR 1,170 billion, accounting for 20.0% of non-current assets. Plasma receivables amounted to IDR 107 billion, accounting for 1.8% of non-current assets. Land use rights amounted to IDR 145 billion, accounting for 2.5% of non-current assets.

Current assets

Current assets comprised mainly inventories, trade and other receivables, prepayments and advances, prepaid taxes, and cash and short-term deposits.

As at 31 December 2011, current assets amounted to IDR 663 billion or 10.2% of total assets. Inventories, which comprised mainly CPO, PK, fertiliser, chemicals, spare parts and other consumables, amounted to IDR 263 billion, accounting for 39.7% of current assets. Trade and other receivables amounted to IDR 34 billion, accounting for 5.1% of current assets. Pre-paid taxes and prepayments and advances amounted to IDR 52 billion and IDR 18 billion, accounting for 7.8% and 2.7% respectively of current assets. The remaining balance of current assets comprised mainly cash and short-term deposits of IDR 270 billion, accounting for 40.8% of current assets.

Current liabilities

The Company's current liabilities comprised current portion of loans, borrowings, and obligations under finance leases, trade and other payables, accrued operating expenses, sales advances and income tax payable.

As at 31 December 2011, current liabilities amounted to IDR 1,293 billion or 36.1% of our total liabilities. The current portion of loans and borrowings amounted to approximately IDR 516 billion, accounting for 39.9% of current liabilities. The current portion of obligations under finance leases amounted to IDR 6 billion, accounting for 0.5% of current liabilities. Trade and other payables which related to amounts due to trade creditors for the purchase of raw materials and fertilisers amounted to IDR 365 billion, accounting for 28.2% of current liabilities. Accrued operating expenses which related mainly to salaries and wages, interest on loans and professional fees amounted to IDR 56 billion, accounting for 4.4% of current liabilities. Sales advances amounted to IDR 196 billion, accounting for 15.2% of current liabilities. Income tax payable amounted to IDR 153 billion, accounting for 11.8% of current liabilities.

Non-current liabilities

Our non-current liabilities comprised mainly non-current portion of loans, borrowings and obligations under finance leases, amounts due to shareholders, post employment benefits and deferred tax liabilities.

As at 31 December 2011, non-current liabilities amounted to IDR 2,288 billion or 63.9% of our total liabilities. Non-current portion of loans and borrowings and amounts due to shareholders, which comprised interest bearing term loans raised from financial institutions to finance capital expenditure and to support working capital expenditure, amounted to IDR 1,795 billion and IDR 13 billion, accounting for 78.4% and 0.6%, respectively, of non-current liabilities. Deferred tax liabilities mainly related to deferred tax charges on the temporary differences arising from the recognition of other tax provision amounted to IDR 465 billion, accounting for 20.3% of non-current liabilities.

Shareholders' equity

As at 31 December 2011, our shareholders' equity amounted to approximately IDR 2,681 billion, comprising mainly retained earnings of IDR 2,475 billion, other reserves of IDR 152 billion due to business combinations involving entities under common control and share capital of IDR 45 billion.

LIQUIDITY AND CAPITAL RESOURCES

Our operations are funded by a combination of shareholders' equity and loan, cash generated from our operating activities, credit extended by our suppliers, and bank borrowings.

The principal uses of our Group's funds are for working capital and capital expenditure mainly for the expansion of our plantations and construction and/or expansion of CPO mills.

The following tables set out the net debt position and working capital ratio of our Group as at 31 December 2011:

	As at 31 December 2011 IDR'million	As at 31 December 2011 US$'000
Loans and borrowings	2,311,182	254,872
Obligations under finance leases	6,295	694
Amounts due to shareholders	12,955	1,429
Less: Cash and short-term deposits	(270,139)	(29,790)
Net debt	2,060,293	227,205
Equity attributable to owners of the Company	2,681,392	295,698
Equity and net debt	4,741,685	522,903
Gearing ratio	43.5%	43.5%
Net Debt/Equity ratio (times)	0.8	0.8
Current assets	662,753	73,087
Current liabilities	1,293,109	142,601
Working capital ratio	0.51	0.51

For illustrative purposes, the net debt position and working capital ratio table has been translated into US$ using the closing rate of IDR 9,068: US$1.00 for the year ended 31 December 2011 as set out in the section entitled "Exchange Rates and Exchange Controls" of this Prospectus. Our gearing ratio is defined as net debt divided by the sum of equity attributable to owners of the Company and net debt. Our working capital ratio is defined as current assets divided by current liabilities.

Our Directors are of the opinion that, as at the date of lodgement, after taking into account our present cash position, cash generated from our operations and the funding available under our existing bank facilities, our Company has adequate working capital to meet its present requirements. Please refer to the section "Capitalisation and Indebtedness" of this Prospectus for details on our banking facilities. We set out below a summary of our combined cash flow statements for the financial years ended 31 December 2009, 2010 and 2011. The following combined cash flow summary should be read in conjunction with the full text of this Prospectus, including the section entitled "Annex G — Audited Combined Financial Statements for the Financial Years ended 31 December 2009, 2010 and 2011" of this Prospectus:

	For the years ended 31 December		
	2009 IDR'million	2010 IDR'million	2011 IDR'million
Net cash provided by operating activities	556,607	537,013	1,029,649
Net cash used in investing activities	(457,067)	(737,692)	(740,156)
Net cash (used in)/provided by financing activities	(137,181)	537,607	(382,191)
Net (decrease)/increase in cash and cash equivalents	(37,641)	336,928	(92,698)
Net effect of exchange rate changes	2,864	2,486	(239)
Cash and cash equivalents at beginning of the year	58,439	23,662	363,076
Cash and cash equivalents at end of the year	**23,662**	**363,076**	**270,139**

	For the years ended 31 December		
	2009	2010	2011
	US$'000	US$'000	US$'000
Net cash provided by operating activities	59,214	59,728	113,547
Net cash used in investing activities	(48,624)	(82,048)	(81,623)
Net cash (used in)/provided by financing activities	(14,594)	59,794	(42,147)
Net (decrease)/increase in cash and cash equivalents	(4,004)	37,474	(10,223)
Net effect of exchange rate changes	305	276	(26)
Cash and cash equivalents at beginning of the year	6,217	2,632	40,039
Cash and cash equivalents at end of the year	**2,518**	**40,382**	**29,790**

For illustrative purposes, the Audited Combined Cash Flow Statement of our Group have been translated into US$ using the closing rates of IDR 9,400: US$1.00, IDR 8,991: US$1.00 and IDR 9,068: US$1.00 for the financial year ended 31 December 2009, 2010 and 2011, respectively, as set out in the section entitled "Exchange Rates and Exchange Controls" of this Prospectus.

As at 31 December 2011, our cash and short-term deposits amounted to IDR 270,139 billion. As of the Latest Practicable Date, we had available bank facilities amounting to IDR 159 billion that will be made available for plantation capital expenditure.

Year ended 31 December 2009

We generated net cash inflow of IDR 557 billion from our operating activities. This was mainly due to cash receipts from customers of IDR 1,476 billion, which was partially offset by cash payments to suppliers, employees and for other operating expenses of IDR 890 billion, as well as corporate income tax payment of IDR 29 billion.

We reported net cash outflow of IDR 457 billion from our investing activities. This was mainly due to investments in plantation assets and nursery amounting to IDR 344 billion, acquisitions of property, plant and equipment (which related mainly to the purchase of equipment for a new CPO mill and expansion of existing CPO mills, heavy equipment and machinery and construction of employees and workers' houses and offices) amounting to IDR 171 billion and an increase in restricted cash of IDR 28 billion, partially offset by a decrease in plasma receivables of IDR 90 billion.

We reported net cash outflow of IDR 137 billion from our financing activities. This was mainly due to repayment of IDR 100 billion of long-term bank loans, interest payments of IDR 99 billion, repayment of obligations under finance leases of IDR 15 billion and an increase in amount due from related companies of IDR 17 billion, partially offset by proceeds from long-term bank loans of IDR 59 billion and an increase in amount due to related companies of IDR 16 billion.

Year ended 31 December 2010

We generated net cash inflow of IDR 537 billion from our operating activities. This was mainly due to cash receipts from customers of IDR 2,009 billion, which was partially offset by cash payments to suppliers, employees and other operating expenses of IDR 1,341 billion, as well as corporate income tax payment of IDR 132 billion.

We reported net cash outflow of IDR 738 billion from our investing activities. This was mainly due to investments in plantation assets and nursery amounting to IDR 379 billion, acquisitions of property, plant and equipment (which related mainly to the purchase of equipment for a new CPO mill, heavy equipment and machinery, construction of employees and workers' houses and offices) amounting to IDR 250 billion, acquisition of LGI of IDR 123 billion, and an increase in intangible assets of IDR 5 billion, partially offset by a decrease in restricted cash of IDR 29 billion.

We generated net cash inflow of IDR 538 billion from our financing activities. This was mainly due to proceeds from long term bank loans of IDR 2,513 billion and amounts received from related companies of IDR 39 billion, partially offset by repayment of IDR 1,232 billion in long-term bank loans, interest payments of IDR 103 billion, a decrease in amount due to shareholders of IDR 453 billion, a decrease in finance leases of IDR 28 billion and a decrease in amount due to related companies of IDR 198 billion.

Year ended 31 December 2011

We generated net cash inflow of IDR 1,030 billion from our operating activities. This was mainly due to cash receipts from customers of IDR 2,991 billion, which was partially offset by cash payments to suppliers, employees and other operating expenses of IDR 1,801 billion and corporate income tax payment of IDR 160 billion.

We reported net cash outflow of IDR 740 billion from our investing activities. This was mainly due to investments in plantation assets and nursery amounting to IDR 537 billion and acquisitions of property, plant and equipment (which related mainly to the purchase of equipment for our new CPO mill, heavy equipment and machinery, construction of employees and workers' houses and offices) amounting to IDR 343 billion, partially offset by proceeds from disposal of subsidiary of IDR 105 billion.

We generated net cash outflow of IDR 382 billion from our financing activities. This was mainly due to repayment of bank loans of IDR 317 billion, acquisition of subsidiaries of IDR 291 billion, interest payments of IDR 151 billion and a decrease in finance leases of IDR 12 billion, partially offset by proceeds from bank loans of IDR 317 billion.

Working Capital

Our Group had negative working capital of IDR 630 billion as at 31 December 2011. This was mainly due to our Group's continuing plantation expansion programme which has been primarily funded by internally generated cash, trade suppliers and contractors, and bank borrowings.

Our Group had since 2004 embarked on an aggressive planting programme and expanded our total planted area from 18,773 ha as at 31 December 2004 to 118,460 ha as at 31 December 2011. Along with our planting programme, our Group had invested significantly in the expansion of related production facilities, such as CPO mills, and made acquisitions of other plantations and/or land banks. Furthermore, while our Group conducts business primarily on a cash basis, our trade suppliers generally grant credit of 30 to 90 days. As such, our Group has trade and other receivables which are smaller than trade and other payables, thereby positively contributing to our cash flows from operations. Our Group's net current liabilities position was primarily due to the use of cash flows generated from operations to fund its long term capital expenditure plans in the past.

Our Group has consistently generated net cash from operating activities for the financial years ended 31 December 2009, 2010 and 2011. As at 31 December 2011, approximately IDR 522 billion of loans,

borrowings and obligations under finance leases are due for repayment within the next 12 months. Our Group is confident that we can meet our loan obligations in 2012 after taking into account the cash generated from operating activities as well as cash and bank balances as at 31 December 2011.

CAPITAL EXPENDITURE, COMMITMENTS AND CAPITAL DIVESTMENT

Our capital expenditures for the financial years ended 31 December 2009, 2010 and 2011 relate to the acquisitions of land rights, property, plant and equipment, biological assets in as well as maintenance of access roads within our nucleus plantations, and are as follows:

	For the year ended 31 December		
	2009	2010	2011
	IDR'million	IDR'million	IDR'million
Plantation and nursery	325,373	397,973	620,998
Property, plant and equipment	205,371	253,954	342,875
Land rights	7,013	18,933	56,730
Total	**537,757**	**670,860**	**1,020,603**

The above capital expenditures were financed by bank borrowings, amounts due to shareholders and internally generated funds.

In FY2009, our capital expenditure for plantation and nursery amounting to IDR 325 billion related mainly to new planting activities and maintenance of immature plantations in Kalimantan and Riau, which also included fertiliser cost and labour cost relating to immature plantations, as well as building access roads within the plantations. Our capital expenditure for property, plant and equipment amounting to IDR 205 billion related mainly to the purchase of equipment for a new CPO mill and expansion of existing CPO mills, heavy equipment and machinery, construction of employees and workers' houses and offices. We also undertook the acquisition of land banks which amounted to IDR 7 billion. We carried out approximately 7,515 hectares of new planting and maintained 38,632 hectares of immature plantations in FY2009.

In FY2010, our capital expenditure for plantation and nursery amounting to IDR 398 billion related mainly to new planting activities and maintenance of immature plantations in Kalimantan and Riau, which also included fertiliser cost and labour cost relating to immature plantations, as well as building access roads within the plantations. Our capital expenditure for property, plant and equipment amounting to IDR 254 billion related mainly to the purchase of equipment for a new CPO mill, heavy equipment and machinery, construction of employees and workers' houses and offices. We also undertook the acquisition of land banks which amounted to IDR 19 billion. In October 2010, we undertook the acquisition of 90% equity interest in LGI with net identifiable assets of IDR 120 billion for a net cash consideration of IDR 123 billion. We carried out approximately 10,249 hectares of new planting and maintained 48,769 hectares of immature plantations in FY2010.

In FY2011, our capital expenditure for plantation and nursery amounting to IDR 621 billion related mainly to new planting activities and maintenance of immature plantations in Kalimantan and Riau, which also included fertiliser cost and labour cost relating to immature plantations, as well as building access roads within the plantations. The substantial increase in capital expenditure for plantation and nursery in FY2011 compared to FY2010 was mainly due to (i) higher fertiliser cost and quantity of fertiliser applied per hectare of immature plantations, and (ii) an increase in labour costs resulting from

increases in both the number of workers required for the immature plantations and the minimum wage rate for workers in Indonesia. Our capital expenditure for property, plant and equipment amounting to IDR 343 billion related mainly to the purchase of equipment for our new CPO mills, heavy equipment and machinery, construction of employees and workers' houses and offices. We also undertook the acquisition of land banks which amounted to IDR 57 billion. We carried out approximately 12,367 hectares of new planting and maintained 46,497 hectares of immature plantations in FY2011. On 29 November 2011, our Group divested our equity interest in KPAS to unrelated third parties.

During the Relevant Period, we incurred capital expenditure for biological assets and nursery amounting to IDR 69 billion related mainly to new planting activities and maintenance of immature plantations in Kalimantan and Riau, which also included fertiliser cost and labour cost relating to immature plantations, as well as building access roads within the plantations. Our capital expenditure for property, plant and equipment amounting to IDR 35 billion related mainly to the purchase of equipment for our new CPO mill, heavy equipment and machinery, construction of employees and workers' houses and offices. We also undertook the acquisition of land banks which amounted to IDR 19 billion. We carried out approximately 270 hectares of new planting and maintained 36,319 hectares of immature plantations during the Relevant Period.

Capital and Lease Commitments

As at the Latest Practicable Date, we had the following outstanding capital, purchase and operating lease commitments:

	As at the Latest Practicable Date IDR'billion
Contracted capital commitment	320
Operating lease commitment	2
Contracted fertiliser purchase commitment	207
Total	**529**

As at the Latest Practicable Date, we had outstanding capital commitments of approximately IDR 320 billion. These capital commitments comprised the committed cost to expand our existing CPO mills in Central Kalimantan of IDR 43 billion, land clearing expenses of IDR 218 billion and construction expenses for employees and workers' houses and offices of IDR 59 billion. We also had fertiliser purchase commitments of IDR 207 billion. We intend to finance these costs mainly through internally generated funds, bank borrowings, and proceeds from the Global Offering. Save as disclosed above, we did not have any other material commitments as at the Latest Practicable Date.

The following table sets forth our operating lease commitments as at the Latest Practicable Date:

	As at the Latest Practicable Date IDR'million
Non-cancellable operating leases	
Within 1 year	2,400
Within 2 to 5 years	—
	2,400

Operating lease commitments represent rent payable by our Group for the leasing of our office premises. These operating lease commitments were due to related parties for lease terms of less than five years. Save as disclosed above, our Group did not have any other material operating lease commitments as at the Latest Practicable Date.

COMMODITY PRICE RISK

The prices at which we sell our CPO are determined with reference to the tender prices arrived at in the local auction conducted by PT Astra Agro Lestari, Tbk. These tender prices are dependent on international CPO prices. The prices we pay for fertiliser and fuel are also based on prevailing international market prices for these products. Our Group is currently in negotiations with various financial institutions to enter into swap agreements, and with IOI Corporation to enter into forward contracts, to further hedge against CPO price volatility.

We intend to enter into simple forward contracts to lock in the selling prices of our CPO to protect our gross margins when it is advantageous to do so. The forward contracts will result in us getting the contracted price for the committed quantity of future CPO production. It is expected that we will only enter into such forward contracts to sell up to 50% of our CPO production from our nucleus plantations. All forward contracts will be approved by authorised management personnel and recorded for monitoring purposes. The risk of such arrangements is minimised by only entering into forward contracts with known and financially sound counter parties.

Furthermore, the Audit Committee will place priority (during the first year after the Listing Date) on looking into the hedging activities of our Group, and our internal audit team will examine the hedging activities entered into by our Group and produce a report of the same for the Audit Committee on a quarterly basis. If necessary, the Audit Committee will also put in measures to ensure that any risk is well managed.

FOREIGN EXCHANGE RISK

Our Group's functional and reporting currency is the Rupiah. Our revenues and expenses for the years ended 31 December 2009, 2010 and 2011 were primarily denominated in IDR. Our Group has a net foreign currency exposure due to mismatch in the currencies of receipts and payments. To the extent of such mismatch, any significant appreciation or depreciation of the US$ against the IDR and/or arising from timing difference due to credit terms given by our suppliers and to our customers may cause our Group to incur foreign exchange losses or conversely benefit from foreign exchange gains. Additionally, we also have bank borrowings and syndicated bank loans denominated in US$ to finance our operations. As such, any appreciation in the US$ against the IDR may also result in our Group incurring foreign exchange losses due to settlement or revaluation of the US$ denominated borrowings.

For the years ended 31 December 2009, 2010 and 2011, the net foreign exchange gains/(losses) of our Group are as follows:

	For the years ended 31 December		
	2009	2010	2011
	IDR'million	IDR'million	IDR'million
Foreign exchange gains/(losses) recognised in income statement	94,512	52,057	(8,885)

Currently, we do not have any hedging policy with respect to foreign currency exposure. We intend to closely monitor our foreign currency exposure and will consider, for instance, entering into forward contracts to hedge and mitigate such exposures, should the need arise.

INFLATION

According to Bank Indonesia, inflation in Indonesia was 2.8%, 7.0% and 3.8% for the years ended 31 December 2009, 2010 and 2011 respectively. Inflation has raised certain of our operating costs, including labor cost. However, we believe that the overall impact of inflation has not been significant relative to the scale of our operations.

ACCOUNTING POLICIES

There have been no changes in our accounting policies for the last three financial years ended 31 December 2009, 2010 and 2011. The accounting policies are consistent with those of the previous financial year except in the current financial year, our Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of our Group.

Revenue recognition

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the buyer, usually on delivery of goods in accordance with the terms of the sale. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Payments received from the buyer are recorded as sales advances until all of the criteria for revenue recognition are met.

Biological assets

Biological assets are stated at fair value less estimated point-of-sale costs. Significant components of fair value measurement were determined using assumptions including average lives of plantations, period of being immature and mature plantations, yield per hectare, average selling price and annual discount rates. The amount of changes in fair values would differ if there were changes to the assumptions used. Any changes in fair values of these plantations would affect our Group's combined profit or loss accounts and equity. We engage external valuers to review our fair value estimates on an annual basis.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Number of years
Buildings	5–20
Infrastructure	20
Machinery and equipment	5–20
Vehicles and heavy equipment	5–10
Furniture and fixtures	5

Various methods are used to estimate the useful lives and salvage values of our depreciable assets. Changes in such estimates could have a significant effect on our result of operations. The cost of repairs and maintenance is charged to operations as incurred; significant renewals and betterments which fulfill the criteria that are stated in FRS 16 — Property, plant and equipment are capitalised. When assets are retired or otherwise disposed of, their cost and the related accumulated depreciation are removed from the account and any resulting gain or loss is reflected in the profit or loss.

Impairment of non-financial assets

We follow the guidance of FRS 36 — Impairment of Assets in determining when an investment or financial asset is other than temporarily impaired, and this determination requires a significant judgment. We evaluate, among other factors, the duration and extent to which the fair value of a non-financial asset is less than its cost and the financial health of and near-term business outlook for the non-financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Inventories

Inventories other than FFB are stated at the lower of cost, using the weighted average method, and net realisable value. FFB are initially stated at their fair value less cost of selling and subsequently at the lower of carrying value and net realisable value. Allowance for decline in value of inventories is made to reduce the carrying value to net realisable value. We determine our allowance for inventory obsolescence based upon expected inventory turnover, inventory ageing and current and future expectations with respect to product offerings. Assumptions underlying the allowance for inventory obsolescence include future sales trends and offerings and the expected inventory requirements and inventory composition necessary to support these future sales offerings. The estimate of our allowance for inventory obsolescence could materially change from period to period due to changes in product offerings and consumer acceptance of those products.

Classification of financial assets and financial liabilities

We determine the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set out in FRS 107 — Financial Instruments: Disclosures. Accordingly, the financial assets and financial liabilities are accounted for in accordance with our accounting policies set out in the notes to our combined financial statements.

Impairment of financial assets

We follow the guidance of FRS 39 — Financial Instruments: Recognition and Measurement in determining when an investment or financial asset is other than temporarily impaired, and this determination requires a significant degree of subjective judgment. We evaluate, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Post employment benefits

We recognise allowance for post employment benefits according to the Indonesia Labor Law which is determined using the Projected Unit Credit Actuarial method. Actuarial gains or losses are recognised as income or expenses when the net cumulative or unrecognised actuarial gains and losses at the end

of the previous reporting year exceed 10.0% of the defined benefit obligation at the date. Those gains or losses are recorded using the straight line method over the expected average of remaining working period of the related employees. Assumptions used in determining defined benefit obligations include discount rates, salary increment, mortality rate, disability rate and resignation rate. Material changes in overall financial performance and financial statement line items would arise from reasonably likely changes, because of revised assumptions to reflect updated historical information and updated economic conditions, in the material assumptions underlying this estimate. We engage professional actuaries to review our estimates on an annual basis.

Provision for income tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates. The deferred tax assets and liabilities are recognised for future tax consequences which arise from the differences in carrying value of assets and liabilities in the financial statements with the taxable basis of the assets and liabilities. The timing of the reversal of the temporary differences is estimated and the tax rate substantively enacted for the period of reversal is applied to the temporary difference. The carrying amounts of assets and liabilities are based upon the amounts recorded in the financial statements and are therefore subject to accounting estimates that are inherent in those balances. The tax basis of assets and liabilities as well as tax losses carried forward are based upon the applicable income tax legislation, regulations and interpretations, all of which in turn are subject to interpretation. The timing of the reversal of the temporary differences is estimated based upon assumptions of expectations of future results of operations.

Assumptions underlying the composition of future income tax assets and future income tax liabilities include expectations about future results of operations and the timing of reversal of deductible temporary differences and taxable temporary differences. These assumptions also affect classification between income and other taxes receivable and future income tax assets. The composition of future income tax assets and future income tax liabilities is reasonably likely to change from period to period because of the significance of these uncertainties. If the future were to adversely differ from our best estimate of future results of operations and the timing of reversal of deductible temporary differences and taxable temporary differences, we could experience material future income tax adjustments. Such future income tax adjustments do not result in immediate cash outflows and, of themselves, would not affect our immediate liquidity.

BUSINESS OVERVIEW

We are a producer of CPO and PK, with our oil palm plantations located in Indonesia. Our primary business activities are cultivating and harvesting our oil palm trees, processing FFB from our oil palm plantations, our plasma plantations and third parties into CPO and PK, and selling CPO and PK in Indonesia. We intend to start selling CPO in Malaysia in 2012. We aim to be a leading CPO producer and supplier through the continuous improvement of our operations and product quality. Our mission is to create value for our Shareholders (including through the expansion of our plantation business and the improvement of the productivity of our oil palm plantations and CPO mills) and improve the welfare of the local communities through various corporate social responsibility programmes and environmentally-friendly practices.

We operate in three provinces in Indonesia, namely Central Kalimantan, West Kalimantan and Riau. As at the Latest Practicable Date, we owned and/or controlled an aggregate of 191,948 hectares of land (including land under the Plasma Programme and land managed by our Group on behalf of LSK), of which 119,162 hectares are planted area. Our total planted area comprised nucleus plantations of 87,851 hectares and plantations under our Plasma Programme of 31,311 hectares (73.7% and 26.3% of the total planted area, respectively). As our planted area covers only 62.1% of the total land owned and/or controlled by our Group as at the Latest Practicable Date, we believe that we can significantly increase our cultivated plantation land through the development and cultivation of our existing land bank. In addition to the land owned and/or controlled by our Group, we also manage 7,310 hectares of land which are owned and/or controlled by associates of one of our Controlling Shareholders, namely the Hariyantos, pursuant to the GY Cooperation Agreement and the GHL Cooperation Agreement, whereby we have the exclusive right to purchase any FFB produced from such plantations. For more information, please refer to the sub-section entitled "Business and Operations — Land Managed by our Group and Future Acquisitions" in this section of this Prospectus.

Oil palm trees require approximately three years to mature, and typically do not reach peak production of FFB until seven years after planting. Peak production years for the oil palm trees range from seven to eighteen years of age, after which, their production of FFB gradually declines. As at the Latest Practicable Date, we had 75,420 hectares of mature and 43,742 hectares of immature oil palm plantations under cultivation. As we started aggressive planting only in 2004, as at the Latest Practicable Date, the weighted average age of our oil palm trees was approximately five years, and only 28.1% of them have reached peak production age. Our FFB production grew from 558,240 mt in FY2009 to 1,065,644 mt in FY2011, which translated to an average production yield of 16.3 mt of FFB per hectare for FY2011. Over the next few years, given that the majority of our oil palm trees are either immature or young, we expect our FFB yields to improve and CPO production to increase as more of our oil palm trees mature and reach peak production age.

As at the Latest Practicable Date, our Group had five CPO mills in Kalimantan and one CPO mill in Riau. The CPO mills had a combined FFB processing capacity of 345 tph or 2,070,000 tpa. Our CPO production grew from 222,985 mt in FY2009 to 345,111 mt in FY2011 and PK production grew from 45,267 mt in FY2009 to 64,875 mt in FY2011. In FY2011, our CPO mills achieved an average OER of 24.0%. We process the FFB produced by our own oil palm plantations and those purchased from plasma farmers and third parties. For FY2011, 47.1%, 26.9% and 26.0% of the FFB processed by our CPO mills was sourced from our own plantations, the Plasma Programme and third parties, respectively. Our CPO mill average utilisation rates were 65.2%, 76.5% and 69.6% for FY2009, FY2010 and FY2011, respectively. Going forward, we expect the utilisation rates of our CPO mills to improve as our plantations continue to mature and reach peak production age.

We are in the process of expanding the FFB processing capacity of two of our existing CPO mills, and intend to commence the construction of two additional CPO mills during the second half of 2012. When

fully completed in the second half of 2013, the expanded and new CPO mills are expected to increase our FFB processing capacity to 3,060,000 tpa. Our Group currently has nine steam turbines in the CPO mills which are used to generate electricity by utilising waste, such as fibre and PK shells recycled from the CPO production process. The majority of the electricity generated is used by the mills and the housing and office buildings in the surrounding areas.

The majority of our oil palm plantations in Central Kalimantan and West Kalimantan are located in close proximity to one another and our CPO mills are strategically situated near our plantation clusters. The close proximity of our CPO mills to our plantations expedites the delivery of harvested FFB. This minimises FFB spoilage during transportation and reduces overall transportation costs. At the same time, we are able to maximise OER by delivering FFB to the mills within 24 hours of harvesting, thereby preserving the freshness of the fruits. The plantations within each cluster are well connected by roads which facilitate the transportation of FFB harvests to the CPO mills and the movement of labour. Within each plantation cluster, we are thus able to achieve operational efficiency through the sharing of resources such as labour, infrastructure and port facilities.

In accordance with our Group's mission to help build economically self-sufficient communities, as at the Latest Practicable Date, our Group maintained a partnership programme with more than 14,500 smallholders in our operational areas with a total of 31,311 hectares of planted area under our Plasma Programme. The partnership between us and the local communities is also stipulated by Law No. 18 of 2004 on Plantation. We believe that these partnerships represent an avenue to provide more economic opportunities to the local communities, and utilise the area more effectively.

Besides our Plasma Programme, our Group is also involved in other corporate social responsibility initiatives, particularly in the provision of educational, medical and social support to the local communities in areas where we operate. As at the Latest Practicable Date, we had built 23 schools in the provinces of Central Kalimantan and West Kalimantan, with a total intake of more than 2,500 students. Our Group has also sponsored scholarships for students and training programmes for teachers and principals. Since 2004, we have been providing basic medical services to all our employees and the local communities in the areas where we operate. We have also helped to build and repair places of worship, and sponsored and participated in traditional events and social functions. Our commitment to our corporate social responsibility initiatives has helped us to maintain strong ties with the local communities and minimise any social issues that might potentially arise in our operational areas.

OUR HISTORY

Our Company was incorporated in Singapore on 2 December 2005 as a private company with limited liability and was converted to a public limited company on 2 April 2012. Our Company became the holding company of our Group pursuant to the Restructuring Exercise. For more information, please refer to the section entitled "Restructuring Exercise" of this Prospectus.

The Harita Group was originally engaged in the business of mineral mining, plywood and wood flooring manufacturing and logging before venturing into the business of cultivating oil palm. We acquired our first land bank of 17,500 hectares in 1996 in Central Kalimantan. We began our operations in 1996 and commenced planting in 1998. In 2004, the Harita Group restructured its plantation business under BGA, with BGA acting as the holding company for Harita Group's oil palm plantation and CPO extraction business. The following are selected key milestones achieved as part of our expansion strategy:

(a) In 2002, as part of our strategy to build up our land bank, we acquired 17,500 hectares of land bank with 1,549 hectares already planted in East Kotawaringin, Central Kalimantan, via the acquisition of WNL. We began planting in this area in 2004.

(b) In 2003, our Group continued to increase our total planted area by acquiring an additional 4,021 hectares of planted area in East Kotawaringin, Central Kalimantan, through the acquisition of HPA.

(c) In December 2003, our Group began commercial production of CPO at our first CPO mill with a FFB processing capacity of 45 tph or 270,000 tpa and located in East Kotawaringin, Central Kalimantan. We upgraded our mill operations in November 2009 and increased our FFB processing capacity to 75 tph or 450,000 tpa.

(d) In 2004, we commenced an aggressive planting programme and increased our total planted area by 7,719 hectares, from 11,054 hectares to 18,773 hectares.

(e) In March 2004, we increased our commercial production of CPO by commissioning our second CPO mill with a FFB processing capacity of 45 tph or 270,000 tpa at Rokan Hulu in Riau.

(f) In 2005, to further increase our total planted area and complement our aggressive planting programme, we acquired another land bank of 12,000 hectares with 2,662 hectares of planted area in East Kotawaringin, Central Kalimantan, via the acquisition of the assets of PT Surya Barokah.

(g) In 2007, our Group broke the 50,000 hectares mark in terms of planted area (including the planted area under the Plasma Programme), and we started venturing into West Kalimantan via the acquisition of land banks amounting to 28,890 hectares.

(h) In March 2007, we began operations in our third CPO mill with a FFB processing capacity of 45 tph or 270,000 tpa in East Kotawaringin, Central Kalimantan. We upgraded our mill operations in August 2009 and increased our FFB processing capacity to 90 tph or 540,000 tpa.

(i) In 2007, as part of its plans to invest strategically in the oil palm plantation industry in Indonesia, the IOI Group acquired a 33% equity stake in BGA from the Lim Family. Simultaneously, the IOI Group also acquired Oleander Capital Resources Pte Ltd from the Lim Family, which held a 67% stake in each of SNA and BAS.

(j) In 2009, our Group further increased our commercial production of CPO by commissioning our fourth CPO mill, which has a FFB processing capacity of 45 tph or 270,000 tpa (extendable to 90 tph or 540,000 tpa) and is located in West Kotawaringin, Central Kalimantan.

(k) In 2010, our Group broke the 100,000 hectares mark in terms of planted area (including the planted area under the Plasma Programme), by acquiring 39,000 hectares of land bank, of which 11,310 hectares consists of planted area, via the acquisition of the LGI Group (which at that time included KPAS).

(l) In March 2011, our Group further increased our commercial production of CPO by commissioning our fifth CPO mill, which has a FFB processing capacity of 60 tph or 360,000 tpa, and is located in Central Kalimantan.

(m) On 1 January 2011, our Group entered into the GHL Cooperation Agreement with KMS and SMS in relation to (i) the management and operation of 3,000 hectares of land, of which 1,431 hectares

consists of cultivated oil palm plantations, located in Ketapang, West Kalimantan and any other designated oil palm plantations that may be owned by GHL or KMS and/or SMS from time to time; (ii) having the exclusive right to purchase any FFB produced from the plantation of GHL; and (iii) a call option granted by SMS in favour of our Group to acquire up to 80.0% of the issued shares of GHL at a value to be determined by an independent third party valuer agreeable to both parties.

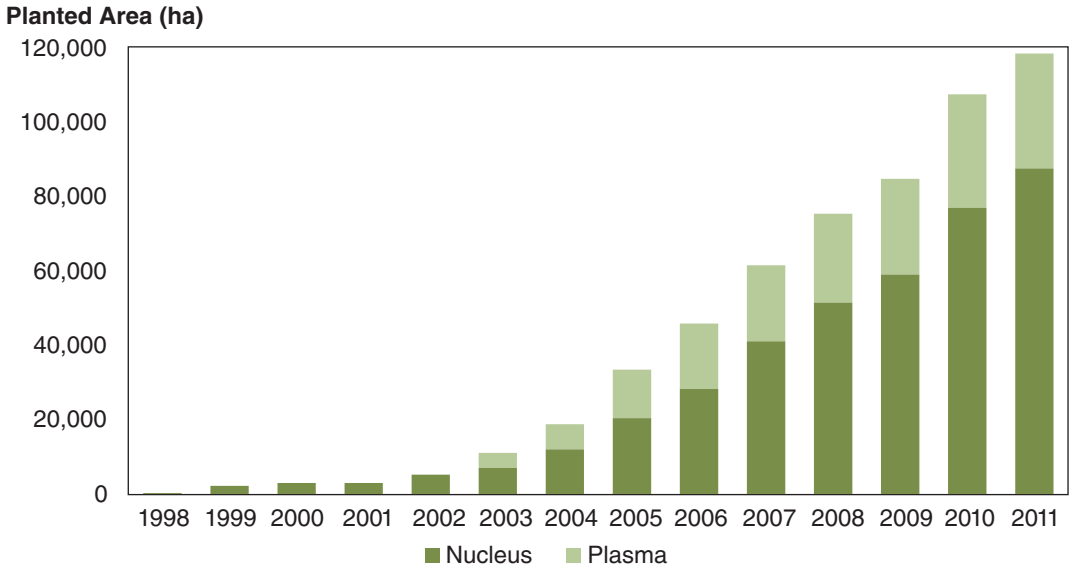
(n) In September 2011, our Group further increased our commercial production of CPO by commissioning our sixth CPO mill, which has a FFB processing capacity of 30 tph or 180,000 tpa (expandable to 60 tph or 360,000 tpa), and is located in West Kalimantan.

(o) On 1 November 2011, our Group entered into the GY Cooperation Agreement with KMS and Westbrook in relation to (i) the management and operation of 4,310 hectares of cultivated oil palm plantations located in Ketapang, West Kalimantan and any other designated oil palm plantations that may be owned by GY or KMS and/or Westbrook from time to time; (ii) having the exclusive right to purchase any FFB produced from the plantation of GY; and (iii) a call option granted by KMS and Westbrook in favour of our Group to acquire up to 95.0% of the issued shares of GY at a value to be determined by an independent third party valuer agreeable to the parties.

(p) In November 2011, our Group further increased our land bank by acquiring 24,500 hectares of land bank from the Indonesian government, of which 13,000 hectares was acquired by LGI and 11,500 hectares was obtained by AMS.

On 29 November 2011, as part of our strategy to focus our Kalimantan-based operations in Central and West Kalimantan, our Group divested its land bank in East Kalimantan via the divestment of our Group's equity interest in KPAS to unrelated third parties. As at the Latest Practicable Date, we owned and/or controlled an aggregate of 191,948 hectares of land (including land under the Plasma Programme and land managed by our Group on behalf of LSK), with a total planted area of 119,162 hectares.

The following diagram and table show the proportion of the nucleus and plasma plantations in our planted areas, and highlights some of the milestones mentioned above:



	1998	1999	2000	2001	2002	2003	2004
Nucleus (ha)	254	2,200	2,962	2,962	5,186	6,996	12,019
Plasma (ha)	—	—	—	—	—	4,058	6,754
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**
Nucleus (ha)	20,415	28,252	41,050	51,498	59,013	76,987	87,581
Plasma (ha)	13,023	17,605	20,478	23,887	25,742	30,515	30,879

COMPETITIVE STRENGTHS

We believe that we possess several key competitive strengths that place us in a strong position to take advantage of the growth opportunities in the palm oil industry in the coming years.

Our Group's core competitive strengths are as follows:

Significant cultivable land bank with new planting potential

Our initial oil palm plantation was set up in Central Kalimantan and planting commenced in August 1998. Since 2002, we have expanded our oil palm plantations via strategic acquisitions of substantial land banks in the Kalimantan and Riau regions. We believe that the high mineral content in the soil and high average rainfall levels in these areas are well-suited for the cultivation of oil palm plantations.

From 2002 to 2011, the aggregate land (including land under the Plasma Programme and land managed by our Group on behalf of LSK) owned and/or controlled by our Group increased at a CAGR of 20.8% from 35,000 hectares to 191,561 hectares, and our total planted area increased at a CAGR of 41.6% from 5,186 hectares to 118,460 hectares over the same period.

The following table shows our land bank and planted area as at the Latest Practicable Date.

Location	Land Bank (ha)	Planted Area (ha)
Kalimantan	187,948	116,853
Riau	4,000	2,309
Total	191,948	119,162

Taking into account our existing land bank and planting programme, we believe that our Group is well positioned to substantially increase our planted area over the next few years. We have 62,786 hectares of land bank available for planting in the near future, and we target to increase the planted area by approximately 13,000 hectares (including the Plasma Programme) per year over the next four years. The aforesaid 62,786 hectares of land bank available for planting in the near future is subject to re-measurement during the certification process for obtaining *Hak Guna Usaha*, and excludes the Designated Mining Area described in the section entitled "Interested Person Transaction and Conflicts of Interests — Interested Person Transactions — Present and Ongoing Interested Person Transactions" of this Prospectus. We are also continuously seeking opportunities to increase the size of our land bank and planted area through selective external acquisitions and additional concessions from the Indonesian government. We have not encountered any significant problems with our past acquisitions. For more information, please refer to the section entitled "Prospects, Strategies and Future Plans" of this Prospectus.

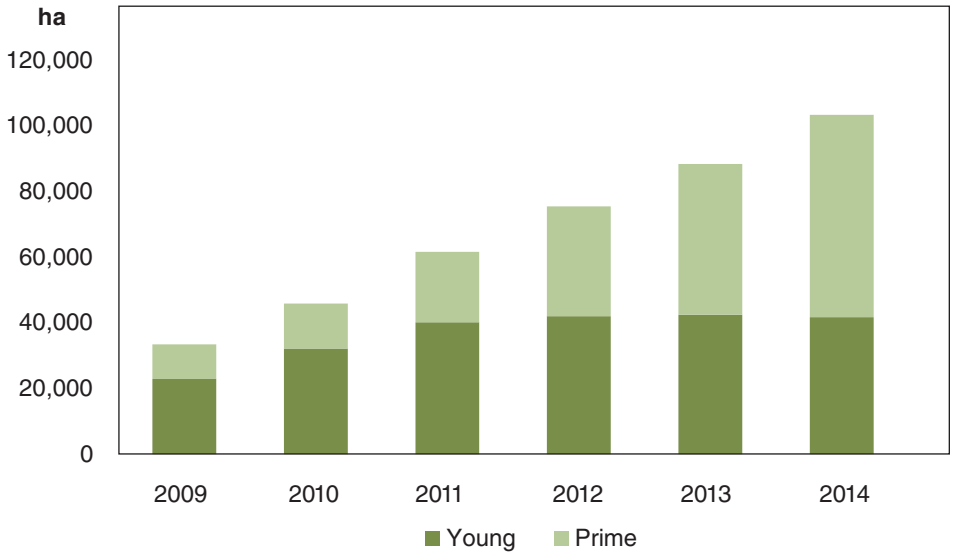
Attractive growth potential due to the young age profile of plantation

Oil palm trees require approximately three years to mature and do not reach peak production of FFB until seven years after planting. Peak production years for oil palm trees range from seven to eighteen years of age, after which, their production of FFB gradually declines. As at the Latest Practicable Date, the weighted average age of our oil palm trees was approximately five years, and only 28.1% of them have reached peak production age.

The following table shows the age profile of our cultivated plantations (including a breakdown between our nucleus plantation and the planted area under our Plasma Programme) as at the Latest Practicable Date:

	Immature Plants	**Mature Plants**		
	(0 – 3 years)	**Young (4 – 6 years)**	**Prime (7 – 18 years)**	**Total Area Planted**
Nucleus (ha)	36,319	31,117	20,415	87,851
Plasma (ha)	7,423	10,865	13,023	31,311
Total (ha)	**43,742**	**41,982**	**33,438**	**119,162**

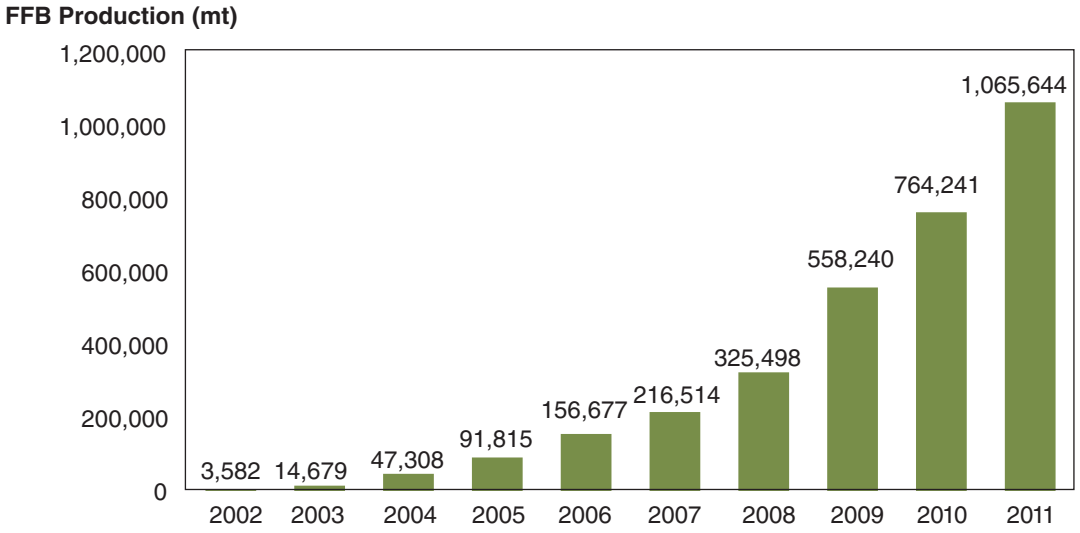
We expect the majority of our current immature and young plants to mature or reach peak production by 2014. The following diagram and table shows the maturity profile of our cultivated plantations (including the Plasma Programme) from FY2009 to FY2011 and over the next three years.



	2009	**2010**	**2011**	**2012**	**2013**	**2014**
Young (ha)	22,916	32,141	40,127	41,982	42,437	41,710
Prime (ha)	10,522	13,716	21,435	33,438	45,857	61,562

Our Group's FFB production increased at a CAGR of 88.3% from 3,582 mt in FY2002 to 1,065,644 mt in FY2011, and our average production yield of FFB per hectare was 16.3 mt in FY2011. We believe that our FFB production and yields will improve correspondingly as our trees reach their peak production age.

The following graph depicts the growth of our FFB production.



Strategically located plantations and CPO mills with efficient logistics

Our plantations and CPO mills are strategically located with efficient logistics support. Our plantations are located in the Kalimantan and Riau regions. The high mineral content in the soil and high average rainfall levels in these areas are well-suited for rapid oil palm growth and for maximising FFB production. Furthermore, substantially all our plantations are located on flat or mildly undulating terrain, which reduces the cost of planting, maintenance and harvesting.

We have located our CPO mills strategically such that they are in close proximity to our plantations, which ensures that our FFB arrives at our mills with minimal spoilage and reduces our transportation costs. In anticipation of increased FFB production, we expanded the FFB processing capacities of two of our CPO mills from 270,000 tpa each as at 31 December 2008 to 450,000 tpa and 540,000 tpa, respectively, as at 31 December 2009. We also commissioned two new mills in Central Kalimantan with FFB processing capacities of 45 tph or 270,000 tpa and 60 tph or 360,000 tpa in 2009 and 2011, respectively. We further commissioned a new mill in West Kalimantan with a FFB processing capacity of 30 tph or 180,000 tpa (expandable to 60 tph or 360,000 tpa) in 2011. We have also commenced the expansion of the FFB processing capacity of an existing CPO mill in Central Kalimantan from 45 tph or 270,000 tpa to 90 tph or 540,000 tpa, and another existing CPO mill in West Kalimantan from 30 tph or 180,000 tpa to 60 tph or 360,000 tpa, by acquiring and installing additional machinery. We expect such expansion to be completed by the second half of 2012. We intend to commence the construction of two additional CPO mills in Central Kalimantan with an aggregate FFB processing capacity of 90 tph or 540,000 tpa (expandable to 135 tph or 810,000 tpa). We expect such construction to commence in the second half of 2012 and complete in the second half of 2013, increasing our total FFB processing capacity to 3,060,000 tpa.

Our logistics services support and complement our plantation operations by enabling us to store and transport our products efficiently and effectively. As at 31 December 2011, our Group owned 159 trucks for the transportation of FFB. We also owned 15 storage tanks, with a total combined capacity of 37,500 mt. Our storage and transportation facilities allow us to exercise better control over our logistics management. We have also improved our infrastructure, mainly through the construction of all weather roads in our plantations.

Application of the best agronomy practices

Our Group has adopted many industry best practices in our plantations to ensure better FFB and CPO yields at competitive costs.

We use high quality oil palm seeds, and only procure them from established seed producers such as PT PP London Sumatra Indonesia Tbk (Lonsum), New Britain Palm Oil Limited (PNG), PT Socfin Indonesia (Socfin), Pusat Penelitian Kelapa Sawit (Marihat) and PT Bina Sawit Makmur (Sriwijaya) due to historically higher FFB yield and extraction rate from the oil palms that we cultivate from these seeds.

We use *mucuna bracteata* as the leguminous cover plant for new plantings. The main functions of the legume ground cover are to protect the soil from erosion and enrich its organic content. This improves the soil structure, and leads to better aeration, infiltration and retention of moisture. The cover plant also minimises leaching losses of nutrients and reduces competition from noxious weeds. Legumes are the preferred cover plant as they increase the amount of nitrogen in the soil that is available to the oil palms. We prefer to use *mucuna bracteata* as our leguminous cover plant as it smothers noxious weeds well, has superior drought and shade tolerance, deters insects and cattle, has deep roots, and produces significant quantities of litter that decomposes slowly to increase the fertility of surface soil.

We are committed to using high quality fertilisers that are suitable for the oil palms in our plantations. We apply leaf and soil tests to ascertain the recommended dosage of fertiliser. We believe that the optimum use of fertilisers involves the right application of the right type of fertiliser at the right time and in the right dosage. In addition, we also improved the productive area of our plantations by increasing the trees per hectare planted to between 136 to 143 trees compared to an average of less than 130 trees per hectare for plantings prior to 2005.

As a result of implementing such best practices in plantation cultivation and management, the average FFB yield of our young nucleus plantations improved from 10.5 mt/ha in FY2009 to 13.3 mt/ha in FY2011, while the average OER of our plantations has also improved from 22.3% in FY2009 to 24.0% in FY2011. The average CPO yield of our nucleus plantations improved from 3.70 mt/ha in FY2009 to 3.92 mt/ha in FY2011.

Proven track record in plantation cultivation and management

We have an experienced and committed management team with an average of approximately 14 years of experience in the oil palm industry. Over the years, our management team has demonstrated the ability to build and integrate the various activities of our Group, enhance operational processes, manage price volatilities and identify new business opportunities including sourcing for suitable sites for the cultivation of oil palm trees and the establishment of processing plants. We believe that the quality of our management team is vital in sustaining and growing our Group's business in the midst of increasing market competition.

Our management team has successfully operated in challenging business conditions and is able to understand and adapt to the local culture in the regions where our Group operates. We have successfully developed good rapport and relationships with the local communities and authorities in both the Kalimantan and Riau regions through our Plasma Programme as well as our corporate social responsibility programme.

Strong commitment to corporate social responsibility

Our Group is strongly committed to improving the social and economic welfare of the local communities in the areas where we operate. We believe it is imperative that we align our interest with the interests of the communities in which we operate in order to achieve long-term success in our industry. We have implemented a corporate social responsibility programme that provides livelihood to these local communities through our partnership with them under our Plasma Programme, so that they can generate income and become independent. Our corporate social responsibility programme is focused on our Plasma Programme, and our education, health, religious, environmental and social initiatives.

As at the Latest Practicable Date, our Group maintained a partnership programme with more than 14,500 smallholders in all our operational areas with a total of 31,311 hectares of planted area under our Plasma Programme. The partnerships between us and the local communities are also stipulated by Law No. 18 of 2004 on Plantation. These partnerships help to increase the productivity of our plasma plantations as the local landowners benefit from our purchases of their FFB, and enjoy synergies from our Group's expertise in plantation management, logistics infrastructure and procurement of fertilisers and seeds. We believe that our Plasma Programme represents an avenue to provide more economic opportunities to local communities, and to utilise the area more effectively. For more information on our Plasma Programme, please refer to the sub-section entitled "Business and Operations — Plasma Programme" in this section of this Prospectus.

As at the Latest Practicable Date, we had built 23 schools in the provinces of Central Kalimantan, West Kalimantan and Riau with a total intake of more than 2,500 students. We have also provided educational scholarships for students and sponsored training programmes for teachers and principals. Our Group also provides free schooling, books and school bus transport to all students attending the schools we built.

Our Group has provided free basic medical services to all our employees and the local communities since 2004. We also contribute to the social and cultural welfare of the local communities by helping to build and repair places of worship. To promote cultural values, we sponsor and participate in traditional events and social functions.

Our education, medical and social initiatives have been well received by the local communities and have helped us to maintain strong ties with them. We believe that these initiatives are important factors in maintaining social harmony and minimising social issues within the local communities we operate.

Our Group also adheres strictly to a "zero burning policy" in our land-clearing methods to minimise air pollution, which is a health hazard to the local communities. We also apply a "zero waste policy" by recycling waste products such as EFB as an organic fertiliser and compost in our plantations. Our Group endeavours to comply with RSPO and ISPO principles. We are a member of RSPO and are aiming to achieve ISPO and RSPO certification, starting with the certification of the CPO produced in one of our mills in Central Kalimantan by 2013.

Strategic association with IOI Corporation

As part of our plans to improve our value-chain, our Group also has an ongoing association with one of our Controlling Shareholders, IOI Corporation. IOI Corporation is one of the largest palm oil players globally with most of its plantations located in Malaysia, and is listed on Bursa Malaysia Securities Berhad with a market capitalisation of US$11.0 billion as at the Latest Practicable Date.

The IOI Group cultivates oil palm and rubber and processes palm oil as part of its plantation business. It also engages in resource-based manufacturing, including the manufacturing of oleochemicals,

specialty oils and fats, as well as palm oil refinery and palm kernel crushing. Apart from its plantation business, the IOI Group also has interest in the property business.

We believe that our Group can tap on technical and qualitative advice from IOI Corporation on plantation management and production processes to improve our operational efficiency. In particular, our Group's association with IOI Corporation has provided us with a useful benchmark for agronomy and operational practices.

BUSINESS AND OPERATIONS

Our Products

Our main products are CPO and PK, which are derived from the FFB harvested from our plantations or purchased from third parties (including our plantations under our Plasma Programme). We produce CPO and PK at our CPO mills in the Kalimantan and Riau regions.

In general, our CPO is sold ex-mill or free on board to refineries, oleochemical companies and large trading companies such as the Wilmar Group and the Sinar Mas Group.

The following tables set out the production volume, sales volume and sales revenue of our CPO and PK for FY2009, FY2010 and FY2011.

	Production and Sales Volume (mt)					
	FY2009		FY2010		FY2011	
	Production Volume	Sales Volume	Production Volume	Sales Volume	Production Volume	Sales Volume
CPO	222,985	215,998	256,883	253,862	345,111	335,410
PK	45,267	46,052	52,989	52,742	64,875	62,419

Notes:

(1) The increase in CPO and PK production in FY2010 and FY2011 was generally due to the increase in FFB production of our Group.

(2) The increase in CPO and PK sales volume in FY2010 and FY2011 was generally due to the strong demand for CPO and PK which enabled us to sell almost all of our increased CPO and PK production in the same year.

	Sales Revenue (IDR'million)		
	FY2009	FY2010	FY2011
CPO	1,316,069	1,754,517	2,526,310
PK	115,385	206,154	279,006
Total	**1,431,454**	**1,960,671**	**2,805,316**

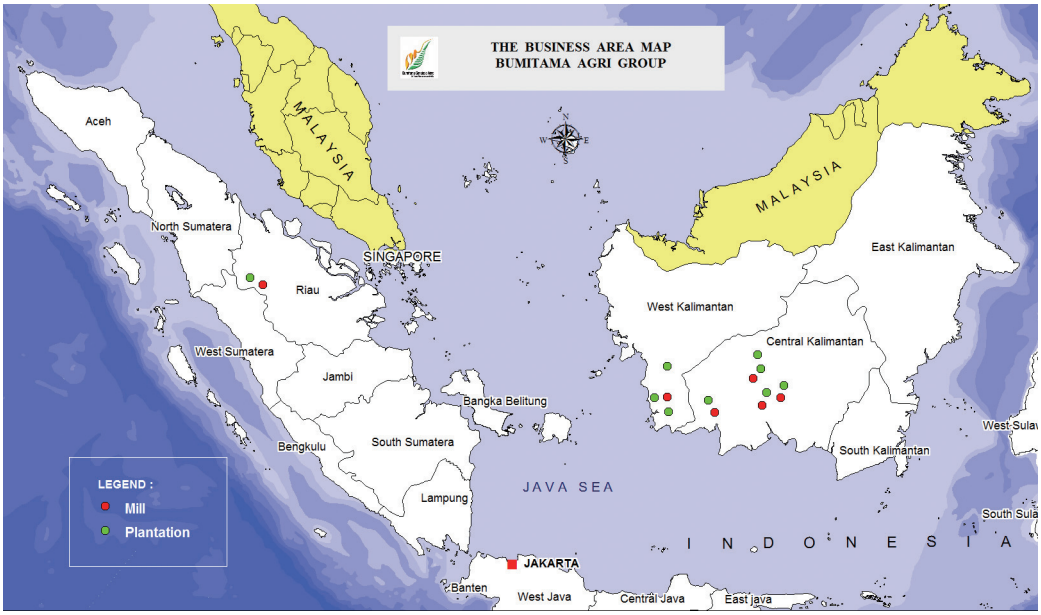
Note:

(1) The increase in sales revenue of CPO and PK in FY2010 and FY2011 was due to the higher average CPO selling prices achieved and the increase in sales volume of CPO and PK in FY2010 and FY2011, respectively.

Please refer to the sub-section entitled "Harvesting and FFB yield from oil palm plantations" in this section of this Prospectus for more information regarding the breakdown of FFB we harvested and purchased, respectively.

Our Oil Palm Plantations

Our Group's oil palm plantations are strategically located in the Kalimantan and Riau regions. The high mineral content in the soil and high average rainfall levels in these areas are well-suited for rapid oil palm growth. Most of our plantations are located on flat or mildly undulating terrain, which reduces the cost of planting, maintenance and harvesting. We believe that our Group has some of the best locations in the Kalimantan area, in terms of quality of soil, topography and accessibility, for the cultivation of oil palm plantations.



From 2002 to 2011, the aggregate land (including land under the Plasma Programme and land managed by our Group on behalf of LSK) owned and/or controlled by our Group increased at a CAGR of 20.8% from 35,000 hectares to 191,561 hectares, and our total planted area increased at a CAGR of 41.6% from 5,186 hectares to 118,460 hectares over the same period. As at the Latest Practicable Date, 97.9% of our total land bank was in Kalimantan, where we owned and/or controlled an aggregate planted area of 116,853 hectares (including 30,493 hectares under the Plasma Programme). Our remaining land bank is situated in Riau, where we have an aggregate planted area of 2,309 hectares (including 818 hectares under the Plasma Programme).

As at the Latest Practicable Date, the aggregate land (including land under the Plasma Programme and land managed by our Group on behalf of LSK) owned and/or controlled by us was 191,948 hectares, and comprised land under:

(a) *Ijin Prinsip* of 11,104 hectares;

(b) *Ijin Lokasi* of 136,320 hectares (including land under the Plasma Programme and land managed by our Group on behalf of LSK);

(c) *Hak Guna Usaha* of 32,729 hectares; and

(d) Plasma Programme of 11,795 hectares where the plasma holders have obtained their own *Ijin Lokasi* and/or *Hak Milik*.

Our land under *Ijin Lokasi* of 136,320 hectares (including land under the Plasma Programme and land managed by our Group on behalf of LSK) is subject to re-measurement during the certification process for obtaining *Hak Guna Usaha* to exclude, *inter alia*: (i) land allocated to the Plasma Programme (for which our Group is not responsible for applying for land titles); and (ii) land deemed unsuitable for cultivation (such as river and swamp areas). Of the 191,948 hectares of land owned and/or controlled by our Group, 18,616 hectares are subject to overlapping land use rights held by the associates of one of our Controlling Shareholders, namely the Lim Family. For more information, please refer to the section entitled "Interested Person Transactions and Conflicts of Interests — Present and Ongoing Interested Person Transactions" of this Prospectus.

For details of the *Hak Guna Usaha* and *Ijin Lokasi* of our plantations in the Kalimantan and Riau regions as at the Latest Practicable Date, please refer to the section entitled "Annex D — Details of our Plantations" of this Prospectus. For further information on the land permit application process, please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus.

On average, an oil palm tree has a commercial life span of approximately 25 years. Germinated seeds are first carefully selected and purchased from established seed producers before being delivered to our Group's nurseries at our plantations. We only procure seeds from established seeds producers such as PT PP London Sumatra Indonesia Tbk (Lonsum), New Britain Palm Oil Limited (PNG), PT Socfin Indonesia (Socfin), Pusat Penelitian Kelapa Sawit (Marihat) and PT Bina Sawit Makmur (Sriwijaya). The seeds are germinated at the nurseries for approximately 12 months, before the young oil palm plants are transferred to the fields. From the moment the young oil palm trees are transplanted from the nurseries to the fields, effective maintenance of the young oil palm trees is essential to ensure optimal growth and development. This is done through measures which include the application of the right type of fertiliser at the right time in the right dosage.

Our young oil palm plants are generally planted approximately nine metres apart which results in approximately 136 to 143 trees per hectare. The area surrounding each young oil palm plant is free from other vegetation which may compete for fertiliser, water and sunlight.

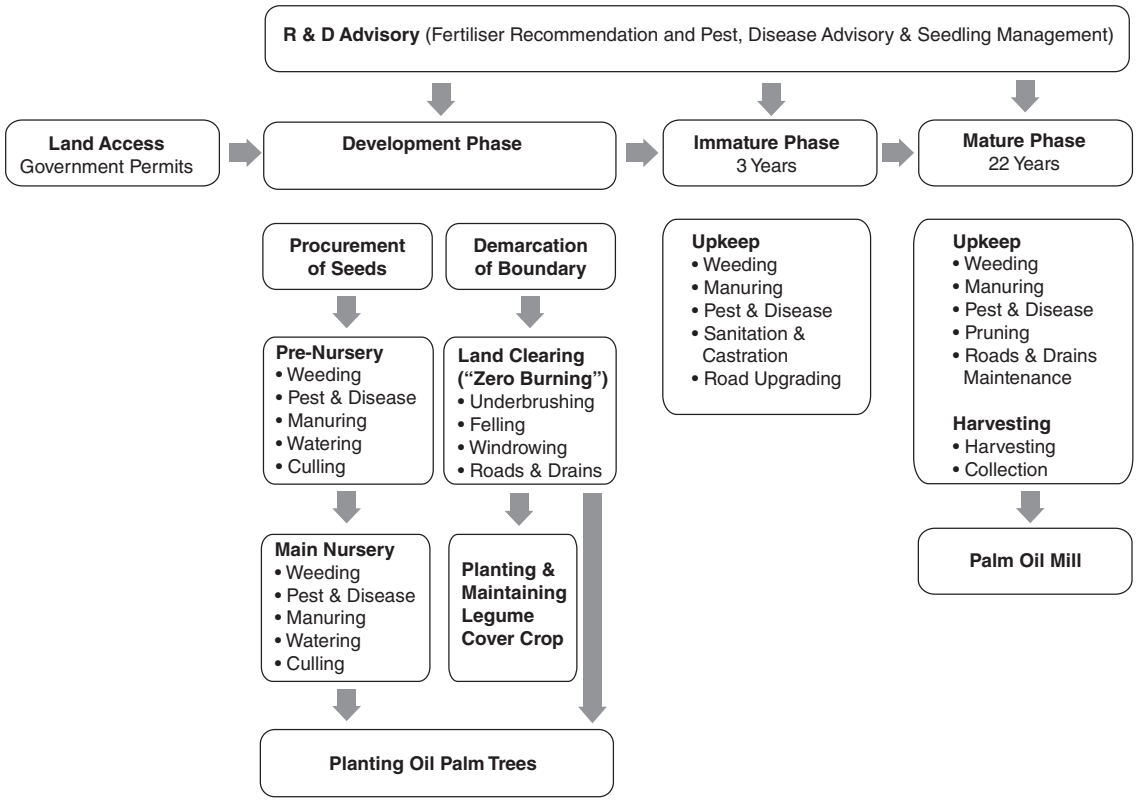
We use *mucuna bracteata* as the leguminous cover plant for new plantings. The main functions of the legume ground cover are to protect the soil from erosion and to enrich its organic content. This improves the soil structure and leads to better aeration, infiltration and retention of moisture. The cover plant also minimises leaching losses of nutrients and reduces competition from noxious weeds. Legumes are the preferred cover plant as they increase the amount of nitrogen in the soil that is available to the oil palm trees. We believe that *mucuna bracteata* is the best leguminous cover plant as it smothers noxious weeds well, has superior drought and shade tolerance, deters insects and cattle, has deep roots, and produces significant quantities of litter that decomposes slowly to increase the fertility of surface soil.

Before we apply fertiliser to the soil, we use agrochemicals to weed the area surrounding each oil palm tree so as to keep these areas free from other vegetation. We use fertilisers such as urea, kieserite, muriate of potash (MOP), rock phosphate, nitrogen phosphate kalium (NPK) and slow release fertiliser to ensure that the oil palm trees have sufficient nutrients. To obtain the recommended dosage of fertilisers, we apply leaf and soil tests. As part of our continuing efforts to reduce our operating costs and to be socially responsible in the conduct of our business operations by reducing the pollution caused to the environment by our business operations, we also use organic compost fertilisers produced through the composting of EFB, which is a form of production waste from our milling process.

We protect the young oil palm trees from pests and disease by using pesticide. We also build main roads, access roads and collection roads while our oil palm trees are still immature, so as to prepare for harvesting in the future.

When an oil palm tree reaches maturity approximately three years after being planted in the field, harvesting of the FFB begins. Before these oil palm trees are harvested regularly, we carry out the process of castration, whereby the initial flowers of the oil palm trees are removed. Castration is performed as the first round of fruiting for oil palm trees generally provides small fruit bunches which are not commercially acceptable, and this process helps to minimise the growth of unwanted leaves and male fruits which cannot be processed. Yield from the oil palm tree increases as it continues to mature, generally reaching peak production between the seventh to eighteenth year of growth. We carry out regular upkeep of our mature oil palm plantations by weeding, fertilising, applying pesticides, pruning, and maintaining our roads and drainage. The yield of an oil palm tree generally starts to gradually decrease from the eighteenth year onward. Normally, at the end of the commercial lifespan of the oil palm tree, the land upon which it is planted will be cleared and prepared for replanting.

The following diagram gives a more detailed overview of our plantation operations:



Plasma Programme

Under Indonesian government regulations, a plantation company with an oil palm planted area of at least 25 hectares and/or a minimum production capacity as set out in Regulation No. 26/2007 is required to develop and operate a plantation area near its plantation covering a minimum of 20% of the total plantation area which is operated by the plantation company for the local communities. This development is achieved through the implementation of credit, grant or profit-sharing scheme. Once developed, plantations of the local communities are operated under the supervision of the plantation owners who developed them. This form of assistance to, and cooperation with, the surrounding locals' plantations is commonly referred to as the Plasma Programme.

The Plasma Programme is mutually beneficial to both members of the local communities and plantation companies. The locals who participate in the Plasma Programme benefit socially and economically

from increasing incomes and better welfare such as training and education in oil palm cultivation. Plantation companies are able to enjoy a steady supply of FFB at the prevailing price set by a price committee established by the District Regional Government, with appropriate adjustments for the quality of the FFB. This price is based on the current CPO and PK prices, adjusted for costs and a profit margin for the locals participating in the Plasma Programme.

Our Plasma Programme comprises the partnership scheme (*Pola Kemitraan)*. Under the partnership scheme, we entered into cooperation agreements with cooperatives which were formed by the locals who participate in the Plasma Programme and are managed by their representatives. Pursuant to these agreements, we help to develop the land and manage the plasma plantations. We allocate at least 20% of our total planted area to members of the cooperatives. The development costs of the plasma plantations are funded by bank loans. The locals are engaged by our Group as plantation workers. They are paid a salary and enjoy a share in the profits of the plasma plantations, after deducting interest and loan instalments, plantation costs and a management fee. The harvested FFB of the plasma plantations will then be sold to our Group at specified prices.

Our current arrangement under the Plasma Programme lasts for 25 years or until the end of the current planting cycle (whichever is earlier), and we intend to renew it at the next replanting phase.

We have fulfilled the requirements of the Indonesian government regulations relating to the Plasma Programme. As at the Latest Practicable Date, we had administered 31,311 hectares of cultivated plantation land under the Plasma Programme.

The following table sets out the details of the planted area under our Plasma Programme as at the Latest Practicable Date:

Subsidiary	**Location of Plantation**	**Planted area (ha)**
	Kalimantan Region	
ASM	Desa Seriam, Kecamatan Kendawangan, Kabupaten Ketapang, West Kalimantan	1,026
BG Abadi	Desa Dawak, Kinjil, Sakabulin, Rugun, Lalang, Kondang, Riam Durian, Sukamakmur, Ipuh Bangun Jaya, Palih Baru, Diung, Kecamatan Kotawaringin Hilir, Kecamatan Kotawaringin Lama, Kabupaten Kotawaringin Barat, Central Kalimantan	9,349
GKG	Desa Mekar Utama Banjarsari, Kendawangan Kiri, Kecamatan Kendawangan, Kabupaten Ketapang, West Kalimantan	1,300
GKS	Desa Banjarsari Seriam Jaya, Kendawangan Kiri, Kecamatan Kendawangan, Kabupaten Ketapang, West Kalimantan	1,499
KMB	Desa Gunung Makmur, Kecamatan Antang Kalang, Kabupaten Kotawaringin Timur, Central Kalimantan	8,841
WNA	Desa Pundu, Kecamatan Cempaga Hulu, Kabupaten Kotawaringin Timur, Central Kalimantan	2,000
WNL	Desa Pundu, Pantai Harapan Keruing dan Pelantaran, Kecamatan Cempaga Hulu, Kabupaten Kotawaringin Timur, Central Kalimantan	6,478
Sub-total		**30,493**
	Riau Region	
MCM	Desa Pendalian, Kecamatan Pendalian Koto, Kabupaten Rokan Hulu, Riau	818
Total		**31,311**

Land Managed by our Group and Future Acquisitions

Management of Land Owned by LSK

On 27 October 2008, ASM entered into an agreement with LSK, an Indonesian private company owned by third parties who are unrelated to our Directors and our Controlling Shareholders, whereby LSK agreed to hand over the management of 3,000 hectares of land for a period of 30 years (until 26 October 2038) to ASM (the "Operational Cooperation Agreement"). On 4 October 2010, the Operational Cooperation Agreement was amended to replace ASM with GKS as a party to the Operational Cooperation Agreement.

Pursuant to the Operational Cooperation Agreement, GKS has the right to cultivate the land into an oil palm plantation, with GKS having ownership of the oil palm trees that are planted on the plantation of LSK. GKS is required to provide financing support for all the costs (including capital expenditure) required to develop the land of LSK. In return, GKS has the exclusive right to sell the FFB harvested from the plantation. GKS will receive 51% of the profits that are obtained from the sale of any FFB harvested from the plantation, after deducting all plantation costs (including investment costs and interest on loans), while LSK will receive the remaining 49%.

Management of Land Owned by GY and the GY Call Option

On 1 November 2011, our Group entered into the GY Cooperation Agreement. The shareholders of GY are KMS and Westbrook, each an associate of one of our Controlling Shareholders, the Hariyantos. As GY has yet to secure some of the licences required for the operation and management of its plantations, KMS and Westbrook have borne the risk of such non-compliance by acquiring GY from unrelated third parties and entering into the GY Cooperation Agreement with our Group.

As at the Latest Practicable Date, GY had 4,310 hectares of cultivated oil palm plantations in Ketapang, West Kalimantan. Pursuant to the GY Cooperation Agreement, our Group will: (i) manage and operate the plantation of GY and any other designated oil palm plantations that may be owned by GY or KMS and/or Westbrook from time to time in return for a management fee; (ii) have the exclusive right to purchase any FFB produced from the plantation of GY; and (iii) have a call option over up to 95.0% of the total issued shares in GY, exercisable by our Group at any time following the date of the GY Cooperation Agreement for as long as KMS and/or Westbrook or any associate (as defined in the Listing Manual) of KMS and/or Westbrook is, remains or becomes, directly or indirectly, a controlling shareholder (as defined in the Listing Manual) of our Group or not later than one month after KMS and/or Westbrook or all associates of KMS and/or Westbrook cease to be, directly or indirectly, a controlling shareholder of our Group (the "GY Call Option"). The exercise price of the GY Call Option shall be determined at the time the GY Call Option is exercised, and by an independent third party valuer agreeable to the parties.

The GY Call Option was extended to our Group in consideration of our agreement to accept our obligations under the GY Cooperation Agreement, and such an agreement was arrived at based on arm's length negotiations between our Group and KMS and Westbrook.

No valuation was performed on the shares of GY as the exercise price of the GY Call Option shall be determined by an independent third party valuer at the time the GY Call Option is exercised. As at 31 December 2011, the book value and the net tangible asset value of the shares that are subject to the GY Call Option was IDR 99.6 billion or US$11.0 million. The net loss attributable to the shares that are subject to the GY Call Option, based on GY's unaudited financial statements for the year ended 31 December 2011, was IDR 1.3 billion or US$0.1 million. Our Group currently intends to fund any exercise of the GY Call Option from our Group's internal resources.

Our Group's entry into the GY Cooperation Agreement would not have had any material impact on net tangible assets and earnings per share of our Group for FY2011, assuming that the GY Cooperation Agreement had been entered into at the end of, or at the beginning of, FY2011 (as the case may be).

Management of Land Owned by GHL and the GHL Call Option

On 1 January 2011, our Group entered into the GHL Cooperation Agreement. The shareholders of GHL are KMS and SMS, each an associate of one of our Controlling Shareholders, the Hariyantos. As the land owned by GHL is located on an island, it is subject to Minister of Marine and Fishery Regulation No. PER.20/MEN/2008 on the Usage of Small Island and Surrounding Water ("MOMFR 20"). Pursuant to MOMFR 20, the foreign ownership of GHL is generally prohibited unless the prior approval of the Minister of Marine and Fishery is obtained, and such foreign ownership is limited to 80.0% of GHL. As GHL has yet to obtain the approval of the Minister of Marine and Fishery for the transfer of an 80% interest in GHL, KMS and SMS entered into the GHL Cooperation Agreement with our Group.

As at the Latest Practicable Date, GHL had a land bank measuring 3,000 hectares with 1,431 hectares of cultivated oil palm plantations in Ketapang, West Kalimantan. Pursuant to the GHL Cooperation Agreement, our Group will: (i) manage and operate the plantation of GHL and any other designated oil palm plantations that may be owned by GHL or KMS and/or SMS from time to time in return for a management fee; (ii) have the exclusive right to purchase any FFB produced from the plantation of GHL; and (iii) have a call option over up to 80.0% of the total issued shares in GHL, exercisable by our Group at any time following the date of the GHL Cooperation Agreement for as long as KMS and/or SMS or any associate (as defined in the Listing Manual) of KMS and/or SMS is, remains or becomes, directly or indirectly, a controlling shareholder (as defined in the Listing Manual) of our Group or not later than one month after KMS and/or SMS or all associates of KMS and/or SMS cease to be, directly or indirectly, a controlling shareholder of our Group (the "GHL Call Option"). The exercise price of the GHL Call Option shall be determined at the time the GHL Call Option is exercised, and by an independent third party valuer agreeable to the parties.

The GHL Call Option was extended to our Group in consideration of our agreement to accept our obligations under the GHL Cooperation Agreement, and such an agreement was arrived at based on arm's length negotiations between our Group and KMS and SMS.

No valuation was performed on the shares of GHL as the exercise price of the GHL Call Option shall be determined by an independent third party valuer at the time the GHL Call Option is exercised. As at 31 December 2011, the book value and the net tangible asset value of the shares that are subject to the GHL Call Option was IDR 114.0 million or US$0.01 million. Based on GHL's unaudited financial statements for the year ended 31 December 2011, there are no profits or loss attributable to the shares that are subject to the GHL Call Option. Our Group currently intends to fund any exercise of the GHL Call Option from our Group's internal resources.

Our Group's entry into the GHL Cooperation Agreement would not have had any material impact on net tangible assets and earnings per share of our Group for FY2011, assuming that the GHL Cooperation Agreement had been entered into at the end of, or at the beginning of, FY2011 (as the case may be).

For more information on the contracts entered into with KMS, Westbrook and SMS (as the case may be) in relation to GY and GHL, please refer to the section entitled "Interested Person Transactions and Conflicts of Interests — Present and Ongoing Interested Person Transactions" of this Prospectus.

Planting Programme and Age Profile of Planted Oil Palm Trees

Our Group implemented an aggressive planting programme from FY2004 to FY2011. The following table sets out the details of our planting programme since FY2004 (including the planting conducted by KPAS prior to its divestment on 29 November 2011, of which 404 hectares was planted in FY2011):

	Additional Planting (ha)		
	Nucleus	**Plasma**	**Total**
FY2004	5,023	2,696	7,719
FY2005	7,191	4,812	12,003
FY2006	7,837	4,582	12,419
FY2007	12,832	2,873	15,705
FY2008	10,448	3,409	13,857
FY2009	7,515	1,855	9,370
FY2010	10,249	1,315	11,564
FY2011	12,767	2,825	15,592
Total	73,862	24,367	98,229

From FY2002 to FY2011, we acquired the following cultivated plantations from third parties:

(a) In 2002, we acquired a land bank of 17,500 hectares, with 1,549 hectares already planted in East Kotawaringin, Central Kalimantan, via the acquisition of WNL;

(b) In 2003, we acquired 4,021 hectares of planted area, via the acquisition of HPA;

(c) In 2005, we acquired a land bank of 12,000 hectares with 2,662 hectares of planted area, via the acquisition of the assets of PT Surya Barokah; and

(d) In 2010, we acquired 39,000 hectares of land bank, of which 11,310 hectares consists of planted area, via the acquisition of the LGI Group (which at that time included KPAS).

The following table sets out the area and age profile of the oil palm trees in our plantations (including those under the Plasma Programme) as at the Latest Practicable Date:

	Immature Plants	**Mature Plants**		**Sub-Total of Mature Plants**	**Total Area Planted**
	(0 – 3 years)	**Young (4 – 6 years)**	**Prime (7 - 18 years)**		
Nucleus					
Planted area (ha)	36,319	31,117	20,415	51,532	87,851
Percentage of area planted	41.3%	35.4%	23.2%	58.7%	100%
Plasma					
Planted area (ha)	7,423	10,865	13,023	23,888	31,311
Percentage of area planted	23.7%	34.7%	41.6%	76.3%	100%
Total					
Planted area (ha)	43,742	41,982	33,438	75,420	119,162
Percentage of area planted	36.7%	35.2%	28.1%	63.3%	100%

Harvesting and FFB yield from oil palm plantations

Harvesting of FFB begins when an oil palm tree reaches maturity approximately three years after being planted in the field. We start harvesting FFB when an appropriate quantity of palm fruitlets becomes detached from the FFB, which indicates that the FFB is ripe for harvesting. Ripeness is a critical factor in maximising the quality and quantity of palm oil extracted. To increase extraction rates of CPO and PK and avoid unnecessary waste, loose palm fruits are collected together with the harvested FFB. They are then transported by truck to our CPO mills located at our Group's plantations and are typically processed within 24 hours after harvesting to minimise the build-up of FFA, which in turn reduces the quality of CPO extracted.

The quantity of FFB from oil palm trees, otherwise known as FFB yield, is dependent on a variety of factors, including the quality of the oil palm seeds, soil and climatic conditions, application of fertilisers, quality of plantation management as well as the timely harvesting and processing of FFB. As part of our efforts to increase FFB yield, our Group also uses the EFB and effluent from our CPO mills as an organic fertiliser in addition to regular fertiliser.

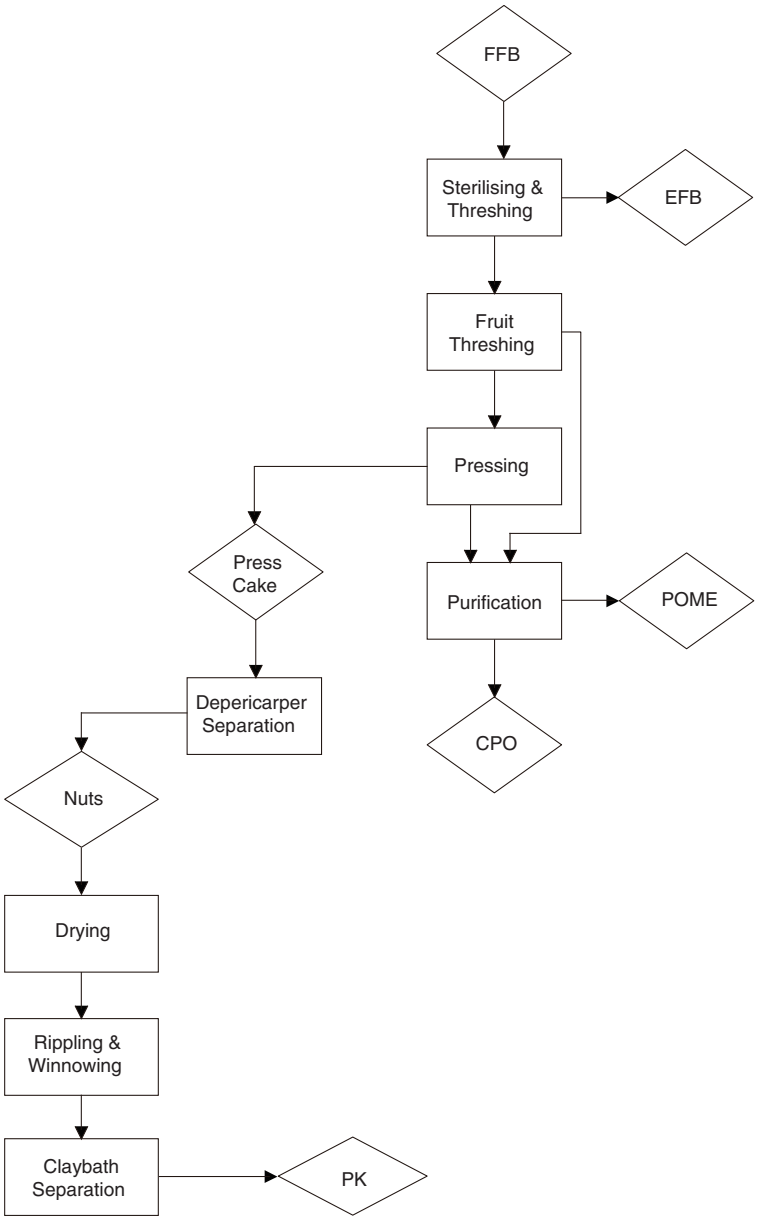
Generally, in the palm oil industry, mature oil palm trees in their prime age (7 – 18 years) produce approximately 18 to 25 mt of FFB per hectare a year. The following table sets out the average yield of FFB per hectare of our oil palm trees in our plantations for FY2009, FY2010 and FY2011:

		Average Yield		
		FY2009	**FY2010**	**FY2011**
Nucleus				
Young (4 – 6 years)	ha	14,538	20,051	27,860
	mt	152,846	246,905	369,168
	Yield (mt/ha)	10.5	12.3	13.3
Prime (7 – 18 years)	ha	5,877	8,201	13,224
	mt	138,371	169,463	267,241
	Yield (mt/ha)	23.5	20.7	20.2
Plasma				
Young (4 – 6 years)	ha	8,378	12,090	12,267
	mt	109,870	164,845	191,862
	Yield (mt/ha)	13.1	13.6	15.6
Prime (7 – 18 years)	ha	4,645	5,515	8,211
	mt	94,535	111,419	177,420
	Yield (mt/ha)	20.4	20.2	21.6

The decrease in average yield per hectare of prime age nucleus oil palm trees from FY2009 to FY2010 and FY2010 to FY2011 was due to our young oil palm trees entering into the early prime stage.

Manufacturing Processes

The flow-chart below sets out the key manufacturing processes and how CPO and PK are produced through these processes:



Processing FFB into CPO and PK

The process begins with the harvesting of ripe FFB. The FFB are typically processed within 24 hours after being harvested. FFB are first transported from our plantations to our CPO mills, where they are sterilised by having high-pressure steam applied to them to deactivate the enzymes, which in turn causes the oil palm fruit to break down. The fruit is then separated from the palm bunches.

After the steaming process, the palm fruits are crushed in a pressing machine to obtain CPO and PK. A centrifuge is then used to clear and separate waste and water from the CPO. The cleared CPO derived from the centrifuge is sent for refining before being stored in oil storage tanks, while the PK nut

is sent for crushing before being stored in kernel hoppers. The liquid waste generated by the process is applied as fertiliser in our plantations.

(i) Sterilising and threshing

FFB undergo sterilisation, whereby they are placed in a steel cage and cooked under pressurised steam for 90 minutes at a temperature of 135 degrees Celcius (2.8 kg/cm^2 saturated steam). The sterilisation process softens the FFB and loosens the fruits from the stalk of the FFB. The softened FFB is then sent for threshing, whereby they are rolled and threshed in a revolving slated steel drum to separate the fruits from the bunch stalks. The fruits are then transported to the fruit digester.

(ii) Fruit digestion

The fruits are placed in a steel vat known as a fruit digester. Steam is injected and mechanical arms are used to loosen the fibre from the nuts of the fruits. The oil extracted from this process is sent for purification.

(iii) Pressing

The fibre nuts mash is placed in a perforated press cage and pressed. The oil and moisture from the fibre nuts mash is squeezed out, leaving a compacted mass known as the press cake. The oil extracted from this pressing process is sent for purification.

(iv) Purification

The oil collected from the fruit digestion and pressing processes is sieved to remove any remnant fibre and nut particles, before being collected in a tank. Steam is injected into the tank, and the resulting oil water mixture is left to settle for approximately five hours. On settling, clean oil will collect at the top of the tank, while oil sludge will settle at the bottom of the tank. The clean oil is collected and sent for centrifuging in a high speed centrifuge to separate any impurities from the oil. The oil is then passed through a vacuum drier to reduce its moisture content. The purified oil obtained from these processes is known as CPO, which is then stored in the oil storage tanks pending delivery to our customers.

(v) Depericarper separation

The press cake from the pressing process is fed into a rotating steel drum known as a depericarper to separate the nuts from the fibre.

(vi) Drying

The nuts that emerge from the depericarper separation process are collected and stored in a nut silo for drying. The drying process causes the cracking and separation of the PK from the nut shell.

(vii) Rippling and winnowing

The dried nuts are fed into mills to crack the nutshells. The cracked nuts are then fed into a blowing machine known as a winnower. The lighter shell fragments and any remaining fibre are blown off by air-jets, leaving behind only the PK with parts of the nutshell still attached.

(viii) Claybath separation

The PK with parts of the nutshell still attached then undergo a claybath separation process, whereby water is pumped in at the right pressure to separate the PK from the remaining portions of the nutshell. The PK are then collected and sent to storage, pending delivery to our customers.

Manufacturing Facilities and FFB Processing Capacity

We have strategically located our CPO mills such that they are in close proximity with our plantations, which ensures that our FFB arrives at our mills with minimal spoilage and reduces our transportation costs. The mills are also in close proximity with our third party FFB producers, from whom we purchase FFB to maximise the capacity utilisation of our mills. We have also built permanent housing for employees and workers at the mills and in our plantations so as to reduce the turnover time between working shifts, thereby increasing competitiveness, as well as to provide convenience to our employees and workers.

Our Group minimises the down time of the CPO mills by applying total preventive maintenance systems and ensuring the availability of our supplies and spare parts. Through these systems, we are able to maintain our machines and minimise our average down time to not more than 0.5 hours per day. We have also entered into an annually renewable service contract with maintenance contractors to maintain our special machines and engines, i.e. our diesel and steam power plant, steam boiler and oil clarifying unit.

We have also reduced the investment and operational costs of the mills by using vertical sterilisers, which eliminate the need for FFB transfer carriages, fruit cages and rail lines, and reduce the amount of labour needed in processing FFB.

We process all our harvested FFB, together with those purchased from third parties as well as our partners under the Plasma Programme, at our CPO mills. We purchase and process FFB from third parties in order to maximise the utilisation of our CPO mills. Our average capacity utilisation rates were 65.2%, 76.5% and 69.6% for FY2009, FY2010 and FY2011, respectively. In anticipation of increased FFB production, we expanded the FFB processing capacities of the CPO mills of KMB and WNL from 270,000 tpa each as at 31 December 2008 to 450,000 tpa and 540,000 tpa, respectively, as at 31 December 2009, and commissioned two new mills in Central Kalimantan with FFB processing capacities of 45 tph or 270,000 tpa and 60 tph or 360,000 tpa in FY2009 and FY2011, respectively. We further commissioned one new CPO mill in West Kalimantan, with a capacity of 30 tph or 180,000 tpa (expandable to 60 tph or 360,000 tpa) in 2011 to enable us to process the increasing volume of FFB that we anticipate as our oil palm trees mature. We have also commenced the expansion of the FFB processing capacity of an existing CPO mill in Central Kalimantan from 45 tph or 270,000 tpa to 90 tph or 540,000 tpa, and another existing CPO mill in West Kalimantan from 30 tph or 180,000 tpa to 60 tph or 360,000 tpa, by acquiring and installing additional machinery. We expect such expansion to be completed by the second half of 2012. We also intend to commence the construction of two additional CPO mills in Central Kalimantan with an aggregate FFB processing capacity of 90 tph or 540,000 tpa

(expandable to 135 tph or 810,000 tpa). We expect such construction to commence in the second half of 2012 and complete in the second half of 2013, increasing our total FFB processing capacity to 3,060,000 tpa.

The following tables set out the FFB processing capacity and utilisation rate of our CPO mills as at the Latest Practicable Date:

CPO Mill	Location	Capacity (tph)	Commencement of operations
KMB	Central Kalimantan	75	December 2003
RSI	Riau	45	March 2004
WNL	Central Kalimantan	90	March 2007
BG Abadi	Central Kalimantan	45, expandable to 90	January 2009
WNA	Central Kalimantan	60	March 2011
GKG	West Kalimantan	30, expandable to 60	September 2011

Mill Utilisation from FY2009 to FY2011

	FY2009			FY2010			FY2011		
	Annual Processing Capacity (tpa)	Actual Processed Volume (mt)	Utilisation Rate (%)	Annual Processing Capacity (tpa)	Actual Processed Volume (mt)	Utilisation Rate (%)	Annual Processing Capacity (tpa)	Actual Processed Volume (mt)	Utilisation Rate (%)
KMB	450,000	251,337	55.9	450,000	298,999	66.4	450,000	335,577	74.6
WNL	540,000	379,787	70.3	540,000	419,011	77.6	540,000	368,948	68.3
RSI	270,000	251,789	93.3	270,000	239,261	88.6[1]	270,000	267,562	99.1
BG Abadi	270,000	114,846	42.5	270,000	212,739	78.8	270,000	271,030	100.4[2]
WNA	—	—	—	—	—	—	360,000	170,969	47.5[3]
GKG	—	—	—	—	—	—	180,000	26,302	14.6[4]
Total	**1,530,000**	**997,759**	**65.2**	**1,530,000**	**1,170,010**	**76.5**	**2,070,000**	**1,440,388**	**69.6**

Notes:

(1) The lower utilisation rate in FY2010 compared to FY2009 for the CPO mill at RSI was due to a decrease in the ability of third parties to supply FFB to us.

(2) The annual processing capacity for our CPO mills are calculated based on 20 hours of operation per day for 300 days per year. The utilisation rate in FY2011 for the CPO mill at BG Abadi was due to the CPO mill operating beyond its usual operating hours.

(3) The low utilisation rate in FY2011 for the CPO mill at WNA was because the CPO mill only commenced its operations from March 2011.

(4) The low utilisation rate in FY2011 for the CPO mill at GKG was because the CPO mill only commenced its operations from September 2011.

Oil extraction rates

In FY2011, our Group achieved CPO extraction and PK extraction rates of approximately 24.0% and 4.5% based on FFB weight, respectively. The waste material derived from the FFB following extraction of CPO and PK is used as a fertiliser for our plantations. We primarily produce high quality CPO with FFA content below 5%.

The following table sets out the details of our CPO mills extraction rates for FY2009, FY2010 and FY2011:

	Extraction rates at our CPO mills		
	FY2009	**FY2010**	**FY2011**
FFB processed (mt)	997,759	1,170,010	1,440,388
CPO produced (mt)	222,985	256,883	345,111
PK produced (mt)	45,267	52,989	64,875
CPO extraction rate (%)[(1)]	22.3	22.0[(3)]	24.0[(4)]
PK extraction rate (%)[(2)]	4.5	4.5	4.5

Notes:

(1) CPO extraction rate is calculated based on the ratio of the total weight of CPO produced to the total weight of FFB processed.

(2) PK extraction rate is calculated based on the ratio of the total weight of PK produced to the total weight of FFB processed.

(3) The decrease in CPO extraction rate in FY2010 was primarily due to the lower quality of FFB sourced from third parties. As the extraction rates for younger oil palm trees are lower than those from mature oil palm trees, the higher mix of young oil palm trees in our planted area following the aggressive planting in the past few years also contributed to the lower average oil extraction rate in FY2010.

(4) The increase in CPO extraction rate in FY2011 was primarily due to better harvesting management and the increase in the age profile of our oil palm plantations.

We anticipate that the CPO production of our oil palm plantations, as well as our CPO extraction rates, will continue to increase as our oil palm trees mature and are harvested. In addition, we expect that we will further improve our OER as our plantations expand, handling and transportation of FFB to our CPO mills is reduced, and our Group implements quality control procedures to reduce oil loss both during the transportation of FFB from our plantations to our mills and at our mills during the extraction process.

SEASONALITY

We tend to use the dry seasons for land clearing and the wet seasons for planting as these periods of the year provide the optimal conditions for these respective activities. Generally, the production of FFB in our Group's oil palm plantations tends to increase in the second half of the year, as a result of the rainfall patterns in the areas where our Group's planted oil palm plantations are located. This results in an increase in the supply of CPO, which in turn, results in an increase in sales volume of our Group's palm products for the second half of each financial year. However, this trend may be affected by any anomaly in weather or rainfall patterns, such as the *La Niña* effect.

CORPORATE SOCIAL RESPONSIBILITY PROGRAMME

As part of our commitment to improving the social and economic welfare of the local communities in the area in which we operate, we have implemented a corporate social responsibility programme which includes:

(1) supporting local business development via purchasing from local farmers, suppliers and contractors. In relation hereto, we also provide training, consultation and facilitation for small enterprises in the communities where we operate;

(2) maintaining good and synergistic relations with the local government and other stakeholders through periodic consultation; and

(3) providing financial support for construction of infrastructure and social development in areas such as education, health, culture, religion and environment.

Educational, Medical and Social Initiatives

As at the Latest Practicable Date, we had built 23 schools in the provinces of Central Kalimantan, West Kalimantan and Riau, with a total intake of more than 2,500 students. We have also provided the local communities with educational scholarships covering elementary to tertiary levels. The scholarship recipients comprise top students selected from the schools located in or near our plantations. In addition, we contribute to the local schools by sponsoring training programmes for the development of teachers and principals. Our Group also provides free schooling, books and school bus transportation to students attending the schools we built.

Our efforts in corporate social responsibility programme have been recognised, and we were awarded the Community Development — CSR Award by the local government of the East Kotawaringin district in December 2009, and the National Awards as a Company that Cares (Education) by the Ministry of Education and Culture of Indonesia in December 2010 and 2011.

We have provided free basic medical care to all employees and the local communities since 2004. From time to time, we arrange for doctors from local clinics and hospitals to conduct basic medical check-ups and provide medication where necessary. This has been well received by the local communities.

We have also contributed to the social and cultural welfare of the local communities by helping to build and repair places of worship such as mosques, churches and temples. We also carry out public works development and maintenance such as roads and bridges leading to and from our estates, and opening new access roads to previously inaccessible areas. To promote cultural values, we sponsor and participate in traditional events and social functions. In this way, we are able to maintain strong ties with the local communities.

Plasma Programme

We participate in the Indonesian government-initiated Plasma Programme which was initiated pursuant to the Indonesian government's policy of encouraging partnerships between large plantation companies and their respective surrounding communities. For further details, please refer to the sub-section entitled "Business and Operations — Plasma Programme" in this section of this Prospectus.

Environmentally-friendly Policies

We are mindful that certain aspects of our oil palm plantation and CPO processing operations may have an environmental impact on our surroundings. Therefore, with the view to conserving and preserving our surrounding environment, we have made sustainable development an integral part of our Group's corporate social responsibility programme.

As part of our commitment to produce in an environmentally sound and sustainable manner, we aim to:

(a) take into consideration the environmental impact of any major change in our processes or expansion;

(b) ensure the safety of our products and operations for the environment, using standards of environmental impact assessment and pollution prevention systems which are generally acceptable by the industry;

(c) develop innovative products and processes which will reduce environmental impact, such as through waste minimisation and resource conservation, including energy and water use, and explore opportunities for reuse and recycling;

(d) develop and apply systems of environmental management as part of our day-to-day operational practice and on-going management reporting and control procedures;

(e) encourage our suppliers to develop environmentally superior processes and ingredients and co-operate with other members of the supply chain to improve overall environmental performance;

(f) refrain from destroying and undertake to preserve any primary rainforest within our control, in order not to put at risk areas of special scientific interest or habitats important for endangered plant or animal species;

(g) work with industry bodies, government agencies, business partners and other concerned organisations to promote environmental care, increase knowledge and disseminate best practice;

(h) comply with all government environmental legislation regarding permissible levels of emissions from plant and machinery;

(i) remain alert and responsible to developing issues, knowledge and public concerns; and

(j) ensure that all employees are aware of our environmental policy and are motivated to apply it, are aware of their own responsibilities and are given the support and training necessary to fulfil them.

Some of our current sustainable development polices include:

(a) "zero burning" for planting of new oil palm trees: We adopt a "zero burning policy" in our land clearing for oil palm cultivation. We clear trees and vegetation using chain saws and machinery instead of traditional "slash-and-burn" methods of land-clearing that cause air pollution and risk forest fires. Although this method is deemed comparatively costly, we have voluntarily used it to minimise the impact of our land clearing activities on the environment;

(b) "zero waste management" on CPO production waste: We apply a "zero waste policy" by recycling waste products such as EFB as an organic fertiliser in our plantations and compost. This practice provides compost that enriches the soil naturally as well as minimises water and soil pollution;

(c) soil conservation measures: We use land cover crops immediately after planting to conserve soil moisture and minimise soil erosion. To further our soil conservation measures, we also do not cultivate our oil palm trees on moderate to deep peat and riverine reserves, on hill slopes exceeding 30 degrees, and in primary or designated forest reserves; and

(d) integrated pest management: We aim to integrate biological control into our pest management practices to minimise the use of pesticides. Beneficial plants are planted to attract natural predators for biological control of major insect pests in our oil palm plantations. Effective pest control measures make it possible to reduce the amount of chemicals required to control pests.

We are a member of the RSPO, a non-profit association which promotes the production and use of palm oil in a sustainable manner, and are aiming to achieve ISPO and RSPO certification, starting with the certification of the CPO produced in one of our mills in Central Kalimantan by 2013.

Membership of RSPO facilitates contribution to RSPO's efforts to promote the growth and use of sustainable palm oil. As a member, we will be able to participate in discussions and vote on initiatives by RSPO. We believe that our efforts to achieve RSPO certification increase public and industry awareness of our commitment to RSPO's objective of sustainable palm oil development.

AWARDS AND CERTIFICATIONS

Our Group has obtained the following awards and certifications:

Year	Award/Certificate	Certifying Authority
2012	Best Safety & Health Record (Zero Accident) in Palm Oil Mills	Head of Regency of East Kotawaringin District, Central Kalimantan
2011	National Awards as a Company that Cares (Education)	Ministry of Education and Culture of Indonesia
2011	ISO9001:2008 for Pundu Learning Centre	Sucofindo International Certification Services
2010	National Awards as a Company that Cares (Education)	Ministry of Education and Culture of Indonesia
2009	Best Palm Oil Mills	Head of Regency of Rokan Hulu District, Riau
2009	Best Safety & Health Record (Zero Accident) in Palm Oil Mills	Head of Regency of Rokan Hulu District, Riau
2009	Community Development — CSR Award	Head of Regency of East Kotawaringin District, Central Kalimantan

QUALITY CONTROL

We have implemented quality control procedures at each stage of the production process to ensure that the quality of our products meets our customers' expectations. Quality control begins at the seed selection stage and continues through land clearing, planting, harvesting, transporting and processing FFB to storing CPO and PK.

Raw material procurement

The raw materials required by our Group in its production process comprise mainly FFB. In the plantations, harvesting of FFB is done only when an appropriate quantity of palm fruitlets becomes detached from the FFB, which indicates that the FFB are ripe for harvest. On receiving the FFB at our milling plants, visual checks are done on the ripeness and readiness of the FFB for processing. The FFB are processed at our mills within 24 hours of harvesting to minimise the build-up of FFA to avoid compromising the quality of the CPO extracted.

Processing

We closely monitor the efficiency of the production process and the oil loss during the extraction process. Laboratories at each of our CPO mills monitor the quality of our products using sampling

methods at each production stage so that the CPO produced will comply with industry standards set by the Palm Oil Refiners Association of Malaysia (PORAM), including standards requiring FFA content to be not more than 5%.

Finished products

A final round of sample testing is done prior to the delivery of our products to ensure that only products which meet the requisite quality requirements are delivered to our customers.

INTERNAL CONTROLS

Our internal audit system comprises a compliance audit (which ensures that our Group's policies and rules are in place and adhered to); an operational/performance audit (which ensures that resources are effectively and efficiently used so that our Group is achieving its goals); a risk based audit (which helps management in identifying risks that can undermine the achievement of our Group's objectives); and an investigative audit (which identifies and investigates special cases).

Our Group has developed our own budgeting system that controls the cost of investment and operations by comparing these figures against a budgeted cost. This ensures that our cost controls and performance are properly measured. The business control department checks all the costs to ensure that they are within the budget. The department is also tasked with ensuring that targets are achieved and costs are controlled.

Our Group also has developed our own internal control system, which consists of a standard operating procedure to ensure that appropriate checks and balances are in place. The procedures cover procurement and the receipt of goods and payments. The enterprise resource planning system (SAP) is part of our efforts to minimise manual controls over our administrative and financial systems.

Our Group's operational quality control team ensures that agronomy practices are properly applied in the field. The team carries out checks ranging from the land clearing, nursery and fertilising stages up to the harvesting and transportation stages. The team also checks on the efficiency of the mills.

In addition to the above, our Audit Committee also has various duties in relation to our internal audit and internal control systems. For more information, please refer to the section entitled "Corporate Governance — Audit Committee" of this Prospectus.

Our Board of Directors, after making all reasonable enquiries and to the best of its knowledge and belief, with the concurrence of our Audit Committee, is of the opinion that the internal controls of our Group are adequate to address the financial, operational and compliance risks of our Group.

RESEARCH AND DEVELOPMENT

Our Group engages in research and development activities in order to continually improve our plantation management techniques and operational processes. In 2007, our Group established a research and development department with an in-house research station in Central Kalimantan. Our research and development team is involved in areas of research such as soil and climatology (soil tests, land surveys, land conservation, climatology monitoring), agronomy (monitoring best agronomy practices from land clearing, nursery or seedling management, and fertiliser application), plant protection (developing natural predators that control pest and disease and developing microorganisms), and laboratory research (leaf, soil, fertiliser and herbicide tests).

The amount spent by our Group on research and development is insignificant.

INTELLECTUAL PROPERTY

As at the Latest Practicable Date, our Group owns the following trademark in Singapore and our Group has applied for registration of the following trademark in Indonesia:

Trade Mark	Place of Application	Class	Application/ Registration Number	Status	Owner
	Singapore	29, 31	T1103822Z	Registered	Company
	Indonesia	01 29 31 35	D002011033660 D002011033657 D002011033670 JOO2011033665	Pending	Company
	Indonesia	35	JOO2011033664	Pending	Company
	Indonesia	29 31	D002011033674 D002011033673	Pending	Company

To the best of our Directors' knowledge and belief, we are not aware of any third party that is currently using a trademark similar to the above trademarks.

As at the Latest Practicable Date, we had not faced any claims for any infringement of other intellectual property owned or held by third parties.

SALES AND MARKETING

Our products are mainly sold to refineries, oleochemical companies and large trading companies in Indonesia. Our products are sold ex-mill in Riau and free on board in Kalimantan.

Our sales team closely monitors market prices of our products to ensure that we obtain competitive prices for our sales. In addition, our sales team is also responsible for maintaining strong working relationships with our existing customers and developing new business opportunities to enlarge our customer base.

For CPO, our Group uses a combination of spot sale and short term contracts to maximise pricing and to hedge against price volatility. Spot sales are based on the auction from two or more buyers and benchmarked against the auction price of PT Astra Agro Lestari, Tbk. Short term contracts usually have a term of three months to one year for an agreed volume, with prices determined based on the prevailing auction prices of PT Astra Agro Lestari, Tbk. These short term contracts are currently entered into with the Wilmar Group and the Sinar Mas Group. Going forward, our Group intends to enter into short term contracts with IOI Corporation, some of which will be fixed price or forward contracts while

the remainder will be based on the spot price of CPO at the time of delivery. Our Group is also currently in negotiations with various financial institutions to enter into swap agreements to further hedge against CPO price volatility.

The following table shows our sales revenue for CPO and PK, as well as their respective average selling prices, for FY2009, FY2010 and FY2011:

	FY2009		FY2010		FY2011	
	Sales Revenue (IDR'million)	Average Selling Price (IDR/kg)	Sales Revenue (IDR'million)	Average Selling Price (IDR/kg)	Sales Revenue (IDR'million)	Average Selling Price (IDR/kg)
CPO	1,316,069	6,093	1,754,517	6,911	2,526,310	7,532
PK	115,385	2,506	206,154	3,909	279,006	4,470
Total	1,431,454	—	1,960,671	—	2,805,316	—

As part of our marketing activities, our management and staff actively attend conferences and exhibitions in Indonesia to meet industry players and to source for potential customers. The amount spent by our Group on marketing activities is insignificant.

INVENTORY MANAGEMENT

Our Group's inventory comprises mainly finished goods, such as CPO and PK, and raw materials, such as fertiliser, fuel, spare parts, chemicals and supplies. Our products are agricultural commodities which have quoted market prices, are freely traded, and may be sold without significant further processing and have insignificant costs of disposal. Inventory level is determined principally by our production requirements, sales forecasts and timely collection of finished goods by our customers. Our Group generally maintains inventory of CPO and PK of approximately two weeks and holds inventory of fertiliser for up to three months. The inventory turnover for each of FY2009, FY2010 and FY2011 are as follows:

	FY2009	FY2010	FY2011
Average inventory turnover days	44	40	49

The lower average inventory turnover days in FY2010 compared with FY2009 was due to higher sales in FY2010. The higher inventory turnover days in FY2011 compared with FY2010 was due to an increase in inventories arising from delays in the delivery of CPO in December 2011 as a result of inclement weather which impeded sea transportation, and higher CPO production in December 2011.

Our Group adopts the first-in-first-out method of inventory control. We perform full stock counts twice a year. Variances in the amount of inventories detected during stock counts will be investigated and adjusted accordingly. Slow moving inventories that are identified during stock-takes are written down to their net realisable value ("NRV") at the end of each financial period. The adjustment to NRV was insignificant in FY2009, FY2010 and FY2011.

MAJOR SUPPLIERS

The following table sets forth our Group's major suppliers for FY2009, FY2010 and FY2011:

Supplier	Products supplied	Percentage of total purchases[1] (%) FY2009	FY2010	FY2011
KUD Teriak Sakti [2]	FFB	13.6	17.4	12.7
PT Sentana Adi Daya Pratama [3]	Fertilisers	17.9	13.6	8.9
KUD Dayo Mandiri	FFB	9.8	8.2	7.9
PT Pundi Abadi Intisari[3]	Fertilisers	—	4.1	7.6
PT Pertamina (Persero)[4]	Fuel	6.8	7.9	4.8
KUD Subur Makmur Sejahtera [5]	FFB	8.3	5.7	4.4
KUD Mitra Usaha[6]	FFB	0.9	5.1	2.4
PT Union Sampoerna Triputra Persada[7]	FFB	5.4	4.2	0.8
PT Matahari Kahuripan[8]	FFB	6.9	3.3	0.6
Gerrindo Group[3]	Fertilisers	5.1	1.7	0.1

Notes:

(1) Total purchases comprise mainly purchases of third party FFB (excluding purchases from our plasma plantations), fertilisers, pesticides, fuel and spare parts, and excludes heavy equipment, machinery and vehicles.

(2) The increase in purchase from KUD Teriak Sakti from FY2009 to FY2010 was due to the growth of membership of the cooperative, resulting in an increase in KUD Teriak Sakti's ability to supply FFB. The decrease in purchase from KUD Teriak Sakti from FY2010 to FY2011 was due to fluctuations in its ability to supply FFB.

(3) The fluctuations in fertiliser purchases from our various major suppliers were due to the pricing differences between them.

(4) The decrease in purchase from PT Pertamina (Persero) from FY2010 to FY2011 was due to the difference in the pricing and supply terms between it and our other suppliers.

(5) The decrease in purchase from KUD Subur Makmur Sejahtera from FY2009 to FY2010 and from FY2010 to FY2011 was due to fluctuations in its ability to supply FFB.

(6) The increase in purchase from KUD Mitra Usaha from FY2009 to FY2010 was due to an increase in our demand for FFB. The decrease in purchase from KUD Mitra Usaha from FY2010 to FY2011 was due to fluctuations in its ability to supply FFB.

(7) The decrease in purchase from PT Union Sampoerna Triputra Persada from FY2010 to FY2011 was due to an increase in our FFB production, resulting in a decrease in our need to purchase FFB from third parties for processing at our respective CPO mill.

(8) The decrease in purchase from PT Matahari Kahuripan from FY2009 to FY2010 and from FY2010 to FY2011 was due to an increase in their ability to process their own FFB, resulting in a decrease in their ability to supply FFB to us.

The key raw materials required for our Group's operations include FFB acquired from third parties (excluding those acquired under our Plasma Programme), fertilisers and pesticides.

For FY2011, about 26.0% of the volume of FFB we processed was purchased from third parties (excluding those acquired under our Plasma Programme). Our Group buys FFB from third parties mainly to maximise the utilisation of our CPO mill capacity. The FFB price is based on the price set by the government with an additional premium that is negotiated between us and the supplier.

To the best of our Directors' belief and knowledge, our Directors and Substantial Shareholders do not have any interest, direct or indirect, in any of the above suppliers.

MAJOR CUSTOMERS

The following table sets forth our Group's major customers for FY2009, FY2010 and FY2011:

Customer	Type of Product	Percentage of revenue (%) FY2009	FY2010	FY2011
Wilmar Group	CPO and PK	47.2	64.7	56.8
Sinar Mas Group	CPO and PK	—	13.3	25.3
Musim Mas Group	CPO and PK	44.4	14.4	4.1

Our Group sells its CPO and PK through a tendering process, and these products are sold to the customer with the highest bid. The fluctuations in our sales to our major customers were the result of this tendering process.

To the best of our Directors' belief and knowledge, our Directors and Substantial Shareholders do not have any interest, direct or indirect, in any of the above customers.

CREDIT TERMS

Credit terms granted to customers

We generally transact with our customers on a cash basis. In the event that we grant credit to our customers, the term of credit is usually up to seven days after delivery.

For FY2009, FY2010 and FY2011, our Group has not provided for any doubtful receivables. As our sales were mainly on a cash basis, there were no significant trade receivables' turnover days.

Credit terms granted by suppliers

Our trade suppliers generally grant us credit of 30 to 90 days. Our average trade payables' turnover days for FY2009, FY2010 and FY2011 are as follows:

	FY2009	FY2010	FY2011
Average trade payables' turnover days	58	46	43

The lower average trade payables' turnover days in FY2010 compared with FY2009 and in FY2011 compared with FY2010 was mainly due to our Group's efforts to reduce its trade payables with our increased cashflow from operations in FY2010 and FY2011, and funding from a syndicated loan in FY2010, which allowed our Group to actively lower the ratio of our trade payables as compared to our cost of sales.

COMPETITION

CPO is freely traded in the local and international commodity markets. As such, all CPO producers and plantation owners (whether in Indonesia or the region) are potentially our competitors.

The players in the Indonesian oil palm plantation industry comprise state-owned plantation companies as well as private plantation companies. Some of the larger listed plantation companies which produce CPO products and which may potentially compete in the same industries as us are Indofood Agri Resources Ltd., First Resources Limited, PT Astra Agro Lestari, Tbk and PT Sampoerna Agro, Tbk.

PROPERTIES AND FIXED ASSETS

As at the Latest Practicable Date, our Group leased the following properties:

Nature and Description of Property	Location	Area	Tenure	Registered Owner	Rental per year (IDR'million)
BGA					
Office building	Jl. Sungai Sambas IV/24.A.Blok BIII Persil No. 150, RT 002 RW 005, Kramat Pela, Kebayoran Baru, South Jakarta, DKI Jakarta	212 sq m	3 years until 16 March 2013	Gunardi Hariyanto Lim	2,160
Office building	Jl. Barito II No. 49, Blok B/3 Persil No. 153.seb., RT 002 RW 005, Kramat Pela, Kebayoran Baru, South Jakarta, DKI Jakarta	408 sq m			
Office building (under construction)	Jalan Melawai IX No.40, Blok M3, Kebayoran Baru, South Jakarta, DKI Jakarta	200 sq m			

In addition to the plantations set out in the section entitled "Annex D — Details of Our Plantations" in this Prospectus, our Group also owns the following properties:

Type of Property	Type of Right	Location	Area (sq m)	Expiry Date
BGA				
Bulking Station	*Hak Guna Bangunan*	Desa Pundu, Cempaga Hulu, Kotawaringin Timur	23,000	10 September 2037
Office	*Hak Guna Bangunan*	Jl. Melawai Raya No, 10 RT. 004/01 Blok M.3, Province of DKI Jakarta	552	23 April 2022
WNL				
CPO Mill	*Hak Guna Bangunan*	Pundu, Cempaga Hulu, Kotawaringin Timur, Central Kalimantan	50,000	10 September 2037
	Hak Guna Bangunan	Pundu, Cempaga Hulu, Kotawaringin Timur, Central Kalimantan	149,020	10 September 2037

Type of Property	Type of Right	Location	Area (sq m)	Expiry Date
RSI				
CPO Mill	*Hak Guna Bangunan*	Village of Sukadamai, Ujung Bantu District, Rokan Hulu Regency, Riau	231,700	20 June 2035
KMB				
CPO Mill	*Hak Guna Bangunan*	Village of Rantau Tampang, Antang Kalang District, Kotawaringin Timur Regency, Central Kalimantan	439,329	18 January 2035
BG Abadi				
CPO Mill	*Hak Guna Bangunan*	Desa Riam Durian, Kotawaringin Hilir, Kotawaringin Lama, Kotawaringin Barat, Central Kalimantan	149,000	In the application process for *Hak Guna Bangunan*
WNA				
CPO Mill	*Hak Guna Bangunan*	Desa Pundu and Tumbang Koling, Cempaga Hulu, Kotawaringin Timur, Central Kalimantan	149,000	In the application process for *Hak Guna Bangunan*
GKG				
CPO Mill	*Hak Guna Bangunan*	Desa Mekar Utama, Kedawangan Kiri, Kendawangan, Ketapang, West Kalimantan	148,500	In the application process for *Hak Guna Bangunan*

INSURANCE

Our Group has taken insurance coverage in respect of our operations. Such insurance coverage taken up by our Group includes industrial all risk insurance coverage for our storage tanks, mills and inventory. These insurance policies cover losses caused by, *inter alia*, fires, explosions, lightning strikes, floods, typhoons, storms, sudden landslides, depressions and sinking of the ground and other force majeure events, but exclude, *inter alia*, wars, hostile acts, military actions, riots, nuclear radiation and earthquakes. In addition, our Group maintains all risk and total loss insurance coverage for our vehicles and heavy equipment.

We have also insured our oil palm plantations with fire insurance coverage. As at 31 December 2011, the insurance coverage against plantation fires in our oil palm plantations covers an aggregate area of 73,142 hectares (out of a planted area of 87,581 hectares) for up to approximately IDR 1.8 trillion.

For our facilities in Riau, our Group maintains insurance coverage against natural disasters including earthquakes, volcanic eruptions and tsunamis.

We have also taken up *Jamsostek* insurance, which is a social security insurance programme that is mandated by Indonesian labour laws, for our employees. For more information on the *Jamsostek* insurance, please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus.

Our Directors believe that the above insurance coverage is generally adequate and will review the Company's insurance coverage as and when required, but in any event, at least on a yearly basis.

GOVERNMENT REGULATIONS

Our Group's business activities located in Indonesia are subject to regulation by various laws, regulations and governments' agencies, such as the Ministry of Agriculture, National Land Agency, Ministry of Forestry and BKPM. These regulations require us to possess various licences or approvals from the Central Government and/or the Regional Government to carry out our plantation operations. Please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus for a summary of the relevant rules and regulations in Indonesia and the section entitled "Risk Factors — Risks Relating to Indonesia" of this Prospectus for a discussion about uncertainty in the interpretation and implementation of laws and regulations by the Regional Government.

Our material permits and licences obtained as at the Latest Practicable Date are as follows:

Licence/Permit/Approval	Description	Validity
Company Registration Certificate	We are required to be registered at the relevant Company Register and had therefore obtain a Company Registration Certificate.	5 years from the date of issuance of the Company Registration Certificate
Trading Business Licence (*Surat Ijin Usaha Perdagangan*)	This licence is mandatory for our Group Companies that conduct trading business.	As long as we are in operation
Plantation Business Licence (*Ijin Usaha Perkebunan*)	This licence is required for us to conduct activities as a plantation company.	As long as we conduct activities as a plantation company
Environmental Impact Analysis (*Analisa Mengenai Dampak Lingkungan-AMDAL*)	Our business activities are considered as business activities which have a major and significant impact on the environment, and therefore we are required to have AMDAL. AMDAL is a pre-requisite documentation to obtain Decree of Environmental Feasibility which then becomes the basis for the issuance of an Environmental Licence.	Not applicable. There is no validity period to the AMDAL as it is a pre-requisite to obtaining the Decree of Environmental Feasibility, which then becomes the basis for the issuance of an Environmental Licence.

In addition to the above, we may be subject to reporting requirements under some of our material licences, such as the Plantation Business Licences and the Environmental Impact Analysis. We also need to provide periodic reports to the BKPM pursuant to the foreign investment licences of our subsidiaries which have the status of a foreign investment company. We have never been subject to any warnings or sanctions even though there were instances in the past when we did not fully comply with these reporting requirements. As of the Latest Practicable Date, we had complied with the reporting requirements stipulated by our Group's Plantation Business Licences, Environmental Impact Analysis and foreign investment licences.

We have not experienced any adverse effect on our business in complying with the government regulations. We have obtained all the necessary material licences and permits in Indonesia, which is the principal jurisdiction in which our Company operates, that would materially affect our business operations.

Certain government regulations in relation to the Environmental Impact Analysis and the Plantation Business Licence stipulate that plantation business companies are required to have their Environmental Impact Analysis before they can apply for the Plantation Business Licence. However, these regulations are difficult to comply with for plantation business companies with plantations within forestry areas as the Forest Relinquishment is required before activities can be conducted within forestry areas, and the regulations of the Ministry of Forestry stipulate that an application for Forest Relinquishment must be supported by a Plantation Business Licence.

In order to apply for the Forest Relinquishment, our subsidiary, KML, had obtained its Plantation Business Licence from the local Regional Government even though it has not obtained its Environmental Impact Analysis. While KML is technically in breach of the relevant regulations, we are of the view that the threat of sanctions is remote because:

(a) the local Regional Government, when issuing the Plantation Business Licence to KML, is aware that KML intends to apply for the Forest Relinquishment and had yet to obtain the Environment Impact Analysis; and

(b) KML has not commenced any business operations, notwithstanding that it has already obtained its Plantation Business Licence.

KML had obtained its Forest Relinquishment in December 2011 and is currently submitting an application to revise its *Ijin Lokasi*. We intend to obtain the Environmental Impact Analysis, and apply for a revised Plantation Business Licence in accordance with the land area measured in the Forest Relinquishment, for KML before we commence the business operations of KML.

Save as disclosed above, we believe that we have complied with all relevant laws and regulations. We have not faced any suspension or withdrawal of permits and licences in the last three financial years and the Relevant Period. Save as disclosed above, we are also not aware of any incident of suspension or revocation of any of our licences or any fact or circumstance which will cause our licences and approvals to be suspended, revoked or not be renewed when they fall due for renewal.

We are not aware of any complaints or protests in relation to environmental pollution against our Group, and we have not been subject to any administrative sanctions or other regulatory penalties relating to environmental concerns.

Expired Ijin Lokasi

We refer to the section entitled "Risk Factors" of this Prospectus, in particular, the risk factors entitled "*Our Group may face prohibitions and constraints in its ownership and acquisition of land*", "*The Ijin Lokasi of certain of our Group's properties may not be extended*" and "*We may not be able to obtain Hak Guna Usaha certification in respect of our Ijin Lokasi*".

While we have highlighted risks associated with the process of granting *Hak Guna Usaha* certification in respect of our *Ijin Lokasi* and the expired *Ijin Lokasi*, based on our Group's past experience and having made due enquiries in relation to the process currently adopted by the relevant Indonesian authorities with regards to the grant of *Hak Guna Usaha* certification as well as their current policies as regards the treatment of expired *Ijin Lokasi*, and having reviewed the legal opinion issued by Melli Darsa & Co, the legal advisers to our Company as to Indonesian law, our Company is of the view that:

(1) the process from the issuance of *Ijin Lokasi* to the issuance of the certificate of *Hak Guna Usaha* may take years to complete;

(2) the extension of expired *Ijin Lokasi* is not usually required for land that is in the more advanced processes of obtaining *Hak Guna Usaha* certification (i.e. the Kadastral process and the Panitia B stage). As at the Latest Practicable Date, 101,820 hectares of our Group's expired *Ijin Lokasi* (excluding land under Plasma Programme) are under the application process for *Hak Guna Usaha* certification, of which:

(a) 18.7% or equivalent to 19,000 hectares have obtained the Forest Relinquishment which has been re-measured to 18,483 hectares; and

(b) 81.3% are in the advanced stage of the *Hak Guna Usaha* certification process, comprising:

(i) 31,610 hectares under the application stage for the Kadastral Map; and

(ii) 51,210 hectares which has been re-measured in the Kadastral Map, Panitia B Minutes and/or *Surat Keputusan Pemberian Hak Guna Usaha* (Decision Letter of Granting of *Hak Guna Usaha*) stages to 40,918 hectares.

Notably, WNA, WNS, ASM and GKG, which collectively controlled 35,900 hectares of our land bank, have each received a letter issued by the District Regional Government in December 2011 or January 2012 (as the case may be) stating that they would not be required to seek extensions of *Ijin Lokasi* as, at the time the letters were issued, the relevant subsidiaries are in the intermediary stages of the *Hak Guna Usaha* certification process. Nevertheless, our Group has in fact applied for extensions of expired *Ijin Lokasi* for our subsidiaries as a precautionary measure and to provide evidence to the regional government that our Group intends to continue to conduct commercial activity on such lands. In such regard, in December 2011 or January 2012 (as the case may be), MCM, BGB and HPA, which collectively controlled 27,710 hectares of our land bank have each received a letter from the relevant District Regional Government stating that they are reviewing such subsidiaries' applications and the relevant *Ijin Lokasi* will not be transferred to any third parties. KBAS (which controlled 4,900 hectares of our land bank) had also in January 2012 received a letter from the District Regional Government stating that its application for extension can be considered. The remaining 33,310 hectares of our Group's expired *Ijin Lokasi* consist of:

(a) 11,310 hectares of land controlled by GKS, which has already obtained the *Surat Keputusan Pemberian Hak Guna Usaha* (Decision Letter of Granting of *Hak Guna Usaha*) and been re-measured to 7,666 hectares. As the relevant authorities will issue the *Hak Guna Usaha* certificate upon payment by our Group of the relevant administration fees, our Company is of the opinion that the risk that the application for the *Hak Guna Usaha* certification will be rejected at this stage is remote;

(b) 19,000 hectares of land controlled by KML, which has already obtained the Forest Relinquishment and been re-measured to 18,483 hectares. KML is currently applying for its *Ijin Lokasi* to be revised from 19,000 hectares to 18,483 hectares, and will accordingly obtain a revised *Ijin Lokasi* as a result of such application; and

(c) 3,000 hectares which the Group manages on behalf of LSK, where LSK is the party that is responsible for submitting the relevant applications for *Hak Guna Usaha* certification and confirming that the extension of *Ijin Lokasi* is underway.

Having considered and based on the feedback given by the officers from the District Regional Land Agency and the District Regional Government and noting that they have discretion in deciding on such matters and enforcement laws and policies may change from time to time, as

at the Latest Practicable Date, nothing has come to the attention of our Company that suggests that *Hak Guna Usaha* certification will not be granted for our land under expired *Ijin Lokasi*, or that will cause its current application for *Hak Guna Usaha* certification to be rejected;

(3) it is possible to obtain *Hak Guna Usaha* certification in relation to land with expired *Ijin Lokasi*. Notably, KMB obtained *Hak Guna Usaha* certification in relation to 15,056 hectares of land on October 2001 even though the *Ijin Lokasi* of such land had expired on June 1996; and

(4) the expiry of *Ijin Lokasi* for lands should not automatically lead to the relevant land being repossessed by the Regional Government or transferred to a third party. To the best of our knowledge, a Head of Regency has never issued a revocation of *Ijin Lokasi* nor transferred an expired *Ijin Lokasi* to a third party without first conducting certain procedures comprising providing guidance or reminders to the registered holder of such expired *Ijin Lokasi*. The customary procedure of the regional government is to issue warning letters to the holder of expired *Ijin Lokasi* (up to three times), during which period, the Regional Government will typically also provide consultation support, whereby the holder of expired *Ijin Lokasi* may consult with the Regional Government on how it can rectify the issues pertaining to its expired *Ijin Lokasi*. In determining its course of action, the Regional Government will also take into account the reputation of the holder of *Ijin Lokasi*. As of the Latest Practicable Date, the Company had not received any warning letters from the regional government in relation to its expired *Ijin Lokasi*.

Melli Darsa & Co has confirmed that nothing has come to its attention as at the Latest Practicable Date that suggests the views of the Company set out above are false or misleading.

As at the Latest Practicable Date and after having made reasonable enquiries, our Company is not aware of any instance where land parcels in the regions that our Group is operating have been repossessed as a result of expired *Ijin Lokasi*.

THE PALM OIL INDUSTRY

The following analysis has been prepared by Thomas Mielke, Executive Director of ISTA Mielke GmbH, ("ISTA Mielke") Hamburg, Germany. ISTA Mielke GmbH is an independent authority for global market research and analyses on world production, trade, consumption and prices of oilseeds, vegetable oils, animal fats and oilmeals. The statistics and graphs given in this section have been taken from Oil World CD-ROM Data Base, various editions of Oil World Monthly and Oil World Annual 2011.

SUMMARY

Oil palm is a perennial crop and is cultivated commercially for its fruits from which CPO and PK are extracted. Oil palm trees typically start to produce FFB three years after planting and can continue to produce FFB for up to 25 years. Oil palm plantation companies therefore use high quality seeds and apply good agricultural management practices to develop the full potential of the oil palm trees. The crop is generally less affected by adverse weather conditions and the optimal time for replanting depends on the variety and yield performance of the oil palm trees and the land used for cultivation.

The derivatives of CPO, PK and CPKO are used throughout the world for many food and non-food products including cooking oil, margarine, ice cream, non-dairy creamer, soaps and detergents, animal feed, cosmetics, industrial lubricants and biofuels. ISTA Mielke estimates that in 2011 approximately 77% of palm oil derivatives and approximately 28% of CPKO derivatives worldwide are used for edible products, while PKC (being a by-product of palm kernel processing) is generally used for animal feed.

Over the past 20 years, world production of palm oil has more than quadrupled from 11.5 million mt in 1991 to 50.2 million mt in 2011.

Palm oil dominates global trade in edible oils. With an export volume of 39.1 million mt in 2011, palm oil accounted for 57% of world exports of all 17 major oils and fats[1] compared with 17.8 million mt or 47% in 2001. Major import markets of palm oil are India, China and the European Union ("**EU-27**")[2], which collectively accounted for 18.4 million mt or 47% of the world import volume in 2011.

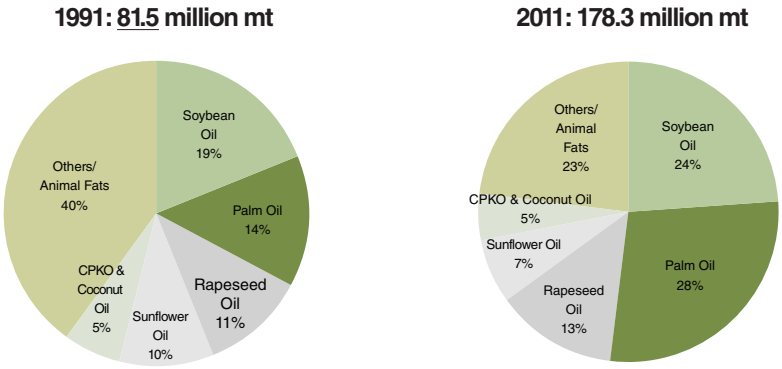
In the past 30 years consumption of palm oil and CPKO has grown at a much faster rate worldwide than any other vegetable oil. During the past 10 years, world consumption of palm oil showed an average annual increase of 7.5%, rising steeply from 23.8 million mt in 2001 to 49.1 million mt in 2011, which represents a 27.5% market share amongst the 17 major oils and fats in 2011. Consumption of CPKO, a by-product of palm oil, increased by 6.8% per annum from 2.3 million mt in 2001 to 5.4 million mt in 2011. The average annual growth of world consumption of soybean oil, rapeseed oil and sunflower oil during the same period was much lower at 4.4%, 5.6% and 4.0%, respectively. The success of palm oil has been linked to its versatile uses in the food industry and for many non-food purposes as well as its comparatively attractive price.

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[1] The 17 major oils and fats are palm oil, palm kernel oil, soybean oil, rapeseed oil, sunflower oil, groundnut oil, cotton oil, sesame oil, corn oil, olive oil, coconut oils, butter, lard, fish oil, linseed oil, castor oil and tallow.

[2] The EU-27 comprises Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, and United Kingdom.

World Consumption of 17 Oils and Fats in 1991 and 2011



Source: ISTA Mielke

Oil palm has a higher yield, as compared to soybeans, rapeseed and sunflower seed. On average, oil palm trees in Malaysia and Indonesia produced 4.4 mt and 3.9 mt of palm oil per hectare, respectively, in 2011. In comparison, considerably less vegetable oil can be produced per hectare from annual crops like soybeans, rapeseed and sunflower seed. The average global vegetable oil yields of soybean, rapeseed and sunflower seed are 0.5 mt, 0.8 mt and 0.6 mt per hectare, respectively. Palm oil is therefore best-suited to cater for the rapidly rising global demand for edible oils, oleochemicals and biofuels. The palm industry requires much less land to produce the same quantity of oil as compared to soybeans, rapeseed and other oilseeds.

Given the economic and biological advantages of palm oil as well as the insufficient production growth of competing vegetable oils, world demand for palm oil is projected to grow at a CAGR of more than 7% in the next 10 years.

A sharp increase in world palm oil production is necessary in the next 10 years. According to ISTA Mielke's analysis and projections, the world demand for palm oil will be approximately 78 million mt in 2020, as compared to the 49 million mt consumed in 2011. To meet the rising global demand for palm oil, it is necessary to increase global palm oil production by an average of 3.1 million mt per annum through 2020. This will require considerable new investments to further expand oil-palm plantations and to raise yields per hectare, together with improvements in the ancillary processing and transportation segments in all the major producing areas.

Most of the growth in palm oil production is likely to take place in Indonesia as available land for the cultivation of oil palms in Malaysia has become scarce (particularly in Peninsula Malaysia), although there still is a potential for raising yields. ISTA Mielke expects an expansion in mature oil palm plantation areas from 6.1 million hectares in 2011 to 9.0 million hectares in 2020 in Indonesia, and from 4.3 million hectares to 5.0 million hectares over the same period in Malaysia. Nonetheless, the annual growth rate of mature oil palm plantation areas has already started to decline in Malaysia and is expected to decline gradually in Indonesia from 2015.

Driven by strong world demand and an increasing dependence on palm oil, ISTA Mielke anticipates a substantial increase in production of Indonesian palm oil by 17 million mt from 24 million mt in 2011 to approximately 41 million mt in 2020 (assuming an average yield of 4.5 mt per hectare in 2020). In contrast, ISTA Mielke estimates that the potential growth in Malaysia will be more moderate and forecasts palm oil production there to increase by approximately 5 million mt to reach 24 million mt in 2020 (assuming an average annual yield of 4.8 mt per hectare).

Going forward, a large number of oil palm plantations in Malaysia and Indonesia need to be re-planted, as a growing number of oil palm trees will be more than 25 years old. The future growth in world palm oil production may fall short of palm oil demand unless efforts are intensified to raise yields per hectare from the current global average level of approximately 3.7 mt per hectare to offset the impact of the slowdown of the annual growth in plantings.

World Production of Oils and Fats and Rising Importance of Palm Oil

The world production of the 17 major oils and fats increased sharply from 81.0 million mt in 1991 to 117.8 million mt in 2001 and 179.1 million mt in 2011. Accelerating world demand (for food and for biofuels) required a considerable higher growth in production in the latest decade as compared to the preceding 10 years. From 2001 to 2011, the average annual growth in production reached an impressive 4.3%, equivalent to an average 6.1 million mt per annum.

World Production of Major Oils and Fats (by Type) (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
Palm oil	24.1	25.6	28.5	31.3	34.1	37.4	39.1	43.6	45.3	45.9	50.2	7.6%
Palm kernel oil	2.9	3.0	3.4	3.6	4.0	4.4	4.5	5.0	5.2	5.2	5.6	6.7%
Soybean oil	27.8	29.8	31.2	30.7	33.6	35.2	37.3	36.8	36.0	40.1	41.5	4.1%
Sunflower oil	8.2	7.6	8.9	9.4	9.8	11.3	10.9	10.8	13.1	12.5	13.2	4.9%
Rapeseed oil	13.8	13.4	12.7	15.1	16.3	18.5	18.7	20.0	21.7	24.0	23.5	5.5%
Other vegetable oils	19.3	19.2	18.7	19.2	19.9	19.6	19.6	19.7	19.5	20.2	19.9	0.3%
Total vegetable oils	96.1	98.6	103.3	109.3	117.7	126.3	130.1	135.9	140.8	147.9	154.0	4.8%
Animal fats	20.6	21.3	21.6	22.1	22.6	22.9	23.1	23.2	23.2	23.5	24.0	1.5%
Marine oils	1.1	1.0	1.0	1.1	1.0	1.0	1.1	1.1	1.0	0.9	1.1	0.0%
Total oils & fats	117.8	120.9	125.9	132.5	141.3	150.2	154.3	160.2	165.0	172.3	179.1	4.3%
% share of palm oil	20.5	21.2	22.6	23.6	24.1	24.9	25.3	27.2	27.4	26.6	28.0	

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Global production of palm oil grew significantly from 11.5 million mt in 1991 to 24.1 million mt in 2001 and jumped to 50.2 million mt in 2011, doubling its market share from 14% in 1991 to 28% in 2011. Palm oil and CPKO accounted for 47% of the increase in world production of the 17 major oils and fats during the past 10 years. Among the 13 vegetable oils[3], palm oil registered the highest growth rate of 7.6% per annum.

Demand for Oils and Fats

World consumption of the 17 major oils and fats has increased substantially since 2005. This has resulted in a sharp increase in world consumption from 117.9 million mt in 2001 to 178.3 million mt in

[3] The 13 vegetable oils are palm oil, palm kernel oil, soybean oil, rapeseed oil, sunflower oil, groundnut oil, cotton oil, sesame oil, corn oil, olive oil, coconut oils, linseed oil, and castor oil

2011, representing a combined increase during the past 10 years of 60.4 million mt or an average of 6.0 million mt per annum. The key factors driving the significant increase in consumption are the following:

(1) increasing demand for edible oil, primarily in India and China, driven by economic growth;

(2) increasing population, primarily in India, Indonesia and Brazil; and

(3) strong demand for biofuels (primarily in Europe, the US, Argentina, Brazil, Colombia, Thailand and Indonesia) and other non-food applications of palm oil (namely oleochemicals and compound feeds).

World Consumption of Major Oils and Fats (by Type) (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
Palm oil	23.8	25.6	28.4	30.3	33.6	36.2	37.9	42.7	45.5	46.6	49.1	7.5%
Soybean oil	27.4	29.9	31.2	31.0	32.7	34.4	36.9	37.8	35.8	39.1	42.0	4.4%
Sunflower oil	8.8	7.7	8.8	9.6	9.6	10.9	11.3	10.5	12.6	12.8	13.0	4.0%
Rapeseed oil	14.0	13.5	12.8	15.0	16.1	18.1	19.0	19.8	21.2	23.7	24.1	5.6%
Other vegetable oils	22.0	22.6	22.2	22.6	23.5	23.9	24.3	24.5	25.0	25.2	25.1	1.3%
Total vegetable oils	96.0	99.3	103.4	108.5	115.6	123.4	129.4	135.3	140.1	147.4	153.3	4.8%
Animal fats	20.7	21.3	21.7	22.1	22.7	22.9	23.0	23.2	23.3	23.5	24.0	1.5%
Marine oils	1.3	1.0	1.0	1.1	1.0	1.0	1.1	1.0	1.0	1.0	1.0	-2.3%
Total Oils & Fats	117.9	121.6	126.2	131.6	139.2	147.4	153.5	159.5	164.4	171.9	178.3	4.2%
% Share of Palm Oil	20.2	21.0	22.5	23.0	24.1	24.5	24.7	26.8	27.7	27.1	27.5	

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Over the last decade, consumption of vegetable oils has increased at the expense of other oils and fats. Increasingly, food manufacturers have been using vegetable oils as a substitute for animal oils because vegetable oils contain lower cholesterol levels. In addition, there has been a concern regarding the offtake of saturated fatty acids, of which animal fats contain a higher proportion than most vegetable oils.

Overall, Asia accounted for close to 48% of worldwide oils and fats consumption in 2011. The annual per capita consumption of oils and fats is still relatively low in Asia, but has shown considerable growth over the past ten years in the major consuming countries, primarily China, Indonesia, India, the Philippines and, to a smaller extent, Pakistan and Vietnam. China and India, being the most populous countries, accounted for 37% of world population, but only 29% of world consumption of the 17 major oils and fats in 2011. The future potential growth in demand for vegetable oils will be driven by Asia, particularly if its high economic growth is sustained, given its rising population and increasing per capita usage.

The table illustrates average consumption of oils and fats per person in Indonesia, the US, the EU-27 and other major countries for 2001 and 2011 according to information provided by Oil World. It should be noted that the consumption per person includes the use of oils and fats for food as well as non-food purposes (feed, oleochemicals and for biofuels).

17 Major Oils and Fats: Per Capita Consumption in Indonesia, the US, the EU-27 and Some Other Major Countries (the data also includes usage of oils & fats for biodiesel production)

Countries	Population (as of July 2011) (in millions)	Per capita consumption (food and non-food uses) 2001 (kilos)	2011 (kilos)
US	313.1	50.5	54.6
EU-27	502.3	43.5	59.4
Pakistan	176.7	19.2	21.6
China	1,324.4	15.2	25.0
Indonesia	242.3	16.0	30.0
India	1,241.5	11.4	14.6

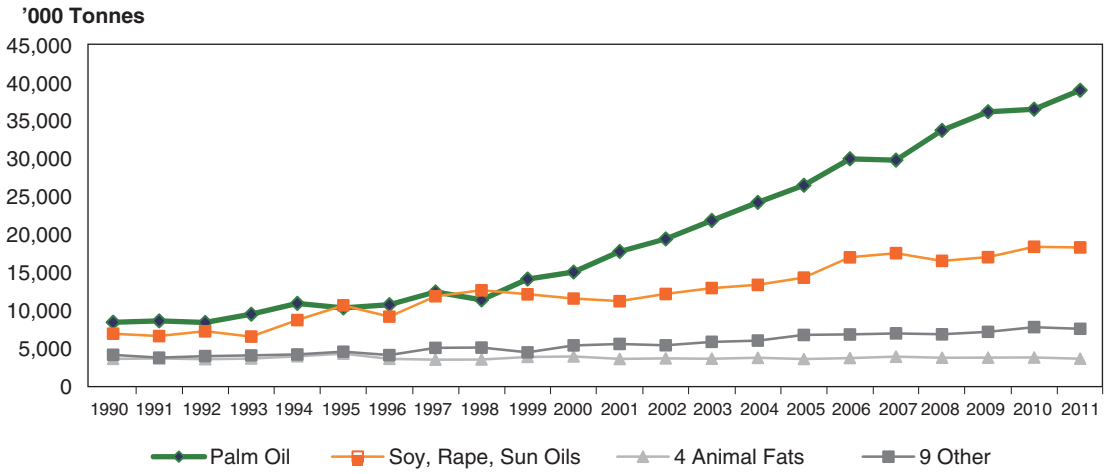
Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Exports of Oils and Fats

World trade in the 17 major oils and fats has accelerated substantially from 38.1 million mt in 2001 to 68.7 million mt in 2011 (representing a CAGR of 6.1%, compared to a CAGR of 4.2% in consumption). Palm oil contributed a large share of the world trade and consumption of vegetable oils, as it increased its dominance with rapidly rising production during the past 10 years. In recent years, approximately 77–80% of world palm oil output was exported, compared with 23–28% in the case of soybean oil, 37–40% of sunflower oil and only 12–16% in the case of rapeseed oil.

In 2011, palm oil accounted for 57% of world exports of the 17 major oils and fats. The graph below shows that consumers worldwide have become increasingly dependent on palm oil during the past 10 years, as production of other vegetable oils could not be increased sufficiently.

World Exports of the 17 Major Oils and Fats



Notes:
(1) 4 animal fats referred to in the chart above comprised butter, lard, fish oil, and tallow.
(2) The 9 other oils referred to in the chart above comprised palm kernel oil, groundnut oil, cotton oil, sesame oil, corn oil, olive oil, coconut oil, linseed oil, and castor oil.
Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

As the bulk of world palm oil production is concentrated in Malaysia and Indonesia, the high growth in output registered there during the past decade was also accompanied by a similar increase in exports from both countries. The share of palm oil in total exports of the 17 major oils and fats was 47% in 2001 and increased substantially to a new high of 57% in 2011.

In fact, the strong and rapidly rising world import demand contributed to the attractive producer prices of vegetable oils in general (and of palm oil in particular) and is to be seen as the driving force behind the very dynamic growth of world palm oil production. Due to the rising global demand (from the food industries as well as from the oleochemical and biofuel industries), the dependence on palm oil production should also increase in the future as the production of the competing seed oils (derived from soybeans, rapeseed and other oilseeds) cannot grow fast enough to meet world demand for vegetable oils.

World Exports of Major Oils and Fats (by Type) (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
Palm oil	17.8	19.4	21.9	24.3	26.5	30.0	29.8	33.8	36.2	36.5	39.1	8.2%
Palmkernel oil	1.4	1.6	1.8	1.9	2.1	2.4	2.7	2.7	3.0	3.1	3.1	8.4%
Soybean oil	7.8	8.7	9.3	9.1	9.8	10.4	11.2	10.1	9.3	10.2	9.4	1.9%
Sunflower oil	2.3	2.3	2.6	2.8	3.1	4.5	4.3	4.1	5.2	4.8	5.3	8.7%
Rapeseed oil	1.2	1.2	1.0	1.5	1.4	2.1	2.1	2.3	2.6	3.4	3.8	12.2%
Other vegetable oils	4.2	3.8	4.1	4.1	4.7	4.4	4.2	4.2	4.1	4.7	4.4	0.7%
Total vegetable oils	34.6	37.0	40.7	43.6	47.6	53.8	54.3	57.2	60.3	62.7	65.1	6.5%
Animal fats	2.8	3.1	3.0	3.1	3.0	3.0	3.1	3.0	2.9	3.0	2.8	0.1%
Marine oils	0.7	0.5	0.6	0.7	0.6	0.7	0.8	0.7	0.9	0.8	0.8	0.8%
Total oils & fats	38.1	40.6	44.3	47.4	51.2	57.5	58.2	60.9	64.1	66.5	68.7	6.1%
Palm Oil Share,%	46.6	47.8	49.4	51.2	51.8	52.1	51.2	55.5	56.5	54.9	57.0	

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Palm Oil and Its Uses

CPO is extracted through the process of cooking, mashing and pressing the oil palm tree's fleshy fruit. During this process, the seed is separated from the fruit and by cracking the shell of the seed, the kernel inside is separated. Subsequently the kernel is further processed to produce CPKO and PKC.

Unlike many other oil-yielding crops which are grown for their meal, the oil palm tree is grown primarily for its oil, which contains antioxidants such as carotene and a relatively high content of vitamin A and vitamin E. CPO is a versatile vegetable oil with a variety of edible and industrial applications. Over the past decade, the edible uses of CPO have increased as a result of promotion of and research in its applications.

Further processing of CPO in palm oil refineries yields refined, bleached and deodorised ("**RBD**") palm oil, which is a major ingredient in margarines, shortenings, frying oils, ice cream and many other applications. In addition, RBD palm oil can be fractionated to produce RBD stearin, a solid oil, and RBD

olein, a liquid oil. Fractionation is the process of separating liquids from solids. Food producers use RBD olein to fry processed foods like potato chips, french fries, instant noodles and other snacks, and RBD stearin to make margarine and shortenings as well as speciality fats, cocoa butter extender, chocolate and coatings. RBD stearin is also used in the production of soap and detergents. CPO and CPKO can also yield basic oleochemicals comprising fatty acids and glycerols. Methyl esters derived from palm oil and CPKO are used for emulsifiers, lubricants, detergents, biodiesel and other products.

In 2011, about 77% of CPO was processed for consumption in edible products and about 23% was used for inedible applications (10% for biodiesel and most of the remainder for oleochemicals). In contrast, approximately 28% of CPKO derivatives are used for edible products while the other 72% are used for industrial purposes. PKC, a by-product from palm kernel processing, is generally used for animal feed.

The increased awareness of trans-fatty acids (commonly called trans-fat) could also result in increased demand for palm oil. Research suggests a correlation between diets high in trans-fats and certain diseases like arteriosclerosis and coronary heart disease. The US National Academy of Sciences recommended in 2002 that dietary intake of trans-fatty acids should be minimised, but not removed completely. In addition, the US Food and Drug Administration made the labeling of trans-fats on food labels compulsory as of January 1, 2006. As a result, some US food companies have started to use more palm oil and palm stearin in their food products, because palm oil has a very low trans-fatty acid content, as compared to oils from animal fats and hydrogenated soybean oil.

Demand and Supply of Palm Oil

During most of the past 30 years, world production of palm oil has grown steeply and generally in line with a rise in demand and prices. The expansion in world palm oil production over the last decade can be attributed mainly to the expansion of Indonesian and Malaysian plantations. ISTA Mielke analysed that world production and consumption of palm oil accelerated due to insufficient production of other oils and the rising world demand for both food and non-food applications of palm oil. The table below presents data on world consumption and supply of palm oil between the years 2001 and 2011. ISTA Mielke expects significant growth over the next decade and beyond in palm oil consumption.

PALM OIL: Summary of World Production and Consumption (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
Production	24.1	25.6	28.5	31.3	34.1	37.4	39.1	43.6	45.3	45.9	50.2	7.6%
Consumption	23.8	25.6	28.4	30.3	33.6	36.2	37.9	42.7	45.5	46.6	49.1	7.5%

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

The table below shows data on consumption of palm oil from 2001 to 2011 in certain high growth countries. In particular, the growth in palm oil consumption in China, India, Indonesia and the EU-27 during the past 10 years was very high.

World Palm Oil Consumption by Country (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
India	3.6	3.6	4.2	3.4	3.3	3.1	3.8	5.4	6.8	6.7	6.8	6.5%
Indonesia	2.9	3.0	3.2	3.4	3.6	3.7	4.1	4.4	4.8	5.4	6.2	8.0%
EU-27	3.0	3.4	3.6	3.9	4.4	4.4	4.5	5.1	5.7	5.7	5.3	5.9%
China	2.2	2.7	3.3	3.7	4.3	5.5	5.5	5.7	6.2	5.9	6.3	11.3%
Malaysia	1.5	1.5	1.6	1.8	2.0	2.2	2.2	2.6	2.4	2.2	2.2	3.3%
Pakistan	1.2	1.4	1.4	1.3	1.6	1.6	1.6	1.9	1.9	1.9	2.0	4.8%
Other countries	9.4	10.0	11.1	12.8	14.4	15.7	16.2	17.6	17.7	18.8	20.3	8.0%
Total	23.8	25.6	28.4	30.3	33.6	36.2	37.9	42.7	45.5	46.6	49.1	7.5%

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

The ecological requirements for the cultivation of oil palm trees exist in zones lying within ten degrees latitude to the north and south of the equator. The regions where oil palm trees are grown include West Africa, Central America, South America and South East Asia. The table below shows the world output of CPO with a breakdown by the major countries, according to information provided by *Oil World.*

World Output of CPO by Country (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
Indonesia	8.1	9.4	10.6	12.4	14.1	16.1	17.4	19.4	21.0	22.1	23.9	11.5%
Malaysia	11.8	11.9	13.4	14.0	15.0	15.9	15.8	17.7	17.6	17.0	18.9	4.8%
Nigeria	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.6%
Ivory Coast	0.2	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	3.5%
Colombia	0.6	0.5	0.5	0.6	0.7	0.7	0.7	0.8	0.8	0.8	0.9	5.1%
Thailand	0.6	0.6	0.7	0.7	0.7	0.9	1.1	1.3	1.3	1.4	1.5	9.8%
Ecuador	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.5	8.6%
Other Countries	1.9	1.9	2.0	2.2	2.3	2.4	2.6	2.9	3.0	3.0	3.3	5.7%
Total	24.1	25.6	28.5	31.3	34.1	37.4	39.1	43.6	45.3	45.9	50.2	7.6%

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Major Exporters of Palm Oil

Malaysia and Indonesia are the largest producers of palm oil and accounted for approximately 85% of world production of palm oil in 2011. Malaysia was the top palm oil producer until 2005, but has since been overtaken by Indonesia. The sharp increase in Indonesian palm oil production (which averaged an annual growth of approximately 11.5% from 2001 to 2011) was mainly driven by the rapidly rising maturity of oil palm plantation areas.

Taking into account the availability of land reserves which are suitable for oil palm cultivation, Indonesia has a much higher growth potential than Malaysia. ISTA Mielke expects the strong global demand for and historically high prices of palm oil to drive new investments in the development of new oil palm plantations.

Indonesia recorded significant growth in exports of crude and processed palm oils and expanded its market share during the past 10 years (with an average annual growth rate of 13.3%). With an export volume of 16.9 million mt, Indonesia became the largest exporter in the world in 2009. However, due to insufficient supplies, Indonesia fell back again into the second place in 2010. Compared with Malaysia, there has been a stronger growth in domestic demand in Indonesia as a result of a large and growing population, which constrains a higher growth in exports. The unusually sharp increase in Malaysian exports of crude and processed palm oil by 1.3 million mt to a record of 18.0 million mt in 2011 was caused partly by a boost in Malaysian palm oil production to 18.9 million mt and partly by the unusually high Malaysian imports of palm oil of 1.7 million mt (mainly from Indonesia), most of which was processed by the Malaysian refining industry and subsequently re-exported. The table below shows the world exports of palm oil, broken down into Malaysia, Indonesia and the rest of world from 2001 to 2011.

World Exports of Palm Oil by Country (in million mt)

	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**10-year CAGR(1)**
Malaysia	10.7	10.9	12.2	12.6	13.4	14.4	13.8	15.4	15.9	16.7	18.0	5.3%
Market share	60.4%	56.1%	55.9%	51.9%	50.7%	48.1%	46.1%	45.6%	43.8%	45.6%	46.0%	
Indonesia	5.0	6.5	7.4	9.0	10.4	12.5	12.7	14.6	16.9	16.5	17.3	13.3%
Market share	28.0%	33.4%	33.7%	37.1%	39.4%	41.8%	42.6%	43.3%	46.7%	45.0%	44.2%	
Other countries	2.1	2.0	2.3	2.7	2.7	3.1	3.3	3.8	3.4	3.3	3.8	6.5%
Total	17.8	19.4	21.9	24.3	26.5	30.0	29.8	33.8	36.2	36.5	39.1	8.2%

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Palm Oil Imports

During the past 10 years, the highest growth in imports of crude and processed palm oils was attributable to China, India, the EU-27, Pakistan and Bangladesh, with details provided in the table below. The country with the biggest increase in palm oil imports in the past 10 years was China, with arrivals almost trebling its palm oil imports from 2.1 million mt in 2001 to 6.2 million mt in 2011. Domestic production of oilseeds has stagnated or even declined in China over the past few years due to reduced plantings. However, with domestic consumption rising rapidly, China has become increasingly dependent on imports of oilseeds and vegetable oils. Palm oil is the most important vegetable oil imported by China, followed by soybean oil with an import volume of 1.2 million mt in 2011.

World Imports of Palm Oil by Country (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
EU-27	3.1	3.5	3.6	4.0	4.5	4.6	4.7	5.3	5.9	5.9	5.5	5.9%
China	2.1	2.7	3.4	3.9	4.3	5.5	5.5	5.6	6.6	5.8	6.2	11.3%
India	3.5	3.5	4.0	3.5	3.3	3.2	3.7	5.8	6.8	6.6	6.7	6.8%
Pakistan	1.3	1.3	1.5	1.4	1.7	1.8	1.7	1.8	1.9	2.0	2.0	4.2%
Egypt	0.5	0.6	0.7	0.7	0.8	0.6	0.6	0.6	0.7	0.8	0.7	2.7%
Russia	0.3	0.3	0.4	0.4	0.6	0.5	0.6	0.7	0.5	0.6	0.6	8.5%
Ukraine	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.4	0.3	0.3	0.2	7.8%
U.S.A	0.2	0.2	0.2	0.3	0.4	0.6	0.8	1.0	1.0	0.9	1.1	20.4%
Mexico	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4	0.4	8.1%
Bangladesh	0.4	0.4	0.5	0.6	0.9	0.9	0.7	0.9	0.9	1.1	0.9	9.0%
Iran	0.2	0.2	0.3	0.3	0.5	0.4	0.4	0.7	0.6	0.6	0.7	14.6%
Japan	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	4.2%
Singapore	0.3	0.3	0.4	0.4	0.3	0.4	0.4	0.4	0.4	0.5	0.7	7.3%
Other countries	4.9	5.6	6.2	7.6	8.2	9.5	9.1	9.8	9.8	11.1	12.6	9.8%
Total	17.5	19.3	21.9	24.0	26.5	29.0	29.3	33.9	36.4	37.2	38.9	8.3%

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Indonesian Palm Oil Industry

The Indonesian oil palm plantation industry comprises government-owned plantation companies, private sector plantation companies and small landholders.

INDONESIA: Area of Oil Palm Plantations by Category of Producer (in'000 ha)

	2003	2006	2009
Government-owned plantation	663	692	634
Smallholders	1,854	2,537	3,014
Private sector plantations	2,766	3,056	3,887
Total planted area	5,283	6,285	7,535

Back in 1990s, the Indonesian government-owned plantation companies collectively were the largest producers of CPO in Indonesia. However, over the past several years, the palm oil industry in Indonesia has evolved from a primarily government-owned enterprise to one of private ownership.

As a result of the Indonesian government's policy of promoting the participation of the private sector in the palm oil industry, private sector plantations grew by 41% from 2.8 million hectares in 2003 to 3.9 million hectares in 2009, and accounted for 52% of the total Indonesian oil palm plantation area in 2009. In comparison, government-owned plantations as a proportion of the total oil palm plantation area declined from 13% in 2003 to 8% in 2009.

The total size of oil palm plantations owned by small landholders increased significantly by 1.2 million hectares from 2003 to 2009 (accounting for 40% of total Indonesian oil palm plantation area in 2009) due to the success of the Plasma Programme.

The Indonesian Domestic Consumption and Exports of Palm Oil

Indonesia, with the fourth largest population in the world and an annual per capita consumption of oils and fats of about 30.1 kilograms in 2011 (including usage for domestic biodiesel production), accounted for approximately 13% of world consumption of palm oil in 2011. Please refer to the table below for the consumption of palm oil and CPKO in Indonesia from 2001 to 2011:

Domestic Consumption of Palm Oil and Palm Kernel Oil in Indonesia (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
Palm oil	2.9	3.0	3.2	3.4	3.6	3.7	4.1	4.4	4.8	5.4	6.2	8.0%
Palm kernel oil	0.2	0.2	0.3	0.3	0.4	0.4	0.4	0.5	0.6	0.6	0.7	15.4%
Total	3.1	3.2	3.5	3.7	4.0	4.1	4.5	4.9	5.4	6.0	6.9	8.3%

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Despite a large domestic market (which consumed approximately 6.2 million mt in 2011), domestic consumption of palm oil in Indonesia is still well below its palm oil production of 23.9 million mt in 2011, resulting in the higher availability of palm oil for exports. The table below shows the Indonesian palm oil production and exports from 2001 to 2011. CPO exports amounted to 9.4 million mt or 57.4% of total Indonesian palm oil exports in 2010 but declined to 8.9 million mt or 51.6% of total Indonesian plam oil exports in 2011. A further decline in CPO exports is expected going forward because a significant expansion in the Indonesian domestic refining capacity is currently taking place, following the introduction of preferential Indonesian export taxes for processed palm oils by the Indonesian government in September 2011.

Domestic Production and Exports of Palm Oil in Indonesia (in million mt)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	10-year CAGR(1)
Production	8.1	9.4	10.6	12.4	14.1	16.1	17.4	19.4	21.0	22.1	23.9	11.5%
Exports	5.0	6.5	7.4	9.0	10.4	12.5	12.7	14.6	16.9	16.5	17.3	13.3%

Note: (1) CAGR for the 10-year period from 2001 to 2011.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

CURRENT PALM OIL PRICES (AS OF FEBRUARY 2012) AND PRICE OUTLOOK

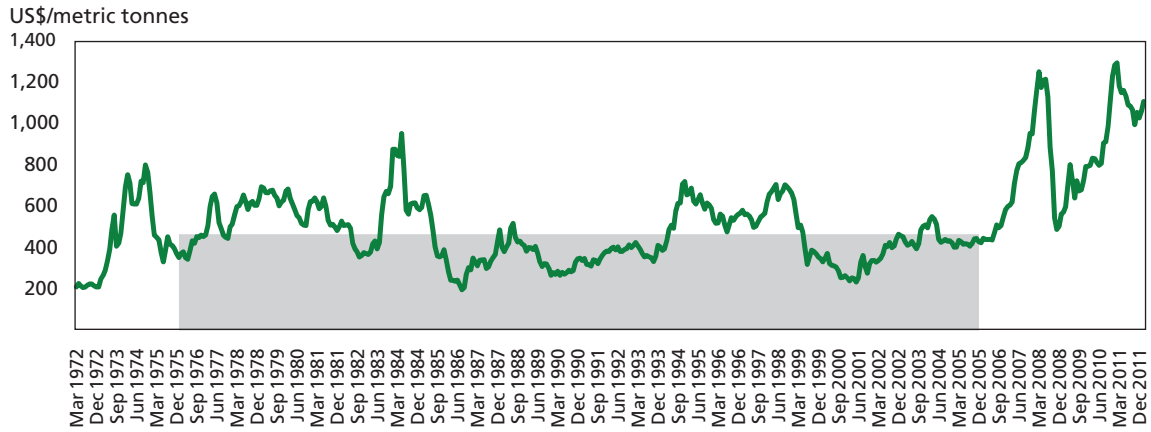
Palm oil is a commodity traded worldwide in competitive markets, involving a large number of sellers and buyers. No single producer (or group of producers) can influence CPO prices, due to the very large number of participants as well as the large volumes traded on a daily basis. Prices of CPO and its derivative oils are determined by the international markets, and are affected by prices of competing vegetable oils, oilseeds and grains. Market prices of palm oil tend to fluctuate. Major markets of palm

oil are the futures exchanges of Bursa Malaysia Derivatives, the Chicago Board of Trade, the Dahlia Commodity Exchange, the Euronext in Europe and the Winnipeg Commodity Exchange in Canada.

Market prices for CPO are influenced by a number of factors that are interrelated and sometimes unpredictable and are subject to volatility. Such factors include supply and demand of palm oil, other vegetable oils and soybeans, changes in weather and political situation.

The graph below shows monthly CPO prices in Rotterdam from March 1972 to February 2012.

Monthly CPO Prices CIF Rotterdam (in US$/mt)



Note: The average CPO price CIF Rotterdam was US$466/mt

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

As shown in the graph, CPO prices experienced significant appreciation since March 2007 and doubled in the following 12 months, peaking at almost US$1,300 per mt in March 2008. This occurred as a result of insufficient world production of oils & fats as well as strong demand, partly resulting from the widespread adoption in the use of biofuels globally. For the 30-year period from January 1976 to December 2005, CPO prices (CIF Rotterdam) had averaged US$466 per mt.

Subsequently, prices of palm oil and other vegetable oils came under pressure in the second half of 2008, partly due to a significant increase in world palm oil production of 4.5 million mt and an accumulation of palm oil stocks worldwide. Prices reached a low in November 2008 and recovered noticeably throughout 2009.

A new price appreciation occurred in 2010. Prices of palm oil as well as of other vegetable oils skyrocketed from July 2010 to February 2011, reflecting strong demand and insufficient world production. Prices of palm oil as well as of other vegetable oils remained very well supported throughout most of 2011 and only declined slightly to an average US$1,025 per mt in Rotterdam in the fourth quarter of 2011. However, contrary to 2008, palm oil prices declined only moderately in 2011 and were well supported high above historical long-term averages. This was due to the following fundamental factors:

- Strong world demand for food as well as for biofuels.
- Favourable economic growth has boosted food demand primarily in China and India, necessitating higher imports and reducing stocks in the producing and exporting countries.

- Insufficient world production of vegetable oils, partly due to climatic conditions.

- World production of palm oil increased by only 0.6 million mt from 2009 to 2010, compared with an average annual growth in production of around 2.0 million mt in recent years.

- In early 2008, prices increased more sharply than expected, due to insufficient price elasticity of world production. In fact, there has already been a global production deficit since 2007. Producers have yet to raise production sufficiently to cope with the wave of high biofuel demand. In 2010, world consumption of vegetable oils and animal fats for energy reached an estimated 19.7 million mt or 11% of total world usage.

- In 2011, the downward pressure in palm oil prices was limited, despite the sharp increase in world palm oil production by 4.3 million mt to a record 50.2 million mt. But unlike 2008, world demand for the 17 major oils and fats was stronger relative to production, keeping prices well supported throughout 2011. In addition, the competition for acreage between oilseeds and grains intensified in 2011, resulting in higher prices for oilseeds and grains as well as for vegetable oils and oilmeals.

- During the most recent ten years the growth in total world consumption of the 17 major oils and fats accelerated. As a result, world consumption increased sharply by 60.5 million mt since 2001 and reached 178.4 million mt in 2011. This is equivalent to an annual average growth of 6.05 million mt, virtually doubling the growth registered in the preceding decade (from 1991 to 2001). This was a combined result of higher demand for food (primarily in Asia and particularly in China and India), further expansion of oleochemical demand and rapidly increasing consumption of the 17 major oils and fats in the biofuel industry (primarily for the production of biodiesel and the generation of electricity and heat).

Palm Oil Price Outlook for 2012

ISTA Mielke forecasts the average CPO price cif Rotterdam for 2012 to reach US$1,150 per mt, above the average CPO price cif Rotterdam of US$1,125 in 2011 (which is a record annual average price).

In general, global production deficits are developing in 2012, resulting in declines of world stocks of oilseeds and the 17 major of oils and fats. For palm oil, major price-supporting factors in 2012 will include:

- A slowdown in the growth of world palm oil production in 2012

- Sharply lower than expected oilseed and grain production in early 2012 in Argentina, Brazil and Paraguay. Soybean production in South America is likely to decline by 16-17 million mt in early 2012 due to unfavourable weather conditions. Considering the lower production in the US, there will be an unprecedented decline in world soybean production by 22-23 million mt in the world crop season 2011/12 from the 266 million mt produced worldwide in 2010/11. This will result in a substantial decline in world stocks as well as in considerably lower than expected world soybean crushings and soya oil production, and thus contribute to higher prices.

- Demand will continue to rise both for food as well as in the biofuel industry. Larger biodiesel consumption mandates are likely to be announced in Argentina and Brazil in early 2012. However, a slowdown of economic activities is likely to have some bearish impact on demand in several countries, somewhat offsetting the tightness on the supply side.

In addition, the development of crude oil prices should be observed closely as it will influence vegetable oil consumption for biofuels. In early 2012, crude mineral oil prices were well supported, with West Texas Intermediate prices at around US$100-110 per barrel, partly as a result of the conflict in the gulf.

Long-run Palm Oil Supply, Demand and Price Outlook

In the long run, the challenge is to raise world production of agricultural crops sufficiently to meet the increasing demand for:

- food (caused by population growth and rising capita usage);
- the expanding requirements of the oleochemical industries worldwide; and
- the increasing requirements for biofuels in the energy markets. There is clearly the need to find alternative feedstocks for biodiesel production, which will not compete with food. However, it will take time for sufficient supplies of third generation biofuels to be made available at reasonable prices.

The limiting factors are the lack of suitable agricultural land and water as well as processing and transportation facilities (logistics).

Oil World has estimated world consumption of the 17 major oils and fats to increase sharply to about 233 million mt in the year 2020. This is up significantly from 172.0 million mt consumed in 2010 and will require an annual increase in world production by about 6.0 to 6.1 million mt per annum. This is going to be a significant challenge; unless prices stay attractive to stimulate increased investment in new plantings, cultivation of less fertile land and research into higher-yielding varieties to raise yields of agricultural crops per hectare.

ISTA Mielke's current forecasts are summarised in the table below. ISTA Mielke believes that the maximum quantity available for biofuels worldwide will be about 38 million mt in 2020.

Estimated World Production of 17 Major Oils and Fats (in million mt except population)

					Forecasts	
Production	**1995**	**2000**	**2005**	**2010**	**2015**	**2020**
Palm oil	15.2	22	34.1	45.9	63.1	78.0
3 Seed Oils	39.9	49.8	59.7	76.7	87.1	99.0
(Soybean oil)	20.4	25.6	33.6	40.2	45.5	51.5
(Sunflower oil)	8.6	9.7	9.8	12.5	15.0	17.0
(Rapeseed oil)	11.0	14.5	16.3	24	26.6	30.5
4 Oils	55.1	71.8	93.8	122.6	150.2	177.0
13 Other Oils	39.4	43.1	47.5	49.9	53.3	56.0
Grand Total	94.5	114.9	141.3	172.5	203.5	233.0
For biofuels	0.2	1.0	4.1	19.7	30.5	38.0
For other use	94.3	113.9	137.2	152.8	173.0	195.0
Population (million)	5,726.2	6,122.8	6,506.6	6,895.9	7,284.3	7,656.5
Average use per person (a)	16.5	18.6	21.1	22.2	23.7	25.5

(a) in kg (excluding quantities used for biofuel).

Note: The figures for 2015 and 2020 are estimates from ISTA Mielke.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Palm oil is best suited to be the largest contributor to meet global demand and will, in ISTA Mielke's assessment, show an above-average growth in production in the next few years. Due to its much higher oil production per hectare (as compared to soybeans, rapeseed and sunflower seed), considerably less acreage is required to produce the same amount of vegetable oil. ISTA Mielke expects the annual growth in the combined world production of soybean oil, rapeseed oil and sunflower oil to slow down in the next nine years, reaching an aggregate of about 99 million mt in 2020 compared with 76.7 million mt in 2010. The growth in world production of soybeans, rapeseed and sunflower seed is partly curtailed by the lack of available land for cultivation of such crops, which is likely to intensify, primarily in North America, Europe, Brazil, Argentina, Russia and Ukraine. The growth in world production of the 13 other vegetable oils and animal fats will also be relatively lower, as shown in the table. The lack of water supplies and available agricultural land are also major constraints that will continue to support prices of agricultural crops in general, partly because marginal land must be brought into production.

Based on ISTA Mielke's forecasts, world demand of palm oil will increase to about 78 million mt in 2020. In comparison to the actual production of palm oil of 45.9 million mt in 2010, to meet the projected demand for palm oil of 78 million mt in 2020, an average growth in world production of palm oil of 3.2 million mt per annum during the 10 years ending 2020 will be necessary. This will be great challenge for palm oil producers as investments in new plantings will have to accelerate and at the same time as the replanting of old trees. In addition, more efforts are required to raise yields in a sustainable way.

ISTA Mielke expects that the satisfaction of the projected world demand will require a jump in Indonesian palm oil production to 41 million mt in 2020, which in turn requires an average annual increase in production of 1.9 million mt during the nine years ending 2020 and represents a great challenge. The increased production will need to come from new plantings and increased yields. In ISTA Mielke's view, it is necessary for new plantings in Indonesia to increase by 300,000-350,000 hectares per annum until 2020 (in addition to replanting requirements). Given that Indonesia has sufficient land which is suitable for expansion of oil palm plantations, ISTA Mielke expects the mature oil palm plantation area in Indonesia to increase from 5.7 million hectares in 2010 to 9.0 million hectares in 2020.

In contrast, the growth in Malaysian palm oil production will be more limited, as suitable acreage for oil palm cultivation has become scarce, particularly in Peninsula Malaysia. ISTA Mielke estimates that the Malaysian production of CPO will reach 24.0 million mt in 2020 (compared with 17.0 million mt in 2010), with a large portion of the growth coming from higher yields per hectare. ISTA Mielke expects only a slight rise in the oil palm mature plantation area from 4.1 million hectare in 2010 to 5.0 million hectare in 2020. Given the prospective increase in global demand for palm oil and limited land availability in Malaysia, it will be important that Indonesian oil palm plantings accelerate in the years ahead to raise production sufficiently to cover prospective demand.

There is also good potential for growth in several other countries, primarily in Thailand, several African countries and Brazil. Globally, ISTA Mielke forecasts the aggregate mature oil palm plantation area to reach 18.9 million hectares in 2020, reflecting an increase of 6.1 million hectares from 2010. In addition to Indonesia and Malaysia, ISTA Mielke expects sizeable growth in other countries in Asia (such as Thailand, Papua New Guinea, India and the Philippines), Africa (such as Ghana and Cameroon) and Central and South America (such as Brazil and Peru).

Palm Oil Production of Major Producing Countries (in million mt)

	Actual Data					Projection	
Production	**1995**	**2000**	**2005**	**2010**	**2011**	**2015**	**2020**
Malaysia	7.8	10.8	15.0	17.0	18.9	21.0	24.0
Indonesia	4.2	7.1	14.1	22.1	23.9	32.4	41.0
Nigeria	0.7	0.7	0.8	0.9	0.9	1.1	1.3
Colombia	0.4	0.5	0.7	0.8	0.9	1.3	1.6
Thailand	0.4	0.5	0.7	1.4	1.5	2.1	2.9
Other countries	1.8	2.3	2.9	3.7	4.0	5.2	7.2
World	**15.2**	**22.0**	**34.1**	**45.9**	**50.2**	**63.1**	**78.0**

Note: The figures for 2015 and 2020 are estimates from ISTA Mielke.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

Price Projections

The table below provides a summary of ISTA Mielke's price estimates of palm oil until 2015. All the historical prices shown in the table refer to the average prices during each calendar year. It should be noted that the price forecasts shown for 2012, 2013 and 2015 represent averages of ISTA Mielke's current range forecasts.

ISTA Mielke expects daily and monthly prices of palm oil as well as of other vegetable oils to continue to fluctuate in 2012 and beyond. However, ISTA Mielke estimates that this fluctuation will be at higher price levels than those in the years preceding 2005 when the big biofuel demand entered the agricultural markets). Thus, in ISTA Mielke's view, the price lows of the future price cycles will be higher than in such preceding years.

In summary, ISTA Mielke expects prices of palm oil and of other vegetable oils to stay sizeably above the long term averages, as they will be supported by a combination of factors:

1. Strong demand for food from emerging countries (in particular China and India);

2. Rising demand for energy, as the biofuel targets of various governments have been raised to levels which are not sustainable and need to be adjusted. This in turn affects the demand for (a) vegetable oils and animal fats for production of biodiesel, and (b) grains and sugar cane for production of ethanol;

3. Weather patterns and the impact thereof on suitability of planting conditions;

4. Expectation of insufficient yields and production of oilseeds other than oil palm; and

5. Increasing competition for acreage among grains, oilseeds and cotton.

Historical and Projected CPO Prices (cif Rotterdam) (in US$/mt)

	Actual Data					Projection		
	2007	**2008**	**2009**	**2010**	**2011**	**2012F**	**2013F**	**2015F**
CPO Price	780	949	683	901	1,125	1,150	1,050	1,200

	Period Average	5-Year Average				
	1961-1985	**1986-1990**	**1991-1995**	**1996-2000**	**2001-2005**	**2006-2010**
CPO Price	550	335	453	499	403	758

Note: ISTA Mielke's price projections above reflect the average of its forecast ranges.

Source: Oil World CD-ROM Data Base, various editions of Oil World Monthly, Oil World Annual 2011 and www.oilworld.de

TREND INFORMATION

The following trends have been observed for FY2012:

(a) ***Fluctuation in CPO and PK selling prices***

During FY2011, CPO price cif Rotterdam rose from US$1,312.50 per mt on 3 January 2011 to a high of US$1,330 per mt on 9 February 2011, before declining to US$1,040 per mt on 30 December 2011. The average CPO price cif Rotterdam in FY2011 was US$1,125. For FY2011, our average CPO selling price was IDR 7,532 per kg.

As outlined in the industry report by ISTA Mielke, the average CPO price cif Rotterdam in FY2012 is expected to be marginally higher than it was in FY2011. As our average CPO selling price largely moved in line with the average CPO price cif Rotterdam, we expect our average CPO selling price in US Dollars for FY2012 to be higher. However, we sell the majority of our CPO in Rupiah and our average CPO selling price in Rupiah will accordingly be affected by exchange rate differences between the US Dollar and the Rupiah.

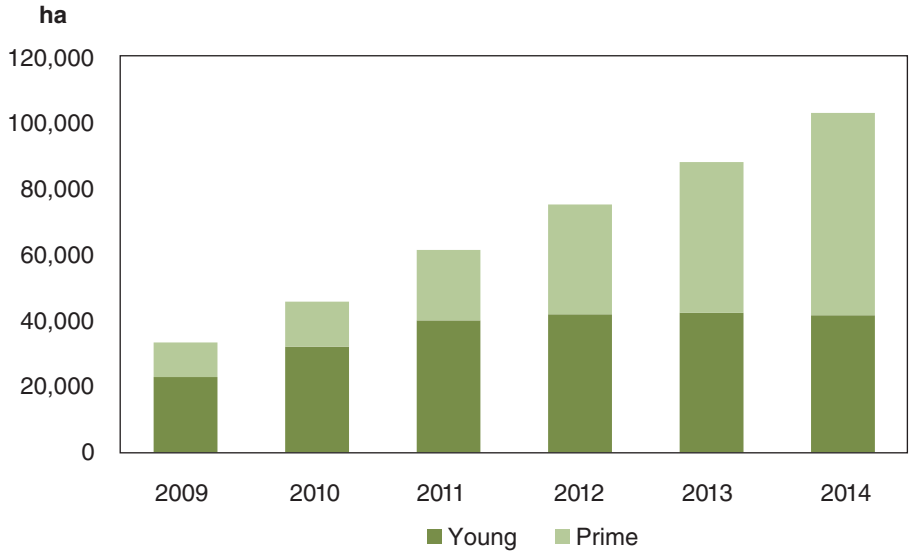
In general, PK prices move in the same direction as CPO prices, although in recent years the usage of PK products has gained greater significance, resulting in an increase in demand for PK and the narrowing of the selling prices between CPO and PK. We anticipate that an increase in the average CPO selling price in US Dollars will cause a corresponding increase in the average PK selling price in US Dollars. However, we sell the majority of our PK in Rupiah and our average PK selling price in Rupiah will accordingly be affected by exchange rate differences between the US Dollar and the Rupiah.

We purchase FFB under our Plasma Programme and from third parties from time to time. We anticipate that the overall increase in our CPO selling price will cause a corresponding increase in the cost of FFB purchased from third parties and partners in the Plasma Programme. However, such increases are expected to be offset by higher FFB production from our oil palm plantations.

Notwithstanding the fluctuation in CPO prices, ISTA Mielke expects the long-run palm oil prices to be supported by (a) strong demand for food from emerging countries (in particular in China and India); (b) rising demand for energy, as the biofuel targets of various governments have been raised to levels which are not sustainable and need to be adjusted; (c) weather patterns and the impact thereof on suitability of planting conditions; (d) expectation of insufficient yields and production of oilseeds other than oil palm; and (e) increasing competition for acreage among grains, oilseeds and cotton.

(b) ***Uptrend in CPO and PK production volume***

Our FFB yields from our oil palm plantations have increased in FY2009, FY2010 and FY2011. As a greater number of our oil palm trees enter maturity, we expect our total FFB production to continue to increase. The following diagram and table shows the maturity profile of our cultivated plantations from FY2009 to FY2011 and over the next three years:



	2009	2010	2011	2012	2013	2014
Young (ha)	22,916	32,141	40,127	41,982	42,437	41,710
Prime (ha)	10,522	13,716	21,435	33,438	45,857	61,562

We also expect to increase our FFB purchases from third party plantations following the expansion of our CPO mills in West Kalimantan and Central Kalimantan in 2012.

We anticipate that the increase in our FFB production and purchases, coupled with the expanded CPO production capacity following the completion of our new CPO mills, will result in an overall increase in our production volumes of CPO and PK.

(c) ***Uptrend in fertiliser cost***

We expect the cost of fertiliser to increase. Our Group's usage of fertiliser is also expected to increase as more oil palm trees come into maturity. We anticipate that the higher cost of fertiliser and increased usage of fertiliser will cause an increase in our cost of sales.

Save as disclosed in the foregoing of this section and the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Results of Operations and Financial Condition" of this Prospectus, and barring any unforeseen circumstances, our Directors are not aware of any recent trends in production, sales and inventory, and in the costs and selling prices of products and services, as well as any other known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on our net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this Prospectus to be not necessarily indicative of our future operating results or financial condition.

ORDER BOOK

Our order book consists of short term contracts entered into with our customers. As at the Latest Practicable Date, our order book comprised outstanding orders of 168,000 mt of CPO and 8,000 mt of PK, which is scheduled for delivery before 31 December 2012.

The selling prices of CPO and PK will be determined based on the prevailing auction prices of PT Astra Agro Lestari, Tbk.

However, these orders may be rescheduled with mutual consent, which in turn may result in potential delays in delivery. Consequently, our order book as of any particular date may not be indicative of our revenue for the relevant period.

STRATEGIES AND FUTURE PLANS

Our key strategy is to continue expanding our oil palm plantations and the FFB processing capacity of our CPO mills, and to carry on improving the productivity of our oil palm plantations and our CPO mills, capitalising on the expected strong demand for CPO and PK in the coming years.

Development and expansion of existing uncultivated land bank and oil palm plantations

As at the Latest Practicable Date, we owned and/or controlled an aggregate of 191,948 hectares of land (including land under our Plasma Programme and land managed by our Group on behalf of LSK), of which 119,162 hectares are planted area. Our total planted area comprised nucleus plantations of 87,851 hectares and plantations under our Plasma Programme of 31,311 hectares (73.7% and 26.3% of the total planted area, respectively). As our planted area covered only 62.1% of the total land bank owned and/or controlled by our Group as at the Latest Practicable Date, we believe that we are able to significantly increase our cultivated plantation land through the development and cultivation of our existing land bank.

We intend to cultivate our existing land bank over the next four years with new plantings covering approximately 13,000 hectares (including the Plasma Programme) per year and further develop our immature oil palm plantations. In this connection, we intend to build access roads and clear existing vegetation in such uncultivated land bank for planting, purchase seeds and fertilisers, construct new permanent housing for our workers, acquire heavy equipment, and improve our transportation system and the existing supporting infrastructure to increase the efficiency of our delivery of harvested FFB to our processing facilities.

We intend to set aside S$142.0 million from the net proceeds of the Offering and the issuance of the Cornerstone Shares for these purposes. Further details are set out in the section entitled “Use of Offering Proceeds” of this Prospectus.

Development and expansion of CPO mills

To cater for the expected increase in our FFB production as more of our oil palm trees mature, we have commenced the expansion of the FFB processing capacity of an existing CPO mill in Central Kalimantan from 45 tph or 270,000 tpa to 90 tph or 540,000 tpa, and another existing CPO mill in West Kalimantan from 30 tph or 180,000 tpa to 60 tph or 360,000 tpa, by acquiring and installing additional machinery. We expect such expansion to be completed by the second half of 2012. We also intend to commence the construction of two additional CPO mills in Central Kalimantan with an aggregate FFB processing capacity of 90 tph or 540,000 tpa (expandable to 135 tph or 810,000 tpa). We expect such construction to commence in the second half of 2012 and complete in the second half of 2013, increasing our total FFB processing capacity to 3,060,000 tpa.

We intend to set aside S$29.2 million in FY2012 from our Group's internal resources and existing bank facilities for the above purposes, and expect the entire development and expansion to require S$48.0 million.

Acquisitions and other investments

With our key focus on growing our oil palm plantations and to ensure we have adequate land banks for cultivation, we are constantly on the lookout for new land banks. We plan, where appropriate, to acquire additional land banks and/or acquire high-yielding mature plantations directly or indirectly through acquisitions of companies with such interests whenever suitable opportunities arise or through land concessions from the Indonesian government. Such acquisitions are generally funded by our internal resources and/or bank borrowings.

SNA and BAS, our associated companies, are currently relatively small players in the oil palm industry in Indonesia. The SNA Group currently owns and/or controls land of 39,650 hectares, with only 8,891 hectares being planted. The SNA Group started producing FFB towards the end of 2011, and is likely to begin construction of a CPO mill by 2014. The SNA Group is also looking to expand its planted area by increasing its planting. We have set aside up to S$27.9 million from the net proceeds of the Offering and the issuance of the Cornerstone Shares to finance our share of the capital expenditure of subsidiaries under SNA and BAS for cultivation.

Our subsidiary, BGA, entered into the GY Cooperation Agreement and GHL Cooperation Agreement on 1 November 2011 and 1 January 2011 respectively. Pursuant to the GY Cooperation Agreement and GHL Cooperation Agreement, our Group will (i) manage and operate the plantations of GY and GHL in return for a management fee; (ii) have the exclusive right to purchase any FFB produced from the plantations of GY and GHL; and (iii) have a call option over up to 95.0% and 80.0% of the total issued shares in GY and GHL, respectively.

For more information on the contracts entered into with KMS, Westbrook and SMS (as the case may be) in relation to GHL and GY, please refer to the section entitled "Interested Person Transactions and Conflicts of Interests — Present and Ongoing Interested Person Transactions" of this Prospectus.

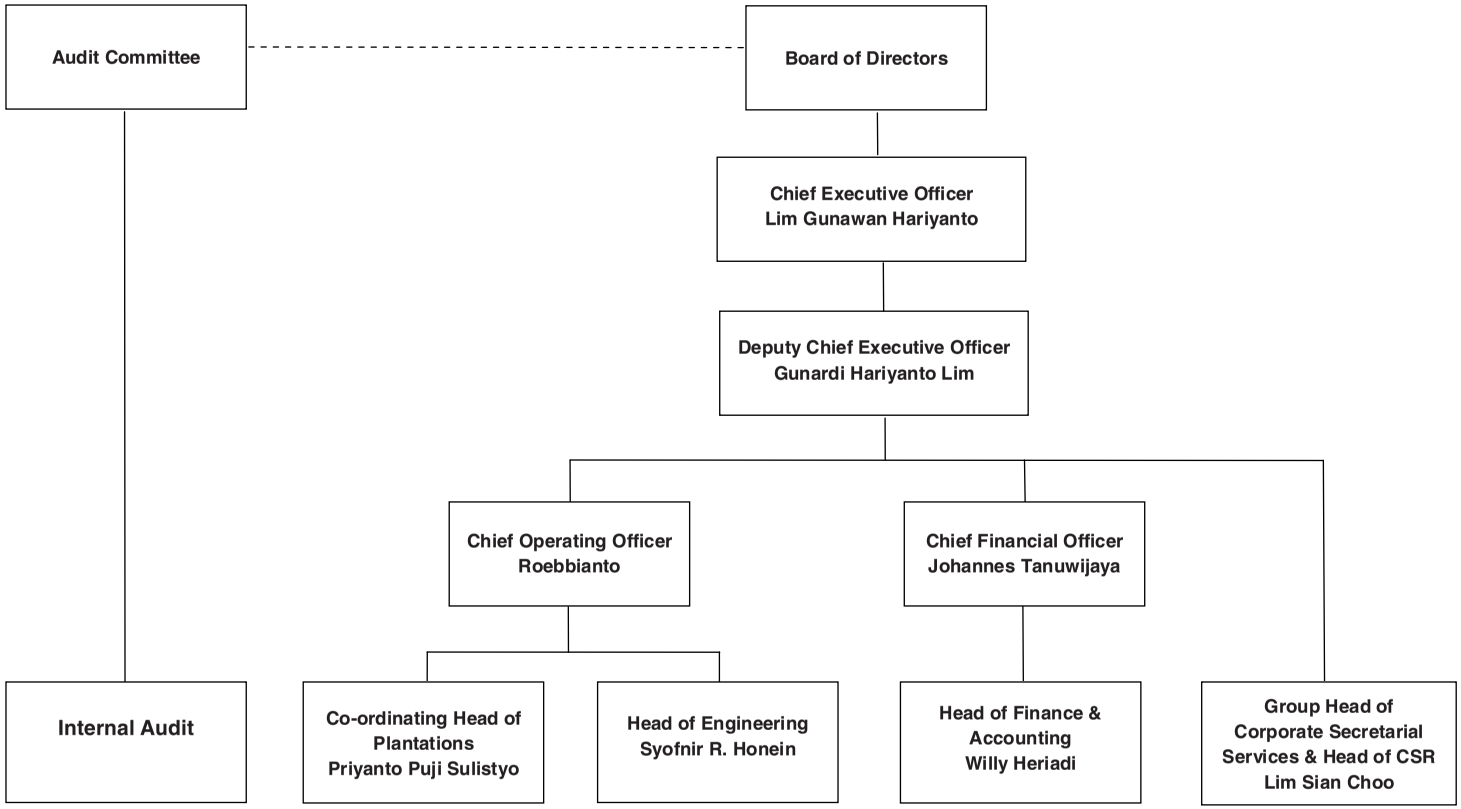
Expansion and improvement of our corporate social responsibility and Plasma Programmes

Our Group is committed to improving the social and economic welfare of the local communities in the areas where we operate. We believe it is imperative that we align our interest with the interests of the communities in which we operate in order to achieve long term success in our industry. Our Group intends to continue to expand our corporate social responsibility programmes and to improve our ties with the local communities. To this end, we will take an active and leading role in community development and invest in the well-being of the local communities. We provide educational funds and assistance to local communities. We also carry out development and maintenance of public infrastructures such as roads and bridges leading to and from our estates, and opening new access roads to previously inaccessible areas. We also encourage and support religious pursuits regardless of religion by contributing to the construction of mosques and churches and other places of worship.

We believe that a strong corporate social responsibility programme keeps our ties with the local occupants strong and facilitates in our acquisitions of land banks under *Ijin Lokasi*. Our participation in the Plasma Programme is also significant, as it provides job opportunities and livelihoods for thousands of smallholders and their families, thereby minimising social issues and labour unrest that may otherwise hinder our Group's operations.

MANAGEMENT REPORTING STRUCTURE

The following chart shows our management reporting structure as at the Latest Practicable Date.



DIRECTORS AND EXECUTIVE OFFICERS

Our Board of Directors is entrusted with the responsibility for the overall management of our Company. Our Directors' particulars are set out below:

Directors

Name	Age	Address	Designation	Current Occupation
Lim Gunawan Hariyanto	52	c/o PT Bumitama Gunajaya Agro. Jl. Melawai Raya No. 10. Jakarta 12160	Executive Chairman and Chief Executive Officer	Director of our Group
Gunardi Hariyanto Lim	47	c/o PT Bumitama Gunajaya Agro. Jl. Melawai Raya No. 10. Jakarta 12160	Deputy Chief Executive Officer	Director of our Group
Tan Boon Hoo	61	c/o Bumitama Agri Ltd. 10 Anson Road #22-16B, International Plaza, Singapore 079903	Lead Independent Director	Corporate Adviser
Dato' Lee Yeow Chor	45	c/o Bumitama Agri Ltd. 10 Anson Road #22-16B, International Plaza, Singapore 079903	Non-executive Director	Group Executive Director of IOI Corporation
Christopher Chua Chun Guan	56	c/o Bumitama Agri Ltd. 10 Anson Road #22-16B, International Plaza, Singapore 079903	Independent Director	Independent Director of our Company
Ong Chan Hwa	60	c/o Bumitama Agri Ltd. 10 Anson Road #22-16B, International Plaza, Singapore 079903	Independent Director	Director of HIVHOPE Bhd

Information on the areas of responsibility, the business and working experience of our Directors are set out below:

Lim Gunawan Hariyanto

Mr. Lim Gunawan Hariyanto is the Executive Chairman and Chief Executive Officer of our Company and joined our Group in 1997 when he was appointed as a director of KMB. He is responsible for: (i) the formulation of the overall business and corporate policies and strategies of our Group; (ii) the overall management of the business and operations of our Group; and (iii) our Group's overall business development. Mr. Gunawan has developed his expertise in business operations and development based on his knowledge and experience gained in the oil palm plantation industry for the past 14 years. Mr. Gunawan started his career in 1984 as the Vice President Director of PT Tirta Mahakam Resources, where he was in charge of the operational and business development of the company. Mr. Gunawan served as a director in various other companies, including the subsidiaries of our Group. Mr. Gunawan holds directorships in 15 subsidiaries of our Group.

Mr. Lim Gunawan Hariyanto graduated from The School of Business University of Southern California in 1981 with a Bachelor of Business Administration and obtained his Masters of Business Administration from the University of Beverly Hills, California, in 1983.

Gunardi Hariyanto Lim

Mr. Gunardi Hariyanto Lim is the Deputy Chief Executive Officer of our Company and joined our Group in 1996 when he was appointed as a director of BGA. He is responsible for assisting the Chief Executive Officer in: (i) the formulation of the overall business and corporate policies and strategies of our Group; (ii) the overall management of the business and operations of our Group; and (iii) our Group's overall business development. Mr. Gunardi started his career in 1989 as a Commissioner of Harita Jayaraya where he was in charge of supervising the operations of Harita Jayaraya and aligning the direction of the Harita Group. Mr. Gunardi has also been appointed as a director of various Indonesian companies, including PT Roda Mas Timber Kalimantan in 1990, PT Tirta Mahakam Resources in 1995, and the subsidiaries of our Group. Mr. Gunardi holds directorships in all 16 subsidiaries of our Group.

Mr. Gunardi Hariyanto Lim obtained his Bachelor of Business Administration in 1989 from the Loyola Marymount University, Los Angeles, California.

Tan Boon Hoo

Mr. Tan Boon Hoo is the Lead Independent Director of our Company and was appointed to our Board on 23 March 2012. Mr. Tan is currently the Corporate Adviser at TBH International Consulting, specialising in finance, securities and corporate consultation matters. Mr. Tan was an independent director of MAP Technology Holdings Limited (now known as MAP Technology Holdings Pte Ltd), is a director of Ren Ci Hospital, and is a management committee member of Ren Ci Hospital and Medicare Centre.

From 1994 to 2003, Mr. Tan was the General Manager (Institutional Sales) at JM Sassoon & Co Pte Ltd. From 1990 to 1994, Mr. Tan was the Executive Vice President, Head of Corporate Banking at Keppel Bank Ltd. From 1988 to 1990, Mr. Tan was the Deputy General Manager at TatLee Bank. Prior to this, Mr. Tan joined the Monetary Authority of Singapore's Banking and Financial Institutions Department in 1973 and rose to the position of Deputy Director. Mr. Tan obtained his Bachelor of Science in Applied Chemistry from the University of Singapore in 1973 and attended the Stanford Executive Programme of Stanford University, USA in 1987.

Dato' Lee Yeow Chor

Dato' Lee Yeow Chor is a Non-executive Director of our Company and was appointed to our Board on 23 March 2012. He is presently the Group Executive Director of the IOI Group, which is involved in four core business sectors, namely oil palm plantations, oleochemicals, specialty oils and fats manufacturing and property development and investment. He was appointed to the board of IOI Corporation in 1996.

Dato' Lee is a barrister from Gray's Inn, London and holds a LLB (Honours) from King's College London and a Postgraduate Diploma in Finance and Accounting from London School of Economics. Prior to joining the IOI Group as a General Manager in 1994, he served in various capacities in the Attorney General's Chambers of Malaysia and the Malaysian Judiciary for about four years. His last post in the Malaysian Judiciary was as a Magistrate. Dato' Lee is the Chairman of the Malaysian Palm Oil Council

and serves as a Council Member in the Malaysian Palm Oil Association. He is also a board member of the Malaysian Green Tech Corporation.

Christopher Chua Chun Guan

Mr. Christopher Chua Chun Guan is an Independent Director of our Company and was first appointed to our Board on 8 February 2012. Mr. Chua joined the Singapore Armed Forces in 1973, where he served for more than 30 years until his retirement in 2004 with the rank of Colonel. During his career in the Singapore Armed Forces, Mr. Chua served in various command and staff appointments. Some of his key appointments included Commanding Officer of the 6th Singapore Infantry Regiment, Brigade Commander of the 15th Singapore Infantry Brigade, Division Operations Officer of 6th Division and Senior Medical Staff Officer in Headquarters Medical Corps. The last appointment he held before his retirement was Defence Attache in the Singapore Embassy in Jakarta, where he served for three and a half years. Besides his military appointments, Mr. Chua also served as Honorary Aide de Camp to the President of Singapore from 1995 till 2000. For his meritorious service to the Singapore Armed Forces, Mr Chua was bestowed two State Awards, namely the Public Administration Medal (Bronze) (Military) and the Long Service Award (25 Years).

From 2005 to 2012, Mr. Christopher Chua Chun Guan was involved in the Singapore Red Cross Society ("SRC"). He started as Senior Manager Operations, and was promoted to Secretary General in 2007. During this period, he was responsible for the SRC's response to many disasters that occured both within and outside the region. Some of these include Cyclone Nargis in Myanmar, the Sichuan earthquake in China, the eruption of Mount Merapi in Indonesia, the tsunami in Japan and the recent Typhoon Washi in Cagayan and Iligan, Philippines. Our Group will thus be able to tap on Mr Chua's experience in managing the human resource and funds allocation in disaster relief work, and his extensive experience in the handling and maneuvering of personnel from his past command appointments in the Singapore Armed Forces, for guidance on matters relating to the management of human resource and funds, as well as matters relating to corporate social responsibility.

Mr. Christopher Chua Chun Guan obtained his GCE "A" Levels in 1973.

Ong Chan Hwa

Mr. Ong Chan Hwa is an Independent Director of our Company and was appointed to our Board on 23 March 2012. Mr. Ong has more than 35 years' experience in the palm oil and vegetable oils and fats business, and had been engaged in various managerial positions along the palm oil value chain.

Mr. Ong started his career in 1975 in the Palmco Group, where his responsibilities included overseeing the trading and product development of, and exploring new markets for, palm oil products. He then moved to Socoil Corporation Bhd in 1980 as a Commercial Development Manager, and was subsequently promoted to the Vice-President, Manufacturing. Mr. Ong was then engaged by Phoenix Saguaro (M) Sdn. Bhd., a dealer in PK expeller cakes, as a General Manager in 1984, and by Karlshamns (Malaysia) Sdn. Bhd., a specialty oils and fats manufacturer, as a Managing Director in 1989. Mr. Ong acted as an adviser to the General Manager of Kosma Plantations from 2002 to 2003, and as a director of Malaysian Vegetable Oil Refinery from 2003 to 2005. He was then engaged from 2005 to 2007 as a Managing Director of AAA Oils & Fats Pte. Ltd, an Indonesian oil palm plantation company. Mr. Ong acted as the Managing Director of GateTrade (M) Sdn. Bhd. from 2008 to 2010. Since 2008, Mr. Ong has also been engaged as an arbitrator on the Panel of Arbitrators of the Palm Oil Refiners Association of Malaysia.

Mr. Ong Chan Hwa obtained his Bachelor of Economics (Hons.) in Business Administration from the University of Malaya in 1975.

As evidenced by their respective business and working experience set out above, our Directors possess the appropriate expertise to act as directors of our Company. Our Lead Independent Director, Tan Boon Hoo, has prior experience as a director of a public-listed company in Singapore. Our Executive Chairman and Chief Executive Officer, Mr. Lim Gunawan Hariyanto, our Deputy Chief Executive Officer, Mr. Gunardi Hariyanto Lim, our Non-executive Director, Dato' Lee Yeow Chor, and our Independent Directors, Mr. Christopher Chua Chun Guan and Mr. Ong Chan Hwa, do not have prior experience as a director of a public-listed company in Singapore. However, they have received the relevant training to familiarise themselves with, and have been briefed on, their respective roles and responsibilities under the Act, the Articles of Association and the Listing Manual, and as a director of a company listed on the SGX-ST.

Executive Officers

Our Board of Directors is assisted by our team of Executive Officers whose particulars are as follows:

Name	Age	Address	Designation
Johannes Tanuwijaya	43	c/o PT Bumitama Gunajaya Agro. Jl. Melawai Raya No. 10. Jakarta 12160	Chief Financial Officer
Roebbianto	54	c/o PT Bumitama Gunajaya Agro. Jl. Melawai Raya No. 10. Jakarta 12160	Chief Operating Officer
Willy Heriadi	38	c/o PT Bumitama Gunajaya Agro. Jl. Melawai Raya No. 10. Jakarta 12160	Head of Finance and Accounting
Priyanto Puji Sulistyo	55	c/o PT Bumitama Gunajaya Agro. Jl. Melawai Raya No. 10. Jakarta 12160	Co-ordinating Head of Plantations
Syofnir R. Honein	51	c/o PT Bumitama Gunajaya Agro. Jl. Melawai Raya No. 10. Jakarta 12160	Head of Engineering
Lim Sian Choo	56	c/o PT Bumitama Gunajaya Agro. Jl. Melawai Raya No. 10. Jakarta 12160	Group Head of Corporate Secretarial Services and Head of Corporate Social Responsibility

Information on the business and working experience of our Executive Officers is set out below:

Johannes Tanuwijaya

Mr. Johannes Tanuwijaya is the Chief Financial Officer of our Company and joined our Group in 2003 when he was appointed as a director and chief financial officer of WNA. He is responsible for the oversight and control of our Group's finance and accounts departments. Mr. Johannes started his career in 1990 as an audit manager in Prasetio Utomo & Co (Arthur Andersen) where he was involved in the dual listings of two Indonesian telecommunication companies on the Indonesia Stock Exchange and the New York Stock Exchange. In 1996, he joined PT Bira Aset Manajemen and was appointed as a director where he was responsible for the operations and financial matters of the company. Mr. Johannes was appointed as the corporate secretary and director cum chief financial officer of PT Tirta

Mahakam Resources Tbk in 1999 and 2000, respectively. Mr. Johannes was in charge of the listing of PT Tirta Mahakam Resources Tbk on Indonesia Stock Exchange. Mr. Johannes holds directorships in 15 subsidiaries of our Group.

Mr. Johannes obtained his Bachelor of Economics in 1991 from the University of Indonesia.

Roebbianto

Mr. Roebbianto is the Chief Operating Officer of our Company and first joined our Group in 2003 when he was appointed as a general manager in the engineering division of BGA. He is responsible for oversight and control of our Group's overall operational activities, including our plantation, engineering and human resource departments. Mr. Roebbianto started his career as a Field Superintendent in the Planning Engineering Department of Indo Plywood (Salim Group) in 1982, and was subsequently promoted to various managerial positions within the Salim Group during his tenure with them. Mr. Roebbianto left the Salim Group in 1999, and was appointed as a director at Chua Sea Joo Plywood Industry Sdn Bhd, Malaysia from 1999 to 2003. Mr. Roebbianto spent four months in 2003 as a general manager in PT Tirta Mahakam Resources Tbk before he moved to BGA. He has since gone on to hold directorships in 14 subsidiaries of our Group.

Mr. Roebbianto obtained his Bachelor of Civil Engineering in 1982 from the Universitas Kristen Indonesia.

Willy Heriadi

Mr. Willy Heriadi is the Head of Finance and Accounting of our Company and was first appointed in 2008. He is responsible for our Group's finance and accounting department and reports to our Chief Financial Officer, Mr. Johannes Tanuwijaya.

Mr. Willy joined our Group in 2008 as a Senior Manager, Finance and Accounting, and was promoted to Deputy General Manager, Finance and Accounting, in 2011. Mr. Willy has had more than 14 years of experience in finance and accounting. His previous engagements include appointments as auditor in Prasetio Utomo and Co (member of Arthur Andersen) from 1997 to 1999, Assistant Finance Director in Tunggal Agathis Indah Plywood (Barito Pacific Group) from 1999 to 2000, and supervisor in Prasetio, Sarwoko and Sandjaja (member of Ernst & Young) from 2000 to 2002. He joined Sampoerna Agro Group as a Finance and Accounting Manager in 2002 and was promoted to Senior Manager Finance, Accounting and Tax in 2005. He was further promoted to General Manager, Finance, Accounting, and Tax in 2005 and to Junior Financial Controller in 2007.

Mr. Willy graduated from the University of Indonesia in 1999 with a Bachelor of Economics.

Priyanto Puji Sulistyo

Mr. Priyanto Puji Sulistyo is the Co-ordinating Head of Plantations of our Company and was first appointed in 2010. He is responsible for operational management of our Group's plantation departments and reports to our Chief Operating Officer, Mr. Roebbianto.

Mr. Priyanto joined our Group in 2004 as a Regional Controller, and was promoted to General Manager Plantation in 2008. He was subsequently promoted to Associate Director Plantation in 2011. Mr. Priyanto has more than 25 years of experience in the oil palm plantation industry. His previous appointments include Division Assistant and Estate Manager in PT Wirya Perka from 1984 to 1988 and

in PT Sadang Mas from 1988 to 1992. Before joining our Group, Mr. Priyanto was also appointed as the Area Manager (1993 to 1997) and Deputy Director Plantation (1997 to 2003) in PT Harapan Sawit Lestari.

Mr. Priyanto obtained his Bachelor of Agronomy in 1983 from Sekolah Tinggi Pertanian.

Syofnir R. Honein

Mr. Syofnir Honein is the Head of Engineering of our Company and was first appointed in 2007. He is responsible for oversight of our Group's engineering operations and reports to our Chief Operating Officer, Mr. Roebbianto.

Mr. Syofnir joined our Group in 2007 as a Senior Manager of Engineering and was promoted to General Manager of Engineering in 2010. He started his career in the Sinar Mas Group in 1988 to 1993 as a Maintenance Assistant. Mr. Syofnir was engaged in Salim Plantation Group as a Mill Head Assistant from 1993 to 1994, as a Mill Manager from 1994 to 1996, and as a Senior Mill Manager from 1996 to 2005. Before joining our Group, Mr. Syofnir worked as the Plantation Adviser for Estate and Mill Operation in PT Buana Karya Bhakti from 2006 to 2007.

Mr. Syofnir obtained his Bachelor of Electrical Engineering in 1986 from the Institut Teknologi Nasional.

Lim Sian Choo

Ms. Lim Sian Choo joined our Group in 2011 as our Group Head of Corporate Secretarial Services and Head of Corporate Social Responsibility. She is responsible for the oversight and control of our Group's corporate actions and corporate social responsibility departments.

Ms. Lim Sian Choo started her career in 1982 and had been involved in the accounts and finance departments of various businesses. She joined the Hong Leong Group of Malaysia in 1991, where she held various appointments as Operations Manager and Group Financial Controller, before joining our Group in 2011. In January 2009, Ms. Lim Sian Choo was also appointed as a non-executive director and a member of the Audit Committee of Southern Steel Berhad. She stepped down from both of these positions at the end of 2009.

Ms. Lim Sian Choo obtained her Bachelor of Commerce and Administration in 1981 from Victoria University, Wellington, New Zealand. She is also a member of the New Zealand Institute of Chartered Accountants and the Malaysian Institute of Accountants.

Relationships between certain of our Directors and Executive Officers

Our Chief Executive Officer, Mr. Lim Gunawan Hariyanto, and our Deputy Chief Executive Officer, Mr. Gunardi Hariyanto Lim, are siblings. Our Controlling Shareholder, Dr. Lim Hariyanto Wijaya Sarwono, is the father of Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim. Mr. Lim Gunawan Hariyanto is also deemed interested in our Controlling Shareholder, Wellpoint, and is currently a director of Wellpoint. For more information, please refer to the section entitled "Principal Shareholders" of this Prospectus.

Dato' Lee Yeow Chor, our Non-executive Director, is deemed interested in our Controlling Shareholder, IOI Corporation, and is currently a director of IOI Corporation. For more information, please refer to the section entitled "Principal Shareholders" of this Prospectus.

Save as disclosed above, none of our Directors and Executive Officers are related to one another or to any Substantial Shareholder of our Group.

Save for Dato' Lee Yeow Chor, who is the nominee of one of our Controlling Shareholders, IOI Corporation, to the best of our knowledge and belief, there are no arrangements or undertakings with any customers, suppliers or others, pursuant to which any of our Directors and Executive Officers was appointed.

PAST AND PRESENT DIRECTORSHIPS

The present and past directorships of each of our Directors and Executive Officers for the past five years up to the Latest Practicable Date are set out below:

Name	Present Directorships	Past Directorships
Directors		
Lim Gunawan Hariyanto	Group Companies	Group Companies
	Bumitama Agri Ltd.[1] PT. Agro Manunggal Sawitindo PT. Bumitama Gunajaya Abadi PT. Bumitama Gunajaya Agro PT. Gunajaya Karya Gemilang PT. Gunajaya Ketapang Sentosa PT. Hatiprima Agro PT. Karya Bakti Agro Sejahtera PT. Karya Makmur Bahagia PT. Karya Makmur Langgeng PT. Lestari Gemilang Intisawit PT. Masuba Citra Mandiri PT. Rohul Sawit Industri PT. Windu Nabatindo Abadi PT. Windu Nabatindo Lestari PT. Windu Nabatindo Sejahtera	Nil

[1] with effect from 23 March 2012

Name	Present Directorships	Past Directorships
	Other companies	Other companies
	Ample Full International Limited Berlian Shipping Ltd Brilliant Queen International Limited Cosmo Shipping Limited Eagle Aim Limited Ecopro Pacific Limited Fortune Corp Limited[1] Fortune Holdings Limited[1] Global United Consulting Ltd Goldville Holdings (BVI) Limited Goldville Logistics (BVI) Limited Goldville Miners (BVI) Limited Goldville Smelting (BVI) Limited Goldville Trading (BVI) Limited Goldwood Holdings Ltd Goldwood Investments Ltd Goodwill Metal Trading Limited Grand Everbright Limited Harita Berlian Shipping Pte. Ltd. Indonesian Overseas Finance Corporation Nickel Shipping Ltd Pinnacle Pacific Limited PT. Agung Bhakti Persada PT. Antar Sarana Rekasa PT. Budhi Kilauan Kebahagiaan Tambang PT. Citra Duta Jaya Makmur PT. Harita Guna Dharma Bhakti PT. Harita Jayaraya PT. Karya Manunggal Sawitindo PT. Karunia Perkasa Mining PT. Kemakmuran Mandiri Jaya Raya PT. Kemenangan Inti Jaya Tambang PT. Lanna Harita Indonesia PT. Mitra Kemakmuran Line PT. Rohul Sawit Agro PT. Sukses Manunggal Sawitindo PT. Tirta Mahakam Resources, Tbk PT. Trimegah Bangun Persada Qingxiang Resources Limited Rhodes Finance Corporation Wellpoint Pacific Holdings Ltd Zhanhua Hugo Dragon Metal Ltd.	Carello Limited and its previous subsidiaries and associated companies Harita Jiuzhou Shipping Pte Ltd PT. Dharma Puspita Mining PT. Harita Kencana Securities PT. Indo Nusa Jaya Makmur PT. Karya Prima Agro Sejahtera PT. Wana Bhakti Suskes Mineral Red Eastern Shipping & Mining Pte Ltd

[1] with effect from 23 March 2012

Name	Present Directorships	Past Directorships
Gunardi Hariyanto Lim	Group Companies	Group Companies
	Bumitama Agri Ltd.[1] PT. Agro Manunggal Sawitindo PT. Agro Sejahtera Manunggal PT. Bumitama Gunajaya Abadi PT. Bumitama Gunajaya Agro PT. Gunajaya Karya Gemilang PT. Gunajaya Ketapang Sentosa PT. Hatiprima Agro PT. Karya Bakti Agro Sejahtera PT. Karya Makmur Bahagia PT. Karya Makmur Langgeng PT. Lestari Gemilang Intisawit PT. Masuba Citra Mandiri PT. Rohul Sawit Industri PT. Windu Nabatindo Abadi PT. Windu Nabatindo Lestari PT. Windu Nabatindo Sejahtera	Nil

[1] with effect from 23 March 2012

Name	Present Directorships	Past Directorships
	Other companies	Other companies
	Ample Full International Limited Berlian Shipping Ltd Brilliant Queen International Limited Ecopro Pacific Limited Global United Consulting Ltd Goldville Holdings (BVI) Limited Goldville Logistics (BVI) Limited Goldville Miners (BVI) Limited Goldville Smelting (BVI) Limited Goldville Trading (BVI) Limited Goldwood Holdings Ltd Goldwood Investments Ltd Goodwill Metal Trading Limited Grand Everbright Limited Harita Berlian Shipping Pte. Ltd. Indonesian Overseas Finance Corporation Nickel Shipping Ltd PT. Antar Sarana Rekasa PT. Berkat Agro Sawitindo PT. Berkat Nabati Sejahtera PT. Bumi Sawit Sejahtera PT. Gane Permai Sentosa PT. Gane Tambang Sentosa PT. Harita Guna Dharma Bhakti PT. Harita Jayaraya PT. Harita Prima Abadi Mineral PT. Karunia Perkasa Mining PT. Karya Manunggal Sawitindo PT. Karya Utama Tambangjaya PT. Karya Wijaya Aneka Mineral PT. Kemakmuran Mandiri Jaya Raya PT. Kemakmuran Pertiwi Tambang PT. Ketapang Sawit Lestari PT. Lima Srikandi Jaya PT. Marina Bara Lestari PT. Mitra Kemakmuran Line PT. Roda Mas Timber Kalimantan PT. Rohul Sawit Agro PT. Sawit Nabati Agro PT. Sukses Karya Sawit PT. Tirta Mahakam Resources, Tbk Rhodes Finance Corporation	Carello Limited and its previous subsidiaries and associated companies PT. Harita Kencana Securities PT. Karya Prima Agro Sejahtera PT. Tri Wahana Universal

Name	Present Directorships	Past Directorships
Tan Boon Hoo	Group Companies	Group Companies
	Bumitama Agri Ltd.[1]	Nil
	Other Companies	Other Companies
	Ren Ci Hospital	MAP Technology Holdings Limited (now known as MAP Technology Holdings Pte Ltd)
Dato' Lee Yeow Chor	Group Companies	Group Companies
	Bumitama Agri Ltd.[1]	Nil
	Other companies	Other companies
	Acidchem (Singapore) Pte Ltd Acidchem International Sdn Bhd Allventure Limited Clementi Development Pte Ltd Continental Estates Sdn Bhd Derichem (M) Sdn Bhd Dreammont Development Sdn Bhd Dynamic Management Sdn Bhd Fatty Chemical (Malaysia) Sdn Bhd Flora Development Sdn Bhd Future Link Properties Pte Ltd IOI Biofuel Sdn Bhd IOI Commodity Trading Sdn Bhd IOI Consolidated (Singapore) Pte Ltd IOI Corporation Berhad IOI Corporation NV IOI Edible Oils Sdn Bhd IOI Land Singapore Pte Ltd IOI Lipid Enzymtec Sdn Bhd IOI Loders Croklaan Oils Sdn Bhd IOI Loders Croklaan Procurement Company Sdn Bhd IOI Management Sdn Bhd IOI Oleochemical Industries Berhad IOI Palm Biotech Sdn Bhd IOI Pelita Plantation Sdn Bhd IOI Properties (Singapore) Pte Ltd IOI Properties Berhad IOI-Loders Croklaan Oils B.V. Iselin Limited Kao Plasticizer (Malaysia) Sdn Bhd Legend Advance Sdn Bhd	IOI Construction Sdn Bhd (Liquidated) IOI Pelita Kanowit Sdn Bhd IOI Pelita Quarry Sdn Bhd (Liquidated pursuant to members' voluntary liquidation) IOI Pulp & Paper Sdn Bhd Mayvin Consolidated Berhad Palmco Engineering Limited

[1] with effect from 23 March 2012

Name	Present Directorships	Past Directorships
	Loders Croklaan (Asia) Sdn Bhd Loders Croklaan (Malaysia) Sdn Bhd Loders Croklaan (Shanghai) Trading Co. Ltd. Loders Croklaan B.V. Loders Croklaan Canada Inc Loders Croklaan for Oils S.A.E. Loders Croklaan Group B.V. Loders Croklaan Nutrition B.V. Loders Croklaan USA B.V. Loders Croklaan USA LLC Lush Development Sdn Bhd Lynwood Capital Resources Pte Ltd Malayapine Estates Sdn Bhd Mergui Development Pte Ltd Milik Berganda Sdn Bhd Multi Wealth (Singapore) Pte Ltd Nice Frontier Sdn Bhd Oakridge Investments Pte Ltd Oleander Capital Resources Pte Ltd Palmex Industries Sdn Bhd Pamol Estates (Sabah) Sdn Bhd Pamol Plantations Sdn Bhd Pan-Century Edible Oils Sdn Bhd Pan-Century Oleochemicals Sdn Bhd Pinnacle (Sentosa) Pte Ltd PMX Bina Sdn Bhd Progressive Holdings Sdn Bhd Reka Halus Sdn Bhd Resort Villa Development Sdn Bhd S. C. Lee Investments Pte Ltd Scottsdale Properties Pte Ltd Seaview (Sentosa) Pte Ltd Sime Darby Brunsfield Darby Hills Sdn Bhd South Beach Consortium Pte Ltd Stabilchem (M) Sdn Bhd Summer Vest Sdn Bhd Tanda Bestari Development Sdn Bhd Trilink Pyramid Sdn Bhd Unipamol Malaysia Sdn Bhd Vertical Capacity Sdn Bhd Wealthy Growth Sdn Bhd Yayasan Tan Sri Lee Shin Cheng	

Name	Present Directorships	Past Directorships
Christopher Chua Chun Guan	Group Companies	Group Companies
	Bumitama Agri Ltd.	Nil
	Other companies	Other companies
	Nil	Nil
Ong Chan Hwa	Group Companies	Group Companies
	Bumitama Agri Ltd.[1]	Nil
	Other companies	Other companies
	HIVHOPE Bhd	AAA Oils & Fats Pte. Ltd GateTrade (M) Sdn. Bhd Pintasan Global Sdn Bhd
Executive Officers		
Johannes Tanuwijaya	Group Companies	Group Companies
	PT. Agro Manunggal Sawitindo PT. Bumitama Gunajaya Abadi PT. Bumitama Gunajaya Agro PT. Gunajaya Karya Gemilang PT. Gunajaya Ketapang Sentosa PT. Hatiprima Agro PT. Karya Bakti Agro Sejahtera PT. Karya Makmur Bahagia PT. Karya Makmur Langgeng PT. Lestari Gemilang Intisawit PT. Masuba Citra Mandiri PT. Rohul Sawit Industri PT. Windu Nabatindo Abadi PT. Windu Nabatindo Lestari PT. Windu Nabatindo Sejahtera	Nil
	Other companies	Other companies
	PT. Berkat Agro Sawitindo PT. Berkat Nabati Sejahtera PT. Bumi Sawit Sejahtera PT. Ketapang Sawit Lestari PT. Rohul Sawit Agro PT. Sawit Nabati Agro PT. Sukses Karya Sawit	PT. Karya Prima Agro Sejahtera PT Tri Wahana Universal

[1] with effect from 23 March 2012

Name	Present Directorships	Past Directorships
Roebbianto	Group Companies	Group Companies
	PT. Agro Manunggal Sawitindo PT. Agro Sejahtera Manunggal PT. Bumitama Gunajaya Abadi PT. Bumitama Gunajaya Agro PT. Gunajaya Karya Gemilang PT. Gunajaya Ketapang Sentosa PT. Hatiprima Agro PT. Karya Bakti Agro Sejahtera PT. Karya Makmur Bahagia PT. Masuba Citra Mandiri PT. Rohul Sawit Industri PT. Windu Nabatindo Abadi PT. Windu Nabatindo Lestari PT. Windu Nabatindo Sejahtera	Nil
	Other companies	Other companies
	PT. Sukses Manunggal Sawitindo	PT Bumi Sawit Sejahtera PT. Tirta Mahakam Resources, Tbk PT Tri Wahana Universal
Willy Heriadi	Group Companies	Group Companies
	Nil	Nil
	Other companies	Other companies
	Nil	Nil
Priyanto Puji Sulistyo	Group Companies	Group Companies
	PT. Windu Nabatindo Lestari	Nil
	Other companies	Other companies
	Nil	Nil
Syofnir R. Honein	Group Companies	Group Companies
	Nil	Nil
	Other companies	Other companies
	Nil	Nil
Lim Sian Choo	Group Companies	Group Companies
	Nil	Nil

Name	Present Directorships	Past Directorships
	Other companies	Other companies
	Nil	Guotrade (Malaysia) Sdn Bhd HLI Overseas Limited Hong Leong Marketing Co Bhd Malaysian Newsprint Industries Sdn Bhd Maxider Sdn Bhd RZA Logistics Sdn Bhd Southern Pipe Industry (Malaysia) Sdn Bhd Southern Steel Berhad Southern Steel Holdings Sdn Bhd Southern Steel Mesh Sdn Bhd Southern Wire Industries (Malaysia) Sdn Bhd

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

The compensation paid (which includes benefits-in-kind and bonuses) for services rendered by each of our Directors and Executive Officers to us and our subsidiaries on an aggregate basis and in remuneration bands of S$250,000 for FY2010 and FY2011 and as estimated to be paid for FY2012 (excluding bonuses), are as follows:

	FY2010	FY2011	FY2012 (estimated)
Directors			
Lim Gunawan Hariyanto	Band 2	Band 2	Band 2
Gunardi Hariyanto Lim	Band 2	Band 2	Band 2
Tan Boon Hoo	—	—	Band 1
Dato' Lee Yeow Chor	—	—	Band 1
Christopher Chua Chun Guan	—	—	Band 1
Ong Chan Hwa	—	—	Band 1
Executive Officers			
Johannes Tanuwijaya	Band 2	Band 2	Band 2
Roebbianto	Band 2	Band 2	Band 2
Priyanto Puji Sulistyo	Band 1	Band 1	Band 1
Syofnir R. Honein	Band 1	Band 1	Band 1
Willy Heriadi	Band 1	Band 1	Band 1
Lim Sian Choo	—	Band 1	Band 1

Notes:
Band 1 : compensation of up to S$250,000 per annum
Band 2 : compensation of between S$250,001 to S$500,000 per annum

PENSION AND RETIREMENT BENEFITS

Save for contributions made for our employees by our subsidiaries and other retirement benefits in accordance with Indonesian law, and our Company for CPF contributions, no amounts have been set aside or accrued by our Company or our subsidiaries to provide for pension, retirement or similar benefits for our Directors and Key Executives. For more details, please refer to Note 21 to our combined financial statements included in this Prospectus.

OFFERING SHARES RESERVED FOR MANAGEMENT

Out of the Placement of 157,737,000 Offering Shares and subject to compliance with applicable laws and regulations, including the laws of Indonesia relating to offerings of securities, 2,712,000 Offering Shares will be reserved for subscription by certain key management staff of our Group (the "Management Reserved Shares"). For the avoidance of doubt, the Management Reserved Shares will not be offered or sold in Indonesia or to Indonesian citizens, or to Indonesian residents, in a manner which constitutes a public offer under the laws of Indonesia.

The allocation of the Management Reserved Shares among our key management staff will be based on years of service, designation and individual performance. Our Group believes that having an ownership interest in our Company will provide the key management staff of our Group with more incentives to create value for and align their interests with our Shareholders.

Our Company will provide a loan to our key management staff to fully finance the subscription for the Management Reserved Shares (each, a "Management Subscription Loan"). The Management Subscription Loans will be given pursuant to Section 76(9)(b) of the Companies Act, which provides an exemption to Section 76(1) of the Companies Act for the giving by a company of financial assistance for the purpose of, or in connection with, the acquisition or proposed acquisition of shares in the company to be held by or for the benefit of the employees of the company or of a corporation that is related to the company.

All Management Subscription Loans will have a term of five years, will be secured by a charge over the Management Reserved Shares that were the subject of such subscription, and will be repaid via instalments by such key management staff or from the sale proceeds of such Management Reserved Shares. The voting rights of the Management Reserved Shares shall be exercised by the relevant key management staff of our Group holding such Shares as they so wish.

SERVICE AGREEMENTS

On 20 March 2012, our Company entered into separate service agreements (the "Service Agreements") with our Executive Directors, namely, Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim, for an initial term of approximately three years commencing from the Listing Date and ending on our third annual general meeting following the Listing Date, and thereafter automatically renewed for subsequent periods of one year each unless earlier terminated. The appointment may be terminated by not less than six months' notice in writing served by either party on the other. Pursuant to the terms of their respective Service Agreements, Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim are each entitled to an annual basic salary of S$360,360 plus a discretionary bonus to be recommended and determined by the Remuneration Committee, such sums to be payable by our subsidiary, BGA. The annual basic salaries of the Executive Directors may be subject to such increase as the Remuneration Committee of our Company may determine at its absolute discretion. Directors' fees do not form part of the terms of the Service Agreements as these require the approval of Shareholders at our Company's annual general meeting.

Each of our Executive Directors may continue to take on duties and responsibilities (whether as a director (executive or non-executive) or in such other position) outside our Group, provided that he shall devote about 50% of his working hours to the affairs and business of our Group. Each of our Executive Directors currently holds executive directorships in the other businesses under the Harita Group, whereby they exercise general oversight, and set the strategic direction, of these businesses. The Harita Group's other business interests are in the mineral mining sector, the plywood and wood flooring manufacturing sector, and in the shipping and logistics sector. Our Nominating Committee, after taking into consideration each of our Executive Directors' other principal commitments and the fact that each of them is only required to devote about 50% of his working hours to the affairs and business of our Group, is of the opinion that each of our Executive Directors is able to adequately carry out his duties as a director of our Company.

We may terminate their respective Service Agreements prior to the expiry of the term by service of notice in writing if any of these Executive Directors is disqualified to act as an Executive Director under any applicable law or rules prescribed by the SGX-ST, found guilty of dishonesty, gross misconduct or wilful neglect of duty or any continued material breach of the terms of the Service Agreement, becomes bankrupt or otherwise acts to the prejudice of our Company. None of these Executive Directors will be entitled to any benefits upon termination of their respective Service Agreements.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by the Executive Directors in the process of discharging their duties on behalf of our Group will be borne by our Company.

We have not, in the past, entered into any service agreements with our Executive Officers but have entered into standard letters of employment with them, specifying the usual terms of employment, including remuneration.

Had the Service Agreements been in place since 1 January 2011, the aggregate remuneration paid to the Executive Directors for FY2011 would have been S$720,720 instead of S$540,200 and there would have been no material change to our profit attributable to shareholders.

Save in relation to the GY Cooperation Agreement and the GHL Cooperation Agreement and other similar arrangements, and for their interest in the SNA Group and our Group, pursuant to their respective Service Agreements, each Executive Director shall not, at any time during the period of his employment with our Company (the "Employment") and for a period of one year after the expiry or termination of his Employment accept any office or employment or engage or be concerned or interested directly or indirectly in any business or occupation or hold an investment in any company which is in competition, directly or indirectly, with the business carried on by the Company or any Group company, provided that nothing therein contained shall prevent such Executive Director from holding equity interest in any company the share capital of which is quoted and dealt upon any recognised stock exchange to the extent of the aggregate of his such holding and the holding of such shares by his associates does not exceed 5% of the total issued share capital, nor does he or any of his associates participate nor be involved in the management of such company.

Save as disclosed above, there are no other existing or proposed service agreements between our Company or our subsidiaries and any of our Directors.

There is no existing or proposed service contract entered or to be entered into by our Directors with our Company or any of our subsidiaries which provide for benefits upon termination of employment.

EMPLOYEES

As at 31 December 2011, our Group employed a total of 11,798 employees.

As at the Latest Practicable Date, the employees of our Group were not represented by any labour union. Our Group believes that it has established good working relationships with its employees. As such, although there is generally high labour activism in Indonesia, our Group has not experienced any major labour activism in the form of protests or intermittent work stoppages, and there have not been any major strikes or prolonged work stoppages by the employees of our Group leading to major production disruption or government intervention in FY2009, FY2010, FY2011 and for the Relevant Period.

As at the Latest Practicable Date, there were no arrangements with any of the directors or employees of our Group that involve the issue or grant of options or shares or any other securities of the Company.

The employment relationship in Indonesia is regulated by Law No. 13 of 2003 concerning Manpower which was introduced on 25 March 2003. Law No. 13 of 2003 serves as an umbrella legislation to all labour related matters in Indonesia. Other employment laws and regulations are Law No. 2 of 2004 concerning Industrial Relationship Dispute Settlement, Law No. 3 of 1992 concerning Social Security, Law No. 2 of 2004 which provides guidelines on the settlement of industrial relation disputes, and Law No. 3 of 1992 which obligates employers to cover their employees under a social security program. For more information on employment laws in Indonesia**,** please refer to the section entitled "Annex C — Indonesian Regulatory Overview" of this Prospectus.

The following is a breakdown of the Company's permanent employees by function and geographic location:

Breakdown by function

	As at 31 December		
Number of Permanent Employees by Function	**2009**	**2010**	**2011**
Management	9	9	11
Finance and Accounting	30	40	54
Operations and Production	7,335	8,967	11,733
Total	**7,374**	**9,016**	**11,798**

Breakdown by geographic location

	As at 31 December		
Number of Permanent Employees by Region	**2009**	**2010**	**2011**
Central Kalimantan	6,602	7,242	8,194
West Kalimantan	318	910	2,776
East Kalimantan	121	203	—
Riau	201	490	551
Head Office	132	171	277
Total	**7,374**	**9,016**	**11,798**

We hire a significant number of temporary workers, who assist in harvesting, planting, working in the nursery and in maintaining our plantations. The average number of such temporary workers was 11,133 in FY2011.

STAFF TRAINING AND DEVELOPMENT

The palm oil and oil palm plantation industry is a labour intensive industry. As our employees are the key contributors to the growth of our Group, we seek to continuously improve the quality and skills of our employees. We believe that our employees should constantly upgrade their skills so as to increase their productivity and stay relevant in their respective areas of work.

We conduct in-house training and workshops and external seminars in our oil palm plantations to improve the skills and technical expertise of our employees. Our employees also receive training in oil palm plantation management and agronomics.

Our employee training and development programme is made up of the following four tiers:

(a) the Basic Regular Programme is designed to prepare and equip our employees with the specific skills and knowledge required for their positions, and is conducted for employees before they assume their positions in their respective areas of work;

(b) the Intermediate Training Programme is designed to develop the managerial skills and improve the competency of our employees;

(c) the Advance STAR Programme is designed to develop and retain our middle management employees, with a special focus on refining their managerial and technical skills; and

(d) the Individual Training Programme is an individually customised training programme to reduce the competency gap in certain of our employees.

OUR COMPANY

Our Directors recognise the importance of corporate governance and offering high standards of accountability to our Shareholders, and will follow closely the best practices outlined in the Best Practices Guide issued by the SGX-ST. Our Board of Directors has formed four committees: (i) the Audit Committee; (ii) the Remuneration Committee; (iii) the Nominating Committee; and (iv) the Conflicts Resolution Committee.

Mr. Tan Boon Hoo is our Lead Independent Director. As the Lead Independent Director, he is the contact person for Shareholders where there are concerns or issues which remain unresolved despite communication with our Executive Directors or Chief Financial Officer or where such communication is inappropriate.

Mr. Ong Chan Hwa, our Independent Director, sits on the board of commissioners of BGA, our principal subsidiary in Indonesia.

AUDIT COMMITTEE

Our Audit Committee is chaired by Mr. Tan Boon Hoo, our Lead Independent Director, and includes Mr. Christopher Chua Chun Guan and Mr. Ong Chan Hwa, our Independent Directors.

Our Independent Directors do not have any existing business or professional relationship of a material nature with the Company, other Directors or Substantial Shareholders. They are also not related to the other Directors or Substantial Shareholders.

Our Audit Committee will assist our Board of Directors in discharging their responsibility to safeguard our assets and develop and maintain effective systems of internal control, with the overall objective of ensuring that our management creates and maintains an effective control environment in the Company.

Our Audit Committee will provide a channel of communication between our Board of Directors, our management and our external auditors on matters relating to audit.

Our Audit Committee shall meet periodically to perform the following functions:

(a) review the audit plans of the external auditors and internal auditors, including the results of our external and internal auditors' review and evaluation of the adequacy of our internal controls;

(b) review the annual combined financial statements and the external auditors' report on those financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies, compliance with FRS, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of management, where necessary, before submission to our Board of Directors for approval;

(c) review the periodic combined financial statements comprising the profit and loss statements, the balance sheets and such other information required by the Listing Manual, before submission to our Board of Directors for approval;

(d) review the co-operation provided by our management to our external auditors;

(e) consider and recommend the appointment and re-appointment of the external auditors, and matters relating to the resignation or dismissal of these auditors;

(f) review interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

(g) review any potential conflicts of interest;

(h) undertake such other reviews and projects as may be requested by our Board of Directors, and report to our Board its findings from time to time on matters arising and requiring the attention of our Audit Committee; and

(i) undertake generally such other functions and duties as may be required by law or the Listing Manual, and by amendments made thereto from time to time.

Apart from the duties listed above, our Audit Committee shall commission and review the findings of internal investigations into matters where there are suspicions of fraud or irregularity, failure of internal controls or infringement of any Singapore law, rule or regulation which has or is likely to have a material impact on our operating results and/or financial position.

Our Group has an in-house internal audit department for reviewing and implementing appropriate internal accounting controls. Following our listing on the SGX-ST, the in-house internal audit department will report to our Audit Committee who will approve the internal audit policies and plans. The in-house internal audit department's objective, under the direction and supervision of our Audit Committee, is to examine and evaluate the internal control environment, systems and procedures (including risk management) in order to ensure efficiency in our operations and compliance with prevailing rules and regulations.

Our Audit Committee will review the effectiveness of the internal audit function and, where deemed necessary, expand or outsource the internal audit function to ensure its effectiveness within our Group.

Our Audit Committee will meet, at a minimum, on a quarterly basis every year. Each member of our Audit Committee shall abstain from reviewing and approving any particular transaction or voting on any particular resolution in which he is interested.

In considering the suitability of Mr. Johannes Tanuwijaya as our Chief Financial Officer, our Audit Committee has reviewed Mr. Johannes' curriculum vitae and has considered his years of service with our Group. Our Audit Committee is of the opinion that Mr. Johannes is suitable as our Chief Financial Officer, and will be able to discharge his duties as our Chief Financial Officer satisfactorily. Our Audit Committee confirms that, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to their attention to cause them to believe that Mr. Johannes does not have the competence, character and integrity expected of a Chief Financial Officer of a company listed on the SGX-ST.

REMUNERATION COMMITTEE

Our Remuneration Committee is chaired by Mr. Tan Boon Hoo, our Lead Independent Director, and includes Mr. Christopher Chua Chun Guan and Mr. Ong Chan Hwa, our Independent Directors. Our Remuneration Committee will recommend to our Board a framework of remuneration for our Directors and Executive Officers and determine specific remuneration packages for each Executive Director. The recommendations of our Remuneration Committee should be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind shall be covered by our Remuneration Committee. In addition, our Remuneration Committee will perform an annual review of the remuneration of employees related to our Directors and Substantial Shareholders to ensure that their remuneration packages are in line with our staff remuneration guidelines and commensurate with their respective job scopes and levels of

responsibility. Each member of the Remuneration Committee shall abstain from voting on any resolution in respect of his remuneration package.

NOMINATING COMMITTEE

Our Nominating Committee is chaired by Mr. Ong Chan Hwa, our Independent Director, and includes Mr. Tan Boon Hoo, our Lead Independent Director, and Mr. Christopher Chua Chun Guan, our Independent Director. Under our Articles of Association, at least two of our Directors are required to retire from office at every annual general meeting of our Company. Every Director must retire from office at least once every three years. A retiring Director is eligible and may be nominated for re-election. The Nominating Committee has been set up to take the responsibility of the nomination (including re-nomination) of our Directors (including Independent Directors of our Company) taking into consideration each Director's contribution and performance. The Nominating Committee is also charged with the responsibility of determining annually whether a Director is independent and whether a Director is able to carry and has been adequately carrying out his duties as a Director. Our Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long term Shareholders' value. Our Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution of each individual Director to the effectiveness of our Board. Each member of the Nominating Committee will not take part in determining his own re-nomination or independence.

CONFLICTS RESOLUTION COMMITTEE

In light of the interests of our Controlling Shareholders in the palm oil business outside of our Group (in particular, the controlling stake which IOI Corporation has in SNA and BAS), our Board has adopted certain procedures to address conflicts or potential conflicts of interest issues that may arise from time to time in the course of business conducted or carried on by our Group. Such procedures will be effective from the Listing Date.

In order to ensure that all conflicts or potential conflicts of interest issues are properly addressed, our Board has set up a conflicts resolution committee ("CR Committee") comprising initially the members of the Audit Committee. The Board may, as it deems appropriate and subject to clearance with the Nominating Committee, appoint additional or replacement member(s) of the CR Committee, such member(s) to be Director(s) of our Board. The CR Committee shall consist of not less than three members, the majority of whom (including the Chairman) shall be Independent Directors. At no time shall a Director who is in a conflict or potential conflict of interest situation be allowed to deliberate and/or vote on matters tabled at a CR Committee meeting.

Terms of reference

The CR Committee shall be responsible for:

(a) reviewing on an annual basis the protocols established to resolve conflicts or potential conflicts of interest to ascertain that the guidelines provided in such protocols are adequate and/or stay relevant to the business and affairs of our Group, and recommending to our Board such modifications as may be expedient or necessary, including such modifications that are necessary to ensure that the conduct of ordinary business by our Group is not unduly impeded or restricted in any way, taking into consideration the experience and issues, if any, arising from past transactions. In so doing, and if deemed necessary by the CR Committee, the advice and assistance from legal counsel or other professional advisers may be sought.

(b) reviewing specific conflicts or potential conflicts of interests (collectively, "Conflicts", and each, a "Conflict") that may arise from time to time in the course of business conducted or carried on by our Group; in particular, in respect of any transaction of our Group where any Director, Controlling Shareholder, Chief Executive Officer (if not a Director) and/or any of their respective associates is involved as a counterparty (or one of the counterparties) or a competitor or potential competitor (or one of the competitors or potential competitors). The CR Committee is tasked to ensure that if a Conflict arises, such Conflict is dealt with or resolved properly. The protocols will provide guidelines on the materiality thresholds which determine the level of approval (i.e. prior approval of the CR Committee as opposed to prior approval of a senior management officer such as that of the Chief Executive Officer, Deputy Chief Executive Officer or Chief Financial Officer) required before any transaction involving an issue of Conflict is entered into.

Specific to a Conflict that arises in respect of a Controlling Shareholder (the "Relevant Controlling Shareholder") who has one or more nominees on our Board (such nominee or nominees to be collectively referred to as "Conflicted Nominee Director") or a Director on our Board (a "Conflicted Director" and together with the Relevant Controlling Shareholder and Conflicted Nominee Director, a "Relevant Conflicted Person"), our Company will apply the following conflict resolution protocol:

(1) No information and documents relating to matters which are classified as "restricted matters" (see below) shall be circulated, disseminated or distributed to the Relevant Conflicted Person save that for the purposes of any potential land bank acquisition (whether through a direct acquisition of land parcels or indirectly through a purchase of the vehicle holding the land parcels) and the triggering of the protection given pursuant to the undertaking of IOI Corporation not to compete against our Group in respect of land bank acquisitions in Indonesia, the management of our Company may, without prior reference to the CR Committee, notify IOI Corporation or its nominee on our Board of the following information only:

— sufficient information to identify the relevant land parcels (and the vehicle holding the land parcels, if relevant) our Group is intending to acquire (or bid for in the case of an auction or public tender and, if applicable, the bid or tender process);

— following such notification, the decision of our Company not to proceed with the proposed acquisition (or bid, as the case may be).

(2) The Relevant Conflicted Person shall not be involved in any deliberation or voting in respect of the restricted matters.

(3) Information on a restricted matter should only be released (with the prior approval of our Chief Executive Officer, Deputy Chief Executive Officer or Chief Financial Officer) to the Relevant Conflicted Person after the restricted matter has been fully resolved or when it no longer poses any risk of conflict, to the extent necessary for the purposes of enabling the Conflicted Nominee Director or Conflicted Director to fulfill his obligations and responsibilities as a Director of our Company.

The expression "restricted matters" refers to any and all transactions that involve conflicts or potential conflicts of interests (whether or not such transactions are in the ordinary course of business) and which would or would potentially have a material and prejudicial effect on our Group (including but not limited to our Group's financial performance or prospects) if such conflicts or potential conflicts are not addressed adequately. Restricted matters would also encompass information that, if shared with the

Relevant Conflicted Person, would improve the competitiveness of the Relevant Conflicted Person (or any associate of such person) at the expense of our Group.

Of particular focus would be transactions involving a Controlling Shareholder as counterparty or as competitor or potential competitor (including where our Group is competing or potentially competing against the Controlling Shareholder in the acquisition of land banks, new businesses and/or new customers).

Maintenance of Records and Accountability

(a) The management of our Company will maintain a record of transactions (deliberated on as well as decided) that they regard as restricted matters or matters of material Conflict as well as those they do not regard as restricted matters or matters of material Conflict. Any member of the CR Committee shall be entitled to inspect such records and the management of our Company shall co-operate fully and permit such member of the CR Committee full access to the books and records of our Company. The management of our Company will also ensure that the internal auditors or persons performing internal audit functions for our Group are granted access to all books and records of our Group as necessary for the purpose of preparing the reports referred to in (c) below.

(b) Within 45 days from the end of each financial quarter, the management of our Company will circulate or present information on transactions or potential transactions carried out or rejected in the immediately preceding financial quarter to our Board. However, no circulation or presentation of such information shall be extended to Directors who are in a conflict or potential conflict of interest situation.

(c) The CR Committee will on a quarterly basis receive reports from the internal auditors providing a confirmation that the protocol(s) has(have) been strictly adhered to in the then immediately preceding quarter.

BGA

As a company incorporated in Indonesia, BGA has a dual-board structure, comprising a board of commissioners (the "BGA Board of Commissioners") and a board of directors (the "BGA Board"). Generally, the supervisory role of the BGA Board of Commissioners includes:

(a) supervising the formation of the management policies of the BGA Board in managing the affairs of BGA, including but not limited to the adoption of the strategic directions and controls set by the Board of our Company (the "Management Policies");

(b) supervising the implementation of the Management Policies; and

(c) rendering advice to the BGA Board in respect of the formation and implementation of the Management Policies.

In performing their role, members of the BGA Board of Commissioners have the right to inspect the books of BGA and to question any member of the BGA Board. The BGA Board of Commissioners also has the power to temporarily suspend any member of the BGA Board if such member acts in breach of the articles of association of BGA and/or any applicable provisions of law. The BGA Board of Commissioners is also empowered to represent BGA in the event of a conflict of interest or legal proceedings between BGA and any member, or all the members, of the BGA Board.

In the interests of improving the standard of corporate governance of our Group, we have implemented policies to ensure a broad-based representation of the board of directors of our Company at BGA by appointing two members of our Board (including an Independent Director) as commissioners on the BGA Board of Commissioners. The BGA Board of Commissioners comprises Lim Hariyanto Wijaya Sarwono (as the President Commissioner), Rita Indriawati, Dato' Lee Yeow Chor and Ong Chan Hwa.

In light of the interests of our Controlling Shareholders in the palm oil business outside of our Group (in particular, the controlling stake which IOI Corporation has in SNA and BAS), the BGA Board of Commissioners will adopt and apply the procedures and protocols adopted by our Company to address conflicts or potential conflicts of interest issues that may arise from time to time in the course of business conducted or carried on by BGA. Such procedures will be effective from the Listing Date.

OWNERSHIP STRUCTURE

The Shareholders of our Company and their respective shareholdings immediately before and immediately after the Offering are set out as follows:

	Before the Offering				After the Offering (assuming the Over-allotment Option is not exercised)				After the Offering (assuming the Over-allotment Option is fully exercised)			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Lim Gunawan Hariyanto[1]	—	—	949,147,774	64.0	—	—	924,911,774	52.6	—	—	895,157,774	50.9
Gunardi Hariyanto Lim	—	—	—	—	—	—	—	—	—	—	—	—
Tan Boon Hoo	—	—	—	—	—	—	—	—	—	—	—	—
Dato' Lee Yeow Chor[2]	—	—	535,050,070	36.0	—	—	535,050,070	30.4	—	—	535,050,070	30.4
Christopher Chua Chun Guan	—	—	—	—	—	—	—	—	—	—	—	—
Ong Chan Hwa	—	—	—	—	—	—	—	—	—	—	—	—
Substantial Shareholders (5% or more)												
Wellpoint[1]	949,147,774	64.0	—	—	924,911,774	52.6	—	—	895,157,774	50.9	—	—
Oakridge[2]	535,050,070	36.0	—	—	535,050,070	30.4	—	—	535,050,070	30.4	—	—
Fortune Holdings Limited[1]	—	—	949,147,774	64.0	—	—	924,911,774	52.6	—	—	895,157,774	50.9
Lim Hariyanto Wijaya Sarwono[1]	—	—	949,147,774	64.0	—	—	924,911,774	52.6	—	—	895,157,774	50.9
IOI Corporation[2]	—	—	535,050,070	36.0	—	—	535,050,070	30.4	—	—	535,050,070	30.4
Vertical Capacity Sdn Bhd[2]	—	—	535,050,070	36.0	—	—	535,050,070	30.4	—	—	535,050,070	30.4
Progressive Holdings Sdn Bhd[2]	—	—	535,050,070	36.0	—	—	535,050,070	30.4	—	—	535,050,070	30.4
Tan Sri Dato' Lee Shin Cheng[2]	—	—	535,050,070	36.0	—	—	535,050,070	30.4	—	—	535,050,070	30.4
Puan Sri Datin Hoong May Kuan[2]	—	—	535,050,070	36.0	—	—	535,050,070	30.4	—	—	535,050,070	30.4
Lee Yeow Seng[2]	—	—	535,050,070	36.0	—	—	535,050,070	30.4	—	—	535,050,070	30.4
Cornerstone Investors[3]	—	—	—	—	124,833,000	7.1	—	—	124,833,000	7.1	—	—
Public Shareholders (excluding Cornerstone Investors but including management staff who will be offered the Management Reserved Shares)	—	—	—	—	172,737,000	9.8	—	—	202,491,000	11.5	—	—
Total	1,484,197,844	100.0	—	—	1,757,531,844	100.0	—	—	1,757,531,844	100.0	—	—

Notes:

(1) Each of the Hariyantos is deemed to be interested in our Shares held by Wellpoint, a wholly owned subsidiary of Fortune Holdings Limited, by virtue of section 7 of the Act arising from his joint interest in Fortune Holdings Limited and in Fortune Corp Limited, the fund management company that manages Fortune Holdings Limited. Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto are the only directors of Fortune Corp Limited. Under the discretionary fund management mandate, Fortune Corp Limited is vested with the power to manage the voting rights of Fortune Holdings Limited. Fortune Holdings Limited is in turn deemed to be interested in our Shares held by Wellpoint by virtue of section 7 of the Act arising from its 100% shareholding interest in Wellpoint. The Hariyantos and their associates are entitled to the economic interest in Fortune Holdings Limited. The associates of the Hariyantos, in and of themselves, are not entitled to dispose of the shares in Fortune Holdings Limited.

(2) Tan Sri Dato' Lee Shin Cheng, Puan Sri Datin Hoong May Kuan, Dato' Lee Yeow Chor and Lee Yeow Seng are immediate family members and are deemed to be interested in our Shares held by Oakridge, a subsidiary of IOI Corporation, by virtue of section 7 of the Act arising from their collective 100% shareholding interest in Progressive Holdings Sdn Bhd. Progressive Holdings Sdn Bhd is deemed to be interested in our Shares held by Oakridge by virtue of section 7 of the Act arising from its 100% shareholding interest in Vertical Capacity Sdn Bhd. Vertical Capacity Sdn Bhd is deemed to be interested in our Shares held by Oakridge by virtue of section 7 of the Act arising from its 42% shareholding interest in IOI Corporation. IOI Corporation is in turn deemed to be interested in our Shares held by Oakridge by virtue of section 7 of the Act arising from its 100% shareholding interest in Oakridge.

(3) The 7.1% direct interest of the Cornerstone Investors in our Company after the Offering is derived solely from their commitments under the Cornerstone Subscription Agreements. None of the Cornerstone Investors will be a Substantial Shareholder of our Company as a result of their subscription in the Global Offering.

Save as disclosed in the section entitled "Restructuring Exercise" of this Prospectus, there are no significant changes in percentage of ownership of our Company over the last three years prior to the date of this Prospectus.

No person has been, or is entitled to be, given an option to subscribe for any shares in or debentures of our Company or any of our subsidiaries.

INTERESTED PERSON TRANSACTIONS

In general, transactions between our Group and any of its interested persons (namely, our Directors, Chief Executive Officer or Controlling Shareholders of our Company or their associates) are known as interested person transactions. The following discussion on interested person transactions (as defined in Chapter 9 of the Listing Manual) for FY2009, FY2010, FY2011, and the Relevant Period, is based on our Group, and who constitutes an interested person shall be construed accordingly.

Save as disclosed below and in the section entitled "Restructuring Exercise" of this Prospectus, our Group does not have any other material transactions with any of its interested persons within the last three financial years FY2009, FY2010 and FY2011 and the Relevant Period.

In line with the rules set out in Chapter 9 of the Listing Manual, transactions with a value of less than S$100,000 are not considered material in the context of the Offering and are not taken into account for the purposes of aggregation in this section.

Past Interested Person Transactions

Trade arrangements between our Group and the IOI Group

IOI Corporation, one of our Controlling Shareholders, and its subsidiaries entered into various trade transactions with some of our subsidiaries in FY2009. These trades were for the sale of CPO by our Group to IOI Corporation for an aggregate value of IDR 24.4 billion in FY2009.

The aggregate value of the transactions between our Group and the IOI Group in FY2009, FY20010, FY2011 and the Relevant Period are as follows:

(IDR'million)	FY2009	FY2010	FY2011	Relevant Period
Aggregate value of sale of CPO by our Group	24,388	—	—	—

These transactions were conducted on an arm's length basis as the value of the trades was based on the market price of CPO prevailing at the time the transactions were entered into.

There was no sale of CPO by our Group to the IOI Group in FY2010, FY2011 and the Relevant Period. However, going forward, our Group intends to engage in such trades with the IOI Group on a recurring basis. As such, we intend to seek a mandate from our Shareholders for the approval of such transactions. Please refer to the sub-section entitled "Shareholders' Mandate for Transactions with IOI Corporation and its Associates" in this section of this Prospectus for more information.

Loans to our Group from the IOI Group and the Harita Group

IOI Corporation, one of our Controlling Shareholders, and its subsidiaries, and the Harita Group, an associate of one of our Controlling Shareholders, the Hariyantos, provided loans to some of our subsidiaries from time to time during FY2009 and FY2010 mainly for our Group's capital expenditure and/or to refinance certain of our long term loans. The loans provided had no fixed repayment term.

The highest outstanding amounts due to the IOI Group and the Harita Group during FY2009, FY2010, FY2011, and the Relevant Period are as follows:

(US$ million)	FY2009	FY2010	FY2011	Relevant Period
Highest amount outstanding due to the IOI Group	17.9	17.9	—	—
Highest amount outstanding due to the Harita Group	16.2	14.5	—	—

A portion of the loans provided by the IOI Group was interest-free, with the remaining amount subject to interest at a rate similar to the rate charged by financial institutions for syndicated loans extended to our Group. The loans provided by the Harita Group were interest-free.

The quantum of the loans that was interest-free and the quantum that was interest bearing as at 31 December 2009, 2010 and 2011 and the Latest Practicable Date are as follows:

(US$ million)	As at 31 December			As at the Latest
	2009	2010	2011	Practicable Date
Quantum of loan due to the IOI Group that is interest-free	13.0	—	—	—
Quantum of loan due to the IOI Group that is interest-bearing	4.9	—	—	—
Aggregate amount due to the IOI Group	17.9	—	—	—
Quantum of loan due to the Harita Group that is interest-free	14.5	—	—	—
Quantum of loan due to the Harita Group that is interest-bearing	—	—	—	—
Aggregate amount due to the Harita Group	14.5	—	—	—

The interest-free loans were not granted on an arm's length basis as the IOI Group and the Harita Group did not receive any compensation for the loans provided to us. The interest-bearing loans from the IOI Group were conducted on an arm's length basis as their terms were based on the terms of the syndicated loans obtained by our Group from financial institutions.

The loans were fully settled in FY2010 and, as at the Latest Practicable Date, there were no amounts due from our Group to each of the IOI Group and the Harita Group.

Loans to our Group from Deloris Management Pte Ltd

Deloris Management Pte Ltd, a company beneficially owned by one of our Controlling Shareholders, the Hariyantos, provided loans to our Company from time to time during FY2009, FY2010 and FY2011 mainly for our Group's working capital needs and/or to finance investments made by our Company in BGA.

The highest outstanding amount due to Deloris Management Pte Ltd during FY2009, FY2010, FY2011 and the Relevant Period are as follows:

(US$ million)	FY2009	FY2010	FY2011	Relevant Period
Highest amount outstanding due to Deloris Management Pte Ltd	18.5	18.5	6.4	—

The quantum of the loans outstanding as at 31 December 2009, 2010 and 2011 and the Latest Practicable Date are as follows:

(US$ million)	As at 31 December			As at the Latest
	2009	2010	2011	Practicable Date
Aggregate amount due to Deloris Management Pte Ltd	18.5	6.4	—	—

The loans provided by Deloris Management Pte Ltd were interest-free with no fixed date for repayment. The loans were not granted on an arm's length basis as Deloris Management Pte Ltd did not receive any compensation for the loans provided to us.

On 23 February 2011, the entire outstanding loan of US$6.4 million was acquired by Wellpoint following its acquisition of the entire issue and paid-up share capital of our Company from Deloris Management Pte Ltd pursuant to the Restructuring Exercise. Please refer to the section entitled "Restructuring Exercise", and the sub-section entitled "Loans to our Company from Wellpoint and Oakridge" in this section of this Prospectus for more information on the Restructuring Exercise and the loans provided to our Company by Wellpoint.

As at the Latest Practicable Date, there were no amounts due from our Company to Deloris Management Pte Ltd.

Advances between our Group and KMS

KMS, an associate of one of our Controlling Shareholders, the Hariyantos, received advances from our subsidiary, BGA, and/or provided advances to our subsidiary, the LGI Group (which until 28 November 2011 included KPAS) in FY2009, FY2010 and FY2011. These advances were unsecured, interest-free and repayable on demand. The advances made by us to KMS were for funding the operating expenses of the subsidiaries of KMS, while the advances made by KMS to the LGI Group (which until 28 November 2011 included KPAS) were to fund the capital expenditure and working capital needs of the LGI Group (which until 28 November 2011 included KPAS).

The aggregate amounts due to and from our Group as at 31 December 2009, 2010 and 2011, and as at the Latest Practicable Date are as follows:

(IDR'billion)	As at 31 December			As at the Latest
	2009	2010	2011	Practicable Date
Aggregate amount due to our Group	0.4	—	—	—
Aggregate amount due from our Group	—	19.2	—	—

The highest outstanding amounts due to and from our Group for FY2009, FY2010, FY2011 and the Relevant Period are as follows:

(IDR'billion)	FY2009	FY2010	FY2011	Relevant Period
Highest amount outstanding due to our Group	1.6	0.4	—	—
Highest amount outstanding due from our Group	—	19.2	19.2	—

These transactions were not conducted on an arm's length basis as neither KMS nor our Group received any compensation or payment of interest for the advances provided.

The advances due to our Group from KMS were fully repaid by 2010, and the advances due to KMS from our Group were fully repaid by April 2011. As at the Latest Practicable Date, there were no outstanding amounts between our Group and KMS.

Lease agreement and sale and purchase of property between our Group and Mr. Lim Gunawan Hariyanto

On 16 March 2007, Mr. Lim Gunawan Hariyanto, our Chief Executive Officer, entered into a lease agreement with BGA, under which BGA leased from Mr. Lim Gunawan Hariyanto office space located at Jalan Melawai Raya No. 10, Kebayoran Baru, Jakarta 12160, Indonesia. Our Group leased from Mr. Lim Gunawan Hariyanto an aggregate area of 2,128 square metres. The term of the lease was for five years.

However, the lease was terminated in June 2010 as BGA purchased the premises from Mr. Lim Gunawan Hariyanto in June 2010 for IDR 16.2 billion. The sale and purchase of the premises was conducted on an arm's length basis as the purchase consideration was determined based on the valuation provided by an independent valuer.

Details of the aggregate rent paid by our Group to Mr. Lim Gunawan Hariyanto for FY2009, FY2010 and FY2011 and the Relevant Period are as follows:

(IDR'billion)	FY2009	FY2010	FY2011	Relevant Period
Aggregate rent paid	2.4	1.0	—	—

Our Directors are of the view that the transaction was conducted on an arm's length basis as the rent was determined based on the prevailing market rate for properties of a similar nature.

Guarantees by Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim to secure credit facilities for our Group

Our Directors, Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim, had provided guarantees for an aggregate principal amount of up to IDR 189.2 billion to PT Bank Mandiri (Persero) Tbk to secure investment loan facilities for our Group. Mr. Gunardi Hariyanto Lim had also provided a guarantee for an aggregate principal amount of up to US$8.0 million to The Hongkong and Shanghai Banking Corporation Limited to secure investment loan facilities for our Group.

The following table shows the aggregate amount secured by the guarantees granted by Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim in FY2009, FY2010, FY2011 and the Relevant Period:

			Highest amount outstanding			
Lender	**Guarantors**	**Amount guaranteed**	**FY2009**	**FY2010**	**FY2011**	**Relevant Period**
PT Bank Mandiri (Persero) Tbk	Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim	Up to IDR 189.2 billion	IDR 50.6 billion	IDR 54.7 billion	IDR 57.8 billion	—
The Hongkong and Shanghai Banking Corporation Limited	Mr. Gunardi Hariyanto Lim	Up to US$8.0 million	—	US$8.0 million	—	—

The interest rates charged for the facilities from PT Bank Mandiri (Persero) Tbk ranged from 11.0% to 11.5% per annum. The interest rate charged for the facility from The Hongkong and Shanghai Banking Corporation Limited was SIBOR + 3.75% per annum.

These transactions were not conducted on an arm's length basis as Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim did not receive any compensation for the provision of the guarantees. Our Directors are of the view that the guarantees were provided on terms beneficial to our Group.

The guarantees given by Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim to PT Bank Mandiri (Persero) Tbk were discharged on 14 October 2011. The guarantee given by Mr. Gunardi Hariyanto Lim to The Hongkong and Shanghai Banking Corporation Limited was discharged on 4 October 2010.

Present and Ongoing Interested Person Transactions

Disclosed below are the present and ongoing transactions entered into between our Group and interested persons.

Guarantees and pledges of the shares of certain subsidiaries by Mr. Lim Gunawan Hariyanto, Mr. Gunardi Hariyanto Lim, PT Dharma Puspita Mining, KMS and RSA to secure credit facilities for our Group

Our Directors, Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim, PT Dharma Puspita Mining, an associate of the Lim Family, and KMS, an associate of one of our Controlling Shareholders, the Hariyantos (collectively, the "Guarantors") have each provided and/or agreed to provide, guarantees and/or share pledges for an aggregate principal amount of up to IDR 1,411.9 billion to various banks to secure investment loan facilities for our Group. KMS and RSA, each an associate of one of our Controlling Shareholders, the Hariyantos (the "Pledgors") have each provided, and/or agreed to provide, share pledges to syndicated lenders to secure investment loan facilities of an aggregate amount of up to US$135.0 million for our Group.

The following table shows the aggregate amount secured by the guarantees and/or share pledges granted by the Guarantors in FY2009, FY2010, FY2011 and the Relevant Period:

				Highest amount outstanding			
Lender	**Guarantors**	**Shares Pledged**	**Amount guaranteed (IDR'billion)**	**FY2009**	**FY2010**	**FY2011**	**Relevant Period**
PT Bank Mandiri (Persero) Tbk	Mr. Lim Gunawan Hariyanto, Mr. Gunardi Hariyanto Lim and PT Dharma Puspita Mining	1.250 WNA shares by KMS	Up to 116.7	96.4	109.3	114.0	113.4
PT Bank Mandiri (Persero) Tbk	Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim	—	Up to 1,120.2	521.1	926.5	939.5	766.0
PT Bank CIMB Niaga Tbk	Mr. Gunardi Hariyanto Lim	—	Up to 175.0	—	103.3	135.9	135.9

The interest rates charged for the above facilities ranged from 10.75% to 12.50% per annum.

The following table shows the aggregate amount of the facilities secured by the share pledges granted by the Pledgors in FY2009, FY2010, FY2011 and the Relevant Period:

Lender	Shares pledged	Amount of facilities (US$ million)	Highest amount outstanding			
			FY2009	FY2010	FY2011	Relevant Period
Syndicated lenders with The Hongkong and Shanghai Banking Corporation Limited, Indonesia Branch as facility agent and PT Bank DBS Indonesia as security agent	1,150 MCM shares by KMS, 300,000 WNL shares and 1,250 RSI shares by RSA	Up to 135.0	—	135.0	130.1	127.6

The interest rate charged for the above facilities was SIBOR + 3.50% per annum.

These transactions were not conducted on an arm's length basis as the Guarantors and Pledgors did not receive any compensation for the provision of the guarantees and/or share pledges. Our Directors are of the view that the guarantees and/or share pledges were provided on terms beneficial to our Group.

Subsequent to the Offering, our Group intends to procure the release and discharge of the guarantees and/or share pledges given by the Guarantors and Pledgors. Each of the Guarantors and Pledgors has undertaken to our Company to continue to provide the guarantees and/or share pledges free of any charges or fees in the event any of the financial institutions do not agree to the release or discharge of the guarantees and/or share pledges, or the terms and conditions of our existing credit facilities will be affected and not acceptable to our Group.

Lease agreement between our Group and Mr. Gunardi Hariyanto Lim

On 17 March 2010, Mr. Gunardi Hariyanto Lim, our Deputy Chief Executive Officer, entered into a lease agreement with BGA, under which BGA leased from Mr. Gunardi Hariyanto Lim office space located at Jalan Sungai Sambas IV/24.A.Blok BIII Persil No. 150, RT 002 RW 005, Kramat Pela, Kebayoran Baru, South Jakarta, DKI Jakarta ("Jalan Sambas"); Jalan Barito II No. 49, Blok B/3 Persil No. 153.seb., RT 002 RW 005, Kramat Pela, Kebayoran Baru, South Jakarta, DKI Jakarta ("Jalan Barito"); and Jalan Melawai IX No. 40 Blok M, Kebayoran Baru, South Jakarta, DKI Jakarta ("Jalan Melawai IX"). As at the Latest Practicable Date, our Group leased from Mr. Gunardi Hariyanto Lim an aggregate area of 212 square metres at the premises at Jalan Sambas in Jakarta, 408 square metres at the premises at Jalan Barito in Jakarta, and 200 square metres at the premises at Jalan Melawai IX in Jakarta. The term of the lease is for three years. The rental payable under the lease amounts to an aggregate of IDR 2.16 billion per year payable monthly in arrears.

Details of the aggregate rent paid by our Group to Mr. Gunardi Hariyanto Lim for FY2009, FY2010 and FY2011 and the Relevant Period are as follows:

(IDR'billion)	FY2009	FY2010	FY2011	Relevant Period
Aggregate rent paid	—	2.0	2.4	0.4

Our Directors are of the view that the transaction was conducted on an arm's length basis as the rent was determined based on the prevailing market rate for properties of a similar nature.

Our Group intends to renew the lease upon its expiry so long as it is in our interest to do so after taking into account the prevailing market rate. Subsequent renewals of the lease will be subject to the procedures detailed in the sub-section entitled "Procedures for Interested Person Transactions" in this section of this Prospectus.

Lease agreement between our Group and Goldwood Investments Ltd

On 1 March 2012, Goldwood Investments Ltd, an associate of our Controlling Shareholders, the Hariyantos, entered into a lease agreement with our Company, under which our Company leased from Goldwood Investments Ltd 2,357 square feet of office space located at 10 Anson Road, #11-19, International Plaza, Singapore 079903. The term of the lease is for two years. The rent payable under the lease amounts to S$169,704 per year payable monthly in advance.

Details of the aggregate rent paid by our Group to Goldwood Investments Ltd for the Relevant Period are as follows:

(S$)	**Relevant Period**
Aggregate rent paid	14,142

Our Directors are of the view that the transaction was conducted on an arm's length basis as the rent was determined based on the prevailing market rate for properties of a similar nature and has been valued by an independent third party valuer to be S$170,400 per year.

Our Group intends to renew the lease upon its expiry so long as it is in our interest to do so after taking into account the prevailing market rate. Subsequent renewals of the lease will be subject to the procedures detailed in the sub-section entitled "Procedures for Interested Person Transactions" in this section of this Prospectus.

Transactions between our Group and KMS, SMS and Westbrook

On 1 November 2011, our Group entered into the GY Cooperation Agreement with KMS and Westbrook. The shareholders of GY are KMS and Westbrook, each an associate of one of our Controlling Shareholders, the Hariyantos. As at the Latest Practicable Date, GY had 4,310 hectares of cultivated oil palm plantations in Ketapang, West Kalimantan.

On 1 January 2011, our Group entered the GHL Cooperation Agreement with KMS and SMS. The shareholders of GHL are KMS and SMS, each an associate of one of our Controlling Shareholders, the Hariyantos. As at the Latest Practicable Date, GHL had a land bank measuring 3,000 hectares with 1,431 hectares of cultivated oil palm plantations in Ketapang, West Kalimantan.

Pursuant to the GY Cooperation Agreement and the GHL Cooperation Agreement, as the case may be:

(a) BGA will provide management and operation services to KMS and Westbrook, and KMS and SMS, in relation to the plantations of GY and GHL, respectively. The management and operation services provided by BGA may include, *inter alia*, the provision of human resource management and support (including in connection with the development, maintenance and harvesting of the plantation), finance and accounting support, procurement services and consultancy and service support in connection with the construction and operation of mills. KMS and Westbrook, and KMS and SMS, shall, through GY and GHL, respectively, pay management fees to BGA at a rate of approximately IDR 3.3 billion and IDR 644 million per annum, respectively (the "GY Management

Fee" and "GHL Management Fee", respectively, and collectively, the "Management Fees"). The Management Fees are subject to annual review, and the Management Fees for FY2011 were based on the following rates:

(i) US$94 per annum per hectare of mature planted area; and

(ii) US$60 per annum per hectare of immature planted area.

BGA is also entitled to be reimbursed for all reasonable expenses and disbursements it incurs in the course of providing the management and operation services. As at the Latest Practicable Date, no reimbursement has been claimed by BGA.

(b) BGA acquired the exclusive right to purchase any FFB produced from the plantations of GY and GHL at the prevailing price set by a price committee established by the District Regional Government, with appropriate adjustments for location and the quality of FFB. In consideration of the exclusive right to purchase, BGA will pay to GY a monthly advance payment for the purchase price of FFB payable by BGA to GY (the "GY Advance Payment"). The amount of the GY Advance Payment will be based on the estimated supply of FFB for the upcoming month and the last purchase price of FFB. In the event that the GY Advance Payment is higher than the price of the FFB actually purchased, the balance will be offset by adjusting the next GY Advance Payment. In the event that the GY Advance Payment is lower than the price of the FFB actually purchased, the balance will be paid by BGA upon shipment of the purchased FFB. As at the Latest Practicable Date, no monthly advance payment for the purchase price of FFB is payable by BGA to GHL as the plantations of GHL have yet to produce FFB. Such monthly advance payments will be payable when the plantations of GHL start producing FFB, and will be based on terms similar to the GY Advance Payment. Such arrangements in relation to advance payments are not uncommon amongst FFB buyers who wish to secure supply commitments from their suppliers, and our Group has similar arrangements with our other FFB suppliers who have short term supply contracts with our Group; and

(c) BGA acquired a call option over up to 95.0% and 80.0% of the total issued shares in GY and GHL respectively (the "GY Call Option" and "GHL Call Option" respectively, and collectively, the "Call Options"). The Call Options shall be exercisable by our Group at any time following the date of the GY Cooperation Agreement or GHL Cooperation Agreement (as the case may be) for as long as KMS and/or Westbrook, or KMS and/or SMS (as the case may be), or any associate (as defined in the Listing Manual) of KMS and/or Westbrook, or KMS and/or SMS (as the case may be), is, remains or becomes, directly or indirectly, a controlling shareholder (as defined in the Listing Manual) of our Group or not later than one (1) month after KMS and/or Westbrook, or KMS and/or SMS (as the case may be), or all associates of KMS and/or Westbrook, or KMS and/or SMS (as the case may be), cease to be, directly or indirectly, a controlling shareholder of our Group. The exercise price of the GY Call Option and GHL Call Option shall be determined by an independent third party valuer agreeable to the parties.

In relation to the provision of management and operation services by BGA to KMS and Westbrook, and to KMS and SMS, in relation to the plantations of GY and GHL, respectively, and the purchase of FFB from GY, the details of the aggregate Management Fees received, and the value of the purchases of FFB, by our Group for FY2011 and the Relevant Period are as follows:

(IDR'million)	**FY2011**	**Relevant Period**
Aggregate management fee received from GY	543	766
Aggregate management fee received from GHL	644	139
Aggregate value of purchase of FFB from GY	2,415	2,779

In relation to the GY Advance Payments, the aggregate amount due from our Group as at 31 December 2011 and as at the Latest Practicable Date are as follows:

(IDR'million)	As at 31 December 2011	As at the Latest Practicable Date
Aggregate amount due from our Group	—	697

In relation to the GY Advance Payment, the highest outstanding amount due from our Group for FY2011 and the Relevant Period are as follows:

(IDR'million)	FY2011	Relevant Period
Highest amount outstanding due from our Group	—	697

In coming to a view on these transactions, our Directors have considered the following factors:

(a) our Group has acquired an exclusive right to purchase the FFB produced from the plantations of GY and GHL at the then prevailing price set by a price committee established by the District Regional Government, with appropriate adjustments for location and the quality of FFB;

(b) the Call Options present our Group with attractive acquisition prospects in the future, especially considering that suitable land bank is limited in Indonesia and competition for plantation land continues to intensify;

(c) the exercise price of the GY Call Option and GHL Call Option will be determined by an independent third party valuer acceptable to the parties;

(d) while the Management Fees were determined on a cost recovery basis, i.e. no profit element was included by our Group, the rates used for the purposes of calculating the Management Fees are in line with the rates charged by BGA in providing similar management and operation services to our other operating subsidiaries; and

(e) having obtained the Call Options, it is in the interest of our Group to ensure that the plantation are well managed such that the FFB produced are of acceptable quality and the plantations are well nurtured up to the time the Call Options are exercised (if at all).

Taken as a whole, the Directors believe that the GY Cooperation Agreement and the GHL Cooperation Agreement were entered into on an arm's length basis and are not prejudicial to the interests of our minority shareholders.

As the transactions between our Group and KMS, Westbrook and SMS are of a recurring nature, we intend to seek a mandate from our Shareholders for the approval of such transactions. Please refer to the sub-section entitled "Shareholders' Mandate for Transactions with KMS, Westbrook and SMS" in this section of this Prospectus for more information.

Transactions between our Group and the SNA Group

Provision of Management Services by our Group to the SNA Group

On 7 January 2008, our subsidiary, BGA, entered into management service agreements (as amended, supplemented or modified from time to time) with the SNA Group, associates of one of our Controlling Shareholders, IOI Corporation, for the provision of procurement, administrative and logistics services

by our Group to the SNA Group. The procurement and logistics services provided by our Group included the procurement of fertiliser and spare parts, and the transportation of these spare parts, for the SNA Group. The administrative services provided by our Group included the filing of tax returns on behalf of the SNA Group. The management fee payable by the SNA Group to our Group was US$30,000 per annum based on a pre-agreed exchange rate, and is subject to annual review.

Details of the aggregate management fees received by our Group for FY2009, FY2010 and FY2011 and the Relevant Period are as follows:

(IDR'million)	FY2009	FY2010	FY2011	Relevant Period
Aggregate management fee received	330.0	330.0	264.0	56.8

The Management Fees were not determined on an arm's length basis as the rates charged for our provision of these services were based on the recovery of costs incurred by our Group in providing these services, i.e. no profit element was included by our Group. Our Directors are of the view that the terms of the management services agreements were commercial and were not prejudicial to the interests of our minority shareholders as:

(a) the SNA and BAS are our associated companies by virtue of our 28% stake in each of them, and we will accordingly benefit from any profit earned by them; and

(b) the provision of management services by the IOI Group to the SNA Group are similarly provided on a cost recovery basis.

Pursuant to the management agreements, BGA had procured fertiliser and other materials on behalf of the SNA Group in 2008. SNA made advances of IDR 848 million to BGA in 2008 in relation to such procurement. These advances were not made on an arm's length basis as the SNA Group did not receive any compensation for the advances provided to us. These advances were fully repaid in February 2009, and since then, BGA had ceased to provide procurement services to the SNA Group.

The management service agreements will expire on 30 June 2012 and our Group intends to renew these agreements upon their expiry. As transactions between our Group and the SNA Group are of a recurring nature, we intend to seek a mandate from our Shareholders for the approval of such transactions. Subsequent renewals of the management agreements will be covered by the mandate that is being sought. Please refer to the sub-section entitled "Shareholders' Mandate for Transactions between our Group and the SNA Group" in this section of this Prospectus for more information on the mandate.

As at the Latest Practicable Date, the aggregate monthly fees charged for the provision of management services by our Group to the SNA Group for the last 12 months was below S$100,000, and is thus excluded from the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual. The mandate is being proposed and put in place in anticipation that future recurring transaction values with the SNA Group may fall within the ambit of Chapter 9 of the Listing Manual.

Loans to our Company from Wellpoint and Oakridge

As disclosed in the section entitled "Restructuring Exercise" of this Prospectus, Wellpoint and Oakridge, two of our Controlling Shareholders, provided and will be providing loans amounting to an aggregate of S$12.6 million to our Company during FY2011 and up to and after the Relevant Period pursuant to the Restructuring Exercise undertaken by our Group.

The highest outstanding amounts due to Wellpoint and Oakridge during FY2011 and the Relevant Period are as follows:

(S$ million)	FY2011	Relevant Period
Highest amount outstanding due to Wellpoint	1.8	1.8
Highest amount outstanding due to Oakridge	—	—

The aggregate outstanding amounts owing to Wellpoint and Oakridge as at 31 December 2011 and as at the Latest Practicable Date are as follows:

(S$ million)	As at 31 December 2011	As at the Latest Practicable Date
Aggregate amount due to Wellpoint	1.8	1.8
Aggregate amount due to Oakridge	—	—

Save for a S$1.8 million loan extended by Wellpoint (which it acquired from Deloris Management Ltd pursuant to the Restructuring Exercise) that was interest-free, the above-mentioned loans are given on an arm's length basis as they attracted an interest rate based on the 3-month US$ LIBOR rate plus 4.5% over the relevant 12-month interest period (subject to quarterly review against the average of the 3-month interest rates of DBS and PT Bank UOB Indonesia). The parties agreed that the entire S$12.6 million shall be repaid from the proceeds of the Offering and the issuance of the Cornerstone Shares at the time of listing of our Shares on the SGX-ST.

Transactions between the IOI Group and the SNA Group

IOI Corporation, one of our Controlling Shareholders, and its subsidiaries entered into various transactions with the SNA Group, our associated companies which are controlled by IOI Corporation, from time to time during FY2009, FY2010, FY2011 and the Relevant Period. These transactions involve the extension of loans, provision of management services and the sale of oil palm seeds and/or clonal ramets by the IOI Group to the SNA Group.

In relation to the loans advanced by the IOI Group, the following tables detail the highest outstanding amount (including interest) due to the IOI Group during FY2009, FY2010, FY2011 and the Relevant Period and the quantum (including interest) outstanding as at 31 December 2009, 2010 and 2011 and the Latest Practicable Date:

(US$ million)	FY2009	FY2010	FY2011	Relevant Period
Highest amount outstanding due to the IOI Group (including interest)	13.8	23.6	35.9	38.2

	As at 31 December			As at the Latest
(US$ million)	2009	2010	2011	Practicable Date
Aggregate amount due to the IOI Group (including interest)	13.8	23.6	35.9	38.2

The provision of the loans was conducted on an arm's length basis as they attracted an interest rate based on the 3-month US$ LIBOR rate plus 5.0% per annum over the relevant 12-month interest period, which was determined based on the IOI Group's cost of funds that was approved by Bank Negara Malaysia prior to the extension of such loans. The loans were advanced by the IOI Group pursuant to a loan agreement entered into between IOI Corporation and SNA dated 1 February 2010

(the "IOI Loan Agreement"). Under the loan agreement, IOI Corporation agreed to make available to SNA a loan facility of up to US$40.0 million (which included the advancements of amounts disbursed by the IOI Group prior to the date of the IOI Loan Agreement as part of the loan facility) for a period of five years commencing from the date thereof, or such other period as may be mutually extended by IOI Corporation and SNA, of which an amount of US$38.2 million has been drawn down by SNA as at the Latest Practicable Date.

On 20 March 2012, SNA and BAS entered into an amended and restated loan agreement (the "Restated Loan Agreement") with each of our Company, IOI Corporation and KMS (an associate of our other Controlling Shareholder, the Hariyantos), which amended and restated the terms of the IOI Loan Agreement. Pursuant to the Restated Loan Agreement, the shareholders of SNA and BAS would make available to both companies loans of an aggregate amount of approximately S$99.6 million, to be extended by our Company, IOI Corporation and KMS to SNA and/or BAS in proportion to their respective shareholdings. The loans extended under the Restated Loan Agreement will be subject to an interest rate calculated based on the 3-month US$ LIBOR rate plus 5.0% per annum over the relevant 12-month interest period. In the event that the average of the 3-month interest rates of PT Bank DBS Indonesia and The Hongkong and Shanghai Banking Corporation Limited, Indonesia Branch (the "Average Equivalent Rate") are below the agreed interest rate, the parties to the Restated Loan Agreement may agree to apply the Average Equivalent Rate instead. Any such loans extended will also have a repayment term of five years from the date of extension of such loans or such other period as may be mutually agreed by the parties in writing. Please refer to the section entitled "Group Structure — Associated Companies" of this Prospectus for more information on the joint venture agreement, and to the sub-section entitled "Restated Loan Agreement to finance our share of the capital expenditure of subsidiaries under SNA and BAS for cultivation for up to S$27.9 million" in this section of this Prospectus for more information on our Company's obligations under the Restated Loan Agreement.

As the loan agreement was entered into prior to the listing for and quotation of our Shares on the SGX-ST ("Listing"), no further approval from Shareholders will be required for subsequent draw downs by SNA of the loan facility after the Listing.

Any loan granted to, or further investment in, the SNA Group by the IOI Group is required to comply with Chapter 9 of the Listing Manual. However, as the risks and rewards in relation to the SNA Group will be shared proportionally among its shareholders, and any loan granted to or further investment in the SNA Group by the IOI Group will be proportional with loans or further investments by other shareholders of the SNA Group, such future loans or investments by the IOI Group in the SNA Group will not be subject to Rule 906 of the Listing Manual.

The management services provided by the IOI Group included general management and administrative assistance in areas such as treasury, human resource, legal, and such other general assistance as may be mutually agreed upon by IOI Corporation and SNA. These management services were provided pursuant to a management service agreement entered into between IOI Corporation and SNA in May 2011. The management fee payable was agreed at IDR 23,220 per hectare per month, and is subject to annual review. IOI Corporation shall also be reimbursed for all incidental costs and out-of-pocket expenses properly incurred in providing the management services.

In relation to the provision of management services, details of the aggregate management fees and reimbursements due to the IOI Group for FY2009, FY2010 and FY2011 and the Relevant Period are as follows:

(IDR'billion)	FY2009	FY2010	FY2011	Relevant Period
Aggregate management fee due to the IOI Group	—	1.3	3.0	0.5

(IDR'million)	FY2009	FY2010	FY2011	Relevant Period
Aggregate reimbursements due to the IOI Group	45.3	—	—	—

The provision of management services was not conducted on an arm's length basis as the rates charged by the IOI Group were based on the recovery of costs incurred by the IOI Group in providing these services, i.e. no profit element was included by the IOI Group.

In relation to the sale of oil palm seeds and/or clonal ramets, the aggregate value of these sales in FY2009, FY2010 and FY2011, and the Relevant Period are as follows:

(IDR'billion)	FY2009	FY2010	FY2011	Relevant Period
Aggregate value of sale of oil palm seeds and/or clonal ramets	8.9	0.5	29.9	4.5

The sale of oil palm seeds and/or clonal ramets was conducted on an arm's length basis as the value of the sales was based on the standard price agreed by all oil palm seeds producers in Malaysia and the then prevailing market price of clonal ramets, respectively.

As the transactions between the IOI Group and the SNA Group are of a recurring nature, we intend to seek a mandate from our shareholders for the approval of such transactions. Please refer to the sub-section entitled "Shareholders' Mandate for Transactions with IOI Corporation and its Associates" in this section of this Prospectus for more information.

Restated Loan Agreement to finance our share of the capital expenditure of subsidiaries under SNA and BAS for cultivation for up to S$27.9 million

As disclosed in the section entitled "Prospects, Strategies and Future Plans" of this Prospectus, SNA and BAS, our associated companies, are currently relatively small players in the oil palm industry in Indonesia. SNA, BAS and their subsidiaries currently own and/or control land of 39,650 hectares, with only 8,891 hectares planted. SNA and BAS are looking to expand by increasing their planting. Accordingly, our Company, Oleander Capital Resources Pte Ltd (a subsidiary of our Controlling Shareholder, IOI Corporation) and KMS (an associate of our Controlling Shareholders, the Hariyantos), had on 20 March 2012 entered into the Restated Loan Agreement with SNA and BAS pursuant to which each of our Company, Oleander Capital Resources Pte Ltd and KMS has agreed to extend loans on a basis proportionate to the respective shareholdings in SNA and BAS to finance the capital expenditure of subsidiaries under SNA and BAS for their respective cultivation programmes. In this regard, we have set aside up to S$27.9 million from the net proceeds of the Offering and the issuance of the Cornerstone Shares to finance our share of such capital expenditure. The loans extended under the Restated Loan Agreement will be subject to an interest rate calculated based on the 3-month US$ LIBOR rate plus 5.0% per annum over the relevant 12-month interest period. In the event that the Average Equivalent Rate is below the agreed interest rate, the parties to the loan agreement may agree to apply the Average Equivalent Rate instead. Any such loans extended will also have a repayment term of five years from the date of extension of such loans or such other period as may be mutually agreed by the parties in writing.

Our Audit Committee is of the view that the Restated Loan Agreement was entered into by our Company on an arm's length basis as the joint venture partners to SNA and BAS are contractually committed to fund the above-mentioned capital expenditure of subsidiaries under SNA and BAS in proportion to the equity stake respectively held by each joint venture party in SNA and BAS (as the case may be) and the risks and rewards being similarly in proportion to the equity respectively held by each joint venture party. Our Audit Committee is also of the view that the terms of the joint venture are not prejudicial to the interests of our Company and our minority Shareholders.

It should be noted that as the Restated Loan Agreement was entered into prior to the Listing, no further approval from Shareholders will be required for the subsequent funding of our share of the above-mentioned capital expenditure of subsidiaries under SNA and BAS post-Listing.

Any loan granted to or further investment in the SNA Group by our Group is required to comply with Chapter 9 of the Listing Manual. However, as the risks and rewards in relation to the SNA Group will be shared proportionally among its shareholders, and any loan granted to or further investment in the SNA Group by our Group will be proportional with loans or further investments by other shareholders of the SNA Group, such future loans or investments by our Group in the SNA Group will not be subject to Rule 906 of the Listing Manual.

Land use cooperation agreement with the Lim Family in relation to the right to use certain plots of land owned and/or controlled by our Group

The Lim Family, one of our Controlling Shareholders, is involved in the business of mining, including the mining of bauxite, through certain of its associates (such associates collectively, the "Harita Mining Group"). Our subsidiaries, LGI and AMS, have been granted *Ijin Lokasi* covering 24,500 hectares of land in November 2011, in respect of which the Harita Mining Group had been granted mining concessions by the Head of Regency of Ketapang, West Kalimantan, allowing it to explore bauxite deposits located within parcels of the lands covering an area of 18,616 hectares (the "Overlapping Land Area"). Instances of overlapping land use rights or concessions over parcels of land are not uncommon. In practice, competing concession holders usually compete to acquire the relevant land from the existing occupants occupying and/or third parties having an interest in such land (the "Interested Parties") by offering compensation to these Interested Parties for the relinquishment of their rights over the relevant land. As at the Latest Practicable Date, our Group has only paid the application fees to the relevant authorities to secure the *Ijin Lokasi* of LGI and AMS, and has not entered into any compensation arrangements with the Interested Parties.

In view of the overlapping mining and plantation concessions granted to the Harita Mining Group and our Group, the parties entered into a land use cooperation agreement dated 20 March 2012 (the "Cooperation Agreement"), pursuant to which we have agreed that the Harita Mining Group may explore or, subject to the grant of the requisite permits to the Harita Mining Group, exploit up to 10,000 hectares of the Overlapping Land Area (the "Designated Mining Area", and the right to use the Designated Mining Area, the "Licence") for bauxite deposits. The initial period of the Licence will be for five years from the date of the Cooperation Agreement, with, subject to the mutual agreement of the parties, an option to extend such period for a further five years (the "Licence Period"). For the avoidance of doubt, any such extension by our Group will require the approval of our Audit Committee and/or our Shareholders (as required by Chapter 9 of the Listing Manual).

During the Licence Period, the Harita Mining Group shall be responsible for, *inter alia*, all costs (if any) associated with the maintenance and use of the Designated Mining Area, including clearing the Designated Mining Area and making compensation payments to the Interested Parties. As part of the

compensation payment arrangement, the Interested Parties shall be obliged to transfer their interest in such land to our Group (the "Buy-In Arrangement") to enable our Group to apply for a *Hak Guna Usaha* over such land.

The Licence shall cease following the expiration of the Licence Period (unless extended), following which the Harita Mining Group shall, if any exploitation of bauxite deposits has been carried out, at no cost to our Group, restore the Designated Mining Area to a condition suitable for planting activities before returning such land to our Group. If at any time during the Licence Period, the Harita Mining Group decides that it no longer intends to utilise the Designated Mining Area or part thereof, it shall notify our Group of this intention and return that part of the Designated Mining Area to our Group in the manner provided for.

If the Harita Mining Group fails to meet their obligations under the Cooperation Agreement, including their obligation to clear the Designated Mining Area and procure the Buy-In Arrangements and, prior to returning the Designated Mining Area to our Group and if exploitation of bauxite deposits has been carried out, their obligation to restore the Designated Mining Area to a condition suitable for planting activities, our Group will be entitled under the Cooperation Agreement to refer the matter to arbitration.

Our Audit Committee is of the view that the Cooperation Agreement was not entered into by our Group on an arm's length basis as our Group will not be compensating the Harita Mining Group for any land clearing and land acquisition cost incurred by it other than through the grant of the Licence to use the Designated Mining Area, which shall, at no cost to our Group, be returned to our Group at the expiration of the Licence Period. Our Audit Committee is further of the view that the Licence is not prejudicial to the interests of our Group for the following reasons:

(a) the Buy-In Arrangement will provide our Group with protection from other third parties who may compete for land use rights over the Designated Mining Area as the Harita Mining Group will secure the Designated Mining Area on behalf of our Group by obtaining the agreement of the Interested Parties to transfer their interest in the land to our Group; and

(b) our Group will enjoy savings on land clearing and land acquisition cost by shifting the burden of clearing the Designated Mining Area and compensating the Interested Parties to the Harita Mining Group.

In addition, in situations where a plantation company and a mining company have overlapping land use rights or concessions, the plantation company and the mining company may compete with each other in acquiring the relevant land and compensating the Interested Parties. As such, the negotiation process with respect to the compensation arrangement and the acquisition of the land may be prolonged, and the acquisition cost of the land may increase substantially due to the competing compensation arrangements offered by the plantation and mining companies. In the event the plantation company is unsuccessful in acquiring such land from the Interested Parties, it will not able to cultivate and apply for *Hak Guna Usaha* over such land. Our Group is thus of the view that the Cooperation Agreement is beneficial to our Group, as it enables us to secure future use of the Overlapping Land Area.

PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

After the Listing, all interested person transactions that are not covered by a shareholders' mandate shall comply with the procedures established by our Group to ensure that the interested person transactions are conducted on an arm's length basis and on normal commercial terms consistent with our Group's usual business practices and policies, which are generally no more favourable to the interested persons than those extended to unrelated third parties.

In particular, the following procedures have been put in place:

(i) when purchasing items from or engaging the services of an interested person, at least two other quotations from non-interested persons will be obtained for comparison, where available and practicable, and the purchase price for such items or fees for such services shall not be higher than two of the most competitive prices or fee quotes from the independent quotations to ensure that the interest of our minority Shareholders are not disadvantaged. In determining the most competitive price or fee, all pertinent factors, including but not limited to quality, delivery time and track record will be taken into consideration;

(ii) when selling items or supplying services to an interested person, the price and terms of two other successful sales of a similar nature to non-interested persons will be used for comparison, where available and practicable, and the sale price for such items or fees charged for such services shall not be lower than two of the most competitive prices or fee quotes from the independent quotations to ensure that the interests of our minority Shareholders are not disadvantaged. In determining the most competitive price or fee, all pertinent factors, including but not limited to size of transaction, credit-worthiness and track record will be taken into consideration;

(iii) when renting properties or leasing facilities from or to an interested person, our Directors shall take appropriate steps to ensure that such rental or lease rates are commensurate with the prevailing market rates, including adopting measures such as making relevant inquiries with landlords or lessors of similar properties or facilities and obtaining suitable reports or reviews published by property agents (as necessary). The rent or lease payable shall be based on the most competitive market rental rate or lease rate of similar properties or facilities in terms of size and location, based on the results of the relevant inquiries; and

(iv) should any future interested person transactions be on less preferential terms than as determined in paragraphs (i) to (iii) above, our Board must grant prior approval.

Threshold Limits

In addition to the above procedures, our Company will supplement its internal systems to ensure that the interested person transactions are conducted with interested persons on an arm's length basis and on normal commercial terms and are not prejudicial to the interests of our Company and its minority Shareholders as follows:

(i) a Category 1 transaction is one where the value of a transaction, or the aggregate value of a series of related transactions, is in excess of S$100,000 but below S$250,000. Such transactions will be reviewed by the Chief Financial Officer and are to be approved, prior to entry, by the Chief Executive Officer or a Director who shall not be an interested person in respect of the particular transaction, on the basis set out above;

(ii) a Category 2 transaction is one where the value of a transaction, or the aggregate value of a series of related transactions, is equal to or exceeds S$250,000, but less than S$1,000,000. Such transactions are to be approved, prior to entry, by any two of the Directors who shall not be interested in the transaction, on the basis set out above; and

(iii) a Category 3 transaction is one where the value of a transaction, or the aggregate value of a series of related transactions, is equal to or exceeds S$1,000,000. Such transactions are to be approved, prior to entry, by the Audit Committee, on the basis set out above.

If the approving authority has any interest, direct or indirect, in such transaction, such transaction will be reviewed by the next level of approving authority. In the event that a member of the Audit Committee is interested in any interested person transaction, he will abstain from reviewing and approving that particular transaction. Any decision to proceed with such an agreement or arrangement would be recorded for review by the remaining members of the Audit Committee.

Designated persons of our Group are required to submit details of all interested person transactions entered into immediately to the Chief Financial Officer, including the value of the transactions. As a minimum, a report is to be submitted every quarter. A "Nil" return is expected if there are no interested person transactions for the previous quarter. For monitoring purposes, the Chief Financial Officer will maintain a register of interested persons. This register will be updated quarterly based on submissions by the designated persons. The Chief Financial Officer will also maintain a register of transactions carried out with interested persons recording the bases, including the quotations obtained to support such basis, on which they were entered into.

The Audit Committee will review all transactions recorded in the register of interested persons at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

In addition, our Board of Directors will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into.

Our Audit Committee and our Board shall review internal audit reports to confirm that the guidelines and procedures established to monitor interested person transactions have been complied with. In addition, our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between us and our interested persons are conducted on normal commercial terms.

Our Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that our Company's transactions with interested persons are on normal commercial terms which will not be prejudicial to the interests of our Company and our minority Shareholders.

SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH IOI CORPORATION AND ITS ASSOCIATES

As mentioned in the sub-sections entitled "Trade arrangements between our Group and the IOI Group" and "Transactions between the IOI Group and the SNA Group" in this section of this Prospectus, we anticipate that each of our Group and the SNA Group, our associated companies, would, in the ordinary course of business, enter into certain transaction with IOI Corporation, one of our Controlling Shareholders, and its associates. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time. Such transactions are described below.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses.

In view of the time-sensitive nature of commercial transactions, it would be advantageous for our Company to obtain a shareholders' mandate for transactions between IOI Corporation and its associates and each of our Group and the SNA Group ("Shareholders' Mandate for IOI Transactions") that are entered into in the normal course of business, provided that all such transactions are carried out on normal commercial terms. The mandate will eliminate, amongst others, the need for us to convene separate general meetings on each occasion to seek shareholders' approval as and when such potential transactions arise. This will substantially reduce the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising our corporate objectives and adversely affecting our business opportunities.

Pursuant to Rule 920(2) of the Listing Manual, we may treat a general mandate as having been obtained from our Shareholders for us to enter into certain categories of interested person transactions with certain classes of interested persons if the information required under Rule 920(1)(b) of the Listing Manual, as set out below, is included in this Prospectus:

(i) the class of interested persons with which the entity at risk will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the entity at risk;

(iv) the methods or procedures for determining transaction prices;

(v) the independent financial adviser's opinion on whether the methods or procedures in (iv) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;

(vi) an opinion from the audit committee if it takes a different view to the independent financial adviser;

(vii) a statement from the issuer that it will obtain a fresh mandate from our Shareholders if the methods or procedures in (iv) above become inappropriate; and

(viii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

The Shareholders' Mandate for IOI Transactions will be effective until the earlier of the following: (i) our first annual general meeting following our admission to the Official List of the SGX-ST; or (ii) the first anniversary of the date of our admission to the Official List of the SGX-ST. Thereafter, we will seek the approval of our Shareholders for a renewal of the Shareholders' Mandate for IOI Transactions at each subsequent annual general meeting. In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, IOI Corporation and its associates shall abstain from voting on resolutions approving the renewal of the Shareholders' Mandate for IOI Transactions. For the avoidance of doubt, the Hariyantos and their associates do not need to abstain from voting on such resolutions.

Classes of Interested Persons

The Shareholders' Mandate for IOI Transactions will apply to each of our Group's and the SNA Group's transactions with IOI Corporation, one of our Controlling Shareholders, and its associates.

Transactions between IOI Corporation and its associates and each of our Group and the SNA Group which do not fall within the ambit of the proposed Shareholders' Mandate for IOI Transactions shall be subject to the relevant provisions of Chapter 9 of the Listing Manual. In particular, if such transactions are of an aggregate value equal to or more than 5% of our Group's latest audited NTA, future transactions of such a nature will be subject to our Shareholders' approval before they can be entered into.

Categories of Interested Person Transactions

The on-going transactions that will be covered by the Shareholders' Mandate for IOI Transactions are as follows:

(i) provision of management services by IOI Corporation and its associates to the SNA Group pursuant to the management service agreement entered into between IOI Corporation and SNA in May 2011. Such management services may include, without limitation, general management and administrative assistance in areas such as treasury, human resources, legal, and such other general assistance as may be mutually agreed upon by IOI Corporation and SNA;

(ii) sale of raw materials (such as oil palm seeds, clonal ramets and fertiliser) by IOI Corporation and its associates to each of our Group and the SNA Group; and

(iii) sale of plantation produce (such as CPO and PK) by each of our Group and the SNA Group to IOI Corporation and its associates.

Disclosure in Annual Report

We are required, under Rule 920(1)(a)(i) of the Listing Manual, to disclose in our Company's annual report the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for IOI Transactions during the current financial year, as well as in the annual reports for the subsequent financial years during which the Shareholders' Mandate for IOI Transactions is in force. The name of the interested person and the corresponding aggregate value of the interested person transactions will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate for IOI Transactions) pursuant to Rule 920 of the Listing Manual	Aggregate value of all interested person transactions, conducted under the Shareholders' Mandate for IOI Transactions during the financial year under review (excluding transactions less than S$100,000) pursuant to Rule 920 of the Listing Manual

Rationale for and Benefits of the Shareholders' Mandate for IOI Transactions

Our Group had in the past entered into various trade arrangements with the IOI Group for the sale of seeds by the IOI Group to our Group, and the sale of CPO by our Group to IOI Corporation. While our Group does not have any existing trade arrangements with the IOI Group as at the Latest Practicable

Date, going forward, our Group intends to engage in similar trades with the IOI Group on a recurring basis. Such recurring transactions are likely to occur with some degree of frequency and arise at any time and from time to time.

SNA and BAS are subsidiaries of IOI Corporation, with IOI Corporation owning a 67% stake (through Oleander Capital Resources Pte Ltd) in each of SNA and BAS. SNA and BAS are also wholly managed by IOI Corporation. As such, IOI Corporation and its associates had entered, and will enter into, various transactions with the SNA Group, such as for the provision of management services, funding or procurement.

The transactions with IOI Corporation and its associates are entered into or to be entered into by the SNA Group in the ordinary course of its business and/or which are necessary for its day-to-day operations. They are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time.

Our Directors believe that each of our Group and the SNA Group will be able to benefit from its transactions with IOI Corporation and its associates. In particular, the SNA Group is currently a relatively small player in the oil palm industry in Indonesia, and requires, and will in the near future continue to require, support from IOI Corporation and its associates in relation to agronomy and technical matters and the financing of its operations. Such support will be indirectly of benefit to our Company in view of our 28% equity interest in the SNA Group. Upon its plantations reaching maturity and the construction of its CPO mills, the SNA Group will be able to sell CPO and PK.

The Shareholders' Mandate for IOI Transactions and the renewal of the Shareholders' Mandate for IOI Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with IOI Corporation and its associates arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to each of our Group and the SNA Group.

The Shareholders' Mandate for IOI Transactions is intended to facilitate transactions in the normal course of business which each of our Group and the SNA Group transacted from time to time with IOI Corporation and its associates, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our Shareholders (other than the IOI Group).

Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate for IOI Transactions during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate for IOI Transactions is in place.

Methods and Procedures for determining Transaction Prices

The following guidelines have been put in place to ensure that transactions between IOI Corporation and its associates and each of our Group and the SNA Group are conducted on an arm's length basis and on normal commercial terms consistent with our Group's usual business practices and policies:

(i) Provision of management services by IOI Corporation and its associates to the SNA Group

While the fees for the provision of management services by IOI Corporation and its associates to the SNA Group will be on a cost recovery basis, at least two reference fees charged by other plantation groups for the provision of similar services on a cost recovery basis shall be obtained for comparison purpose, where available and practicable.

The IOI Group presently provides certain management services, which involves general management and administrative assistance in areas such as treasury, human resources, legal, and such other general assistance as may be mutually agreed upon by IOI Corporation and SNA. The fees payable to IOI Corporation for these services were determined on a cost recovery basis and are presently agreed at IDR 23,220 per hectare per month, and the quantum of such fees is subject to annual review. IOI Corporation shall also be reimbursed for all incidental costs and out-of-pocket expenses properly incurred in providing the management services.

(ii) Sale of raw materials (such as oil palm seeds, clonal ramets and fertiliser) by IOI Corporation and its associates to each of our Group and the SNA Group

In determining the selling price for the sale of raw materials by IOI Corporation and its associates to each of our Group and the SNA Group, at least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The price shall not be higher than two of the most competitive price quotes from the independent parties. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

(iii) Sale of plantation produce (such as CPO and PK) by each of our Group and the SNA Group to IOI Corporation and its associates

For spot sales, the selling price for the sale of plantation produce by each of our Group and the SNA Group to IOI Corporation and its associates will be based on external reference quoted prices in Indonesia, Malaysia or Rotterdam (depending on the shipment destination), with appropriate adjustments for location and quality of plantation produce.

For sales of CPO via forward contracts between our Group and IOI Corporation and its associates, the selling price for the sale of CPO by our Group to IOI Corporation and its associates will be based on the forward index prices obtained from the Bursa Malaysia Derivatives Berhad at the time the forward contract is entered into, with a discount of US$5 per mt (the "IOI Forward Contract Price"). At least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The IOI Forward Contract Price shall not be lower than two of the most competitive price quotes from the independent parties, where available. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

Review Procedures

Transactions between IOI Corporation and its associates and our Group

Our Audit Committee shall review internal audit reports to ascertain that the above guidelines have been complied with in relation to all transactions between IOI Corporation and its associates and our Group. In addition, our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between IOI Corporation and its associates and our Group are conducted on normal commercial terms, and we shall obtain a fresh mandate from our Shareholders if our Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from our Shareholders, all transactions between IOI Corporation and its associates and our Group will be subject to the prior review and approval of our Audit Committee.

Designated persons of our Group are required to submit details of all transactions entered into between IOI Corporation and its associates and our Group immediately to our Chief Financial Officer, including the value of the transactions. As a minimum, a report is to be submitted every quarter. A "Nil" return is expected if there is no transaction between IOI Corporation and its associates and our Group for a previous quarter. As mentioned in the sub-section entitled "Procedures for Interested Person Transactions" in this section of this Prospectus, our Chief Financial Officer will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers will be updated quarterly based on the submissions by the designated persons.

Our Audit Committee will review all transactions recorded in the register of interested persons at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

Our internal audit plan will incorporate a review of all transactions between IOI Corporation and its associates and our Group entered into in the relevant financial year pursuant to the Shareholders' Mandate for IOI Transactions to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to. Such compliance review will be performed by our internal auditors, being our Group's in-house internal audit department, on an annual basis and the annual report on such transactions will be forwarded to our Audit Committee. Our internal auditors shall assist our Audit Committee in the review, and carry out such tests as they deem necessary on the transactions between IOI Corporation and its associates and our Group entered into pursuant to the Shareholders' Mandate for IOI Transactions. As part of our annual audit, our external auditors will review the transactions between IOI Corporation and its associates and our Group entered into pursuant to the Shareholders' Mandate for IOI Transactions on a sampling basis. Our external auditors will report to our Audit Committee in the event of any non-compliance based on the audit sample.

Our Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between IOI Corporation and its associates and our Group are on normal commercial terms which will not be prejudicial to the interests of our Company and our Shareholders (other than the IOI Group).

Transactions between IOI Corporation and its associates and the SNA Group

The management of SNA shall provide details of all transactions between IOI Corporation and its associates and the SNA Group to our Chief Financial Officer on a quarterly basis. Our Chief Financial Officer will maintain a register of these transactions, and present the register to our Audit Committee on a quarterly basis. Our Audit Committee shall review such register to ensure that transactions between IOI Corporation and its associates and the SNA Group are in compliance with the above guidelines. Also, the internal audit department of the IOI Group shall review the compliance of the SNA Group with the above guidelines, and shall provide a report to our Chief Financial Officer on an annual basis. Our Chief Financial Officer shall present these reports to our Audit Committee. Our Audit Committee shall review such report, and request for further details if necessary, to ensure that transactions between IOI Corporation and its associates and the SNA Group are in compliance with the above guidelines. Also, our Audit Committee shall, if it deems necessary and practicable, appoint an independent party (including an external auditor) to review the compliance of IOI Corporation and its associates with the above guidelines. The SNA Group shall co-operate fully in furnishing the necessary documents and information to such independent party.

In addition, our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between IOI Corporation and its associates and the SNA Group are conducted on normal commercial terms, and we shall obtain a fresh mandate from our Shareholders if our Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from our Shareholders, all transactions between IOI Corporation and its associates and the SNA Group will be subject to the prior review and approval of our Audit Committee.

Our Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between IOI Corporation and its associates and the SNA Group are on normal commercial terms which will not be prejudicial to the interests of our Company and our Shareholders (other than the IOI Group).

While the above procedures are in place, as our Company has no management control over the SNA Group, there is no assurance that these procedures will be adhered to in transactions between IOI Corporation and its associates and the SNA Group. Also, in the event that the Shareholders' Mandate for IOI Transactions is not renewed by our Shareholders and the IOI Group continues to transact with the SNA Group, our Company may not be able to comply with the requirements under Chapter 9 of the Listing Manual.

In the event that IOI Corporation becomes our single largest Shareholder or is able to dominate decision-making, whether directly or indirectly, in relation to the financial and operating policies of our Company, our Company will have to fully comply with the requirements of Chapter 9 of the Listing Manual in relation to transactions between IOI Corporation and its associates and the SNA Group. In such an event, if Shareholders' approval is not obtained for the Shareholders' Mandate, transactions between IOI Corporation and its associates and the SNA Group will not be able to proceed.

Threshold limits

Transactions between IOI Corporation and its associates and our Group

In addition to the above review procedures, our Group supplements its internal systems by setting the following threshold limits to its transactions with IOI Corporation and its associates to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

(a) a Category 1 transaction is one where in relation to:

  (i) the transactions with external reference quoted price, the value of the transaction with IOI Corporation and its associates is below or equal to S$5,000,000;

  (ii) any other transaction without external reference quoted price or rate, the value of the transaction with IOI Corporation and its associates is below or equal to S$600,000;

(b) a Category 2 transaction is one where in relation to:

  (i) the transactions with external reference quoted price, the value of the transaction with IOI Corporation and its associates is in excess of S$5,000,000;

  (ii) any transaction without external reference quoted price or rate, the value of the transaction with IOI Corporation and its associates is in excess of S$600,000.

Category 1 transactions do not require the prior review and approval of our Audit Committee before the transaction is entered into but shall be reviewed on a quarterly basis by our Audit Committee. Such transactions must be reviewed and approved by our Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer prior to being entered into. In the event that any of our Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer is interested in any of our Group's transactions with IOI Corporation and its associates, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms.

Category 2 transactions must be reviewed and approved by our Audit Committee prior to being entered into. In the event that a member of our Audit Committee is interested in any of our Group's transactions with IOI Corporation and its associates, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of our Audit Committee.

The thresholds of S$5,000,000 and S$600,000 are set as limits based on the expected and past volume of sales and purchases of our Group. It also balances the requirement of commercial efficiency and the requirements of oversight by our Audit Committee. Having considered the current market prices, the prevailing market conditions and the expected size of operations of our Group, our Board is of the opinion that the threshold limits of S$5,000,000 and S$600,000 reflect a risk control level that is acceptable to our Company.

Transactions between IOI Corporation and its associates and the SNA Group

In addition to the above review procedures, the SNA Group supplements its internal systems by setting the following threshold limits to its transactions with IOI Corporation and its associates to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

(a) a Category 1 transaction is one where the value of the transaction is at or below US$2,000,000; and

(b) a Category 2 transaction is one where the value of the transaction exceeds US$2,000,000.

Category 1 transactions must be reviewed and approved by the President Director and General Manager of SNA prior to being entered into. Such transactions shall also be reviewed by the internal audit department of the IOI Group for compliance on an annual basis. Category 2 transactions must be reviewed and approved by the board of directors of SNA, whose approval must include that of at least one director appointed by our Company.

Opinion of the Independent Financial Adviser

Provenance Capital Pte. Ltd. was appointed as the independent financial adviser pursuant to Rule 920(1)(b)(v) of the Listing Manual, to opine on whether the review procedures for determining transaction prices under the Shareholders' Mandate for IOI Transactions, as set out above, are sufficient to ensure that transactions between IOI Corporation and its associates and each of our Group and the SNA Group will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Having regard to the considerations in its Independent Financial Adviser's Opinion letter to the Independent Directors in relation to the Shareholders' Mandate for IOI Transactions set out in Annex F to this Prospectus, Provenance Capital Pte. Ltd. is of the opinion that the adoption of the Shareholders' Mandate for IOI Transactions and the review procedures for determining the terms of interested person transactions under the Shareholders' Mandate for IOI Transactions, as set out in this sub-section of this

Prospectus, if adhered to, are sufficient to ensure that such transactions will be carried out on normal commercial terms and not be prejudicial to the interests of our Company and our minority Shareholders. Please refer to "Annex F — Letter from the Independent Financial Adviser to the Independent Directors" of this Prospectus for more details.

SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH THE SNA GROUP

We anticipate that we would, in the ordinary course of business, enter into certain transactions with the SNA Group, our associated companies which are controlled by one of our Controlling Shareholders, IOI Corporation. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time. Such transactions are described below.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses.

In view of the time-sensitive nature of commercial transactions, it would be advantageous for our Company to obtain a shareholders' mandate for transactions between our Group and the SNA Group ("Shareholders' Mandate for SNA Transactions") that are entered into in the normal course of business, provided that all such transactions are carried out on normal commercial terms. The mandate will eliminate, amongst others, the need for us to convene separate general meetings on each occasion to seek shareholders' approval as and when such potential transactions arise. This will substantially reduce the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising our corporate objectives and adversely affecting our business opportunities.

Pursuant to Rule 920(2) of the Listing Manual, we may treat a general mandate as having been obtained from our Shareholders for us to enter into certain categories of interested person transactions with certain classes of interested persons if the information required under Rule 920(1)(b) of the Listing Manual as set out below, is included in this Prospectus:

(i) the class of interested persons with which the entity at risk will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the entity at risk;

(iv) the methods or procedures for determining transaction prices;

(v) the independent financial adviser's opinion on whether the methods or procedures in (iv) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;

(vi) an opinion from the audit committee if it takes a different view to the independent financial adviser;

(vii) a statement from the issuer that it will obtain a fresh mandate from our Shareholders if the methods or procedures in (iv) above become inappropriate; and

(viii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

The Shareholders' Mandate for SNA Transactions will be effective until the earlier of the following: (i) our first annual general meeting following our admission to the Official List of the SGX-ST; or (ii) the first anniversary of the date of our admission to the Official List of the SGX-ST. Thereafter, we will seek the approval of our Shareholders for a renewal of the Shareholders' Mandate for SNA Transactions at each

subsequent annual general meeting. In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless specific voting instructions have been given by the appointing Shareholder. As such, IOI Corporation and its associates, as well as the Hariyantos and their associates, shall abstain from voting on resolutions approving the renewal of the Shareholders' Mandate for SNA Transactions.

Classes of Interested Persons

The Shareholders' Mandate for SNA Transactions will apply to our Group's transactions with the SNA Group, our associated companies which are controlled by one of our Controlling Shareholders, IOI Corporation.

Transactions between our Group and the SNA Group which do not fall within the ambit of the proposed Shareholders' Mandate for SNA Transactions shall be subject to the relevant provisions of Chapter 9 of the Listing Manual. In particular, if such transactions are of an aggregate value equal to or more than 5.0% of our Group's latest audited NTA, future transactions of such a nature will be subject to our Shareholders' approval before they can be entered into.

Categories of Interested Person Transactions

The on-going interested person transactions that will be covered by the Shareholders' Mandate for SNA Transactions are as follows:

(i) provision of management services by our Group to the SNA Group pursuant to the respective management service agreements (as amended, supplemented or modified from time to time) between BGA and each of the entities within the SNA Group dated 7 January 2008. Such management services may include, without limitation, administrative support covering human resources, accounting and finance aspect, and advisory and consultancy services;

(ii) sale of plantation produce (such as FFB, CPO and PK) by the SNA Group to our Group; and

(iii) sale of raw materials (such as oil palm seedlings) by the SNA Group to our Group.

Disclosure in Annual Report

We are required, under Rule 920(1)(a)(i) of the Listing Manual, to disclose in our Company's annual report the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for SNA Transactions during the current financial year, as well as in the annual reports for the subsequent financial years during which the Shareholders' Mandate for SNA Transactions is in force. The name of the interested person and the corresponding aggregate value of the interested person transactions will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate for SNA Transactions) pursuant to Rule 920 of the Listing Manual	Aggregate value of all interested person transactions, conducted under the Shareholders' Mandate for SNA Transactions during the financial year under review (excluding transactions less than S$100,000) pursuant to Rule 920 of the Listing Manual

Rationale for and Benefits of the Shareholders' Mandate for SNA Transactions

The SNA Group, our associated companies, is currently a relatively small player in the oil palm industry in Indonesia, and requires, and will in the near future continue to require, support from our Group in relation to administrative matters and the financing of its operations. Such support will be indirectly of benefit to our Company in view of our 28% equity interest in the SNA Group. Upon its plantations reaching maturity and the construction of its CPO mills, the SNA Group will be able to sell CPO and PK.

The transactions with the SNA Group are entered into or to be entered into by our Group in our ordinary course of business. They are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time.

Our Directors believe that our Group will be able to benefit from our transactions with the SNA Group. The Shareholders' Mandate for SNA Transactions and the renewal of the Shareholders' Mandate for SNA Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with the SNA Group arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to our Group.

The Shareholders' Mandate for SNA Transactions is intended to facilitate transactions in the normal course of business which our Group transacted from time to time with the SNA Group, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate for SNA Transactions during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate for SNA Transactions is in place.

Methods and Procedures for determining Transaction Prices

The following guidelines have been put in place to ensure that transactions between our Group and the SNA Group are conducted on an arm's length basis and on normal commercial terms consistent with our Group's usual business practices and policies:

(i) Provision of management services by our Group to the SNA Group

While the fees for the provision of management services by our Group to the SNA Group will be on a cost recovery basis, at least two reference fees charged by other plantation groups for the provision of similar services on a cost recovery basis shall be obtained for comparison purpose, where available and practicable.

Our Group presently provides certain management services, which involves human resources, accounting and taxation. The fees payable to our Group for these services were determined on a cost recovery basis and are presently agreed at US$30,000 per annum (based on an average rate of US$1,250 per staff per annum), and the quantum of such fees is subject to annual review.

(ii) Sale of plantation produce (such as FFB, CPO and PK) by the SNA Group to our Group

The selling price for the sale of plantation produce by the SNA Group to our Group will be based on external reference quoted prices in Indonesia, Malaysia or Rotterdam (depending on the shipment destination), with appropriate adjustments for location and quality of plantation produce.

(iii) Sale of raw materials (such as oil palm seedlings) by the SNA Group to our Group

In determining the selling price for the sale of raw materials by the SNA Group to our Group, at least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The price shall not be higher than two of the most competitive price quotes from the independent parties. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

While there were no such transactions between our Group and the SNA Group during FY2009, FY2010, FY2011 and the Relevant Period for the sale of plantation produce and raw materials, we foresee such transactions between our Group and the SNA Group will be of a recurring nature in the future. Hence, we are seeking a mandate from our Shareholders for the approval of such transactions.

Review Procedures

Our Audit Committee shall review internal audit reports to ascertain that the above guidelines have been complied with. In addition, our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between our Group and the SNA Group are conducted on normal commercial terms, and we shall obtain a fresh mandate from our Shareholders if our Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from our Shareholders, all transactions between our Group and the SNA Group will be subject to the prior review and approval of our Audit Committee.

Designated persons of our Group are required to submit details of all transactions entered into between our Group and the SNA Group immediately to our Chief Financial Officer, including the value of the transactions. As a minimum, a report is to be submitted every quarter. A "Nil" return is expected if there is no transaction between our Group and the SNA Group for a previous quarter. As mentioned in the sub-section entitled "Procedures for Interested Person Transactions" in this section of this Prospectus, our Chief Financial Officer will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers will be updated quarterly based on the submissions by the designated persons.

Our Audit Committee will review all transactions recorded in the register of interested persons at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

Our internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate for SNA Transactions to ensure that the relevant approvals

have been obtained and the review procedures in respect of such transactions have been adhered to. Such compliance review will be performed by our internal auditors, being our Group's in-house internal audit department, on an annual basis and the annual report on such transactions will be forwarded to our Audit Committee. Our internal auditors shall assist our Audit Committee in the review, and carry out such tests as they deem necessary on the transactions entered into pursuant to the Shareholders' Mandate for SNA Transactions. As part of our annual audit, our external auditors will review the transactions entered into pursuant to the Shareholders' Mandate for SNA Transactions on a sampling basis. Our external auditors will report to our Audit Committee in the event of any non-compliance based on the audit sample.

Our Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between our Group and the SNA Group are on normal commercial terms which will not be prejudicial to the interests of our Company and our minority Shareholders.

Threshold limits

In addition to the above review procedures, our Group supplements its internal systems by setting the following threshold limits to its transactions with the SNA Group to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

(a) a Category 1 transaction is one where in relation to:

  (i) the transactions with external reference quoted price, the value of the transaction with the SNA Group is below or equal to S$5,000,000;

  (ii) any other transaction without external reference quoted price or rate, the value of the transaction with the SNA Group is below or equal to S$600,000;

(b) a Category 2 transaction is one where in relation to:

  (i) the transactions with external reference quoted price, the value of the transaction with the SNA Group is in excess of S$5,000,000;

  (ii) any transaction without external reference quoted price or rate, the value of the transaction with the SNA Group is in excess of S$600,000.

Category 1 transactions do not require the prior review and approval of our Audit Committee before the transaction is entered into but shall be reviewed on a quarterly basis by our Audit Committee. Such transactions must be reviewed and approved by our Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer prior to being entered into. In the event that any of our Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer is interested in any of our Group's transactions with the SNA Group, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms.

Category 2 transactions must be reviewed and approved by our Audit Committee prior to being entered into. In the event that a member of our Audit Committee is interested in any of our Group's transactions with the SNA Group, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of our Audit Committee.

The thresholds of S$5,000,000 and S$600,000 are set as limits based on the expected and past volume of sales and purchases of our Group. It also balances the requirement of commercial efficiency and the requirements of oversight by our Audit Committee. Having considered the current market prices, the prevailing market conditions and the expected size of operations of our Group, our Board is of the opinion that the threshold limits of S$5,000,000 and S$600,000 reflect a risk control level that is acceptable to our Company.

Opinion of the Independent Financial Adviser

Provenance Capital Pte. Ltd. was appointed as the independent financial adviser pursuant to Rule 920(1)(b)(v) of the SGX-ST Listing Manual, to opine on whether the review procedures for determining transaction prices under the Shareholders' Mandate for SNA Transactions, as set out above, are sufficient to ensure that transactions between between our Group and the SNA Group will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Having regard to the considerations in its Independent Financial Adviser's Opinion letter to the Independent Directors in relation to the Shareholders' Mandate for SNA Transactions set out in Annex F to this Prospectus, Provenance Capital Pte. Ltd. is of the opinion that adoption of the Shareholders' Mandate for SNA Transactions and the review procedures for determining the terms of Interested Person Transactions under the Shareholders' Mandate for SNA Transactions, as set out in this sub-section of this Prospectus, if adhered to, are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders. Please refer to "Annex F — Letter from the Independent Financial Adviser to the Independent Directors" of this Prospectus for more details.

SHAREHOLDERS' MANDATE FOR TRANSACTIONS WITH KMS, WESTBROOK AND SMS

We anticipate that we would, in the ordinary course of business, enter into certain transactions with KMS, Westbrook and SMS, each an associate of one of our Controlling Shareholders, namely the Hariyantos, and their subsidiaries (the "KMS Group"). It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time. Such transactions are described below.

Chapter 9 of the Listing Manual allows a listed company to obtain a mandate from its shareholders for recurrent interested person transactions which are of revenue or trading nature or for those necessary for its day-to-day operations. These transactions may not include the purchase or sale of assets, undertakings or businesses.

In view of the time-sensitive nature of commercial transactions, it would be advantageous for our Company to obtain a shareholders' mandate for transactions between our Group and the KMS Group ("Shareholders' Mandate for KMS Transactions") that are entered into in the normal course of business, provided that all such transactions are carried out on normal commercial terms. The mandate will eliminate, amongst others, the need for us to convene separate general meetings on each occasion to seek shareholders' approval as and when such potential transactions arise. This will substantially reduce the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising our corporate objectives and adversely affecting our business opportunities.

Pursuant to Rule 920(2) of the Listing Manual, we may treat a general mandate as having been obtained from our Shareholders for us to enter into certain categories of interested person transactions

with certain classes of interested persons if the information required under Rule 920(1)(b) of the Listing Manual as set out below, is included in this Prospectus:

(i) the class of interested persons with which the entity at risk will be transacting;

(ii) the nature of the transactions contemplated under the mandate;

(iii) the rationale for, and benefit to, the entity at risk;

(iv) the methods or procedures for determining transaction prices;

(v) the independent financial adviser's opinion on whether the methods or procedures in (iv) above are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the issuer and its minority shareholders;

(vi) an opinion from the audit committee if it takes a different view to the independent financial adviser;

(vii) a statement from the issuer that it will obtain a fresh mandate from our Shareholders if the methods or procedures in (iv) above become inappropriate; and

(viii) a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction.

The Shareholders' Mandate for KMS Transactions will be effective until the earlier of the following: (i) our first annual general meeting following our admission to the Official List of the SGX-ST; or (ii) the first anniversary of the date of our admission to the Official List of the SGX-ST. Thereafter, we will seek the approval of our Shareholders for a renewal of the Shareholders' Mandate for KMS Transactions at each subsequent annual general meeting. In accordance with Rule 920(1)(b)(viii) of the Listing Manual, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and our Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such, the Hariyantos and their associates shall abstain from voting on resolutions approving the renewal of the Shareholders' Mandate for KMS Transactions.

Classes of Interested Persons

The Shareholders' Mandate for KMS Transactions will apply to our Group's transactions with the KMS Group, an associate of one of our Controlling Shareholders, the Hariyantos.

Transactions between our Group and the KMS Group which do not fall within the ambit of the proposed Shareholders' Mandate for KMS Transactions shall be subject to the relevant provisions of Chapter 9 of the Listing Manual. In particular, if such transactions are of an aggregate value equal to or more than 5% of our Group's latest audited NTA, future transactions of such a nature will be subject to our Shareholders' approval before they can be entered into.

Categories of Interested Person Transactions

The on-going interested person transactions that will be covered by the Shareholders' Mandate for KMS Transactions are as follows:

(i) provision of management and operation services by our Group to the KMS Group pursuant to the GY Cooperation Agreement and GHL Cooperation Agreement. Such management and operation

services may include, *inter alia*, the provision of human resource management and support (including in connection with the development, maintenance and harvesting of the plantation), finance and accounting support, procurement services and consultancy and service support in connection with the construction and operation of mills; and

(ii) sale of plantation produce (such as FFB) by the KMS Group to our Group pursuant to the GY Cooperation Agreement and GHL Cooperation Agreement.

For the avoidance of doubt, the exercise of the call options over the issued shares of entities in the KMS Group pursuant to the GY Cooperation Agreement and GHL Cooperation Agreement will be subject to the requirements of Chapter 9 of the Listing Manual.

Disclosure in Annual Report

We are required, under Rule 920(1)(a)(i) of the Listing Manual, to disclose in our Company's annual report the aggregate value of transactions conducted pursuant to the Shareholders' Mandate for KMS Transactions during the current financial year, as well as in the annual reports for the subsequent financial years during which the Shareholders' Mandate for KMS Transactions is in force. The name of the interested person and the corresponding aggregate value of the interested person transactions will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under Shareholders' Mandate for KMS Transactions) pursuant to Rule 920 of the Listing Manual	Aggregate value of all interested person transactions, conducted under the Shareholders' Mandate for KMS Transactions during the financial year under review (excluding transactions less than S$100,000) pursuant to Rule 920 of the Listing Manual

Rationale for and Benefits of the Shareholders' Mandate for KMS Transactions

The shareholders of GY are KMS and Westbrook, each an associate of one of our Controlling Shareholders, the Hariyantos, and the shareholders of GHL are KMS and SMS, each an associate of one of our Controlling Shareholders, the Hariyantos. GY and GHL each owns an oil palm plantation located in Ketapang, West Kalimantan.

As GY has yet to secure some of the licences required for the operation and management of its plantations, KMS and Westbrook have borne the risk of such non-compliance by acquiring GY from unrelated third parties and giving our Group (i) a contract to manage and operate the plantations of GY in return for a management fee; (ii) the exclusive right to purchase any FFB produced from the plantations of GY; and (iii) a call option over up to 95% of the issued shares in GY. Upon GY obtaining the relevant licences, our Group will be able to exercise the call option and acquire GY as a subsidiary of our Company.

As the land owned by GHL is located on an island, it is subject to Minister of Marine and Fishery Regulation No. PER.20/MEN/2008 on the Usage of Small Island and Surrounding Water ("MOMFR 20"). Pursuant to MOMFR 20, the foreign ownership of GHL is generally prohibited unless the prior approval of the Minister of Marine and Fishery is obtained, and such foreign ownership is limited to 80% of GHL. KMS and SMS has given our Group (i) a contract to manage and operate the plantations of GHL in return for a management fee; (ii) the exclusive right to purchase any FFB produced from the

plantations of GHL; and (iii) a call option over up to 80% of the issued shares in GHL. Upon GHL obtaining the approval of the Minister of Marine and Fishery for the transfer of an 80% interest in GHL, our Group will be able to exercise the call option and acquire GHL as a subsidiary of our Company.

The transactions with the KMS Group are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time.

Our Directors believe that our Group will be able to benefit from our transactions with the KMS Group. The Shareholders' Mandate for KMS Transactions and the renewal of the Shareholders' Mandate for KMS Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential interested person transactions with the KMS Group arise, thereby reducing substantially the administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting the business opportunities available to our Group.

The Shareholders' Mandate for KMS Transactions is intended to facilitate transactions in the normal course of business which our Group transacted from time to time with the KMS Group, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and our minority Shareholders.

Disclosure will be made in the format required by the Listing Manual, and to the extent required by the SGX-ST, of the aggregate value of interested person transactions conducted pursuant to the Shareholders' Mandate for KMS Transactions during the current financial year, and in the annual reports for the subsequent financial years during which a Shareholders' Mandate for KMS Transactions is in place.

Methods and Procedures for determining Transaction Prices

The following guidelines have been put in place to ensure that transactions between our Group and the KMS Group are conducted on an arm's length basis and on normal commercial terms consistent with our Group's usual business practices and policies:

(i) Provision of management and operation services by our Group to the KMS Group

While the fees for the provision of management and operation services by our Group to the KMS Group will be on a cost recovery basis, at least two reference fees charged by other plantation groups for the provision of similar services on a cost recovery basis shall be obtained for comparison purpose, where available and practicable.

Our Group presently provides certain management and operation services to GY and GHL, which involves *inter alia*, the provision of human resource management and support, finance and accounting support, procurement services and consultancy and service support in connection with the construction and operation of mills. The fees payable by GY and GHL for these services were determined on a cost recovery basis, and the quantum of such fees is subject to annual review.

(ii) Sale of plantation produce (such as FFB) by the KMS Group to our Group

The selling price for the sale of plantation produce by the KMS Group to our Group will be based on the prevailing price set by a price committee established by the District Regional Government, with appropriate adjustments for location and quality of plantation produce.

BGA acquired the exclusive right to purchase any FFB produced from the plantations of GY and GHL. In consideration of the exclusive right to purchase, BGA will pay to the KMS Group a monthly advance payment for the purchase price of FFB payable by BGA (the "Advance Payments"). The amount of the Advance Payments will be based on the estimated supply of FFB for the upcoming month and the last purchase price of FFB. In the event that any Advance Payment is higher than the price of the FFB actually purchased, the balance will be offset by adjusting the next relevant Advance Payment. In the event that any Advance Payment is lower than the price of the FFB actually purchased, the balance will be paid by BGA upon shipment of the purchased FFB.

Review Procedures

Our Audit Committee shall review internal audit reports to ascertain that the above guidelines have been complied with. In addition, our Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between transactions between our Group and the KMS Group are conducted on normal commercial terms, and we shall obtain a fresh mandate from our Shareholders if our Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from our Shareholders, all transactions between our Group and the KMS Group will be subject to the prior review and approval of our Audit Committee.

Designated persons of our Group are required to submit details of all transactions entered into between our Group and the KMS Group immediately to our Chief Financial Officer, including the value of the transactions. As a minimum, a report is to be submitted every quarter. A "Nil" return is expected if there is no transaction between our Group and the KMS Group for a previous quarter. As mentioned in the sub-section entitled "Procedures for Interested Person Transactions" in this section of this Prospectus, our Chief Financial Officer will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers will be updated quarterly based on the submissions by the designated persons.

Our Audit Committee will review all transactions recorded in the register of interested persons at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by our Audit Committee. Our Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

Our internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate for KMS Transactions to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions have been adhered to. Such compliance review will be performed by our internal auditors, being our Group's in-house internal audit department, on an annual basis and the annual report on such transactions will be forwarded to our Audit Committee. Our internal auditors shall assist our Audit Committee in the review, and carry out such tests as they deem necessary on the transactions entered into pursuant to the Shareholders' Mandate for KMS Transactions. As part of our annual audit, our external auditors will review the transactions entered into pursuant to the Shareholders' Mandate for KMS Transactions on a sampling basis. Our external auditors will report to our Audit Committee in the event of any non-compliance based on the audit sample.

Our Audit Committee is of the view that the methods and procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between our Group and the KMS Group are on normal commercial terms which will not be prejudicial to the interests of our Company and our minority Shareholders.

Threshold limits

In addition to the above review procedures, our Group supplements its internal systems by setting the following threshold limits to its transactions with the KMS Group to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

(a) a Category 1 transaction is one where in relation to:

  (i) the transactions with external reference quoted price, the value of the transaction with the KMS Group is below or equal to S$5,000,000;

  (ii) any other transaction without external reference quoted price or rate, the value of the transaction with the KMS Group is below or equal to S$600,000;

(b) a Category 2 transaction is one where in relation to:

  (i) the transactions with external reference quoted price, the value of the transaction with the KMS Group is in excess of S$5,000,000;

  (ii) any transaction without external reference quoted price or rate, the value of the transaction with the KMS Group is in excess of S$600,000.

Category 1 transactions do not require the prior review and approval of our Audit Committee before the transaction is entered into but shall be reviewed on a quarterly basis by our Audit Committee. Such transactions must be reviewed and approved by our Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer prior to being entered into. In the event that any of our Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer is interested in any of our Group's transactions with the KMS Group, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms.

Category 2 transactions must be reviewed and approved by our Audit Committee prior to being entered into. In the event that a member of our Audit Committee is interested in any of our Group's transactions with the KMS Group, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of our Audit Committee.

The thresholds of S$5,000,000 and S$600,000 are set as limits based on expected and past sale and purchases volume of our Group. It also balances the requirement of commercial efficiency and the requirements of oversight by our Audit Committee. Having considered the current market prices, the prevailing market conditions and the expected size of operations of our Group, our Board is of the opinion that the threshold limits of S$5,000,000 and S$600,000 reflect a risk control level that is acceptable to our Company.

Opinion of the Independent Financial Adviser

Provenance Capital Pte. Ltd. was appointed as the independent financial adviser pursuant to Rule 920(1)(b)(v) of the SGX-ST Listing Manual, to opine on whether the review procedures for determining transaction prices under the Shareholders' Mandate for KMS Transactions, as set out above, are sufficient to ensure that transactions between between our Group and the KMS Group will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders.

Having regard to the considerations in its Independent Financial Adviser's Opinion letter to the Independent Directors in relation to the Shareholders' Mandate for KMS Transactions set out in Annex F to this Prospectus, Provenance Capital Pte. Ltd. is of the opinion that the adoption of the Shareholders' Mandate for KMS Transactions and the review procedures for determining the terms of interested person transactions under the Shareholders' Mandate for KMS Transactions, as set out in this sub-section of this Prospectus, if adhered to, are sufficient to ensure that such transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders. Please refer to "Annex F — Letter from the Independent Financial Adviser to the Independent Directors" of this Prospectus for more details.

CONFLICTS OF INTERESTS

Interest of KMS in SNA and BAS

SNA and BAS are associated companies of our Group, with our Company owning a 28% stake in each of SNA and BAS. KMS, an associate of one of our Controlling Shareholders, namely the Hariyantos, owns a 5% interest in SNA and BAS so as to comply with local ownership laws in Indonesia. The remaining 67% stakes in each of SNA and BAS are owned by Oleander Capital Resources Pte Ltd, a subsidiary of our other Controlling Shareholder, namely IOI Corporation. SNA and BAS are engaged in the oil palm plantation business in Indonesia, and is thus in competition with our Group. Potential conflict of interests may thus arise due to KMS's and IOI Corporation's respective interest in SNA and BAS.

However, our Directors are of the view that KMS' interest in SNA and BAS does not present a real conflict of interests for the following reasons:

(a) KMS has no management participation in SNA and BAS, which are controlled and managed by the IOI Group;

(b) KMS' 5% direct interest in SNA and BAS is insubstantial compared to the Hariyantos' greater equity interest in our Company, and

(c) with our 28% stakes in SNA and BAS, we will enjoy our proportionate share of the benefits of the businesses of SNA and BAS.

Interest of KMS and Westbrook in GY and interest of KMS and SMS in GHL

The shareholders of GY are KMS and Westbrook, each an associate of one of our Controlling Shareholders, the Hariyantos, and the shareholders of GHL are KMS and SMS, each an associate of one of our Controlling Shareholders, the Hariyantos. Both GY and GHL are engaged in the oil palm plantation business in Indonesia, and are thus in competition with our Group.

GY has yet to secure some of the licences required for the operation and management of its plantations and as such presents a legal risk for non-compliance with applicable laws and regulations in Indonesia if acquired by our Group. The land owned by GHL is located on an island and is subject to Minister of Marine and Fishery Regulation No. PER.20/MEN/2008 on the Usage of Small Island and Surrounding Water ("MOMFR 20"). Pursuant to MOMFR 20, the foreign ownership of GHL is generally prohibited unless the prior approval of the Minister of Marine and Fishery is obtained, and such foreign ownership is limited to 80% of GHL.

Given the issues associated with the land owned by GY and GHL, KMS and Westbrook, and KMS and SMS, decided to acquire GY and GHL, respectively, in the first instance in order to secure the available land bank. However, our Directors are of the view that the interest of KMS, Westbrook and SMS in GY and GHL (as the case may be) does not present a real conflict of interests for the following reasons:

(a) pursuant to the GY Cooperation Agreement and GHL Cooperation Agreement (as the case may be), our Group:

    (i) will manage the plantations of GY and GHL in return for a management fee;

    (ii) has the exclusive right to purchase any FFB produced from the plantations of GY and GHL; and

    (iii) has been granted call options over 95.0% and 80.0% of the total issued shares in GY and GHL, respectively (the "Call Options"), which may be exercised at the discretion of our Group at any time for as long as KMS and/or Westbrook, or KMS and/or SMS (as the case may be), or any associate (as defined in the Listing Manual) of KMS and/or Westbrook, or KMS and/or SMS (as the case may be), is, remains or becomes, directly or indirectly, a controlling shareholder (as defined in the Listing Manual) of our Group or not later than one month after KMS and/or Westbrook, or KMS and/or SMS (as the case may be), or all associates of KMS and/or Westbrook, or KMS and/or SMS (as the case may be), ceases to be, directly or indirectly, a controlling shareholder of our Group; and

(b) the Call Options may be exercised at an exercise price determined by an independent third party valuer acceptable to KMS and Westbrook, and/or KMS and SMS (as the case may be), and our Group, to acquire GY and/or GHL (as the case may be) once our Group considers either company to be a viable and attractive target.

Non-compete undertaking

Save in relation to the GY Cooperation Agreement and the GHL Cooperation Agreement and other similar arrangements, and for his/her interest in the SNA Group and our Group, pursuant to non-compete undertakings dated 20 March 2012, each of the Lim Family has undertaken not to do or permit any of the following to occur for as long as he/she (whether directly or indirectly) remains a Controlling Shareholder or Director of our Company:

(a) directly or indirectly carry on or be engaged or interested in any capacity in any other business, trade or occupation in direct competition with the business of our Group in Indonesia or elsewhere, save for interests in the nature of investment comprising up to 5.0% of the share capital of or other securities in a corporation listed on any stock exchange with no management role or influence over such entity;

(b) directly or indirectly solicit the custom of any person who is a customer of our Group for the purpose of offering to such customer goods or services in competition with those of the business of our Group;

(c) intentionally take action to cause or encourage, whether directly or indirectly, any person who is a supplier of our Group to cease conducting or substantially reduce business activities with our Group, except in the discharge of his/her duties to our Group; or

(d) cause or permit any of his/her associates to do any of the foregoing acts or things.

Where he/she or his/her associates directly or indirectly acquire any land use rights, permits and property rights in respect of unplanted or uncultivated land designated or intended for the commercial cultivation of oil palm (such land, the "Target Land" and the owner of the Target Land, the "Target Land Owner"), each of the Lim Family has also undertaken:

(a) to enter into, or procure that the Target Land Owner enters into, an option agreement with our Company (the "Option Agreement") as soon as reasonably practicable, pursuant to which:

    (i) subject to the ROFR (as defined below), the Target Land Owner shall grant an option to the Company to require the Target Land Owner to dispose of the Target Land during the Option Period (being the period commencing from the date of the Option Agreement up to the date on which the Target Land is finally disposed by the Target Land Owner) to our Company or our nominee at market value (the "Option");

    (ii) subject to the ROFR (as defined below), the Target Land Owner shall agree not to dispose of the Target Land to any other party during the Option Period;

    (iii) the Target Land Owner shall grant our Company a right of first refusal in respect of the Target Land on the following terms (the "ROFR"):

        (A) in the event the Target Land Owner receives a bona fide third party offer in respect of the Target Land (a "Third Party Offer"), the Target Land Owner shall immediately serve a written notice on our Company of the Third Party Offer containing all material terms in relation thereto (the "Sale Notice");

        (B) during the period of 14 days from the date of the Sale Notice (the "Notice Period"), our Company shall have the right (but not the obligation) to offer to buy the Target Land on terms no less favourable to the Target Land Owner than the Third Party Offer, taking into account compliance with any applicable regulatory requirements or listing rules to which our Company is subject (a "ROFR Offer");

        (C) if the Company makes a ROFR Offer within the Notice Period, the Target Land Owner shall accept the ROFR Offer in preference to the Third Party Offer;

        (D) if our Company fails to make a ROFR Offer during the Notice Period, the Target Land Owner may proceed to dispose of the Target Land under the Third Party Offer on terms no more favourable to the third party than those offered by the Company; and

        (E) the Option shall be temporarily suspended during the period commencing on the date of the Sale Notice, up to the date on which the Third Party Offer and/or ROFR Offer is completed or aborted; and

(b) not to, or procure that the Target Land Owner does not, dispose of the Target Land during the time between the acquisition of the Target Land and the execution of the Option Agreement.

Oil palm plantation business of IOI Corporation in Malaysia

One of our Controlling Shareholders, IOI Corporation, is engaged in the oil palm plantation business and is one of the largest palm oil players globally. Our Directors are of the view that IOI Corporation's engagement in the oil palm plantation business does not present a real conflict of interests as most of IOI Corporation's plantations are located in Malaysia. Furthermore, a substantial portion of IOI Corporation's CPO and PK are utilised in its downstream manufacturing processes to produce, amongst others, oleochemicals and specialty oils and fats. Also, most of IOI Corporation's CPO and PK are sold outside Indonesia.

For the potential conflict of interest due to IOI Corporation's engagement in the oil palm plantation business in Indonesia via SNA and BAS, please refer to the sub-section entitled "Board Representation of IOI" in this section of this Prospectus.

Board Representation of IOI

Dato' Lee Yeow Chor, one of our Directors, is a nominee of IOI Corporation (the "IOI Nominee Director") to our Board and the BGA Board of Commissioners. Both our Group and the IOI Group (which operates in Indonesia via SNA and BAS) are engaged in the oil palm plantation business. Potential conflict of interests may arise due to the IOI Nominee Director having a seat on our Board and the BGA Board of Commissioners, and thus having access to certain confidential information that may, if shared with the IOI Group, be prejudicial to the interests of our Group.

Our Directors have mitigated the potential conflicts of interest through the following measures:

(i) the IOI Nominee Director will sit on our Board and the BGA Board of Commissioners. IOI Group will not have other representatives in the management of the operating companies under our Group and will not be involved in operational matters of our Group;

(ii) the role of the BGA Board of Commissioners is supervisory, while the board of directors of BGA will have primary responsibility for management and operations. In the event that the BGA Board of Commissioners is required to manage the operational matters of BGA, the IOI Nominee Director will abstain from participating in such management;

(iii) the IOI Nominee Director will abstain from deliberating and voting on any matter that may give rise to a material conflict;

(iv) IOI Corporation has given an undertaking to our Company that IOI Corporation and its associates will not compete with our Group for the acquisition of land banks within Indonesia (or equity interests in companies owning land banks), subject to IOI Corporation being notified by our Group of such acquisition, unless:

    (a) the Board does not approve such acquisition; or

    (b) such acquisition is not completed, or our Group has not entered into a binding agreement in respect of such acquisition, within a period of nine months (the "Review Period") from the date on which IOI Corporation is notified of such acquisition.

Our Directors have also formed a conflicts resolution committee to address issues pertaining to conflicts or potential conflicts of interest that may arise from time to time. For more information, please refer to the section entitled "Corporate Governance — Conflicts Resolution Committee" of this Prospectus.

Our Directors believe that the procedures outlined above sufficiently mitigate the risks to our Group that may arise due to the IOI Nominee Director having a seat on our Board and the BGA Board of Commissioners. The Review Period will provide the management of our Group a reasonable amount of time to negotiate and complete the potential acquisitions. Furthermore, by the expiration of the Review Period, the management of our Group is of the view that information on the potential land acquisition is likely to have become common industry knowledge.

The IOI Nominee Director will also be subject to the full gamut of duties and responsibilities of (i) a director under the Companies Act and common law, and (ii) a commissioner under the laws of Indonesia. By law, any director of a company owes a first and overriding fiduciary duty to act in the best interests of the company, notwithstanding that he might be a nominee of one of the company's shareholders. The same is true in the case of a commissioner under the laws of Indonesia. The law does not consider the fiduciary duties of a nominee director to be any different from that of an executive director. The IOI Nominee Director may be subject to various penalties under applicable laws in the event that he is found to be in breach of his fiduciary duties.

Save as disclosed above in the section entitled "Interested Person Transactions and Conflicts of Interests" of this Prospectus:

(a) none of our Directors, Executive Officers, Substantial Shareholders or any of their associates has had any interest, direct or indirect, in any transactions to which our Company was or is to be a party;

(b) none of our Directors, Executive Officers, Substantial Shareholders or any of their associates has any interest, direct or indirect in any company carrying on the business or a similar trade which competes materially and directly with the existing business of our Company; and

(c) none of our Directors, Executive Officers, Substantial Shareholders or any of their associates has any interest, direct or indirect, in any company that is our customer or supplier of goods and services.

INTERESTS OF EXPERTS

None of the experts named in this Prospectus:

(i) is employed on a contingent basis by our Company or any of our subsidiaries; or

(ii) has a material interest, whether direct or indirect, in our Shares or in the shares of our subsidiaries; or

(iii) has a material economic interest, whether direct or indirect, in our Company, including an interest in the success of the Offering.

INTERESTS OF UNDERWRITERS

DBS Bank and HSBC, and their respective affiliates, engage in transactions with, and perform services for our Group, the Vendor and affiliates of the Vendor in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions with us and the Vendor for which they have received, and may in the future receive, customary compensation.

PT Bank DBS Indonesia and The Hongkong and Shanghai Banking Corporation Limited, Indonesia Branch, are the principal bankers for our Group and have granted us various banking facilities.

DESCRIPTION OF OUR SHARES

The following statements are brief summaries of our capital structure and the more important rights and privileges of our shareholders as conferred by the laws of Singapore and our Articles of Association ("Articles"). These statements summarise the material provisions of our Articles but are qualified in entirety by reference to our Articles, a copy of which will be available for inspection at our offices during normal business hours for a period of six months from the date of registration of this Prospectus.

Shares

We have only one class of shares, namely, our Shares, which have identical rights in all respects and rank equally with one another. Our Articles provide that we may issue shares of a different class with preferential, deferred, qualified or special rights, privileges or conditions as our Directors may think fit and may issue preference shares which are, or at our option are, redeemable, subject to certain limitations.

As at the date of this Prospectus, 1,484,197,844 Shares had been issued and fully paid. All of our Shares are in registered form. We may, subject to the provisions of the Companies Act and the listing rules of the SGX-ST, purchase our Shares. However, we may not, except in circumstances permitted by the Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

New Shares

New Shares may only be issued with the prior approval of our Shareholders in a general meeting. The aggregate number of Shares to be issued pursuant to such approval may not exceed 50% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being, of which the aggregate number of Shares to be issued other than on a pro-rata basis to the then existing shareholders of our Company shall not exceed 20% (or such other limit as may be prescribed by the SGX-ST) of our issued share capital for the time being. The approval, if granted, will lapse at the conclusion of the annual general meeting following the date on which the approval was granted unless otherwise revoked or varied by shareholders in a general meeting. Subject to the foregoing, the provisions of the Companies Act and any special rights attached to any class of shares currently issued, all new Shares are under the control of our Directors who may allot and issue the same with such rights and restrictions as they may think fit.

Shareholders

Only persons who are registered on our register of shareholders and, in cases in which the person so registered is CDP, the persons named as the depositors in the Depository Register maintained by CDP for our Shares, are recognised as our Shareholders. We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of that Share or of the person whose name is entered in the Depository Register for that Share. We may close our register of shareholders for any time or times if we provide the Accounting and Corporate Regulatory Authority in Singapore with at least 14 days' notice and the SGX-ST at least 10 clear Market Days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We typically close the register to determine our shareholders' entitlement to receive dividends and other distributions.

Transfer of Shares

There is no restriction on the transfer of fully paid Shares except where required by law or the listing rules or the rules or by-laws of SGX-ST. Our Directors may decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Shares may be transferred by a duly signed instrument of transfer in a form approved by SGX-ST. Our Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. We will replace lost or destroyed certificates for Shares if we are properly notified and the applicant pays a fee which will not exceed S$2 and furnishes any evidence and indemnity that our Directors may require.

General Meetings of Shareholders

We are required to hold an annual general meeting every year. Our Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if our Shareholders representing not less than 10% of the total voting rights of all our Shareholders request in writing that such a meeting be held. In addition, two or more of our Shareholders holding not less than 10% of our issued share capital may call a meeting. Unless otherwise required by law or by our Articles, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of Directors. A special resolution, requiring the affirmative vote of at least 75% of the votes cast at the meeting, is necessary for certain matters under Singapore law, including voluntary winding up, amendments to our Memorandum of Association and our Articles, a change of our corporate name and a reduction in our share capital or capital redemption reserve fund. We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

Voting Rights

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. A proxy does not need to be a Shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the Depository Register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles, on a show of hands, every Shareholder present in person and by proxy shall have one vote and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all Shareholders having the right to attend and vote at the meeting (excluding treasury shares as defined under the Companies Act) or by not less than five Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

Dividends

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we shall not pay dividends in excess of the amount recommended by our Board. We must pay all dividends out of our profits, however, we may capitalise any sum standing to the credit of any of our Company's reserve account or other distributable reserves or any sum standing to the credit of the profit and loss account and apply it to pay dividends, if such dividends are satisfied by the issue of Shares to our Shareholders. All dividends are paid pro-rata amongst our Shareholders in proportion to the amount paid-up on each Shareholder's Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a Shareholder whose name is entered in the Depository Register shall, to the extent of payment made to CDP, discharge us from any liability to that Shareholder in respect of that payment.

Bonus and Rights Issue

Our Board may, with the approval of our Shareholders at a general meeting, capitalise any reserves or profits (including profits or moneys carried and standing to any reserve or other distributable reserve) and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board may also issue rights to take up additional Shares to other Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue and the regulations of any stock exchange on which we are listed.

Takeovers

Under the Singapore Code on Take-overs and Mergers (the "Take-over Code") issued by the Authority pursuant to Section 321 of the Securities and Futures Act, any person acquiring an interest, either on his own or together with persons acting in concert with him, in 30% or more of our voting shares must extend a takeover offer for the remaining voting shares in accordance with the provisions of the Take-over Code. In addition, a mandatory takeover offer is also required to be made if a person holding, either on his own or together with persons acting or presumed to be acting in concert with him, between 30% and 50% of the voting shares acquires additional voting shares representing more than 1% of the voting shares in any six-month period.

Liquidation or Other Return of Capital

If we are liquidated or in the event of any other return of capital, holders of our Shares will be entitled to participate in any surplus assets in proportion to their shareholdings, subject to any special rights attaching to any other class of shares.

Indemnity

As permitted by Singapore law, our Articles provide that, subject to the Companies Act, our Board and officers shall be entitled to be indemnified by us against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgement is given in their favour or in which they are acquitted or in connection with any application under any statute for relief from liability in respect thereof in which relief is granted by the court. We may not indemnify our Directors and officers against any

liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to us.

Limitations on Rights to Hold or Vote Shares

Except as described in "Voting Rights" and "Takeovers" above, there are no limitations imposed by Singapore law or by our Articles on the rights of non-resident Shareholders to hold or vote ordinary shares.

Minority Rights

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Companies Act, which gives the Singapore courts a general power to make any order, upon application by any of our shareholders, as they think fit to remedy any of the following situations where:

(a) our affairs are being conducted or the powers of our Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders; or

(b) we take an action, or threaten to take an action, or our Shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our shareholders, including the applicant.

Singapore courts have a wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in the Companies Act itself. Without prejudice to the foregoing, the Singapore courts may:

(a) direct or prohibit any act or cancel or vary any transaction or resolution;

(b) regulate the conduct of our affairs in the future;

(c) authorise civil proceedings to be brought in our name, or on our behalf, by a person or persons and on such terms as the court may direct;

(d) provide for the purchase of a minority shareholder's shares by our other shareholders or by us and, in the case of a purchase of shares by us, a corresponding reduction of our share capital;

(e) in the case of a purchase of shares by the company, provide for a reduction accordingly of the company's capital; or

(f) provide that we be wound up.

PLAN OF DISTRIBUTION

The Offering and the Subscription by the Cornerstone Investors

The Global Offering consists of: (i) 124,833,000 Shares to the Cornerstone Investors, (ii) the Placement of 157,737,000 Offering Shares to investors, including institutional and other investors in Singapore and outside the United States in compliance with Regulation S under the US Securities Act, of which 2,712,000 Offering Shares will be reserved for subscription by certain key management staff of our Group, and (iii) the Public Offer of 15,000,000 Offering Shares in Singapore. The Offering Shares may be re-allocated between the Placement and the Public Offer at the sole discretion of the Joint Issue Managers, Bookrunners and Underwriters in the event of over-subscription in one and under-subscription in the other.

Subject to the terms and conditions contained in the Management and Underwriting Agreement and the Placement Agreement, we and the Vendor have each agreed to issue and to sell the Offering Shares and the Cornerstone Shares and the Joint Issue Managers, Bookrunners and Underwriters have severally and not jointly, agreed to procure the subscription or purchase of, or failing which, to subscribe for or purchase such number of Shares (which comprises the 172,737,000 Offering Shares and the 124,833,000 Cornerstone Shares) set forth against their respective names in the following table, at the Offering Price:

	No. of Shares
DBS Bank	148,785,000
HSBC	148,785,000
Total	297,570,000

The Management and Underwriting Agreement and the Placement Agreement may be terminated at any time prior to delivery of the Offering Shares and the Cornerstone Shares pursuant to the terms of the Management and Underwriting Agreement and the Placement Agreement and upon the occurrence of certain events, including, among other things, certain force majeure events. The closing of the Global Offering is conditional upon certain events, including the fulfilment, or waiver by the SGX-ST, of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of all our issued Shares (including the Offering Shares, the Cornerstone Shares and the Additional Shares) on the Official List of the SGX-ST.

The Joint Issue Managers, Bookrunners and Underwriters may make sub-placement arrangements in respect of their obligations under the Management and Underwriting Agreement and the Placement Agreement, upon such terms and conditions as they deem fit.

Subject to certain conditions, we have agreed to indemnify the Joint Issue Managers, Bookrunners and Underwriters against certain liabilities (including liabilities under the Securities and Future Act in relation to any part of this Prospectus being false or misleading) incurred in connection with the Public Offer and the Placement, except in relation to any claim arising out of the wilful default, fraud or gross negligence of the Joint Issue Managers, Bookrunners and Underwriters.

The completion of the Cornerstone Placement, the Placement and the Public Offer are each conditional upon the completion of the other.

The Offering Price was determined following a book-building process by agreement among, us, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters. Among the factors that were taken into account in determining the Offering Price are the demand for the Offering Shares, the prevailing conditions in the securities market, current market valuations of publicly traded companies that we, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters believe to be

reasonably comparable to us, an assessment of our recent historical performance, estimates of our business potential and earnings prospects, the current state of our development and the current state of our industry and economy as a whole.

The Offering Shares and the Cornerstone Shares are being offered and sold outside the United States to non-US persons (including institutional and other investors in Singapore) in reliance on Regulation S under the US Securities Act.

We and the Vendor will severally pay the Joint Issue Managers, Bookrunners and Underwriters, as compensation for their services in connection with the offer of the Offering Shares in the Offering and the Cornerstone Shares pursuant to the Cornerstone Subscription Agreement, a combined management, underwriting and selling commission of 2.25% of total gross proceeds of the Offering (including the proceeds from the sale of the Additional Shares, if the Over-allotment Option is exercised) and the issuance of the Cornerstone Shares. We have agreed to reimburse the Joint Issue Managers, Bookrunners and Underwriters for certain expenses incurred in connection with the Offering.

The Cornerstone Investors and investors in the Placement may be required to pay brokerage (and if so required, such brokerage will be up to 1.0% of the Offering Price for each Offering Share or Cornerstone Share (as the case may be)), stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, in addition to the Offering Price, as applicable, at the time of settlement.

Over-allotment Option and Price Stabilisation

The Vendor has granted the Joint Issue Managers, Bookrunners and Underwriters an Over-allotment Option exercisable by the Stabilising Manager, on behalf of the Joint Issue Managers, Bookrunners and Underwriters, in full or in part on one or more occasions within 30 days from the Listing Date to purchase from the Vendor up to an aggregate of 29,754,000 Additional Shares (representing not more than 18% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any, subject to any applicable laws and regulations. The exercise of the Over-allotment Option will not increase the total number of issued Shares immediately after the completion of the Offering.

In connection with the Offering, the Stabilising Manager (or persons acting on its behalf), on behalf of the Joint Issue Managers, Bookrunners and Underwriters, may over-allot Shares or effect transactions which may stabilise or maintain the market price of our Shares at levels above those that would otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilising Manager (or persons acting on its behalf) will undertake any such stabilisation action. Such transactions may commence on or after the commencement of trading of our Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the Listing Date, and (ii) the date when the over-allotment of Shares which are the subject of the Over-allotment Option has been fully covered, either through the purchase of the Shares on the SGX-ST or the exercise of the Over-allotment Option by the Stabilising Manager, or through both.

Neither we, the Vendor nor the Joint Issue Managers, Bookrunners and Underwriters make any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, neither we, the Vendor nor the Joint Issue Managers, Bookrunners and Underwriters make any representation that the Stablising Manager

will engage in such transactions or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law). The Stablising Manager will be required to make a public announcement through the SGX-ST on the cessation of the stabilising action and the amount of the Over-allotment Option that has been exercised no later than the start of the trading day of the SGX-ST immediately after the day of cessation of stabilising action.

Share Lending Agreement

In connection with settlement and stabilisation, the Stablising Manager is expected to enter into a share lending agreement (the "Share Lending Agreement") with the Vendor pursuant to which the Stablising Manager may borrow up to 29,754,000 Shares allowing the Stablising Manager to settle over-allocations, if any, made in connection with the Offering. If the Stablising Manager borrows Shares pursuant to the Share Lending Agreement, it is required to return equivalent securities to the Vendor by no later than 7 business days following the earlier of (i) the last date for exercising the Over-allotment Option and (ii) the date on which the Over-allotment Option is exercised.

Restrictions on Issuance of Shares and Lock-ups

We have agreed with the Joint Issue Managers, Bookrunners and Underwriters that, for a period from the date of the Management and Underwriting Agreement and the Placement Agreement until the date falling six months from the Listing Date (the "Lock-up Period"), we will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, hedge, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create any mortgage, assignment of receivables, debenture, lien (other than liens arising by operation of law in the ordinary course of business), charge, pledge, title retention, right to acquire, security interest, options, rights of first refusal, pre-emption rights or any other encumbrance over (an "Encumbrance") or contract or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of the Company or any Subsidiary, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or any other securities of the Company or any Subsidiary, or deposit Shares with a depositary in connection with the issue of depositary receipts;

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or any other securities of the Company or any Subsidiary, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to subscribe for or purchase, any Shares or any other securities of the Company or any Subsidiary);

(c) enter into any transaction with the same economic effect as any transaction described in paragraphs (a) or (b) above; or

(d) offer to or agree to, or announce any intention to enter into, any transaction described in paragraphs (a), (b) or (c) above, whether any such transaction described in paragraphs (a) or (b) or (c) above is to be settled by delivery of Shares or other securities or such other securities of

such Subsidiary, as applicable, or in cash or otherwise (whether or not the allotment or issue of Shares or such other securities of the Company or shares or such other securities of such Subsidiary, as applicable, will be completed within the Lock-up Period).

Each of Wellpoint and Oakridge has agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters,

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its Shares;

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of its Shares or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its Shares;

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;

(d) deposit any of its Shares or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of its Shares in any depository receipt facilities; or

(e) offer to or agree to announce or publicly disclose any intention to do any of the above;

whether any such transaction described in (a) – (d) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within the Lock-up Period and such restrictions shall apply to all Shares (or any interest therein) in the capital of the Company legally and/or beneficially owned by Wellpoint and IOI Corporation or has an interest in).

Fortune Holdings Limited, which owns 100% of Wellpoint, and as such has an indirect interest in our Company (collectively, the "Interest"), has agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters,

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of the Interest or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Interest;

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Interest or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Interest;

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;

(d) deposit any of the Interest or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of the Interest in any depository receipt facilities; or

(e) offer to or agree to announce or publicly disclose any intention to do any of the above;

whether any such transaction described in (a) – (d) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within the Lockup Period and such restrictions shall apply to all the Interest owned by Fortune Holdings Limited).

Fortune Holdings Limited undertakes to the Underwriters that during the Lock-up Period, it will procure that Wellpoint will not without the prior consent of the Joint Issue Managers, Bookrunners and Underwriters,

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its interest in the Company, or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its interest in the Company;

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of its interest in the Company or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its interest in the Company;

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;

(d) deposit any of its interest in the Company or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of its interest in the Company in any depository receipt facilities; or

(e) offer to or agree to announce or publicly disclose any intention to do any of the above;

whether any such transaction described in (a) – (d) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within the Lock-up Period and such restrictions shall apply to all Shares (or any interest therein) legally and/or beneficially owned by Wellpoint or has an interest in).

IOI Corporation, which holds 100% interest in Oakridge, and as such has indirect interest in our Company (collectively, the "Interest"), has agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters,

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of the Interest or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Interest;

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership the Interest or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Interest;

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;

(d) deposit any of the Interest or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of the Interest in any depository receipt facilities; or

(e) offer to or agree to announce or publicly disclose any intention to do any of the above;

whether any such transaction described in (a) – (d) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within the Lockup Period and such restrictions shall apply to all the Interest owned by IOI Corporation).

IOI Corporation has also agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, it will procure that Oakridge will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters,

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of its interest in the Company, or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its interest in the Company;

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of its interest in the Company or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of its interest in the Company;

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;

(d) deposit any of its interest in the Company or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of its interest in the Company in any depository receipt facilities; or

(e) offer to or agree to announce or publicly disclose any intention to do any of the above;

whether any such transaction described in (a) – (d) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within the Lock-up Period and such restrictions shall apply to all Shares (or any interest therein) legally and/or beneficially owned by Oakridge or have an interest in).

Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto, who together control (i) 100% of the shareholding interest in Fortune Holdings Limited, the shareholder of Wellpoint which owns 949,147,774 shares in the Company and as such, Fortune Holdings Limited will indirectly own a total of 949,147,774 Shares, (ii) the shares of Fortune Corp Limited which manages Fortune Holdings Limited under a discretionary management mandate and (iii) their and/or their associates' indirect interest in the Company (collectively, the "Interest"), has agreed with the Joint Issue Managers, Bookrunners and Underwriters that, during the Lock-up Period, he will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters,

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of the Interest or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Interest;

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Interest or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of the Interest;

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;

(d) deposit any of the Interest or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of the Interest in any depository receipt facilities; or

(e) offer to or agree to announce or publicly disclose any intention to do any of the above;

whether any such transaction described in (a) – (d) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within the Lockup Period and such restrictions shall apply to all the Interest owned by him).

Each of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto undertakes to the Underwriters that during the Lockup Period, he will procure that his associates, Fortune Holdings Limited and Wellpoint, as the case may be, will not without the prior written consent of the Joint Issue Managers, Bookrunners and Underwriters:

(a) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, hypothecate or encumber or otherwise transfer or dispose of, directly or indirectly, any of his/its interest in Fortune Holdings Limited, Wellpoint or the Company (as the case may be), or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of his/its interest in Fortune Holdings Limited, Wellpoint or the Company (as the case may be);

(b) enter into any swap, hedge or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of his/its interest in Fortune Holdings Limited, Wellpoint or the Company (as the case may be) or any securities convertible into or exercisable or exchangeable for or which carry rights to subscribe or purchase any of his/its interest in Fortune Holdings Limited, Wellpoint or the Company (as the case may be);

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above;

(d) deposit any of his/its interest in Fortune Holdings Limited, Wellpoint or the Company (as the case may be) or securities convertible into or exchangeable for or which carry rights to subscribe or purchase any of his/its interest in Fortune Holdings Limited, Wellpoint or the Company (as the case may be) in any depository receipt facilities; or

(e) offer to or agree to announce or publicly disclose any intention to do any of the above;

whether any such transaction described in (a) – (d) above is to be settled by delivery of such capital or securities, in cash or otherwise (whether or not such transaction will be completed within the Lockup Period and such restrictions shall apply to all Shares (or any interest therein) legally and/or beneficially owned by his associates, Fortune Holdings Limited and Wellpoint or have an interest in).

Persons Intending to Purchase in the Offering

Save for subscriptions by Asdew Acquisitions Pte Ltd, Hwang Investment Management Berhad, Value Partners Hong Kong Limited and Wii Pte Ltd (a wholly-owned subsidiary of Wilmar International Limited) in their capacity as Cornerstone Investors, we are not aware of any person who intends to subscribe for and/or purchase more than 5.0% of the Shares offered pursuant to the Global Offering.

Distribution and Selling Restrictions

The distribution of this document or any offering material and the offering, sale or delivery of Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this document or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This document may not be used for the purpose of an offer or invitation in any circumstances with which such offer or invitation is not authorised.

Australia

Neither this Prospectus nor other disclosure document has been lodged with the Australian Securities and Investments Commission in relation to the Offering. This Prospectus does not constitute a prospectus or other disclosure document under Chapter 6D of the Corporations Act 2001 (Cth) (the "Corporations Act") and does not purport to include the information required of a prospectus or other disclosure document under Chapter 6D of the Corporations Act.

Any offer in Australia of the Offering Shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act) or "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more of the exemptions contained in section 708 of the Corporations Act so that it is lawful to offer, or invite applications for, the Offering Shares without disclosure to investors under Chapter 6D of the Corporations Act. This Prospectus does not constitute an offer of, or invitation to apply for, any Offering Shares to any person in Australia who is not an Exempt Investor.

The Shares applied for by Exempt Investors in Australia must not be offered for sale in Australia for 12 months from the date of issue under the International Offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act.

If you acquire the Offering Shares in Australia then you represent and warrant that you are an Exempt Investor and you agree not to sell or offer for sale any Shares in Australia within 12 months from the date of their issue under the International Offering, except in circumstances where disclosure to investors would not be required under Chapter 6D of the Corporations Act or where such sale or offer is made pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act.

Dubai International Financial Centre

This statement relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This statement is intended for distribution only to persons of a type specified in those rules. It must not be delivered to or relied on by, any other person.

The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this Prospectus nor taken steps to verify the information set out in it; and has no responsibility for it. The Offering Shares to which this Prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Offering Shares should conduct their own due diligence related to the Offering Shares.

If you do not understand the contents of this Prospectus you should consult an authorised financial adviser.

European Economic Area (including Germany)

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any Offering Shares may not be made in that Relevant Member State, except that such Shares may be offered to the public in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive, as implemented in the Relevant Member State;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) as permitted under the Prospectus Directive; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive;

provided that no such offer of the Offering Shares shall result in a requirement for the publication by the Company or any Underwriter of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression "an offer to the public" in relation to the Offering Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offering Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Offering Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State. The expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

No Shares of our Company may be offered or sold in Hong Kong or offered or directed from outside Hong Kong to any person in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Shares of our Company, which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong has been or will be issued other than with respect to such Shares which are or are intended to be disposed of only to

persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that ordinance.

Indonesia

This Offering does not constitute a public offering in Indonesia under Law No. 8 of 1995 regarding Capital Market. This Prospectus may not be distributed in Indonesia and the Offering Shares may not be offered or sold in Indonesia or to Indonesian citizens, or to Indonesian residents, in a manner which constitutes a public offer under the laws of Indonesia.

Japan

The solicitation for acquisition of the Offering Shares have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Law of Japan (the "FIEL") since such solicitation will fall under the "Solicitation Only for Qualified Institutional Investors" as provided in Article 23–13, Paragraph 1, Item (3) of the FIEL. Shareholders acquiring a portion of the Offering Shares through such solicitation (the "Acquired Shares") should agree that no assignment of Acquired Shares may be made to persons other than Qualified Institutional Investors as provided in Article 2, Paragraph 3, Item (1) of the FIEL.

Switzerland

The Offering Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange Ltd. ("SIX Swiss Exchange") or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under Article 652a or Article 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Articles 27 et seqq. of the SIX Swiss Exchange Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Offering Shares or the Offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Offering, us or the Offering Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of Offering Shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of Offering Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Offering Shares.

United Arab Emirates

This Prospectus does not constitute a public offer of securities in any part of the United Arab Emirates ("UAE"). The Offering Shares may not be offered or sold directly or indirectly to the public in the UAE. None of the Offering Shares, us and this Prospectus is licensed or approved by the UAE Central Bank, the Emirates Securities & Commodities Authority, the Dubai Financial Services Authority or any other relevant regulatory authority in the UAE.

PLAN OF DISTRIBUTION

The Prospectus is strictly private and confidential. The Prospectus and any other offering material do not constitute a public offer or advertisement or solicitation to the public, are intended only for the individual recipients thereof to whom the Prospectus is personally provided and may not be reproduced or used for any other purpose.

United Kingdom

This Prospectus is for distribution only to persons who: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"); (ii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order; (iii) are outside the United Kingdom; or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

United States of America

The Offering Shares have not been, and will not be, registered under the US 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 US Securities Act.

The Offering Shares are being offered and sold only outside the US in "offshore transactions", in accordance with Regulation S under the US Securities Act. Terms used in this section have the meaning given to them by Regulation S under the US Securities Act.

Upon listing and quotation on SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of the Shares through SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

Our Shares will be registered in the name of CDP or its nominee and held by CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than CDP itself, will be treated, under our Articles of Association and the Act, as members of the Company in respect of the number of Shares credited to their respective securities accounts.

Persons holding the Shares in securities account with CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificate(s). Such share certificates will, however, not be valid for delivery pursuant to trades transacted on SGX-ST, although they will be *prima facie* evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares is payable upon withdrawing the Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 or such other amount as our Directors may decide, is payable to the share registrar for each share certificate issued and a stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares or S$0.20 per S$100.00 or part thereof of the last-transacted price where it is withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on SGX-ST must deposit with CDP their share certificates together with the duly executed and stamped instruments of transfer in favour of CDP, and have their respective securities accounts credited with the number of Shares deposited before they can effect the desired trades. A fee of S$10.00 is payable upon the deposit of each instrument of transfer with CDP.

Transactions in the Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of Shares sold and the buyer's securities account being credited with the number of Shares acquired. No stamp duty for transfer is currently payable for the Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value subject to a maximum of S$600 per transaction. The clearing fee, instrument of transfer deposit fee and share withdrawal fee may be subject to Singapore Goods and Services Tax of 7.0%.

Dealings of our Shares will be carried out in Singapore dollars and will be effected for settlement on CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following business day. CDP holds securities on behalf of investors in securities accounts. An investor may open a direct account with CDP or a sub-account with a CDP agent. The CDP agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

INFORMATION ON DIRECTORS AND EXECUTIVE OFFICERS

1. Save as disclosed below, none of our Directors or Executive Officers is or was at any time involved in any of the following events:

   (i) during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner or at any time within two years from the date he ceased to be a partner;

   (ii) during the last ten years, an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding-up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

   (iii) any unsatisfied judgments against him;

   (iv) a conviction of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or being the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose;

   (v) a conviction of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or being the subject of any criminal proceedings (including pending criminal proceedings which he is aware of) for such breach;

   (vi) during the last ten years, judgement has been entered against him in any civil proceeding in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or has been the subject of any civil proceedings (including any pending civil proceedings which he is aware of) involving an allegation of fraud, misrepresentation or dishonesty on his part;

   (vii) a conviction in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

   (viii) disqualification from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part in any way directly or indirectly in the management of any entity or business trust;

   (ix) has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;

   (x) has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of affairs of:

      (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; and

(xi) has ever been the subject of any current or past investigation or disciplinary proceedings, or has ever been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere.

Dato' Lee Yeow Chor was a director of IOI Construction Sdn Bhd when IOI Construction Sdn Bhd was compulsorily wound up pursuant to a court order on 19 July 2006. The winding-up petition was filed by IOI Corporation, the holding company of IOI Construction Sdn Bhd, on the basis that IOI Construction Sdn Bhd failed to satisfy its debt to IOI Corporation within the time stipulated.

Dato' Lee Yeow Chor was a director of IOI Corporation when IOI Corporation was reprimanded by the Securities Commission of Malaysia (the "Securities Commission") on 28 May 1999 for failing to undertake mandatory offers for the remaining voting shares in Palmco Holdings Berhad ("Palmco") after IOI Corporation and its deemed concert party, Tan Sri Dato' Lee Shin Cheng, had acquired more than 33% of the voting shares in Palmco in breach of Section 6(4) of the Malaysian Code on Take-overs and Mergers, 1998. Dato' Lee Yeow Chor was not subject to any penalty by the Securities Commission.

On 26 July 2000, Tuan Haji Zulkifli bin Haji Hussain (the "Applicant"), a former minority shareholder of Palmco (now known as IOI Oleochemical Industries Berhad), obtained leave to apply for an order to compel the Securities Commission to direct IOI Corporation to make a mandatory general offer for the remaining shares of Palmco not owned by IOI Corporation. Dato' Lee Yeow Chor was a director of IOI Corporation when IOI Corporation successfully applied to be joined as a respondent to the action to protect its interests. The initial action to compel the Securities Commission, and the subsequent appeal by the Applicant, were dismissed with costs by the Malaysian High Court on 20 December 2004 and the Malaysian Court of Appeal on 4 June 2010, respectively. The Applicant filed an application for leave to appeal to the Malaysian Federal Court, but the application was dismissed on 30 November 2010.

On 24 March 2003, Tuan Haji Zulkifli bin Haji Hussain and six others, the former shareholders of Palmco (the "Plaintiffs"), brought an action against, amongst others, IOI Corporation and Dato' Lee Yeow Chor for breach of Rule 34.1 of the Malaysian Code on Take-Overs and Mergers, 1987, in relation to the alleged failure of IOI Corporation to extend a mandatory general offer to the Plaintiffs for the Plaintiffs' shares in Palmco and sought general and exemplary damages for breach of statutory duty. Dato' Lee Yeow Chor was a director of IOI Corporation when the legal suit was commenced. The Malaysian High Court had on 20 May 2011 dismissed the Plaintiffs' claim with cost. The Plaintiffs had on 16 June 2011 filed a notice of appeal to the Malaysian Court of Appeal to appeal against the said decision. As at the Latest Practicable Date, the hearing date for the appeal is still pending determination by the Malaysian Court of Appeal.

2. Save as disclosed in the section entitled "Directors, Executive Officers and Staff" of this Prospectus, none of our Directors and Executive Officers is related by blood or marriage to one another nor are they so related to our Controlling Shareholder.

3. There is no shareholding qualification for Directors under the Articles of Association of our Company.

4. No option to subscribe for shares in, or debentures of, our Company or any of our subsidiaries has been granted to, or was exercised by, any of our Directors or Executive Officers within the last financial year.

5. Save as disclosed in the sections entitled "Interested Person Transactions and Conflicts of Interests" and "Restructuring Exercise" of this Prospectus, none of our Directors or Substantial Shareholders is directly or indirectly interested in any property or assets which have, within the two years preceding the date of this Prospectus, been acquired or disposed of by or leased to, our Company or any of our subsidiaries, or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

6. No sum or benefit has been paid or is agreed to be paid to any Director or expert, or to any firm in which such Director or expert is a partner or any corporation in which such Director or expert holds shares or debentures, in cash or shares or otherwise, by any person to induce him to become, or to qualify him as, a Director, or otherwise for services rendered by him or by such firm or corporation in connection with the promotion or formation of our Company.

7. Save as disclosed in the section entitled "Interested Person Transactions and Conflicts of Interests" of this Prospectus, none of our Directors has any interest in any existing contract or arrangement which is significant in relation to the business of our Company and our subsidiaries, taken as a whole.

SHARE CAPITAL

8. As at the Latest Practicable Date, there was only one class of shares in the capital of our Company. The rights and privileges attached to our Shares are stated in the Articles of Association of our Company. There are no founder, management or deferred shares. The Shares owned by our Directors and Substantial Shareholders do not carry any different voting rights from the Offering Shares.

9. Save as disclosed in the section entitled "Principal Shareholders" of this Prospectus, our Company is not directly or indirectly owned or controlled by another corporation, any government or other natural or legal person whether severally or jointly.

10. There is no known arrangement, the operation of which may, at a subsequent date, result in a change in control of our Company.

11. There has not been any public take-over offer, by a third party in respect of our Shares or by our Company in respect of the shares of another corporation, which has occurred during the last and current financial year.

12. Save as disclosed below and set out in the sections entitled "Share Capital" and "Restructuring Exercise" of this Prospectus, there were no changes in the issued and paid-up ordinary share capital of our Company and our subsidiaries within the three years preceding the date of lodgement of this Prospectus.

MEMORANDUM AND ARTICLES OF ASSOCIATION

13. An extract of our Articles of Association relating to, *inter alia*, directors' powers to vote on contracts in which they are interested, directors' remuneration, directors' borrowing powers, directors' retirement, directors' share qualification, rights pertaining to shares, convening of general meetings and alteration of capital are set out in the section entitled "Annex E — Summary of the Memorandum and Articles of Association of the Company" of this Prospectus. The Articles of Association of our Company are available for inspection at our registered office in accordance with paragraph 36 in this section of this Prospectus.

BANK BORROWINGS AND WORKING CAPITAL

14. Save as disclosed in the sections entitled "Capitalisation and Indebtedness", "Management's Discussion and Analysis of Results of Operations and Financial Condition" and "Annex G — Audited Combined Financial Statements for the Financial Years ended 31 December 2009, 2010 and 2011" of this Prospectus, the Company had no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other contingent liabilities for the period under review.

15. In the opinion of our Directors, no minimum amount must be raised by the issuance of the Offering Shares. **Although no minimum amount must be raised from the Offering, such amounts which are proposed to be provided out of the proceeds of the Offering shall in the event the Offering is cancelled, be provided out of our existing credit facilities and/or funds generated from operations.**

MATERIAL CONTRACTS

16. The following contracts, not being contracts entered into in the ordinary course of business of our Company and subsidiaries (as the case may be), had been entered into by our Company and subsidiaries within the two years preceding the Latest Practicable Date and are or may be material:

    (i) the sale and purchase agreement dated 18 October 2010 made between BGA and KMS in relation to the acquisition of 15.2% equity interest in each of KPAS, ASM and KML referred to in the section entitled "Restructuring Exercise" of this Prospectus;

    (ii) the sale and purchase agreement dated 21 October 2010 made between BGA and Sennet Asia Resources Pte Ltd in relation to the acquisition of 90% equity interest in LGI referred to in the section entitled "Restructuring Exercise" of this Prospectus;

    (iii) the master cooperation agreement dated 1 January 2011 made between BGA, KMS and SMS in relation to the management and operation of the plantation of GHL referred to in the section entitled "General Information on our Group — Business and Operations" of this Prospectus;

    (iv) the various conditional sale and purchase agreements dated 7 February 2011 made between BGA and KMS in relation to the Acquisition of Subsidiaries referred to in the section entitled "Restructuring Exercise" of this Prospectus;

(v) the restructuring agreement dated 13 June 2011 made between our Company, Wellpoint, Lynwood and Oakridge in relation to the restructuring of our Group, which has since lapsed upon the expiry of its long-stop date;

(vi) the master cooperation agreement dated 1 November 2011 made between BGA, KMS and Westbrook in relation to the management and operation of the plantation of GY referred to in the section entitled "General Information on our Group — Business and Operations" of this Prospectus;

(vii) the sale and purchase agreements dated 29 November 2011 made between BGA, LGI and PT. Dharma Satya Nusantara and PT. Pilar Wanapersada in relation to the divestment of our Group's equity interest in KPAS referred to in the section entitled "Restructuring Exercise" of this Prospectus;

(viii) the restructuring agreement dated 20 March 2012 made between our Company, Oakridge and Wellpoint which provided for, amongst others, various shareholders' loans and issuances of new Shares referred to in the section entitled "Restructuring Exercise" of this Prospectus;

(ix) the various conditional sale and purchase agreements dated 20 March 2012 made between our Company and each of Oakridge, Lynwood and Harita Jayaraya in relation to the BGA Acquisitions referred to in the section entitled "Restructuring Exercise" of this Prospectus;

(x) the sale and purchase agreement dated 20 March 2012 made between our Company and KMS in relation to the acquisition of 28% equity interest in each of SNA and BAS referred to in the section entitled "Restructuring Exercise" of this Prospectus;

(xi) the amended and restated loan agreement dated 20 March 2012 made between our Company, IOI Corporation, KMS and SNA and BAS in relation to the financing of the capital expenditure of subsidiaries under SNA and BAS referred to in the section entitled "Interested Person Transactions and Conflicts of Interest — Present and On-going Interested Person Transactions" of this Prospectus;

(xii) the land use cooperation agreement dated 20 March 2012 made between LGI, AMS and the Harita Mining Group referred to in the section entitled "Interested Person Transactions and Conficts of Interest — Present and Ongoing Interested Person Transactions" of this Prospectus; and

(xiii) the joint venture agreement dated 20 March 2012 made between our Company, Oleander Capital Resources Pte Ltd and KMS referred to in the section entitled "Group Structure — Associated Companies" of this Prospectus.

LITIGATION

17. Neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration proceedings including those which are pending or known to be contemplated which may have, or which have had in the 12 months preceding the date of lodgement of this Prospectus, a material effect on the financial position or profitability of our Group.

MISCELLANEOUS

18. There has been no previous issuance of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this Prospectus.

19. No amount of cash or securities or benefit had been paid or given to any promoter within the two years preceding the Latest Practicable Date or is proposed or intended to be paid or given to any promoter at any time.

20. Save as disclosed in the section entitled "Plan of Distribution" of this Prospectus, no commission, discount or brokerage had been paid or other special terms granted within the two years preceding the Latest Practicable Date or is payable to any Director, promoter, expert, proposed director or any other person for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares in, or debentures of, our Company or any of our subsidiaries.

21. No expert is interested, directly or indirectly, in the promotion of, or in any property or assets which had, within the two years preceding the Latest Practicable Date, been acquired or disposed of by or leased to our Company or any of our subsidiaries or are proposed to be acquired or disposed of by or leased to our Company or any of our subsidiaries.

22. Application monies received by our Company in respect of successful applications (including successful applications which are subsequently rejected) will be placed in a separate non-interest bearing account with the Receiving Bank. In the ordinary course of business, the Receiving Bank will deploy these monies in the interbank money market. All profits derived from the deployment of such monies will accrue to the Receiving Bank. Any refund of all or part of the application monies to unsuccessful or partially successful applicants will be made without any interest or any share of revenue or any other benefit arising therefrom.

23. Save as disclosed in this Prospectus, our Directors are not aware of any relevant material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect the profits of our Company and our subsidiaries.

24. Save as disclosed in this Prospectus, the financial condition and operations of the Company are not likely to be affected by any of the following:

    (a) known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way;

    (b) material commitments for capital expenditure;

    (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and

    (d) known trends or uncertainties that have had or that we reasonably expect will have a material favourable or unfavourable impact on revenues or operating income.

25. We currently have no intention of changing our auditors after the listing of our Company on the SGX-ST.

26. No property has been purchased or acquired or proposed to be purchased or acquired by our Company or our subsidiaries which is to be paid for wholly or partly out of the proceeds of the Offering or the purchase or acquisition of which has not been completed at the date of the issue

of this Prospectus other than property in respect of which the contract for the purchase or acquisition whereof was entered into in our ordinary course of business or in the ordinary course of business of our subsidiaries, such contract not being made in contemplation of the Offering nor the Offering in consequence of the contract.

27. The changes in the issued and paid-up share capital of our subsidiaries existing at the date hereof within the three years preceding the Latest Practicable Date are set out below:

Date of issue	Event	No. of shares issued	Issue price per share (IDR'million)	Resultant issued share capital (IDR'million)
ASM				
8 November 2010	Allotment and issue	750	1.0	1,000.0
KML				
8 November 2010	Allotment and issue	750	1.0	1,000.0
LGI				
11 November 2009	Allotment and issue	750	1.0	1,000.0

SIGNIFICANT CHANGES

28. Save as disclosed in this Prospectus, the Directors are not aware of any event which has occurred since 31 December 2011 which may have a material effect on the financial information provided in the section entitled "Annex G — Audited Combined Financial Statements for the Financial Years ended 31 December 2009, 2010 and 2011".

CONSENTS

29. The Reporting Accountants and Auditors have given and have not withdrawn their written consent to the issue of this Prospectus with the inclusion herein of the "Audited Combined Financial Statements for the Financial Years ended 31 December 2009, 2010 and 2011" set out in Annex G of this Prospectus and the "Unaudited Pro Forma Consolidated Financial Information for the Financial Year ended 31 December 2011" set out in Annex H of this Prospectus in the form and context in which they are included and references to their name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

30. The Solicitors to the Offering and to the Company as to Singapore Law, the Solicitors to the Joint Issue Managers, Bookrunners and Underwriters as to Singapore Law, the Share Registrar, the Principal Bankers and the Receiving Bank do not make or purport to make any statement in this Prospectus or any statement upon which a statement in this Prospectus is based and each of them makes no representation regarding any statement in this Prospectus and to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any liability to any person which is based on, or arises out of, any statement, information or opinions in, or omission from, this Prospectus.

31. DBS Bank and HSBC have each given and have not withdrawn their written consent to be named in this Prospectus as the Joint Issue Managers, Bookrunners and Underwriters.

32. The Legal Advisers to the Company as to Indonesian Law has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the statement attributed

to it, and issued by it on 16 March 2012 for the purpose of incorporation, in the section entitled "General Information on our Group — Government Regulations — Expired Ijin Lokasi" of this Prospectus in the form and context in which such statement is included and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

33. ISTA Mielke GmbH has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the information prepared by it on 26 March 2012 for the purposes of incorporation in the section entitled "Prospects, Strategies and Future Plans — The Palm Oil Industry" of this Prospectus in the form and context in which they are included and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity as an expert in relation to this Prospectus.

34. The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion herein of the "Letter from the Independent Financial Adviser to the Independent Directors" set out in Annex F of this Prospectus in the form and context in which it is included and references to its name in the form and context in which it appears in this Prospectus and to act in such capacity in relation to this Prospectus.

RESPONSIBILITY STATEMENT BY OUR DIRECTORS AND THE VENDOR

35. This Prospectus has been seen and approved by our Directors and the Vendor and they individually and collectively accept full responsibility for the accuracy of the information given herein and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this Prospectus constitutes full and true disclosure of all material facts about the Offering, the Company and its subsidiaries, and our Directors and the Vendor are not aware of any facts the omission of which would make any statements in this Prospectus misleading. Where information in this Prospectus has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of our Directors and the Vendor has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Prospectus in its proper form and context.

DOCUMENTS AVAILABLE FOR INSPECTION

36. The following documents or copies thereof may be inspected at our registered office at 10 Anson Road #22-16B, International Plaza, Singapore 079903 during normal business hours for a period of six months from the date of registration by the Authority of this Prospectus:

    (a) the Memorandum and Articles of Association of our Company;

    (b) the Audited Combined Financial Statements for the Financial Years ended 31 December 2009, 2010 and 2011 and the Unaudited Pro Forma Consolidated Financial Information for the financial year ended 31 December 2011;

    (c) the material contracts referred to in paragraph 16 above;

    (d) the letters of consent referred to in paragraphs 29, 31, 32, 33 and 34 above;

    (e) the audited financial statements of our Company and our subsidiaries, where applicable, for the last three financial years ended 31 December 2009, 2010 and 2011;

(f) the Service Agreements;

(g) the Letter from the Independent Financial Adviser to the Independent Directors; and

(h) the Cornerstone Subscription Agreements.

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ANNEX A — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATIONS

TERMS, CONDITIONS AND PROCEDURES FOR APPLICATION FOR THE OFFERING SHARES

Applications are invited for the subscription for and/or purchase of the Offering Shares at the Offering Price of S$0.745 per Share on the terms and conditions set out below (the "Instructions") and in the Application Form to be used for the purpose of the Offering and which forms part of the Prospectus or, as the case may be, the Electronic Applications.

Investors applying for the Offering Shares by way of Application Forms or Electronic Applications are required to pay the Offering Price of S$0.745 per Share, subject to a refund of the full amount or, as the case may be, the balance of the application monies (in each case without interest or any share of revenue or other benefit arising therefrom) where (i) an application is unsuccessful, (ii) an application is rejected or accepted in part only, or (iii) if the Offering does not proceed for any reason.

1. **Your application must be made in lots of 1,000 Offering Shares or integral multiples thereof. Your application for any other number of Offering Shares will be rejected.**

2. You may apply for the Public Offer Shares during the period commencing at 9.00 a.m. on 4 April 2012 and expiring at 12.00 noon on 10 April 2012. The Public Offer period may be extended or shortened to such date and/or time as the Company and the Vendor may, in consultation with the Joint Issue Managers, Bookrunners and Underwriters, decide, subject to all applicable laws and regulations and the rules of the SGX-ST.

3. Your application for the Public Offer Shares may be made by way of the printed **WHITE** Application Forms or by way of ATMs belonging to each of the Participating Banks, namely DBS Bank Ltd. (including POSB), Oversea-Chinese Banking Corporation Limited and United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited. ("ATM Electronic Application"), the Internet Banking ("IB") websites of the Participating Banks ("Internet Electronic Application") or through the DBS mobile banking platform ("mBanking Application").

   Applications for the Offering Shares under the Placement (the "Placement Shares") may only be made by way of the printed **BLUE** Placement Shares Application Forms or such other forms of application as the Joint Issue Managers, Bookrunners and Underwriters deem appropriate.

   Internet Electronic Applications through the IB websites of the relevant Participating Banks shall together with the ATM Electronic Applications and the mBanking Applications, be referred to as "Electronic Applications".

4. **You must be in Singapore at the time of making the application for the Public Offer.**

5. **YOU MAY NOT USE YOUR CPF FUNDS TO APPLY FOR THE OFFERING SHARES**.

6. Only one (1) application may be made for the benefit of one (1) person for the Public Offer Shares in his own name. Multiple applications for the Public Offer Shares will be rejected, except in the case of applications by approved nominee companies where each application is made on behalf of a different beneficiary.

   You may not submit multiple applications for the Public Offer Shares via the Application Form, ATM Electronic Application, Internet Electronic Application or mBanking Application. A person who is submitting an application for the Public Offer Shares by way of the Application Form may not submit another application for the Public Offer Shares by way of an ATM Electronic Application, Internet Electronic Application or mBanking Application and vice versa.

A person, other than an approved nominee company, who is submitting an application for the Public Offer Shares in his own name should not submit any other applications for the Public Offer Shares, whether on a printed Application Form or through an ATM Electronic Application, Internet Electronic Application or mBanking Application, for any other person. Such separate applications will be deemed to be multiple applications and shall be rejected.

Joint or multiple applications for the Public Offer Shares shall be rejected. Persons submitting or procuring submissions of multiple applications for the Public Offer Shares may be deemed to have committed an offence under the Penal Code, Chapter 224 of Singapore and the Securities and Futures Act, and such applications may be referred to the relevant authorities for investigation. Multiple applications or those appearing to be or suspected of being multiple applications (other than as provided herein) will be liable to be rejected at our discretion.

7. Applications from any person under the age of 18 years, undischarged bankrupts, sole proprietorships, partnerships, chops, non-corporate bodies or joint Securities Account holders of CDP will be rejected.

8. Multiple applications may be made in the case of applications by any person for (i) the Placement Shares only (via the Application Forms or such other term of application as the Joint Issue Managers, Bookrunners and Underwriters may in their absolute discretion deem appropriate), or (ii) the Placement Shares together with a single application for the Public Offer Shares.

9. Applications from any person whose addresses (furnished in their printed Application Forms or, in the case of ATM Electronic Applications, Internet Electronic Applications or mBanking Application, contained in the records of the relevant Participating Bank, as the case may be) bear post office box numbers will be rejected. No person acting or purporting to act on behalf of a deceased person is allowed to apply under the Securities Account with CDP in the deceased's name at the time of the application.

10. The existence of a trust will not be recognised. Any application by a trustee or trustees must be made in his/her or their own name(s) and without qualification or, where the application is made by way of a printed Application Form by a nominee, in the name(s) of an approved nominee company or approved nominee companies after complying with paragraph 12 below.

11. **Nominee applications may only be made by approved nominee companies.** Approved nominee companies are defined as banks, merchant banks, finance companies, insurance companies, licensed securities dealers in Singapore and nominee companies controlled by them. Applications made by nominees other than approved nominee companies will be rejected.

12. **If you are not an approved nominee company, you must maintain a Securities Account with CDP in your own name at the time of your application. If you do not have an existing Securities Account with the CDP in your own name at the time of application, your application will be rejected (if you apply by way of an Application Form) or you will not be able to complete your application (if you apply by way of an Electronic Application). If you have an existing Securities Account with CDP but fail to provide your CDP Securities Account number or provide an incorrect CDP Securities Account number in your Application Form or in your Electronic Application, as the case may be, your application is liable to be rejected.**

13. Subject to paragraph 15 below, your application is liable to be rejected if your particulars such as name, National Registration Identity Card ("NRIC") or passport number or company registration number, nationality and permanent residence status, and CDP Securities Account number provided in your Application Form, or in the case of an Electronic Application, contained in the records of the relevant Participating Bank at the time of your Electronic Application, as the case may be, differ from those particulars in your Securities Account as maintained by CDP. If you have more than one (1) individual direct Securities Account with the CDP, your application shall be rejected.

14. **If your address as stated in the Application Form or, in the case of an Electronic Application, contained in the records of the relevant Participating Bank, as the case may be, is different from the address registered with CDP, you must inform CDP of your updated address promptly, failing which the notification letter on successful allocation from CDP will be sent to your address last registered with CDP.**

15. The Prospectus and its accompanying documents (including these Instructions and the Application Form) have not been registered in any jurisdiction other than in Singapore. The distribution of the Prospectus and its accompanying documents (including these Instructions and the Application Form) may be prohibited or restricted (either absolutely or unless various securities requirements, whether legal or administrative, are complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions. Without limiting the generality of the foregoing, neither the Prospectus (including its accompanying documents (including these Instructions and the Application Form)) nor any copy thereof may be taken, transmitted, published or distributed, directly or indirectly, in whole or in part, into or in the United States or to any U.S. Person (as defined in Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act")), including any U.S. resident, or any partnership or corporation organised or incorporated under the laws of the United States or any state or territory thereof, or any trust of which any trustee is a U.S. person, or any agency or branch of a foreign entity located in the United States. Any failure to comply with this restriction may constitute a violation of securities laws in the United States and in other jurisdictions.

    The Prospectus and its accompanying documents (including these Instructions and the Application Form) are not an offer of, or invitation by or on behalf of the Company or the Vendor to subscribe for and/or purchase, securities for sale in the United States nor are they an offer or invitation by or on behalf of the Company or the Vendor to subscribe for and/or purchase securities in any jurisdiction in which such offer is not authorised or to any person to whom it is unlawful to make such an offer or invitation, including U.S. persons within the meaning of Regulation S. The Offering Shares may not be offered or sold in the United States absent registration or an exemption from registration under the U.S. Securities Act. The Company and the Vendor do not intend to register any portion of the Offering Shares in the United States or conduct a public offering of securities in the United States.

    The Offering Shares are being offered outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in offshore transactions in reliance on Regulation S. For a further description of certain restrictions on the offer, sale or transfer of the Offering Shares, see the section entitled "Plan of Distribution — Distribution and Selling Restrictions" of this Prospectus.

    The Company and the Vendor reserve the right to reject any applications for Offering Shares where the Company and the Vendor believe or have reason to believe that such

applications may violate the securities laws or any applicable legal or regulatory requirements of any jurisdiction.

No person in any jurisdiction outside Singapore receiving the Prospectus or its accompanying documents (including these Instructions and the Application Form) may treat the same as an offer or invitation to subscribe for and/or purchase any Offering Shares unless such an offer or invitation could lawfully be made without compliance with any regulatory or legal requirements in those jurisdictions.

16. The Company and the Vendor reserve the right to reject any application which does not conform strictly to the instructions set out in the Prospectus, these Instructions and the Application Form, which does not comply with the instructions of the Electronic Applications, in the ATM, IB websites and mobile banking interface of the relevant Participating Banks, or with the terms and conditions of the Prospectus or, in the case of an application by way of an Application Form, which is illegible, incomplete, incorrectly completed or which is accompanied by an improperly drawn up or improper form of remittance.

17. The Company and the Vendor further reserve the right to treat as valid any applications not completed or submitted or effected in all respects in accordance with the instructions set out in the Prospectus, these Instructions and the Application Form or the instructions of the Electronic Applications and in the ATMs, IB websites and mobile banking interface of the relevant Participating Banks, and also to present for payment or other processes all remittances at any time after receipt and to have full access to all information relating to, or deriving from, such remittances or the processing thereof.

    Without prejudice to the rights of the Company and the Vendor, the Joint Issue Managers, Bookrunners and Underwriters, as agents of the Company and the Vendor, have been authorised to accept, for and on behalf of the Company and the Vendor, such other forms of application as the Joint Issue Managers, Bookrunners and Underwriters may, in consultation with the Company and the Vendor, deem appropriate.

18. The Company and the Vendor reserve the right to reject or to accept, in whole or in part, or to scale down or to ballot, any application, without assigning any reason therefor, and none of the Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters will entertain any enquiry and/or correspondence on the decision of the Company and the Vendor. This right applies to applications made by way of Application Forms and by way of Electronic Applications and by such other forms of application as the Joint Issue Managers, Bookrunners and Underwriters may, in consultation with the Company and the Vendor, deem appropriate. In deciding the basis of allocation, the Company and the Vendor will give due consideration to the desirability of allocating the Offering Shares to a reasonable number of applicants with a view to establishing an adequate market for the Shares.

19. The Offering Shares may be reallocated between the Placement and the Public Offer in the event of excess applications in one or a deficit of applications in the other.

20. In the event that the Company and the Vendor lodge a supplementary or replacement prospectus ("Relevant Document") pursuant to the Securities and Futures Act or any applicable legislation in force from time to time prior to the close of the Offering, and the Offering Shares have not been issued, the Company and the Vendor will (as required by law), at the sole and absolute discretion of the Company and the Vendor, either:

(a) within two (2) days (excluding any Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to withdraw your application and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document;

(b) within seven (7) days of the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to withdraw your application; or

(c) deem your application as withdrawn and cancelled and refund your application monies (without interest or any share of revenue or other benefit arising therefrom) to you within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 20(a) and 20(b) above to withdraw his application shall, within 14 days from the date of lodgement of the Relevant Document, notify the Company and the Vendor whereupon the Company and the Vendor shall, within seven (7) days from the receipt of such notification, return all monies in respect of such application (without interest or any share of revenue or other benefit arising therefrom).

In the event that the Offering Shares have already been issued at the time of the lodgement of the Relevant Document but trading has not commenced, the Company and the Vendor will (as required by law), at the sole and absolute discretion of the Company and the Vendor, either:

(i) within two (2) days (excluding Saturday, Sunday or public holiday) from the date of the lodgement of the Relevant Document, give you notice in writing of how to obtain, or arrange to receive, a copy of the same and provide you with an option to return to the Company the Offering Shares which you do not wish to retain title in and take all reasonable steps to make available within a reasonable period the Relevant Document to you if you have indicated that you wish to obtain, or have arranged to receive, a copy of the Relevant Document; or

(ii) within seven (7) days from the lodgement of the Relevant Document give you a copy of the Relevant Document and provide you with an option to return the Offering Shares which you do not wish to retain title in; or

(iii) deem the issue and transfer of the Offering Shares as void and refund your payment for the Offering Shares (without interest or any share of revenue or other benefit arising therefrom) within seven (7) days from the lodgement of the Relevant Document.

Any applicant who wishes to exercise his option under paragraphs 20(i) and 20(ii) above to return the Offering Shares issued to him shall, within 14 days from the date of lodgment of the Relevant Document, notify us of this and return all documents, if any, purporting to be evidence of title of those Offering Shares, whereupon the Company and the Vendor shall, subject to compliance with applicable laws and the Articles of Association of the Company, within seven (7) days from the receipt of such notification and documents, pay to him all monies paid by him for the Offering Shares without interest or any share of revenue or other benefit arising therefrom and at his own risk, and the Offering Shares issued to him shall be deemed to be void.

Additional terms and instructions applicable upon the lodgement of the Relevant Document, including instructions on how you can exercise the option to withdraw, may be found in such Relevant Document.

21. Share certificates will be registered in the name of CDP or its nominee and will be forwarded only to CDP. It is expected that CDP will send to you, at your own risk, within 15 Market Days after the close of the Public Offer, and subject to the submission of valid applications and payment for the Offering Shares, a statement of account stating that your Securities Account has been credited with the number of Offering Shares allocated to you. This will be the only acknowledgement of application monies received and is not an acknowledgement by the Company and the Vendor. You irrevocably authorise CDP to complete and sign on your behalf as transferee or renouncee any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares allocated to you. This authorisation applies to applications made both by way of Application Forms and by way of Electronic Applications and such other forms of application as the Joint Issue Managers, Bookrunners and Underwriters may in consultation with the Company and the Vendor, deem appropriate.

22. You irrevocably authorise CDP to disclose the outcome of your application, including the number of Offering Shares allocated to you pursuant to your application, to the Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters and any other parties so authorised by the Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters.

23. Any reference to "you" or the "Applicant" in this section shall include a person, a corporation, an approved nominee company and trustee applying for the Offering Shares by way of an Application Form or by way of Electronic Application or such other forms of application as the Joint Issue Managers, Bookrunners and Underwriters may in consultation with the Company and the Vendor, deem appropriate.

24. By completing and delivering an Application Form and, in the case of an ATM Electronic Application, by pressing the "Enter" or "OK" or "Confirm" or "Yes" key or any other relevant key on the ATM or, in the case of an Internet Electronic Application or mBanking Application, by clicking "Submit" or "Continue" or "Yes" or "Confirm" or any other relevant button on the IB website screen or the mobile banking interface in accordance with the provisions herein, you:

    (a) irrevocably offer, agree and undertake to subscribe for and/or purchase the number of Offering Shares specified in your application (or such smaller number for which the application is accepted) at the Offering Price for each Offering Share and agree that you will accept such number of Offering Shares as may be allocated to you, in each case on the terms of, and subject to the conditions set out in, the Prospectus and the Articles of Association of the Company;

    (b) agree that, in the event of any inconsistency between the terms and conditions for application set out in the Prospectus and the Application Form and those set out in the IB websites, ATMs or the mobile banking interface of the Participating Banks, the terms and conditions set out in the Prospectus shall prevail;

    (c) in the case of an application under the Public Offer by way of an Application Form, an ATM Electronic Application, Internet Electronic Application or mBanking Application, agree that the aggregate Offering Price for the Offering Shares applied for is due and payable to the Company and the Vendor upon application;

    (d) warrant the truth and accuracy of the information contained, and representations and declarations made, in your application, and acknowledge and agree that such information,

representations and declarations will be relied on by the Company and the Vendor in determining whether to accept your application and/or whether to allocate any Offering Shares to you;

(e) agree and warrant that, if the laws of any jurisdictions outside Singapore are applicable to your application, you have complied with all such laws and none of the Company, the Vendor, or the Joint Issue Managers, Bookrunners and Underwriters, will infringe any such laws as a result of the acceptance of your application;

(f) agree and confirm that you are outside the United States; and

(g) understand that the Offering Shares have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from or in a transaction subject to the registration requirements of the U.S. Securities Act and applicable state securities laws. There will be no public offer of the Offering Shares in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

25. Acceptances of applications will be conditional upon, *inter alia*, the Company and the Vendor being satisfied that:

(a) permission has been granted by the SGX-ST to deal in and for the quotation of all the issued Shares, Offering Shares, the Cornerstone Shares and the Additional Shares;

(b) the Placement Agreement and the Management and Underwriting Agreement, referred to in the section on "Plan of Distribution" in the Prospectus, have become unconditional and have not been terminated; and

(c) the Authority has not served a stop order which directs that no or no further Shares to which the Prospectus relates be allotted or issued ("Stop Order").

26. In the event that a Stop Order in respect of the Shares is served by the Authority or other competent authority, and:

(a) the Shares have not been issued, all applications shall (as required by and subject to applicable laws) be deemed to be withdrawn and cancelled and the Company and the Vendor shall refund the application monies (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days of the date of the Stop Order; or

(b) if the Shares have already been issued but trading has not commenced, the issue will (as required by law) be deemed void and the Company and the Vendor shall, subject to compliance with applicable laws and the Articles of Association of the Company, refund your payment for the Shares (without interest or any share of revenue or other benefit arising therefrom) to you within 14 days from the date of the Stop Order.

This shall not apply where only an interim Stop Order has been served.

27. In the event that an interim Stop Order in respect of the Shares is served by the Authority or other competent authority, no Share shall be issued to you until the Authority revokes the interim Stop Order.

28. The Authority is not able to serve a Stop Order in respect of the Shares if the Shares have been issued and listed on the SGX-ST and trading in them has commenced.

29. Additional terms and conditions for applications by way of Application Forms are set out in the section entitled "Additional Terms and Conditions for Applications for Offering Shares using Printed Application Forms" on pages A-8 to A-12 of these Instructions.

30. Additional terms and conditions for applications by way of Electronic Applications are set out in the section entitled "Additional Terms and Conditions for Electronic Applications" on pages A-12 to A-21 of these Instructions.

31. No application will be held in reserve.

32. The Prospectus is dated 3 April 2012. No Offering Shares will be allotted or allocated on the basis of the Prospectus later than six (6) months after the date of the Prospectus.

33. In the event of any changes in the closing date of the Public Offer or the time period during which the Public Offer is opened, the Company and the Vendor will publicly announce the same through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com or through a paid advertisement in one or more major Singapore newspapers.

Additional Terms and Conditions for Applications for Offering Shares using Printed Application Forms

Applications by way of an Application Form shall be made on, and subject to the terms and conditions of the Prospectus (including these Instructions and the Application Form), including but not limited to the terms and conditions set out below, as well as those set out under the section on "Terms, Conditions and Procedures for Application for the Offering Shares" on pages A-1 to A-23 of these Instructions as well as the Memorandum and Articles of Association of the Company.

(1) Applications for the Offering Shares must be made using the printed **WHITE** Application Forms and printed **WHITE** official envelopes "A" and "B", accompanying and forming part of the Prospectus.

Without prejudice to the rights of the Company and the Vendor, the Joint Issue Managers, Bookrunners and Underwriters, as agents of the Company and the Vendor, have been authorised to accept, for and on behalf of the Company and the Vendor, such other forms of application, as the Joint Issue Managers, Bookrunners and Underwriters may (in consultation with the Company and the Vendor) deem appropriate.

Your attention is drawn to the detailed instructions contained in the Application Form and the Prospectus for the completion of the Application Form, which must be carefully followed. **The Company and the Vendor reserve the right to reject applications which do not conform strictly to the instructions set out in the Application Form, these Instructions and the Prospectus or which are illegible, incomplete, incorrectly completed or which are accompanied by improperly drawn remittances or improper forms of remittances.**

(2) You must complete your Application Form in English. Please type or write clearly in ink using **BLOCK LETTERS**.

(3) You must complete all spaces in your Application Form except those under the heading "**FOR OFFICIAL USE ONLY**" and you must write the words "**NOT APPLICABLE**" or "**N.A.**" in any space that is not applicable.

(4) Individuals, corporations, approved nominee companies and trustees must give their names in full. If you are an individual, you must make your application using your full name as it appears on your NRIC (if you have such an identification document) or in your passport and, in the case of a corporation, in your full name as registered with a competent authority. If you are not an individual, you must complete the Application Form under the hand of an official who must state the name and capacity in which he signs the Application Form. If you are a corporation completing the Application Form, you are required to affix your Common Seal (if any) in accordance with your Memorandum and Articles of Association or equivalent constitutive documents of the corporation. If you are a corporate applicant and your application is successful, a copy of your Memorandum and Articles of Association or equivalent constitutive documents must be lodged with the Share Registrar of the Company. The Company and the Vendor reserve the right to require you to produce documentary proof of identification for verification purposes.

(5) (a) You must complete Sections A and B and sign page 1 of the Application Form.

(b) You are required to delete either paragraphs 7(a) or 7(b) on page 1 of the Application Form. Where paragraph 7(a) is deleted, you must also complete Section C of the Application Form with particulars of the beneficial owner(s).

(c) If you fail to make the required declaration in paragraphs 1 or 5, as the case may be, on page 1 of the Application Form, your application is liable to be rejected.

(6) You (whether an individual or corporate applicant, whether incorporated or unincorporated and wherever incorporated or constituted) will be required to declare whether you are a citizen or permanent resident of Singapore or a corporation in which citizens or permanent residents of Singapore or any body corporate constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation. If you are an approved nominee company, you are required to declare whether the beneficial owner of the Offering Shares is a citizen or permanent resident of Singapore or a corporation, whether incorporated or unincorporated and wherever incorporated or constituted, in which citizens or permanent residents of Singapore or any body corporate incorporated or constituted under any statute of Singapore have an interest in the aggregate of more than 50% of the issued share capital of or interests in such corporation.

(7) Monies paid in respect of unsuccessful applications are expected to be returned (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post, in the event of oversubscription for the Offering Shares, within 24 hours of the balloting (or such shorter period as the SGX-ST may require), at your own risk. Where your application is rejected or accepted in part only, the full amount or the balance of the application monies, as the case may be, will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by ordinary post at your own risk within 14 Market Days after the close of the Public Offer, PROVIDED THAT the remittance accompanying such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account. If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you by ordinary post at your own risk, within three (3) Market Days after the Offering is discontinued.

(8) Capitalised terms used in the Application Form and defined in the Prospectus shall bear the meanings assigned to them in the Prospectus.

(9) By completing and delivering the Application Form, you agree that:

(a) in consideration of the Company and the Vendor having distributed the Application Form to you and by completing and delivering the Application Form before the close of the Public Offer:

(i) your application is irrevocable;

(ii) your remittance will be honoured on first presentation and that any monies returnable may be held pending clearance of your payment without interest or any share of revenue or other benefit arising therefrom; and

(iii) you represent and agree that you are not a U.S. person (within the meaning of Regulation S);

(b) all applications, acceptances or contracts resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and that you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts;

(c) in respect of the Offering Shares for which your application has been received and not rejected, acceptance of your application shall be constituted by written notification by or on behalf of the Company and the Vendor and not otherwise, notwithstanding any remittance being presented for payment by or on behalf of the Company and the Vendor;

(d) you will not be entitled to exercise any remedy of rescission for misrepresentation at any time after acceptance of your application;

(e) reliance is placed solely on information contained in the Prospectus and none of the Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters or any other person involved in the Offering shall have any liability for any information not contained therein;

(f) you consent to the disclosure of your name, NRIC/passport number or company registration number, address, nationality, permanent resident status, Securities Account number, and Share application amount to the Registrar, CDP, Securities Clearing Computer Services (Pte) Ltd ("SCCS"), the SGX-ST, the Company, the Vendor and the Joint Issue Managers, Bookrunners and Underwriters (the "Relevant Parties");

(g) you irrevocably agree and undertake to subscribe for and/or purchase the number of Offering Shares applied for as stated in the Application Form or any smaller number of such Offering Shares that may be allocated to you in respect of your application. In the event that the Company and the Vendor decide to allocate any smaller number of Offering Shares or not to allocate any Offering Shares to you, you agree to accept such decision as final; and

(h) you irrevocably authorise CDP to complete and sign on your behalf as transferee or renounce any instrument of transfer and/or other documents required for the issue or transfer of the Offering Shares that may be allotted to you.

ANNEX A — TERMS AND CONDITIONS AND PROCEDURES FOR APPLICATIONS

Applications for the Public Offer Shares

(1) Your application for the Public Offer Shares by way of printed Application Forms must be made using the **WHITE** Application Form and **WHITE** official envelopes "**A**" and "**B**".

(2) You must:

(a) enclose the **WHITE** Application Form, duly completed and signed, together with correct remittance for the full amount payable at the Offering Price in Singapore currency in accordance with the terms and conditions of the Prospectus and the **WHITE** Application Form, in the **WHITE** official envelope "**A**" provided;

(b) in appropriate spaces on the **WHITE** official envelope "**A**":

(i) write your name and address;

(ii) state the number of Public Offer Shares applied for;

(iii) tick the relevant box to indicate form of payment; and

(iv) affix adequate Singapore postage;

(c) **SEAL THE WHITE OFFICIAL ENVELOPE "A";**

(d) write, in the special box provided on the larger **WHITE** official envelope "**B**" addressed to B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758, the number of Offering Shares you have applied for;

(e) insert the **WHITE** official envelope "**A**" into the **WHITE** official envelope "**B**" and seal the **WHITE OFFICIAL ENVELOPE "B**"; and

(f) affix adequate Singapore postage on the **WHITE** official envelope "**B**" (if dispatching by ordinary post) and thereafter **DESPATCH BY ORDINARY POST OR DELIVER BY HAND** the documents at your own risk to B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758, so as to arrive by 12.00 noon on 10 April 2012 or such other date(s) and time(s) as the Company and the Vendor may, in consultation with the Joint Issue Managers, Bookrunners and Underwriters, agree. **Courier services or Registered Post must NOT be used.**

(3) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or which are not honoured upon their first presentation are liable to be rejected.

(4) **ONLY ONE (1) APPLICATION** should be enclosed in each envelope. No acknowledgement of receipt will be issued for any application or remittance received.

Applications for the Placement Shares

(1) Your application for the Placement Shares **MUST** be made using the **BLUE** Placement Shares Application Form or such other forms of application as the Joint Issue Managers, Bookrunners and Underwriters deem appropriate. **ONLY ONE APPLICATION** should be enclosed in each envelope.

(2) The completed **BLUE** Placement Shares Application Form and your remittance in accordance with the terms and conditions of the Prospectus and its accompanying documents for the full amount payable in respect of the number of Placement Shares applied for, with your name, CDP Securities Account number and address written clearly on the reverse side, must be enclosed and sealed in an envelope to be provided by you. You must affix adequate Singapore postage (if despatching by ordinary post) and thereafter, the sealed envelope must be **DESPATCHED BY ORDINARY POST OR DELIVERED BY HAND at your own risk to B.A.C.S. Private Limited, 63 Cantonment Road, Singapore 089758 so as to arrive by 12.00 noon on 10 April 2012 or such other date and time as the Company and the Vendor may, with the agreement of the Joint Issue Managers, Bookrunners and Underwriters decide. Local Urgent Mail or Registered Post must NOT be used.**

(3) No acknowledgement of receipt will be issued for any application or remittance received.

(4) Applications that are illegible, incomplete or incorrectly completed or accompanied by improperly drawn remittances or improper forms of remittance or which are not honoured upon their first presentation are liable to be rejected.

(5) Alternatively, you may remit your application monies by electronic transfer to the account of DBS Bank, Shenton Way Branch, Current Account No. 003-710465-5 in favour of "BUMITAMA SHARE ISSUE ACCOUNT" for the number of Placement Shares applied by 12.00 noon on 10 April 2012. Applicants who remit their application monies via electronic transfer should send a copy of the telegraphic transfer advice slip to DBS Bank, Equity Capital Markets, 6 Shenton Way #36-01, DBS Building Tower One, Singapore 068809 to arrive by 12.00 noon on 10 April 2012, or other time or date as our Company may, with the agreement of the Joint Issue Managers, Bookrunners and Underwriters, decide.

Additional Terms and Conditions for Electronic Applications

Electronic Applications shall be made on and subject to the terms and conditions of the Prospectus, including but not limited to the terms and conditions set out below and those under the section "Terms, Conditions and Procedures for Application for the Offering Shares" on pages A-1 to A-23 of these Instructions as well as the Articles of Association of the Company.

(6) The procedures for Electronic Applications are set out on the ATM screens of the relevant Participating Banks (in the case of ATM Electronic Applications), the IB website screens of the relevant Participating Banks (in the case of Internet Electronic Applications) and the mobile banking interface (in the case of mBanking Applications). Currently, DBS Bank is the only Participating Bank through which mBanking Applications may be made.

(7) For illustration purposes, the procedures for Electronic Application for Public Offering Shares through ATMs, IB websites and the mobile banking interface of DBS Bank (together the "Steps") are set out in pages A-20 to A-22 of these Instructions. The Steps set out the actions that you must take at ATMs, IB websites or the mobile banking interface of DBS Bank to complete an Electronic Application. The actions that you must take at the ATMs, or the IB websites of the other Participating Banks are set out on the ATM screens or the IB website screens of the respective Participating Banks. Please read carefully the terms and conditions of the Prospectus, the Steps and the terms and conditions for Electronic Applications set out below before making an Electronic Application.

(8) Any reference to "you" or the "Applicant" in these Additional Terms and Conditions for Electronic Applications and the Steps shall refer to you making an application for Public Offer Shares through an ATM of one (1) of the relevant Participating Banks or the IB website of a Participating Bank or the mobile banking interface of DBS Bank.

(9) Application for the Public Offer Shares by way of Electronic Applications may incur an administrative fee and/or such related charges as stipulated by the Participating Banks from time to time.

(10) If you are making an ATM Electronic Application:

(a) You must have an existing bank account with and be an ATM cardholder of one (1) of the Participating Banks. An ATM card issued by one (1) Participating Bank cannot be used to apply for Public Offer Shares at an ATM belonging to other Participating Banks.

(b) **You must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name.** If you fail to use your own ATM card or do not key in your own Securities Account number, your application will be rejected. If you operate a joint bank account with any of the Participating Banks, you must ensure that you enter your own Securities Account number when using the ATM card issued to you in your own name. Using your own Securities Account number with an ATM card which is not issued to you in your own name will render your ATM Electronic Application liable to be rejected.

(c) Upon the completion of your ATM Electronic Application, you will receive an ATM transaction slip ("Transaction Record"), confirming the details of your ATM Electronic Application. The Transaction Record is for your retention and should not be submitted with any printed Application Form.

(11) If you are making an Internet Electronic Application or a mBanking Application:

(a) You must have an existing bank account with, and a User Identification ("User ID") as well as a Personal Identification Number ("PIN") given by, the relevant Participating Bank.

(b) You must ensure that the mailing address of your account selected for the application is in Singapore and you must declare that the application is being made in Singapore. Otherwise, your application is liable to be rejected. In connection with this, you will be asked to declare that you are in Singapore at the time you make the application.

(c) Upon the completion of your Internet Electronic Application through the IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank, there will be an on-screen confirmation ("Confirmation Screen") of the application which can be printed out or captured by you for your record. This printed record or screen capture of the Confirmation Screen is for your retention and should not be submitted with any printed Application Form.

(12) In connection with your Electronic Application for Public Offer Shares, you are required to confirm statements to the following effect in the course of activating the Electronic Application:

(a) that you have received a copy of the Prospectus (in the case of ATM Electronic Applications) and have read, understood and agreed to all the terms and conditions of application for the Public Offer Shares and the Prospectus (including these Instructions) prior to effecting the Electronic Application and agree to be bound by the same;

(b) that you consent to the disclosure of your name, NRIC/passport number, address, nationality, permanent resident status, CDP Securities Account number and Share application amount (the "Relevant Particulars") from your account with the relevant Participating Bank to the Relevant Parties; and

(c) where you are applying for the Public Offer Shares, that this is your only application for the Public Offer Shares and it is made in your name and at your own risk.

Your application will not be successfully completed and cannot be recorded as a completed transaction unless you press the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the website screen or mobile banking interface. By doing so, you shall be treated as signifying your confirmation of each of the three (3) statements above. In respect of statement 7(b) above, your confirmation, by pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button, shall signify and shall be treated as your written permission, given in accordance with the relevant laws of Singapore, including Section 47(2) of the Banking Act, Chapter 19 of Singapore, to the disclosure by that Participating Bank of the Relevant Particulars of your account(s) with that Participating Bank to the Relevant Parties.

(13) **By making an Electronic Application, you confirm that you are not applying for the Public Offer Shares as a nominee of any other person and that any Electronic Application that you make is the only application made by you as the beneficial owner. You should make only one (1) Electronic Application for Public Offer Shares and may not make any other application for Public Offer Shares, whether at the ATMs, the IB websites of any Participating Bank, the mobile banking interface of DBS Bank or via the Application Forms. If you have made an application for Public Offer Shares via an Application Form, you shall not make an Electronic Application for Public Offer Shares and vice versa.**

(14) You must have sufficient funds in your bank account with your Participating Bank at the time you make your ATM Electronic Application, Internet Electronic Application or mBanking Application, failing which such Electronic Application will not be completed. Any ATM Electronic Application, Internet Electronic Application or mBanking Application which does not conform strictly to the instructions set out in the Prospectus or on the screens of the ATMs, on the IB website of the relevant Participating Bank or the mobile banking interface of DBS Bank, as the case may be, through which your ATM Electronic Application, Internet Electronic Application or mBanking Application is being made shall be rejected.

(15) You irrevocably agree and undertake to subscribe for and/or purchase and to accept the number of Public Offer Shares applied for as stated on the Transaction Record or the Confirmation Screen or any lesser number of such Public Offer Shares that may be allocated to you in respect of your Electronic Application. In the event that the Company and the Vendor decide to allocate any lesser number of such Public Offer Shares or not to allocate any Public Offer Shares to you, you agree to accept such decision as final. If your Electronic Application is successful, your confirmation (by your action of pressing the "Enter" or "OK" or "Confirm" or "Yes" or any other relevant key in the ATM or click "Confirm" or "OK" or "Submit" or "Continue" or "Yes" or any other relevant button on the Internet screen or the mobile banking interface of DBS) of the number of Public Offer Shares applied for shall signify and shall be treated as your acceptance of the number of Public Offer Shares that may be allocated to you.

(16) The Company and the Vendor will not keep any application in reserve. Where your Electronic Application is unsuccessful, the full amount of the application monies will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 24 hours of the balloting (or such shorter period as the SGX-ST may require) provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

Where your Electronic Application is rejected or accepted in part only, the balance of the application monies, as the case may be, will be returned (without interest or any share of revenue or other benefit arising therefrom) to you by being automatically credited to your account with your Participating Bank, within 14 Market Days after the close of the Public Offer provided that the remittance in respect of such application which has been presented for payment or other processes has been honoured and the application monies received in the designated share issue account.

If the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned to you within three (3) Market Days after the Offering is discontinued.

Responsibility for timely refund of application monies (whether from unsuccessful or partially successful Electronic Applications or otherwise) lies solely with the respective Participating Banks. Therefore, you are strongly advised to consult your Participating Bank as to the status of your Electronic Application and/or the refund of any money to you from an unsuccessful or partially successful Electronic Application, to determine the exact number of Public Offer Shares, if any, allocated to you before trading the Shares on the SGX-ST. None of the SGX-ST, CDP, SCCS, the Participating Banks, the Company, the Vendor and the Joint Issue Managers Bookrunners and Underwriters assume any responsibility for any loss that may be incurred as a result of you having to cover any net sell positions or from buy-in procedures activated by the SGX-ST.

(17) If your ATM Electronic Application, Internet Electronic Application or mBanking Application is unsuccessful, no notification will be sent by the relevant Participating Bank.

Applicants who make ATM Electronic Applications through the ATMs of the following Participating Banks may check the provisional results of their ATM Electronic Applications as follows:

Bank	**Telephone**	**Other Channels**	**Operating Hours**	**Service expected from**
DBS Bank Ltd. (including POSB) ("DBS Bank")	1800 339 6666 (for POSB account holders) 1800 111 1111 (for DBS account holders)	IB http://www.dbs.com(1)	24 hours a day	Evening of the balloting day

Bank	Telephone	Other Channels	Operating Hours	Service expected from
Oversea-Chinese Banking Corporation Limited ("OCBC")	1800 363 3333	ATM/IB http://www.ocbc.com(2)	24 hours a day	Evening of the balloting day
United Overseas Bank Limited and its subsidiary, Far Eastern Bank Limited ("UOB Group")	1800 222 2121	ATM (Other Transactions — "IPO Enquiry")/IB http://www.uobgroup.com(3)	24 hours a day	Evening of the balloting day

Notes:

(1) Applicants who have made Internet Electronic Applications through the IB website of DBS Bank or mBanking Applications through the mobile banking interface of DBS Bank may also check the results of their applications through the same channels listed in the table above in relation to ATM Electronic Applications made at the ATMs of DBS Bank.

(2) Applicants who have made Electronic Applications through the ATMs or the IB website of OCBC Bank may check the results of their applications through OCBC Personal Internet Banking, OCBC ATMs or OCBC Phone Banking services.

(3) Applicants who have made Electronic Applications through the ATMs or the IB website of UOB Group may check the results of their applications through UOB Personal Internet Banking, UOB ATMs or UOB Phone Banking services.

(18) ATM Electronic Applications shall close at 12.00 noon on 10 April 2012 or such other date(s) and time(s) as the Company and the Vendor may, in consultation with the Joint Issue Managers, Bookrunners and Underwriters, agree. All Internet Electronic Applications and mBanking Applications must be received by 12.00 noon on 10 April 2012, or such other date(s) and time(s) as the Company and the Vendor may, in consultation with the Joint Issue Managers, Bookrunners and Underwriters, agree. Internet Electronic Applications and mBanking Applications are deemed to be received when they enter the designated information system of the relevant Participating Bank.

(19) You are deemed to have irrevocably requested and authorised the Company and the Vendor to:

(a) register the Public Offer Shares, as the case may be, allocated to you in the name of CDP for deposit into your Securities Account;

(b) send the relevant share certificate(s) to CDP;

(c) return or refund (without interest or any share of revenue earned or other benefit arising therefrom) the application monies, should your Electronic Application be rejected by automatically crediting your bank account with your Participating Bank, with the relevant amount within 24 hours (or such shorter or longer period as the SGX-ST may require) after balloting, or within three (3) Market Days if the Public Offer does not proceed for any reason, after the close or discontinuation (as the case may be) of the Public Offer, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account; and

(d) return or refund (without interest or any share of revenue or other benefit arising therefrom) the balance of the application monies, should your Electronic Application be accepted in full or in part only, by automatically crediting your bank account with your Participating Bank, at your own risk, with the relevant amount within 14 Market Days after the close of the Public Offer, PROVIDED THAT the remittance in respect of such application which has been presented for payment or such other processes has been honoured and application monies received in the designated share issue account.

(20) You irrevocably agree and acknowledge that your Electronic Application is subject to risks of electrical, electronic, technical and computer-related faults and breakdown, fires, acts of God and other events beyond the control of the Participating Banks, the Company, the Vendor, and/or the Joint Issue Managers, Bookrunners and Underwriters, and if, in any such event the Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters and/or the relevant Participating Bank do not receive your Electronic Application, or any data relating to your Electronic Application or the tape or any other devices containing such data is lost, corrupted or not otherwise accessible, whether wholly or partially for whatever reason, you shall be deemed not to have made an Electronic Application and you shall have no claim whatsoever against the Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters and/or the relevant Participating Bank for any Public Offer Shares applied for or for any compensation, loss or damage.

(21) The existence of a trust will not be recognised. Any Electronic Application by a trustee must be made in his own name and without qualification. The Company and the Vendor shall reject any application by any person acting as nominee (other than approved nominee companies).

(22) All your particulars in the records of your Participating Bank at the time you make your Electronic Application shall be deemed to be true and correct and your Participating Bank and the Relevant Parties shall be entitled to rely on the accuracy thereof. If there has been any change in your particulars after making your Electronic Application, you must promptly notify your Participating Bank.

(23) You should ensure that your personal particulars as recorded by both CDP and the relevant Participating Bank are correct and identical, otherwise, your Electronic Application is liable to be rejected. You should promptly inform CDP of any change in address, failing which the notification letter on successful allocation will be sent to your address last registered with CDP.

(24) By making and completing an Electronic Application, you are deemed to have agreed that:

(a) in consideration of the Company and the Vendor making available the Electronic Application facility, through the Participating Banks acting as agents of the Company and the Vendor, at the ATMs and IB websites of the relevant Participating Banks and the mobile banking interface of DBS Bank:

(i) your Electronic Application is irrevocable;

(ii) your Electronic Application, the acceptance by the Company and the Vendor and the contract resulting therefrom under the Public Offer shall be governed by and construed in accordance with the laws of Singapore and you irrevocably submit to the non-exclusive jurisdiction of the Singapore courts; and

(iii) you represent and agree that you are not a U.S. person (within the meaning of Regulation S);

(b) none of CDP, the Company, the Vendor, the Joint Issuer Managers, Bookrunners and Underwriters and the Participating Banks shall be liable for any delays, failures or inaccuracies in the recording, storage or in the transmission or delivery of data relating to your Electronic Application due to breakdowns or failure of transmission, delivery or communication facilities or any risks referred to in paragraph (16) above or to any cause beyond their respective controls;

(c) in respect of the Public Offer Shares for which your Electronic Application has been successfully completed and not rejected, acceptance of your Electronic Application shall be constituted by written notification by or on behalf of the Company and the Vendor and not otherwise, notwithstanding any payment received by or on behalf of the Company and the Vendor;

(d) you will not be entitled to exercise any remedy for rescission for misrepresentation at any time after acceptance of your application; and

(e) reliance is placed solely on information contained in the Prospectus and that none of the Company, the Vendor, the Joint Issue Managers, Bookrunners and Underwriters and any other person involved in the Offering shall have any liability for any information not contained therein.

Steps for ATM Electronic Applications for Public Offer Shares through ATMs of DBS Bank (including POSB ATMs)

Instructions for ATM Electronic Applications will appear on the ATM screens of the respective Participating Bank. For illustration purposes, the steps for making an ATM Electronic Application through a DBS or POSB ATM are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "amt", "appln", "&", "I/C", "No.", "SGX" and "Max" refer to "Account", "amount", "application", "and", "NRIC", "Number", "SGX-ST" and "Maximum", respectively). Instructions for ATM Electronic Applications on the ATM screens of Participating Banks (other than DBS (including POSB)), may differ slightly from those represented below.

Step 1 : Insert your personal DBS or POSB ATM Card.

2 : Enter your Personal Identification Number.

3 : Select "MORE SERVICES".

4 : Select language (for customers using multi-language card).

5 : Select "ESA-IPO SHARE/SGS/INVESTMENTS".

6 : Select "ELECTRONIC SECURITY APPLN (IPOS/BOND/ST-NOTES/SECURITIES)".

7 : Read and understand the following statements which will appear on the screen:

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER

OF SECURITIES (OR UNITS OF SECURITIES) WILL BE MADE IN, OR ACCOMPANIED BY, A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT) WHICH CAN BE OBTAINED FROM ANY DBS/POSB BRANCH IN SINGAPORE AND, WHERE APPLICABLE, THE VARIOUS PARTICIPATING BANKS DURING BANKING HOURS, SUBJECT TO AVAILABILITY.

- (IN THE CASE OF SECURITIES OFFERING THAT IS SUBJECT TO A PROSPECTUS REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) ANYONE WISHING TO ACQUIRE THESE SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE) BEFORE SUBMITTING HIS APPLICATION WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT (AS SUPPLEMENTED OR REPLACED, IF APPLICABLE). A COPY OF THE PROSPECTUS/DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, A COPY OF THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT OR PROFILE STATEMENT HAS BEEN LODGED WITH AND REGISTERED BY THE MONETARY AUTHORITY OF SINGAPORE WHO ASSUMES NO RESPONSIBILITY FOR ITS OR THEIR CONTENTS.

- (IN THE CASE OF A SECURITIES OFFERING THAT DOES NOT REQUIRE A PROSPECTUS TO BE REGISTERED WITH THE MONETARY AUTHORITY OF SINGAPORE) THE OFFER OF SECURITIES (OR UNITS OF SECURITIES) MAY BE MADE IN A NOTICE PUBLISHED IN A NEWSPAPER AND/OR A CIRCULAR/ DOCUMENT DISTRIBUTED TO SECURITY HOLDERS. ANYONE WISHING TO ACQUIRE SUCH SECURITIES (OR UNITS OF SECURITIES) SHOULD READ THE NOTICE/CIRCULAR/DOCUMENTS BEFORE SUBMITTING HIS APPLICATION, WHICH WILL NEED TO BE MADE IN THE MANNER SET OUT IN THE NOTICE/ CIRCULAR/DOCUMENT.

  PRESS THE “ENTER” KEY TO CONFIRM THAT YOU HAVE READ AND UNDERSTOOD

8 : Select “BUMITAMA” to display details.

9 : Press the “ENTER” key to acknowledge:

- YOU HAVE READ, UNDERSTOOD AND AGREED TO ALL TERMS OF THE APPLICATION AND (WHERE APPLICABLE) PROSPECTUS, DOCUMENT OR PROFILE STATEMENT, AND IF APPLICABLE, THE REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT, PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.

- YOU CONSENT TO DISCLOSE YOUR NAME, NRIC/PASSPORT NO., ADDRESS, NATIONALITY, CDP SECURITIES A/C NO., CPF INVESTMENT A/C NO. AND SECURITY APPLN AMOUNT FROM YOUR BANK A/C(S) TO SHARE REGISTRARS, SGX, SCCS, CDP, CPF AND THE ISSUER/VENDOR(S).

- FOR FIXED AND MAX PRICE SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
- THE PRICE FOR EACH SHARE IS PAYABLE IN FULL ON APPLICATION.
- FOR TENDER SECURITIES APPLICATION, THIS IS YOUR ONLY APPLICATION AT THE SELECTED TENDER PRICE AND IT IS MADE IN YOUR OWN NAME AND AT YOUR OWN RISK.
- YOU ARE NOT A US PERSON AS REFERRED TO IN (WHERE APPLICABLE) THE PROSPECTUS, DOCUMENT, PROFILE STATEMENT, REPLACEMENT OR SUPPLEMENTARY PROSPECTUS/DOCUMENT, PROFILE STATEMENT, NOTICE AND/OR CIRCULAR.
- THERE MAY BE A LIMIT ON THE MAXIMUM NUMBER OF SECURITIES THAT YOU CAN APPLY FOR SUBJECT TO AVAILABILITY. YOU MAY BE ALLOCATED A SMALLER NUMBER OF SECURITIES THAN YOU APPLIED FOR OR (IN THE CASE OF AN EARLIER CLOSURE UPON FULL SUBSCRIPTION) YOUR APPLICATION MAY BE REJECTED IF ALL THE AVAILABLE SECURITIES HAVE BEEN FULLY ALLOCATED TO EARLIER APPLICANTS.

10 : Select your nationality.

11 : Select the DBS account (Autosave/Current/Savings/Savings Plus) or the POSB account (Current/Savings) from which to debit your application monies.

12 : Enter the number of securities you wish to apply for using cash.

13 : Enter or confirm (if your CDP Securities Account number has already been stored in DBS' records) your own 12-digit CDP Securities Account number. (Note: This step will be omitted automatically if your Securities Account number has already been stored in DBS' record)

14 : Check the details of your securities application, your NRIC or passport number, CDP Securities Account number, number of securities and application amount on the screen and press the "ENTER" key to confirm your application.

15 : Remove the Transaction Record for your reference and retention only.

Steps for Internet Electronic Applications for Public Offer Shares through the IB Website of DBS Bank

For illustrative purposes, the steps for making an Internet Electronic Application through the DBS IB website are shown below. Certain words appearing on the screen are in abbreviated form ("A/C", "&", "amt", "I/C" and "No." refer to "Account", "and", "Amount", "NRIC" and "Number", respectively).

Step 1 : Click on DBS website (http://www.dbs.com).

2 : Login to Internet banking.

3 : Enter your User ID and PIN.

4 : Select "Electronic Security Application (ESA)".

5 : Click "Yes" to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore, and that you are not a U.S. person (as such term is defined in Regulation S under the United States Securities Act of 1933 as amended).

6 : Select your country of residence and click "I confirm".

7 : Click on "BUMITAMA" and click the "Submit" button.

8 : Click on "I Confirm" to confirm, *inter alia*:

- You have read, understood and agreed to all terms of application and the Prospectus/ Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

- You consent to disclose your name, I/C or Passport No., address, nationality, CDP Securities Account No., CPF Investment Account No. (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer/vendors.

- You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

- You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended (the "**US Securities Act**") or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "U.S. Person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. There will be no public offer of the securities mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

- This application is made in your own name and at your own risk.

- For FIXED/MAX price securities application, this is your **only** application. For TENDER price securities application, this is your **only** application at the selected tender price.

- For FOREIGN CURRENCY securities subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

  For 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

9 : Fill in details for share application and click "I confirm".

10 : Check the details of your share application, your I/C/passport number and click "OK" to confirm your application.

11 : Print the Confirmation Screen (optional) for your reference and retention only.

Steps for mBanking Applications for the Public Offer Shares through the mBanking interface of DBS Bank

For illustrative purposes, the steps for making an mBanking Application are shown below. Certain words appearing on the screen are in abbreviated form ("A/c", "amt", "&", "I/C", "SGX" and "No." refer to "Account", "amount", "and", "NRIC", "SGX-ST" and "Number" respectively).

Step 1 : Login to DBS Bank mBanking application using your User ID and PIN.

2 : Select "Investment Services".

3 : Select "Electronic Securities Application".

4 : Select "Yes" to proceed and to warrant, *inter alia*, that you are currently in Singapore, you have observed and complied with all applicable laws and regulations and that your mailing address for DBS Internet Banking is in Singapore and that you are not a U.S. person (as such term is defined in Regulation S under the United Securities Act of 1933 as amended).

5 : Select your country of residence.

6 : Select "BUMITAMA".

7 : Select "Yes" to confirm, *inter alia:*

(a) You have read, understood and agreed to all terms of application and the Prospectus/ Document or Profile Statement and if applicable, the Supplementary or Replacement Prospectus/Document or Profile Statement.

(b) You consent to disclose your name, I/C or passport number, address, nationality, CDP Securities Account number, CPF Investment Account number (if applicable) and securities application amount from your DBS/POSB Account(s) to registrars of securities, SGX, SCCS, CDP, CPF Board and issuer/vendor(s).

(c) You are not a U.S. Person (as such term is defined in Regulation S under the United States Securities Act of 1933, as amended).

(d) You understand that the securities mentioned herein have not been and will not be registered under the United States Securities Act of 1933 as amended or the securities laws of any state of the United States and may not be offered or sold in the United States or to, or for the account or benefit of any "U.S. person" (as defined in Regulation S under the US Securities Act) except pursuant to an exemption from or in a transaction subject to, the registration requirements of the US Securities Act and applicable state securities laws. These will be no public offer of the securities

mentioned herein in the United States. Any failure to comply with this restriction may constitute a violation of the United States securities laws.

(e) This application is made in your own name and at your own risk.

(f) For FIXED/MAX price securities application, this is your only application. For TENDER price securities application, this is your only application at the selected tender price.

(g) FOR FOREIGN CURRENCY Securities, subject to the terms of the issue, please note the following: the application monies will be debited from your bank account in S$, based on the Bank's prevailing board rates at the time of application. Any refund monies will be credited in S$ based on the Bank's prevailing board rates at the time of refund. The different prevailing board rates at the time of application and the time of refund of application monies may result in either a foreign exchange profit or loss or application monies may be debited and refund credited in S$ at the same exchange rate.

FOR 1ST-COME-1ST-SERVE securities, the number of securities applied for may be reduced, subject to availability at the point of application.

8 : Fill in details for share application and select "Submit".

9 : Check the details of your share application, your IC/Passport No. and select "Confirm" to confirm your application.

10 : Where applicable, capture Confirmation Screen (optional) for your reference and retention only.

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ANNEX B — TAXATION

The following is a discussion of certain tax matters arising under the current tax laws in Singapore and Indonesia, and is not intended to be and does not constitute legal or tax advice. While this discussion is considered to be a correct interpretation of existing laws in force as at the Latest Practicable Date, no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with this interpretation or that changes in such laws will not occur. The discussion is limited to a general description of certain tax consequences in Singapore and Indonesia with respect to ownership of our Shares by investors, and does not purport to be a comprehensive nor exhaustive description of all of the tax considerations that may be relevant to a decision to purchase our Shares.

Prospective investors should consult their tax advisers regarding tax and other tax consequences of owning and disposing our Shares. It is emphasised that neither the Company, the Directors nor any other persons involved in the Offering accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of our Shares. Dividends payable by our Company on our Shares will be declared in Singapore dollars and paid to shareholders in Singapore dollars.

SINGAPORE TAX

The following discussion describes the material Singapore income tax, stamp duty and goods and services tax consequences of the purchase, ownership and disposal of our Shares.

Individual income tax

An individual taxpayer (both resident and non-resident) is subject to Singapore income tax on income accrued in or derived from Singapore, subject to certain exceptions. Foreign-sourced income received or deemed to have been received in Singapore by individual taxpayers, regardless of whether they are resident or non-resident of Singapore, are generally exempt from income tax in Singapore except for such income received through a partnership in Singapore. Certain Singapore-sourced investment income and one-tier dividends received or deemed to have been received by individuals are also exempt from tax.

A Singapore tax resident individual is taxed at progressive rates ranging from 0% to 20%. Non-resident individuals are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 20% except for certain specified income that may be taxable at lower rates.

An individual is a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a director of a company) for 183 days or more, or if he resides in Singapore.

Corporate income tax

A Singapore corporate taxpayer is subject to Singapore income tax on income accrued in or derived from Singapore, and on income derived from outside Singapore which is received in Singapore or deemed to have been received in Singapore by the operation of law, unless such income is otherwise exempted from tax. One-tier dividends received by a Singapore corporate taxpayer are exempt from Singapore income tax. In addition, foreign-sourced income in the form of dividends, branch profits and foreign service income received or deemed to have been received in Singapore by a Singapore resident company are exempt from Singapore tax if certain conditions are met.

A corporate taxpayer is regarded as resident for Singapore tax purposes if its business is controlled and managed in Singapore.

The first S$300,000 of chargeable income is exempt from tax as follows:

(a) 75% of up to the first S$10,000 of chargeable income; and

(b) 50% of up to the next S$290,000 of chargeable income.

The remaining chargeable income (after deducting the applicable tax exemption of the first S$300,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently 17%.

Dividend distribution

Singapore currently adopts the one-tier corporate taxation system. The tax on corporate profits is final and any dividends (whether in cash or in kind) paid by a Singapore resident company are tax exempt in the hands of the shareholders, regardless of whether the shareholder is a company or an individual and whether or not the shareholder is a Singapore tax resident.

Gains on disposal of our Shares

Singapore does not impose tax on capital gains. Therefore, gains on disposal of our Shares that are capital in nature will not be subject to Singapore income tax. There are no specific laws or regulations which deal with the characterisation of whether a gain is income or capital in nature. Gains arising from the disposal of our Shares may be construed to be of an income nature and subject to Singapore income tax, if they arise from or are otherwise connected with the activities of a trade or business carried on in Singapore. Such gains may also be considered income in nature, even if they do not arise from an activity in the ordinary course of trade or business or an ordinary incident of some other business activity, if the intention of the investor was not to hold our Shares as long-term investments.

In addition, Shareholders who adopt the tax treatment to be aligned with the Singapore Financial Reporting Standard 39 Financial Instruments - Recognition and Measurement ("FRS 39") may be taxed on gains or losses (not being gains or losses in the nature of capital) even though no sale or disposal of our Shares is made. Shareholders who may be subject to such tax treatment should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of our Shares.

Stamp Duty

There is no stamp duty on the allotment or issuance of shares.

In the event that a register of Shares is kept in Singapore and where an instrument of transfer is executed in respect of Shares registered in such register, stamp duty may be payable on the instrument of transfer of the Shares at the rate of S$0.20 for every S$100 or any part thereof, computed on the consideration or market value of the Shares registered in Singapore whichever is higher.

The purchaser is liable for stamp duty, unless there is an agreement to the contrary. No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore. However, stamp duty would be payable if the instrument of transfer which is executed outside Singapore is received in Singapore.

Stamp duty is, however, not applicable in respect of electronic transfers of the Shares through the scripless trading system operated by the Central Depository system.

Goods and Services Tax ("GST")

The sale of our Shares by a GST-registered investor belonging in Singapore for GST purposes to another person belonging in Singapore is an exempt supply not subject to GST. Any input GST incurred by the GST-registered investor in making such an exempt supply is generally not recoverable from the Singapore Comptroller of GST.

Where our Shares are supplied by a GST-registered investor in the course or furtherance of a business carried on by such investor contractually to and for the direct benefit of a person belonging outside Singapore, the sale should generally, subject to satisfaction of certain conditions, be considered a taxable supply subject to GST at 0%. Any input GST incurred by the GST-registered investor in making such a supply in the course or furtherance of a business carried on by such an investor is generally recoverable from the Singapore Comptroller of GST (subject to conditions governing input tax claims).

Services consisting of arranging, broking, underwriting or advising on the issue, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore for GST purposes in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the standard rate of 7%. Similar services rendered contractually to and for the direct benefit of an investor belonging outside Singapore should generally, subject to satisfaction of certain conditions, be subject to GST at 0%.

INDONESIAN TAX

Income Tax

Companies incorporated or domiciled in Indonesia are subject to income tax on worldwide income.

Foreign tax may be claimed as a tax credit subject to a limitation rule.

Corporate tax is imposed at a flat rate of 25% (for fiscal year 2010 onwards). This rate applies to Indonesian companies and foreign companies operating in Indonesia through a permanent establishment. The rate is effective from 2010. The tax rate is reduced by 5 percentage points for listed companies that have at least 40% of their paid up capital traded on the stock exchange. Small and medium-scale companies (that is, companies having gross turnover of up to IDR 50 billion) are entitled to a 50% reduction of the tax rate. The reduced rate applies to taxable income corresponding to gross turnover of up to IDR 4,800,000,000.

Tax incentives are granted to certain qualifying resident companies investing in certain types of businesses or regions. The tax incentives consist of the following:

- Accelerated depreciation and amortisation.
- Carry forward of a tax loss for a period of 10 years, subject to certain conditions.
- Reduced tax rate of 10% (or lower rate under a double tax treaty) for dividends paid to nonresidents.
- Investment allowance in the form of reduction of net income by 30% of the amount invested in land and buildings, and plant and equipment. This allowance may be claimed at a rate of 5% each year over a 6-year period.

To qualify for the above tax incentives, the investment must be a new investment or an investment for the purpose of expanding a current business. Under a government regulation, 23 categories of business sectors and 15 other categories of types of industries in certain areas may qualify for the tax incentives.

Taxation of Dividends

In general, dividends are included in taxable income.

Dividends paid to Indonesian resident corporate taxpayers are subject to withholding tax at the rate of 15%. This tax is an advance payment of the dividend recipient's tax liability. Tax exemption may apply if certain requirements are fulfilled that the dividends are paid from retained earnings and the recipient's share ownership in the payer of the dividends represents a minimum of 25% paid-in capital. Dividends exempted from tax are not subject to the 15% withholding tax.

Dividends remitted overseas are subject to a final 20% withholding tax, unless an applicable tax treaty provides a lower rate. Under the current tax treaty between Indonesia and Singapore, the reduced withholding tax rate on future dividend distributions from Indonesian subsidiary is 10% in condition that the dividend recipient's has a minimum of 25% of the payer of the dividend's capital otherwise 15% of tax rate should apply.

Dividends received by Indonesian individuals are subject to a final tax with a maximum rate of 10%.

Capital Gains

A 0.1% final withholding tax is imposed on proceeds of sales of publicly listed shares through the Indonesian stock exchange. An additional tax at a rate of 0.5% of the share value is levied on sales of founder shares associated with a public offering. Founder shareholders must pay the 0.5% tax within one (1) month after the shares are listed. Founder shareholders that do not pay the tax by the due date are subject to income tax on the gains at the ordinary income tax rates.

Capital gains derived by residents are included in taxable income and are subject to tax at the normal income tax rate. Capital gains derived by non-residents are subject to tax at a rate of 20%. The law provides that the 20% tax is imposed on an amount of deemed income. The Minister of Finance of Indonesia established the deemed income for sales of unlisted shares. The deemed income equals 25% of the gross sale proceeds, resulting in an effective tax rate of 5% of the gross sale proceeds. This rule applies to residents of non-treaty countries and to residents of treaty countries if the applicable treaty allows Indonesia to tax the income.

Sale or transfer by non-residents of shares in conduit companies or special purpose companies established or resided in tax haven jurisdictions that have special-relationship with an Indonesian entity or an Indonesian permanent establishment of foreign entity, is deemed to be a sale or transfer of shares of the Indonesian entity or the permanent establishment. The regulation provides that the Indonesian income tax applicable on the transaction will be 5% of gross sale proceeds. The 5% rate is derived from application of 20% cross-border withholding tax under Article 26 of the Income Tax Law on a profit that is deemed to be 25% of gross sale proceed. Tax treaty rule will be superseded if the seller of the shares is a tax resident of a country having tax treaty with Indonesia.

Value-added tax

An amendment of the VAT Law was signed into law by the President of the Republic of Indonesia on 15 October 2009, following ratification from the parliament in mid September 2009. The amendment, as provided under Law Number 42 Year 2009, is the third amendment of the 1983 VAT law (Law Number 8 Year 1983). The changes will come into effect on 1 April 2010.

VAT is imposed on most goods and services at a rate of 10%. Government regulations can adjust the rate to as low as 5% and as high as 15%. The tax is collected by "VAT-able firms" (entities which deliver taxable goods or services). These firms are required to submit monthly VAT returns.

VAT Relief

Law No.42 year 2009 provides a list of goods being exempted from VAT in a more detail manner. Under the current VAT legislations, Indonesian Government provides VAT relief in the form of VAT exemption on importation or acquisition of certain strategic goods, i.e., capital goods used for producing VAT-able goods and agriculture products such as palm oil FFB.

Under the new VAT Law, Non residents purchasing taxable goods in Indonesia and paying VAT on the purchase can claim refund of the VAT, subject to fulfilling of certain requirements.

Stamp duty

Unless specific subscription or shareholder agreement is needed for allotment or issuance of shares, there is no stamp duty required on the allotment or issuance of shares.

Estate duty

Land and Building tax is imposed on individuals, companies or organisations that have certain rights to or obtain benefits from land, or possess, control or obtain benefits from ownership of land and buildings. The tax is based on the government assessed value (rateable value) of the land and buildings as determined by the Ministry of Finance. Land value is reassessed every three years in most areas and every year in rapidly developing areas. The current tax on land and buildings is 0.1% of the ratable value.

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Our activities are subject to regulation by various laws, regulations and government agencies in Indonesia, such as the Ministry of Forestry, Ministry of Finance, Ministry of Agriculture, National Land Agency and BKPM. These regulations require us to obtain various licenses and/or approvals from the Central Government and Regional Governments to carry out our plantation operations. These licenses and/or approvals include, among others, business licenses, foreign investment licenses and land utilisation permits. Compliance with the relevant governmental regulations and/or maintenance of the necessary licenses and/or permits may involve incurring substantial costs.

Also, the Central Government has the power to take action against Indonesian companies for any failure to comply with the relevant governmental regulations or maintain the necessary licenses and/or permits, and can impose fines, temporarily suspend the operation of the plantation, or revoke licenses. Furthermore, the Regional Government may visit our plantations from time to time to confirm our adherence to the relevant regulations.

We also have reporting obligations to various governmental authorities in accordance with the provision and procedures set forth in our licenses, such as *Ijin Usaha Perkebunan*, Permanent Business Licenses and Environmental Licenses. The failure of our Group to comply with our reporting obligations may cause our Group to be subject to a warning, a restriction of our business/investment activities, or the revocation of our licenses. For more information, please refer to the section entitled "Risk Factor" of this Prospectus.

Plantation

Plantations in Indonesia are regulated under Law 18/2004, certain provisions of which relating to prohibitions on causing damage to land and on unauthorized land occupancy were partially amended on 19 September 2011 by the decision of the Constitutional Court in case number 55/PUU-VIII/2010. This law provides that a plantation business may be conducted in Indonesia either by a farmer (pekebun) or a plantation company. A foreign legal entity or a foreign individual may enter into a plantation business by establishing an Indonesian joint venture company.

On 28 February 2007, the Minister of Agriculture issued Regulation No. 26/2007, which provides that a plantation company that owns a plantation with a land area of 25 hectares or more must obtain a plantation business licence. There are three main types of plantation business licence:

(i) Plantation Business Licence for Cultivation (*Izin Usaha Perkebunan untuk Budidaya*) ("IUP-B") which is granted to a company conducting cultivation;

(ii) Plantation Business Licence for Processing (*Izin Usaha Perkebunan untuk Pengolahan*) ("IUP-P") which is granted to a company conducting processing; and

(iii) Plantation Business Licence (*Izin Usaha Perkebunan*) ("IUP") which is granted to a company conducting both cultivation and processing.

The licences are issued by the Governor if the plantation areas are located within more than one regency or municipality (acknowledging the recommendation from the Head of Regency or Mayor as the case may be) or by the Head of Regency or Mayor if the plantation areas are located in a regency or municipality, respectively.

IUP-B and IUP licence holders are required to develop a plantation area for the surrounding community (*Kebun Masyarakat*) with a minimum area of 20% of their total plantation area. The plan for the *Kebun Masyarakat* must be acknowledged by the Head of Regency or Mayor of the municipality where the plantation is located. The development for the community plantation could be conducted in the form of granting a credit, bequest (hibah) or profit sharing. Regulation No. 26/2007 also sets a limitation of 100,000 hectares on the size of the land area for an oil palm plantation that may be owned by a single company without any territorial limitations. Further, the IUP or Plantation Business Registration

Certificate (*Surat Pendaftaran Usaha Perkebunan* or "SPUP") issued prior to the enactment of Regulation No. 26/2007 is still valid and serves as business licence for the holder.

On 29 March 2011, the Minister of Agriculture issued Minister of Agriculture Regulation No. 19/Permentan/OT.140/3/2011 on Guidelines on Indonesian Sustainable Palm Oil (ISPO) ("Regulation No. 19/2011"). Regulation No. 19/2011 is meant to encourage palm oil companies to comply with their obligations under the prevailing laws and regulation, and also to protect and to promote a sustainable palm oil industry. Palm oil companies are required to carry out their business in accordance with Regulation No. 19/2011 by 31 December 2014. Palm oil companies will be periodically evaluated in their legal, management, processing outcome, social, economic area, environmental and reporting aspects. After the evaluation process, palm oil companies will be categorized into one of the following criterias: Class I (Very Good), Class II (Good), Class III (Intermediate), Class IV (Poor), or Class V (Very Poor). Palm oil companies in Class IV and Class V will be asked to fulfil certain requirements in order to improve their ratings. In the event the palm oil companies do not fulfil the requirements during the stipulated period of time, the Plantation Business License of the palm oil companies may be revoked.

Palm oil companies with Class I, Class II, and Class III ratings will be required to apply for ISPO certification and be further audited by an independent third-party certification institution. The audit will be based on the following criterias: (i) permit system and plantation management; (ii) cultivation technique and palm processing; (iii) environmental management and supervision; (iv) responsibility toward employees; (v) social and community responsibility; (vi) community economic development; and (vii) sustainable business improvement. Palm oil companies with Class I, Class II, and Class II ratings that have not applied for an ISPO certification by 31 December 2014 will be downgraded to Class IV rating.

Autonomy Law

Indonesia is divided into provinces, which are further subdivided into regencies and municipalities (*Kotamadya*). The regencies and municipalities within a province are autonomous in most of their activities and, therefore, are not subservient to the Provincial Regional Governments or the Central Government.

In 1999, the Central Government adopted Law No. 22 of 1999 ("Law 22/1999"), which transferred and delegated to the Regional Governments certain powers that had previously been exercised by the Central Government. On 15 October, 2004, the government enacted Law No. 32 of 2004 concerning the Regional Governments, as first amended by Government Regulation in Lieu of Law No. 3 of 2005 and later reaffirmed as law by Law No. 8 of 2005, and subsequently amended by Law No. 12 of 2008 ("Autonomy Law"), which replaced Law 22/1999. The Autonomy Law requires that Regional Governments maintain fair and harmonious relationships with the Central Government and the Regional Governments when discharging their governmental affairs, including in connection with the utilisation of natural and other resources. The governmental affairs affected include matters such as (i) authority and responsibility for, and utilisation, maintenance and control of the impact on, cultivation and conservation of natural and other resources, (ii) profit sharing from the utilisation of natural and other resources and (iii) environmental harmonisation, space arrangement plans and land rehabilitation.

The Autonomy Law provides that, as an autonomous region, a province, a regency or a municipality may pass its own regional regulations. A regional regulation is issued by the head of the region (a Governor, a Head of Regency or a Mayor, as the case may be) with the approval of the regional legislature. The legislative body may introduce a regional bill that may become regulation if approved by the head of the region. A regional regulation cannot contradict or be inconsistent with another regional regulation or higher-ranking legislation or regulation.

Government Regulation No. 38 of 2007 on the Distribution of Governmental Matters between the Central Government, Provincial Regional Government and District Regional Government (*Pembagian Urusan Pemerintahan Antara Pemerintah, Pemerintah Daerah Provinsi dan Pemerintahan Daerah Kabupaten/Kota* or "Government Regulation No. 38/2007") is the implementing regulation for the Autonomy Law. Government Regulation No. 38/2007 specifies the range of other powers that are retained by the Provincial Regional Government and District Regional Government. Government Regulation No. 38/2007 grants the Central Government the power to govern certain specified matters, including foreign affairs, security and defense, judicial, fiscal, monetary and religious matters. Other governmental matters may be governed by the Central Government, or the Central Government can delegate these matters to the governor as a representative of the Central Government or to the Regional Government.

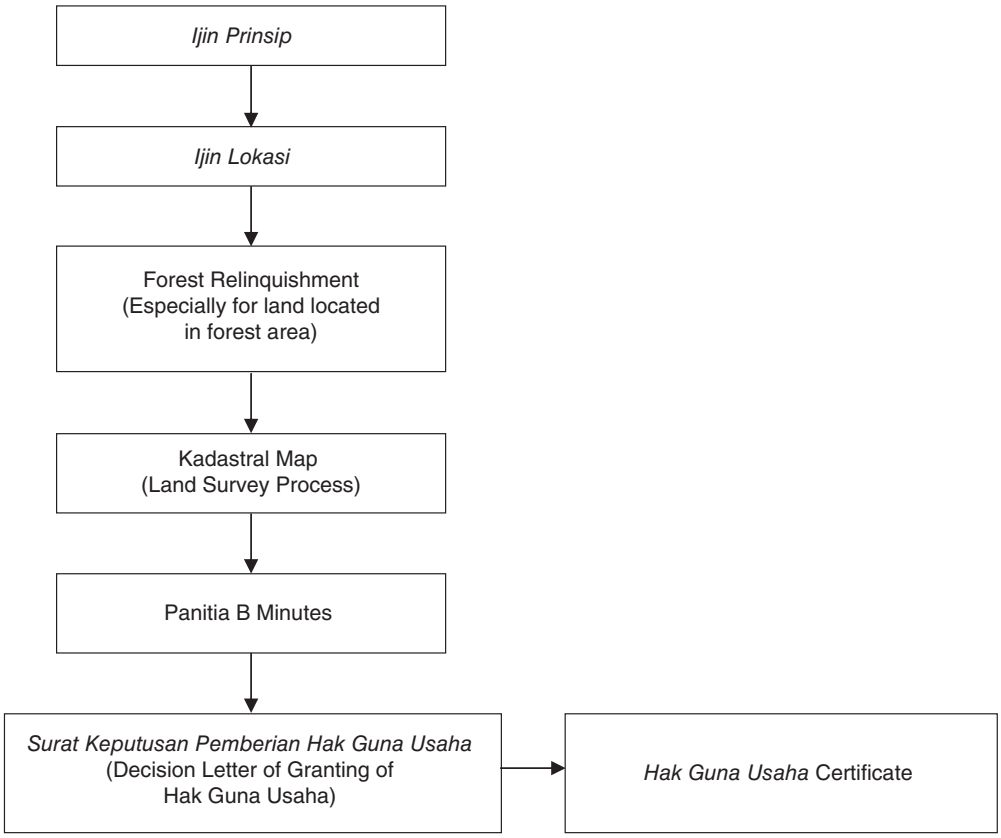
Land

Under the Law No. 5 of 1960 on Basic Agrarian Law, the Indonesian government holds title to all land in Indonesia, except land for which freehold title has been granted to Indonesian citizens. In order to establish an oil palm plantation, a company must obtain land rights from the Indonesian government. The land rights which may be granted for a plantation business are *Hak Milik*, *Hak Guna Usaha*, *Hak Guna Bangunan* and *Hak Pakai*; for the plantation area only *Hak Guna Usaha* may be used.

Hak Guna Usaha shall be effective for 25 to 35 years and may be extended for 25 years. A holder of *Hak Guna Usaha* can renew this right when the time period has ended. Only Indonesian nationals and Indonesian legal entities can hold *Hak Guna Usaha*.

An application for *Hak Guna Usaha* involves a number of stages.

The following diagram shows the process of the application for *Hak Guna Usaha*:



The first stage of the process is obtaining the *Ijin Prinsip*, which is the approval granted by the Indonesian government to a company that permits the company to conduct land surveys that will form the basis for the issuance of *Ijin Lokasi*.

The second stage of the process is obtaining the *Ijin Lokasi*, which is an approval, generally renewable annually, granted by the Indonesian government to a company that permits that company to use the land covered by the approval in accordance with a regional plan and to apply for the transfer of the rights with respect to that land. A holder of *Ijin Lokasi* must develop the land subject to those rights within one to three years (depending on the size of the land) or else the holder may lose these rights.

The third stage of the process, which will only apply to land areas located within a forest area, is obtaining a Forest Relinquishment from the Ministry of Forestry.

The next stage of the process is applying to the National Land Agency via the Provincial Regional Land Agency for *Hak Guna Usaha*. In connection with the *Hak Guna Usaha* application, the Provincial Regional Land Agency will undertake a land measurement to determine the actual land area before issuing a map known as the Kadastral Map.

The next stage of the process is undertaken by a special land committee, or *Panitia B*, and involves the evaluation of legal and technical reviews and the recommendation as to whether a *Hak Guna Usaha* certificate in respect of the target land should be issued to the applicant. *Panitia B* will then issue its minutes and submit its recommendation to the Central National Land Agency. If the positive recommendation is accepted, the Central National Land Agency will issue a decree approving the grant of the land rights or *Surat Keputusan Pemberian Hak Guna Usaha* (Decision Letter of Granting of Hak Guna Usaha).

Upon payment of the administration fee and any other fees for the granting of the land rights, the District Regional Land Agency will issue the *Hak Guna Usaha* certificate.

On 23 October 1993, the State Minister for Agrarian Affairs and Head of the National Land Agency issued Regulation No. 2 of 1993 ("Minister Regulation No. 2/1993") which sets out the procedures for obtaining location licences and land titles. Minister Regulation No. 2/1993 stipulates that a holder of *Hak Guna Usaha* is guaranteed an extension of those rights so long as the utilisation of the land covered by the rights complies with the approved usage of the land when the rights were initially granted to the holder. Under Government Regulation No. 40 of 1996 on *Hak Guna Usaha*, *Hak Guna Bangunan* and *Hak Pakai*, an application for extension of the *Hak Guna Usaha* must be made at least two years prior to expiry.

On 10 February 1999, the State Minister for Agrarian Affairs and Head of the National Land Agency issued Regulation No. 2/1999. The decree provides that a company established in the framework of investment that intends to acquire a plot of land must first obtain *Ijin Lokasi*. The purpose of this requirement is to give directions as well as to control such companies in their land acquisition.

The holder of the *Ijin Lokasi* is permitted to arrange the clearance of the intended land from all of its existing legal relationships with third parties who own or have interest over such land, in accordance with the prevailing regulations, and that after the completion of the relinquishment of the intended land by parties who had rights and interests over it, the holder of the *Ijin Lokasi* may be given a right over such land. Regulation No. 2/1999 sets the limits on the aggregate size of agricultural plantations (including oil palm plantations) held by any person, company, group or related persons or companies. According to Regulation No. 2/1999, the maximum aggregate size for oil palm plantations that may be owned by a company or a group of companies under the same shareholding is 100,000 hectares nationally, and 20,000 hectares for each province of Indonesia, except for the province of Papua

(formerly known as Irian Jaya) where the maximum area is 40,000 hectares. The above limitations are only applicable to *Hak Guna Usaha* titles and do not apply to Kadastral Map process or under *Ijin Lokasi*.

On 23 May 2002, the Minister of Agriculture issued Decree No. 357/2002, which imposes the same restrictions on the size of land plots for plantation cultivation.

However, on 11 August 2004, the Indonesian government enacted Law 18/2004, which provides, *inter alia*, that with regards to land used for plantation businesses, the minister in charge of and responsible for managing the plantation sector, being the Minister of Agriculture, shall stipulate the minimum and maximum acreage that may be granted to a company, while the land titles are issued by the governmental agency in charge of land affairs. In determining the minimum and maximum acreage permitted to be used for the purposes of a plantation business, the Minister of Agriculture shall be guided by the following factors: (i) the types of plants; (ii) the availability of land according to the agro-climatic conditions; (iii) capitalisation of the business; (iv) the factory's capacity; (v) the population density of the area; (vi) the business development pattern; (vii) the technology development. In addition to the above, a plantation shall be operated with the aim of: (i) improving the community's income; (ii) increasing the state's revenue; (iii) increasing the state's foreign exchange receipts; (iv) creating job opportunities; (v) increasing productivity, added value and competitiveness; and (vi) optimising the management of natural resources in a sustainable way.

On 28 February 2007, the Minister of Agriculture issued an implementing regulation of Law No. 18/2004, Regulation No. 26/2007, which provides, among others, the maximum acreage of plantation area which can be granted to a plantation company as a single legal entity. The maximum acreage of plantation area is determined based on the types of commodities. The maximum acreage for oil palm and rubber plantations is 100,000 hectares and 25,000 hectares respectively, except that the maximum acreage of plantation area in the province of Papua is two times the maximum acreage of plantation area as set forth in Regulation No. 26/2007. Regulation No. 26/2007 also provides various exceptions to the size limitations set out under the earlier decrees, one of which is that the limitations do not apply to plantation companies listed in Indonesia and in which the majority of the shares is owned by the public. In addition, the *Ijin Usaha Perkebunan* issued prior the enactment of Regulation No. 26/2007 is still valid and serves as a business licence for the holder. The issuance of Regulation No. 26/2007 revokes Decree No. 357/2002.

On 22 January 2010, the Indonesian Government issued Government Regulation No. 11 of 2010 on Administration and Utilization of Abandoned Land ("Government Regulation No. 11/2010"). Under Government Regulation No. 11/2010, the Government may revoke *Hak Milik*, *Hak Guna Usaha*, *Hak Guna Bangunan*, *Hak Pakai*, *Hak Pengelolaan*, or other bases of land possession such as *Ijin Lokasi*, if the land covered by such title certificates or permits are: (i) not developed, utilized or harnessed in accordance with the purpose of the relevant land rights; or (ii) not applied for the rights over land. The area of such land will be declared as abandoned land. Pursuant to Government Regulation No.11/2011, the Regional Land Agency is given the task of preparing the relevant data pertaining to the land which is suspected of being abandoned and of setting up a committee to conduct further investigations thereon. Such investigation will commence (i) three years after the issuance of the respective land certificate; or (ii) on the expiry date of the basis of land possession.

In the event the investigation process reveals the land to be abandoned, the Head of Provincial Regional Land Agency will issue a warning letter instructing the land right holder to develop the land in accordance with the purpose of the relevant land right. Such warning letter will be issued up to three times, with a one-month grace period between each warning. Failure by the land right holder to develop the land after three warnings will lead to the Head of Provincial Regional Land Agency: (i) declaring the

land as abandoned land, (ii) terminating the land rights and the legal relations of the owner/controller with such land, and (iii) declaring that such area of land is under the direct control of the government.

On 4 February 2011, the Head of National Land Agency issued Regulation No. 2 of 2011 on Guidelines for Land Technical Consideration in Issuing *Ijin Lokasi*, Location Determination and Permit to Change Land Utilisation ("Regulation No. 2/2011"). Based on Regulation No. 2/2011, a land technical consideration will become the basis for issuing *Ijin Lokasi.* The land technical consideration comprises the minutes of the land technical consideration and the maps of the land technical consideration. Regulation No. 2/2011 regulates the utilisation of land. It provides, inter alia, that (i) the land utilisation must not sacrifice the public interests; (ii) the land utilisation must not interfere with other surrounding land utilisations; (iii) the land utilisation shall be in accordance with sustainability principles; (iv) the land utilisation must consider the principle of justice; and (v) the land utilisation must comply with prevailing laws and regulations. Based on Regulation No. 2/2011, the area of land, the duration, the procedure and type of land rights are given in accordance with laws and regulations.

On 16 December 2011, the House of Representatives passed the Bill on Land Procurement for Public Interest, which came into force on 14 January 2012 as Law No. 2 of 2012 on Land Procurement for Public Interest ("Land Procurement Law"). The Land Procurement Law aims to ensure the smooth execution of development activities for land which are required for the purpose of public interest. It is also hoped that the Land Procurement Law will provide a more effective legal basis for land procurement for public interest, which, prior to the passing of Land Procurement Law, was regulated by Presidential Regulation No. 35 of 2005 on Land Procurement for Public Interest, as amended by Presidential Regulation No. 65 of 2006. The term "public interest" is defined under the Land Procurement Law as the interest of the Indonesian people, nation and community as manifested through the government and used optimally for the welfare of all the people of Indonesia.

Under the Land Procurement Law, the Central Government and/or Regional Government are given the task to ensure the availability of land which is required for public interest. The Land Procurement Law also stipulates that a party who owns or otherwise controls land objects ("Entitled Party") is obligated to release its right to land for the purpose of public interest land procurement, following the provision of fair and reasonable compensation or a legally binding court decision. After such land is released, it becomes the property of the Central Government, Regional Government or State Owned Enterprise, as the case may be.

The Land Procurement Law specifically stipulates that the following development projects are classified as being done in the public interest:

(1) national defense and security;

(2) public road, toll road, tunnel, railway, train station, and train operating facilities;

(3) water embankment, reservoir, irrigation, drinking water channel, water disposal channel and sanitation and other water resource management building;

(4) seaport, airport, and terminal;

(5) oil, gas, and geothermal infrastructure;

(6) power plant, power transmission, switch yard, power network and distribution;

(7) government telecommunication and information network;

(8) waste disposal and processing place;

(9) hospitals owned by the Central Government or Regional Government;

(10) public safety facilities;

(11) cemetery owned by the Central Government or Regional Government;

(12) social facilities, public facilities and open public green space;

(13) wild life and culture preservation areas;

(14) office area for the Central Government, Regional Government or sub-districts/villages;

(15) structuring of urban slum area and/or land consolidation, and rented residential for low-income communities;

(16) education facilities or schools under the Central Government or Regional Government;

(17) sport facilities owned by the Central Government or Regional Government; and

(18) public market and public car park.

The Land Procurement Law introduces clear and expedited steps for the procurement of land for public interest. Initially, government entities which wish to procure land for public interest must engage the Entitled Party in a public consultation on the proposed development plan until a consensus is reached. In the event no consensus can be reached, the Governor will set up a team to examine the reasons for the Entitled Party's objections, and, based on such reasons, will make a decision as to whether the targeted land is approved to be procured for public interest. To the extent the Entitled Party still has objections, it may file a legal claim to the State Administrative Court, whose decision is subject to final appeal at the Supreme Court. If the land has been approved to be procured for public interest by virtue of a legally binding court decision, the National Land Agency shall appoint an independent appraisal team to determine the compensation value to be paid to the Entitled Party. The Entitled Party may file a legal claim to a District Court to challenge the compensation value, and the decision of the District Court is subject to final appeal at the Supreme Court.

Maximum Extent for Forest Relinquishment for Cultivation Plantation

In 2010, Ministry of Forestry issued Minister Regulation No. P.33/Menhut-II/2010, which has been amended by Minister Regulation No. P.44/Menhut-II/2011 regarding Relinquishment Procedure for Convertible Production Forest. The regulation provides that the approval for a company or group of companies under the same shareholding to own up to a maximum aggregate area of 100,000 hectares of oil palm plantations within a convertible production forest shall be granted in stages. A convertible production forest is a forest area that has been reserved for non-forestry activities. The maximum area granted for each stage is 20,000 hectares. Further, areas can be granted for each subsequent stage only after an evaluation of the implementation of the previous stage. A company is required to allocate 20% of the granted area to develop a *Kebun Masyarakat*.

The President of the Republic of Indonesia issued Presidential Instruction No.10 of 2011 on the Suspension of New Licenses and Improvement of the Management of Natural Primary Forest and Peat Land ("Presidential Instruction No. 10/2011") on 20 May 2011, which is directed to the Minister of Forestry, the Minister of Internal Affairs, the Minister of Environment, the Head of National Land Agency,

all Governors, all Head of Regencies and several other government authorities. Presidential Instruction No. 10/2011 came into effect on 20 May 2011. Under Presidential Instruction No. 10/2011, all such instructed parties are to suspend for a period of 2 years any issuance of new licenses, recommendations, and *Ijin Lokasi* involving land area of natural forests and peat lands located in conservation forests, protected forests, production forests (limited production forests, regular production forests, convertible production forests) and other designated areas (*Area Penggunaan Lain*) as prescribed in an indicative map attached thereto, and its further amendments from time to time. The term "other designated areas" is not defined.

Generally, Presidential Instructions do not constitute a form of law but constitutes a directive by the President to those parties whom he is authorized to instruct by virtue of his executive powers and generally reflect the policies of a particular President at a certain time. To the extent the stipulations of a Presidential Instruction are further set out in a decree issued by those parties which are authorized to issue regulations, the stipulations therein will effectively serve as matters of law.

Presidential Instruction No. 10/2011 stipulates that the moratorium will not be applied to (i) areas that have obtained a principal approval from the Minister of Forestry; (ii) construction of vital projects including geothermal, oil and gas, power plants, rice plantation and sugar cane plantation; (iii) the extension of existing forest licenses; and (iv) ecosystem restorations.

The indicative map attached to Presidential Instruction No. 10/2011 is stipulated to be revised every six months. The latest map is currently contained in Minister of Forestry Decree No. 7416/Menhut-TVII/IPSDH/2011 on the Determination of Indicative Map for Suspension of New Licenses on Forest Area Utilization and Designation Changes of Forest Areas and Other Designated Areas (Revision I) dated 22 November 2011.

In addition, on 21 February 2012, the Constitutional Court has issued a decision No. 45/PUU-IX/2011 in respect of a certain phrase in the definition of forestry area under Article 1, Number 3 of Forestry Law No. 41 of 1999 as amended by Law No. 19 of 2004 ("Forestry Law"). This case was originally filed by the District Regional Government of Kapuas, Regent of Gunung Mas, Regent of Katingan, Regent of Barito Timur, and Regent of Sukamara, together with one land owner in Palangka Raya claiming that they have been constitutionally disadvantaged by the legal uncertainty arising from such phrase in the definition of forestry area.

Based on Article 1, Number 3 of Forestry Law, a forest area is a certain area being designated (*ditunjuk*) and/or stipulated (*ditetapkan*) by the government to be maintained as a permanent forest. The Constitutional Court is of the view that the designation of an area as forest area by the government, without going through process or phases involving stakeholders in such forest area in accordance with laws and regulations, constitutes an implementation of an authoritarian government. According to the Article 15, Paragraph (1) of Forestry Law, the phases in determining a forest area are as follows: (a) designation of an area as forest area; (b) forest boundary; (c) forest mapping; and (d) stipulation of an area as forest area. Thus, the designation of an area as forest area is one of the phases in determining a forest area. Meanwhile 'designation' as contained in Article 1, Number 3 of Forestry Law can be equated as stipulation of forest area which does not require phases as stipulated under Article 15, Paragraph (1) of Forestry Law.

In such regard, as the stipulation of forest area is an end phase of the sequence of determination of a forest area, then the phrase 'being designated (*ditunjuk*) and/or' as contained in Article 1, Number 3 of Forestry Law is contrary to the rules of law. Furthermore, such phrase is also not consistent with Article 15 of Forestry Law. Those issues, in turn, had led to legal uncertainty for all stakeholders of forest area. Therefore, the Constitutional Court has ruled that the phrase 'being designated (*ditunjuk*) and/or' in Article 1, Number 3 of Forestry Law is unconstitutional and no longer has legal binding force.

Up to the Latest Practicable Date, the government has not issued any official statement on the impact of this Constitutional Court decision.

Environmental Regulation

On 3 October 2009, Law No. 32 of 2009 on Protection and Management of Environment ("Law No. 32/2009") was issued, which revokes the previous environmental law, namely Law No. 23 of 1997. Law No. 32/2009 states that an Environmental Impact Analysis (*Analisa Mengenai Dampak Lingkungan* or "AMDAL") must be carried out in respect of any activity which may cause a major and significant impact to the environment.

An activity that may cause a major and significant impact to the environment is required to carry out an Environmental Impact Analysis (AMDAL). The AMDAL analysis consists of the Terms of Reference on Environmental Impact Analysis (*Kerangka Acuan Analisis Dampak Lingkungan* or "KANDAL"), the Environmental Impact Analysis (*Analisis Dampak Lingkungan* or "ANDAL"), the Environmental Management Plan (*Rencana Pengelolaan Lingkungan* or "RKL") and the Environmental Monitoring Plan (*Rencana Pemantauan Lingkungan* or "RPL") of the company which is required to carry it out.

Government Regulation No. 27 of 1999 regarding Environmental Impact Analysis (AMDAL) ("Government Regulation No. 27/1999") stipulates that any activity that may cause impact to the environment which is not significant, or which can be technologically managed, is required to prepare an Environmental Management Effort (*Upaya Pengelolaan Lingkungan* or "UKL") and an Environmental Monitoring Effort (*Upaya Pemantauan Lingkungan* or "UPL").

Possession of the AMDAL licence or the UKL and UPL licence, as the case may be, is one of the requirements to obtain the Plantation Business Licence and thus any plantation business which has obtained a Plantation Business Licence but does not implement the AMDAL or its UKL and UPL, as the case may be, may have their licence revoked. State Minister of Environmental Affairs Regulation No. 11 of 2006 regarding Businesses and/or Action Plans which must be completed with AMDAL ("Minister Regulation No. 11") provides that oil palm plantations with an aggregate land of 3,000 hectares or more inside forestry plantation areas or inside non-forestry plantation areas are obliged to obtain an AMDAL licence.

The Law No. 32/2009 further introduces an environmental license ("Environmental License") and stipulates that companies which are required to have an Environmental Impact Analysis (AMDAL) or Environmental Management Effort (UKL) or Environmental Monitoring Effort (UPL) recommendation must also hold an Environmental License issued by the State Minister of Environment, Governor, Mayor or Head of Regency (in accordance with their respective area of competence) based on the environmental feasibility decision or UKL and UPL recommendation issued by the Minister of Environment, Governor, Mayor or Head of Regency (in accordance with their respective area of competence).

Any party who carries out activities without a proper Environmental License will be subject to imprisonment and a fine. Furthermore, Law No. 32/2009 stipulates that in the event that business actor and/or activity are found violating the Environmental License, the government can impose administrative sanctions. Law No. 32/2009 states that within one year of its promulgation, i.e. by 3 October 2010, a government regulation in respect of the Environmental License shall be enacted.

Further, Government Regulation No. 27 of 2012 on Environmental Licences ("Government Regulation No. 27/2012") was stipulated on 23 February 2012 as implementing regulations in respect of Law No. 32/2009 particularly in relation to Environmental Licences. Pursuant to these regulations, the Environmental Licence is one of the requirements to obtain a business licence, such as the Plantation

Business Licence. Hence, the Environmental Licence will expire simultaneously with the expiration of Plantation Business Licence and should be amended in the event, among others, there are changes which will have an impact to the environment.

Government Regulation No. 27/2012 replaces Government Regulation No. 27/1999. However, one of its articles stipulates that environmental documents which have been approved before the effective date of this regulation, being 23 February 2012, shall be declared as a valid document and deemed as equal to the Environmental Licences.

Besides Law No. 32/2009, environmental protection in Indonesia is also governed by various laws, regulations and decrees including the State Minister of Environmental Affairs Decree No. 28 of 2003 on Technical Research Guidelines on the Utilisation of Water Waste from Palm Oil Industry on the Soil at the Palm Oil Plantation ("Minister Decree No. 28") and the State Minister of Environmental Affairs Decree No. 29 of 2003 on Guidelines on the Terms and Procedures of Licensing the Utilisation of Water Waste from Palm Oil Industry on the Soil at the Palm Oil Plantation ("Minister Decree No. 29").

Plasma Programme

The government has encouraged a partnership programme to help small landholders develop their land. The programme which is known as Community Nucleus Company (*Perusahaan Inti Rakyat* or "PIR" or "Plasma Programme") is a model of partnership where a large plantation company — as the nucleus, should act as the agent of development for the surrounding small landholders — as the plasma, by providing assistance in the preparation and development of the plasma plantations.

Under the PIR, the nucleus company will use its own funds to develop the plasma plantations of the small landholder. These expenses will then be replaced by a loan from the government bank. Once developed, the plasma plantations are transferred to the small landholders, who then assume the liability to repay the loans. The small landholders will obtain a long term soft loan from banks. The nucleus company is committed to purchase the products from the small landholder at the prevailing price set by a price committee established by the District Regional Government and the small landholder is also obliged to sell the products to the nucleus company.

The types of PIR include:

1. Community Nucleus Plantation Company (*Perusahaan Inti Rakyat Perkebunan* or "PIR-BUN"). PIR-BUN is Plasma Programme specified for plantation industry, since PIR is also implemented in farming and fishery industry.

2. Community Nucleus Company in connection with Transmigration (*Perusahaan Inti Rakyat yang dikaitkan dengan Transmigrasi* or "PIR-Trans"). PIR-Trans is a programme aimed to be applied in certain areas in Indonesia which have been decided by the Central Government as transmigration areas. PIR Trans is regulated under Presidential Instruction No. 1 of 1986 on the Development of Plantation by Community Nucleus Company in connection with Transmigration Program.

3. Community Nucleus Company of the Primary Credit Cooperative Members (*Perusahaan Inti Rakyat Koperasi Kredit Primer Anggota* or "PIR-KKPA"). Under PIRKPPA, the small landholder receives an investment loan from a cooperative or *koperasi* of which he is a member. PIR-KKPA is regulated under Joint Decree of Minister of Agriculture and Minister of Cooperatives and Small Enterprises Development No. 73/Kpts/OT.210/2/98-01/SKB/M/II/1998 on the Development of Village Cooperative Unit in the Plantation Business by Partnership Program through Credit Utilisation to Primary Cooperative for its Members.

Foreign investment Regulations

Direct foreign investments in Indonesia are governed by Law No. 25 of 2007 ("Law No.25/2007") and its implementing regulations (collectively, the "Investment Law"). All matters relating to direct investments are under the supervision of BKPM. BKPM has issued implementing regulations for the Investment Law pertaining to guidelines and procedures for filing applications for foreign investment and the approval of foreign investment.

An important feature of the Investment Law is the Central Government's guarantee that it will not nationalise a foreign investment or revoke rights to control a foreign investment, except where it is declared by law. If the Central Government nationalises or revokes the foreign investment, it must pay compensation in an amount determined in accordance with the market price of the investment. This guarantee is accompanied by assurances that the foreign investor will have the right to transfer and repatriate in foreign currency, profit, bank interest, dividend and other incomes.

Except for certain sectors specifically determined by Presidential Regulation No. 77 of 2007 as last amended by Presidential Regulation No. 36 of 2010, most business sectors including plantation, are open for foreign direct investment with certain limitations.

In Indonesia, a foreign investor has to undertake its investment through an Indonesian legal entity under the Investment Law in the form of a foreign investment company (*Perusahaan Penanaman Modal Asing* or "PMA"). In the plantation sector, the maximum foreign ownership in a PMA is 95%. PMAs established to undertake plantation activities require foreign investment licences issued by BKPM after the foreign investor obtains a recommendation from the Minister of Agriculture.

Labour Regulations

On 25 March 2003, the Central Government enacted Law No. 13/2003 concerning labour law which was partially amended by several Constitutional Court decisions, being case number 012/PUU-I/2003 of 28 October 2004, case number 115/PUU-VII/2009 of 10 November 2010 and case number 27/PUU-IX/2011 of 17 January 2011 (the ''Labour Law''). Based on the Labour Law, an employment contract may be entered into for a specified or unspecified time. A specified time employment contract is based on a fixed term or the completion of specific job, and cannot be entered into for jobs that are permanent in nature. In addition, a specified time employment contract may only be made for a period which cannot be longer than two years, and can only be extended once, with such extension not being longer than one year. An unspecified time employment contract can stipulate a probation period, which cannot be longer than three months. For permanent employment, the Labour Law requires an employer to issue a letter of appointment as an employee.

Contracts of employment can be terminated by: (i) the worker's death; (ii) the expiry of a specified time contract; (iii) a court decision; or (iv) the occurrence of certain events as prescribed in the work agreement, the company's regulations or the collective labour agreement.

An employee is entitled to a salary at least equal to the minimum wage stipulated by the competent authority based on the location.

Under Government Regulation No. 14/1993 as last amended by Government Regulation No. 76/2007 concerning the implementation of *Jamsostek*, an employer employing 10 or more employees, or having a payroll of at least IDR 1 million per month, must participate in a manpower social security program named *Jamsostek*. *Jamsostek* is regulated under Law No. 3/1992 which states that an employer must provide work or occupational accident security, death security, old age security, and healthcare security for its employees.

On 4 August 2000, the Government enacted Law No. 21/2000 concerning Labor Unions ("Law No. 21/2000"). According to Law No. 21/2000 a labour union can be established with a minimum of 10 members. Law No. 21/2000 also stipulates that no party is allowed to prevent the formation of labour unions, force the establishment of unions, or prohibit their formation. Similarly, no party is permitted to prevent workers from becoming union organisers or members, or obstruct unions from either carrying out or not carrying out their activities.

Employment disputes are regulated under Law No. 2/2004 concerning Industrial Relations Disputes Settlement ("Law No. 2/2004"). Under Law No. 2/2004, industrial relations disputes refer to a difference in opinion that leads to conflict between the employer and the employee or labour union emerging from a dispute of rights, conflicts of interest, termination of employment and disputes between labour unions within one company. Law No. 2/2004 adopts a tripartite labour courts system. Settlement of industrial disputes is first to be sought through bipartite negotiation between the employer and the employee or labour union within a maximum time period of 30 days. If no resolution is reached at this level, a conciliator or an arbitrator can be brought in. If that too fails, the dispute can be brought before the Industrial Relations Court and a verdict should be issued within 50 working days of the first hearing of the case.

ANNEX D — DETAILS OF OUR PLANTATIONS

As at the Latest Practicable Date, the aggregate land (including land under the Plasma Programme and land managed by our Group on behalf of LSK) owned and/or controlled by us is 191,948 hectares, and comprised land under *Ijin Lokasi* of 136,320 hectares (including those under the Plasma Programme (as applicable) and land managed by our Group on behalf of LSK), *Hak Guna Usaha* of 32,729 hectares, Plasma Programme of WNL and KMB of 11,795 hectares (which have obtained their own *Ijin Lokasi* and/or *Hak Milik*) and *Ijin Prinsip* of WNL and KBAS of 11,104 hectares. Our land under *Ijin Lokasi* of 136,320 hectares (including those under the Plasma Programme (as applicable) and land managed by our Group on behalf of LSK) is subject to re-measurement during the certification process for obtaining *Hak Guna Usaha* to exclude, *inter alia*: (i) land allocated to the Plasma Programme (for which our Group is not responsible for applying for land titles); and (ii) land deemed unsuitable for cultivation (such as river and swamp areas). Of the 191,948 hectares of land owned and/or controlled by our Group, 18,616 hectares are subject to overlapping land use rights held by the associates of one of our Controlling Shareholders, namely the Lim Family. For more information, please refer to the section entitled "Interested Person Transactions and Conflicts of Interests — Present and Ongoing Interested Person Transactions" of this Prospectus.

Under Indonesian regulations, the certification process to obtain *Hak Guna Usaha* excludes land which has been allocated to plasma farmers. As such, our Group only holds *Hak Guna Usaha* for our nucleus plantations. The following table sets out the *Hak Guna Usaha* held by us for our nucleus plantations as at the Latest Practicable Date:

		Hak Guna Usaha	
Subsidiary	**Location of Plantation**	**Ha**	**Expiry Date**
BG Abadi	Desa Dawak, Kinjil, Sakabulin, Rugun, Lalang, Kondang, Riam Durian, Sukamakmur, Ipuh Bangun Jaya, Palih Baru, Diung, Kecamatan Kotawaringin Hilir, Kecamatan Kotawaringin Lama, Kabupaten Kotawaringin Barat, Central Kalimantan	5,633	24 September 2043
		—	—
KMB[(1)]	Desa Rantau Tampang, Kecamatan Antang Kalang, Kabupaten Kotawaringin Timur, Central Kalimantan	15,056	22 October 2036
WNL[(2)]	Desa Pundu, Pantai Harapan, Keruing dan Pelantaran, Kecamatan Cempaga Hulu, Kabupaten Kotawaringin Timur, Central Kalimantan	9,616	10 March 2039
		1,935	18 February 2043
		489	18 February 2043
Total		**32,729**	

The following table sets out the *Ijin Lokasi* held for our plantations and land managed by our Group on behalf of LSK as at the Latest Practicable Date. Save for an aggregate of 24,500 hectares of lands held by LGI and AMS, whose *Ijin Lokasi* are still valid, we have submitted applications to the relevant governmental authorities to extend the *Ijin Lokasi* which had expired. We have also applied for the *Hak Guna Usaha* certification in respect of 101,820 hectares of lands under the expired *Ijin Lokasi*. Out of the 101,820 hectares of land under the expired *Ijin Lokasi* for which we have applied for the *Hak Guna Usaha* certification, 31,610 hectares of land are still in the application stage for the Kadastral Map, while the remaining land has been re-measured at various stages of Forest Relinquishment, Kadastral Map, Panitia B Minutes and/or *Surat Keputusan Pemberian Hak Guna Usaha* (Decision Letter of Granting of Hak Guna Usaha) (where applicable) to be 59,401 hectares.

Subsidiary	Location of Plantation	*Ijin Lokasi* (ha)
AMS	Kecamatan Nanga Tayap and Kecamatan Pemahan, Kabupaten Ketapang, West Kalimantan	11,500
ASM	Desa Seriam, Kecamatan Kendawangan, Kabupaten Ketapang, West Kalimantan	8,000
BG Abadi	Desa Dawak, Kinjil, Sakabulin, Rungun, Lalang, Kondang, Riam Durian, Suka Makmur, Ipuh, Bangun Jaya, Palih Baru dan Diung, Keurahan Kotawaringin Hilir dan Kotawaringin Hulu, Kecamatan Kotawaringin Lama, Kabupaten Kotawaringin Barat, Central Kalimantan	26,900
GKG	Desa Mekar Utama Banjarsari Kendawangan Kiri, Kecamatan Kendawangan Kebupaten Ketapang, West Kalimantan	13,000
GKS	Desa Banjarsari Seriam Jaya, Kendawangan Kiri, Kecamatan Kendawangan, Kebupaten Ketapang, West Kalimantan	11,310
HPA	Desa Sei Paring dan Tumbang Ngahan, Kecamatan Antang Kalang, Kabupten Kotawaringin Timur, Central Kalimantan	4,810
KBAS	Kecamatan Kendawangan, Kabupaten Ketapang, West Kalimantan	4,900
KML	Desa Pasir, Simpang Dua dan Mariangin, Kecamatan Simpang Dua, Kabupaten Ketapang, West Kalimantan	19,000
LGI	Kecamatan Nanga Tayap, Kabupaten Ketapang, West Kalimantan	13,000
MCM	Desa Pendalian, Kecamatan Pendalian Koto, Kabupaten Rokan Hulu, Riau	4,000
WNA	Desa Pundu, Kecamatan Cempaga Hulu, Kabupaten Kotawaringin Timur, Central Kalimantan	11,900
WNS	Desa Pundu, Pantai Harapan, Kecamatan Cempaga Hulu, Kabupaten Kotawaringin Timur, Central Kalimantan	5,000

Land Managed by our Group on behalf of LSK		
Company	**Location of Plantation**	***Ijin Lokasi* (ha)**
LSK	Dusun Bandaran, Desa Kendawangan Kiri, Kecamatan Kendawangan Kiri, Kabupaten Ketapang, West Kalimantan	3,000
Total		**136,320**

Notes:

(1) In addition to the *Hak Guna Usaha* No. 19 dated 22 October 2001, KMB also manages and controls 8,841 hectares of land under the Plasma Programme, where the land permits are held by the plasma holders, of which 7,033 hectares had already obtained *Hak Milik* certification.

(2) In addition to the *Hak Guna Usaha*, WNL has additional plots of land being granted under *Ijin Prinsip* No. 525.26/421A and 525.26/422B, both dated 24 August 2010, with a total area of 8,684 hectares. WNL also manages and controls 2,954 hectares of land under the Plasma Programme, where the land permits are held by the plasma holders.

ANNEX E — SUMMARY OF THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE COMPANY

The discussion below provides a summary of the principal objects of our Company as set out in our Memorandum of Association and certain provisions of our Articles of Association and the laws of Singapore. This discussion is only a summary and is qualified by reference to Singapore law and our Memorandum and Articles of Association.

Memorandum of Association and Registration Number

We are registered in Singapore with the Registrar of Companies and Businesses. Our company registration number is 200516741R. Our Memorandum of Association sets out the objects for which our Company was formed, including carrying on business as, *inter alia*, an investment holding company.

Summary of our Articles of Association

1. Directors

(a) Ability of interested directors to vote

A director shall not vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest, and he shall not be counted in the quorum present at the meeting.

(b) Remuneration

Fees payable to Non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary or otherwise (not being a commission or percentage of turnover by the company), as the Directors may determine.

The remuneration of a Managing Director, Chief Executive Officer, Deputy Chief Executive Officer, President, Vice-President or persons holding equivalent positions shall be fixed by the directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover.

The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pension or other benefits, to contribute to any scheme or fund or to pay premiums.

The Directors shall not vote in respect of any contract or proposed contract or arrangement or any other proposal whatsoever in which he has any personal material interest, directly or indirectly. A Director shall also not be counted in the quorum at a meeting in relation to any resolution on which he is debarred from voting.

(c) Borrowing

Subject to our Articles of Association and to applicable laws, our Directors may exercise all the powers of our Company to raise or borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Articles of Association. Section 153(1) of the Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company, unless he is appointed or re-appointed as a director of the company or authorised to continue in office as a director of the company by way of an ordinary resolution passed at an annual general meeting of the company.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of the Company.

2. Share rights and restrictions

Our company currently has one class of shares, namely, ordinary shares. Only persons who are registered on our register of shareholders and in cases in which the person so registered is CDP, the persons named as the depositors in the depository register maintained by CDP for the ordinary shares, are recognised as our shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our shareholders, declare dividends at a general meeting, but we shall not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits; however, we may capitalise any sum standing to the credit of any of our Company's reserve accounts or other distributable reserve or any sum standing to the credit of profit and loss account and apply it to pay dividends, if such dividends are satisfied by the issue of shares to our shareholders. All dividends are paid *pro-rata* amongst our shareholders in proportion to the amount paid up on each shareholder's ordinary shares, unless the rights attaching to an issue of any ordinary share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each shareholder at his registered address. Notwithstanding the foregoing, the payment by us to CDP of any dividend payable to a shareholder whose name is entered in the depository register shall, to the extent of payment made to CDP, discharge us from any liability to that shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six years after having been declared may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forefeiture and pay the dividend so forefeited to the person entitled prior to the forfeiture.

The Directors may retain any dividends or other moneys payable on or in respect of a share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A holder of our ordinary shares is entitled to attend, speak and vote at any general meeting, in person or by proxy. Proxies need not be a shareholder. A person who holds ordinary shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a shareholder if his name appears on the depository register maintained by CDP 48 hours before the general meeting. Except as otherwise provided in our Articles of Association, two or more shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every shareholder present in person and by proxy shall have one vote (provided that in the case of a Member who is represented by two proxies, only one of the two proxies as determined by that Member or, failing such determination, by the chairman of the Meeting (or by a person authorised by him) in his sole discretion shall be entitled to vote on a show of hands), and on a poll, every shareholder present in person or by proxy shall have one vote for each ordinary share which he holds or presents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any shareholder present in person or by proxy and representing not less than 10% of the total voting rights of all shareholders having the right to attend and vote at the meeting or by any two shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

3. Change in capital

Changes in the capital structure of our Company (for example, an increase, consolidation, cancellation, sub-division or conversion of our share capital) require shareholders to pass an ordinary resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to each of our shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our shareholders' approval by way of a special resolution for any reduction of our share capital or other undistributable reserve, subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Act, whenever the share capital of the Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Articles of Association relating to general meetings of the Company and to the proceedings thereat shall *mutatis mutandis* apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the

total voting rights of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

The relevant Article does not impose more significant conditions than the Act in this regard.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our shareholders who are regarded as non-residents of Singapore, to hold or vote their shares.

ANNEX F — LETTER FROM THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

LETTER FROM PROVENANCE CAPITAL PTE. LTD. TO THE INDEPENDENT DIRECTORS OF BUMITAMA AGRI LTD. IN RESPECT OF THE SHAREHOLDERS' MANDATES

PROVENANCE CAPITAL PTE. LTD.
(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

26 March 2012

To: The Independent Directors of Bumitama Agri Ltd.
(deemed to be independent in respect of the Shareholders' Mandate for IOI Transactions)

Lim Gunawan Hariyanto
Gunardi Hariyanto Lim
Tan Boon Hoo
Christopher Chua Chun Guan
Ong Chan Hwa

To: The Independent Directors of Bumitama Agri Ltd.
(deemed to be independent in respect of the Shareholders' Mandate for SNA Transactions)

Tan Boon Hoo
Christopher Chua Chun Guan
Ong Chan Hwa

To: The Independent Directors of Bumitama Agri Ltd.
(deemed to be independent in respect of the Shareholders' Mandate for KMS Transactions)

Dato' Lee Yeow Chor
Tan Boon Hoo
Christopher Chua Chun Guan
Ong Chan Hwa

Dear Sirs

THE PROPOSED ADOPTION OF THE SHAREHOLDERS' MANDATES (AS DEFINED HEREIN) FOR INTERESTED PERSON TRANSACTIONS

Unless otherwise defined or the context otherwise requires, all terms defined in the Prospectus shall have the same meanings herein.

1. INTRODUCTION

Bumitama Agri Ltd. (the "**Company**") is proposing to adopt the Shareholders' Mandates for:

(a) PT Sawit Nabati Agro ("**SNA**") and PT Berkat Agro Sawitindo ("**BAS**") and their subsidiaries (collectively, the "**SNA Group**"), being the Company's 28%-owned associated companies, and the Company and its subsidiaries (the "**Group**"), to enter into certain transactions, in

the ordinary course of business, with IOI Corporation Berhad ("**IOI Corporation**") together with its subsidiaries (the "**IOI Group**") and its associates (the "**Shareholders' Mandate for IOI Transactions**");

(b) the Group to enter into certain transactions, in the ordinary course of business, with the SNA Group (the "**Shareholders' Mandate for SNA Transactions**"); and

(c) PT Karya Manunggal Sawitindo ("**KMS**"), Westbrook International Pte Ltd ("**Westbrook**") and PT Sukses Manunggal Sawitindo ("**SMS**") (collectively, the "**KMS Group**") to enter into certain transactions, in the ordinary course of business, with the Group (the "**Shareholders' Mandate for KMS Transactions**") in relation to PT GY Plantation Indonesia ("**GY**") (whose shareholders are KMS and Westbrook) and PT Gunajaya Harapan Lestari ("**GHL**") (whose shareholders are KMS and SMS)

(collectively, the "**Shareholders' Mandates**" and each a "**Shareholders' Mandate**").

Under the above Shareholders' Mandates, IOI Corporation and its associates and the KMS Group and its associates are each deemed to be an interested person (collectively, the "**Interested Persons**"), as defined in Chapter 9 of the Listing Manual of SGX-ST, as IOI Corporation is a controlling shareholder of the Company and it owns majority shareholding interest in SNA and BAS and wholly manages the day-to-day operations of the SNA Group, and the KMS Group is an associate of Dr. Lim Hariyanto Wijaya Sarwono and Mr. Lim Gunawan Hariyanto (collectively, the "**Hariyantos**"), a controlling shareholder of the Company.

It is anticipated that the Group and/or the SNA Group would, in the ordinary course of business, enter into certain transactions with the Interested Persons. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time. Such transactions would include transactions with the Interested Persons which fall within the Shareholders' Mandates, as set out in section "Interested Person Transactions and Conflicts of Interests" of the Prospectus (the "**Interested Person Transactions**").

The Company is therefore proposing to adopt the Shareholders' Mandates to cover recurring transactions with the Interested Persons. To comply with the requirements of Chapter 9 of the Listing Manual, Provenance Capital Pte. Ltd. ("**Provenance Capital**") has been appointed as the independent financial adviser to opine on whether the guidelines and review procedures for determining the terms of the Interested Person Transactions under the Shareholders' Mandates are sufficient to ensure that transactions between the Interested Persons and the Group and/or the SNA Group will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. As Dato' Lee Yeow Chor is a nominee director of IOI Corporation, he is therefore not deemed as an independent director with respect to the Shareholders' Mandate for IOI Transactions and the Shareholders' Mandate for SNA Transactions.

This letter ("**Letter**") has been prepared for the use by the relevant directors of the Company who are considered independent for the purposes of the proposed adoption of the Shareholders' Mandate for the IOI Transactions, the Shareholders' Mandate for the SNA Transactions and the Shareholders' Mandate for the KMS Transactions respectively (the "**Independent Directors**") and is to be incorporated into the Prospectus which provides, *inter alia*, the details of the Shareholders' Mandates and the recommendation of the Independent Directors thereon.

2. TERMS OF REFERENCE

We have been appointed as the Independent Financial Adviser to advise the Independent Directors in respect of the adoption of the Shareholders' Mandates and the review procedures for determining the terms of the Interested Person Transactions under the Shareholders' Mandates, as set out in section "Interested Person Transactions and Conflicts of Interests" of the Prospectus, are sufficient to ensure that the transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

It is not within our terms of reference to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks of the Interested Person Transactions or to compare their relative merits vis-à-vis alternative transactions previously considered by the Company (if any) or that may otherwise be available to the Company currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the sole responsibility of the Directors and/or the management of the Company (the "**Management**") although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our opinion as set out in this Letter.

In the course of our evaluation, we have held discussions with the Directors and Management and/or their professional advisers and have examined and relied on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and the professional advisers of the Company, including information contained in the Prospectus. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations.

The Directors (including those who may have delegated detailed supervision of the Prospectus) have confirmed that, having made all reasonable enquiries, to the best of their respective knowledge and belief, information and representations as provided by the Directors and Management are accurate and have confirmed to us that, upon making all reasonable enquiries and to their best knowledge and abilities, all material information available to them in connection with the Interested Person Transactions, the Company and the Group has been disclosed to us, that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Company or the Group stated in the Prospectus to be inaccurate, incomplete or misleading in any material respect. The Directors have jointly and severally accepted full responsibility for such information described herein.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Prospectus have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiry and judgment as were deemed necessary and have found no reason to doubt the accuracy of the information and representations.

Save as disclosed, we would like to highlight that all information relating to the Company and the Group that we have relied upon in arriving at our recommendation or advice has been obtained

from publicly available information and/or from the Directors and the Management. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Company or the Group at any time or as at the Latest Practicable Date.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Company and/or the Group, or to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company and/or the Group. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent required by the Code and/or the Listing Manual and/or deemed necessary or appropriate by us) in arriving at our advice as set out in this Letter. We have not obtained from the Company and/or the Group any projection of the future performance including financial performance of the Company and/or the Group and further, we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Company and/or the Group.

Our view as set out in this Letter is based upon market, economic, industry, monetary and other conditions (if applicable) prevailing as of the Latest Practicable Date and the information provided and representations provided to us as of the Latest Practicable Date. In arriving at our view, with the consent of the Directors or the Company, we have taken into account certain other factors and have been required to make certain assumptions as set out in this Letter. We assume no responsibility to update, revise or reaffirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In rendering our advice and giving our recommendations, we did not have regard to the specific investment objectives, financial situation, tax position, risk profiles or unique needs and constraints of any Shareholder or any specific group of Shareholders. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder or group of Shareholders who may require specific advice in relation to his or their investment portfolio(s) or objective(s) consult his or their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

We have prepared this Letter for the use of the Independent Directors in connection with their consideration of the Interested Person Transactions and their advice to the Shareholders arising thereof. The recommendations made to the Shareholders in relation to the Interested Person Transactions remains the responsibility of the Independent Directors.

Our opinion in relation to the Shareholders' Mandates should be considered in the context of the entirety of this Letter and the Prospectus.

3. EVALUATION OF THE PROPOSED REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

3.1 GENERAL

3.1.1 Background information on the Group and the nature of the Interested Person Transactions are set out in sections "General Information on the Group" and "Interested Person Transactions and Conflicts of Interests" of the Prospectus respectively.

It is anticipated that the Group and/or the SNA Group would, in the ordinary course of business, enter into certain transactions with the Interested Persons. It is likely that such transactions will occur with some degree of frequency and could arise at any time and from time to time. In view of the time-sensitive nature of commercial transactions, it would be advantageous for the Company to obtain a Shareholders' Mandate for transactions between the Interested Persons and the Group and/or the SNA Group that are entered into in the normal course of business, provided that all such transactions are carried out on normal commercial terms. The mandate will eliminate, amongst others, the need for the Company to convene separate general meetings on each occasion to seek shareholders' approval as and when such potential transactions arise. This will substantially reduce the administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the Group's corporate objectives and adversely affecting business opportunities.

Pursuant to Chapter 9 of the Listing Manual, the Shareholders' Mandates will not cover Interested Person Transactions which are below S$100,000 each in value as the threshold and aggregation requirements contained in Chapter 9 of the Listing Manual would not apply to such Interested Person Transactions. In addition, the Shareholders' Mandates will cover only recurrent transactions of a revenue or trading nature or those necessary for the day-to-day operations of the Group and will not cover transactions relating to the purchase or sale of assets, undertakings or businesses.

Transactions with the Interested Persons that do not fall within the ambit of the Shareholders' Mandates shall be subject to the relevant provision of Chapter 9 and/or any other applicable provisions of the Listing Manual.

We note that as at the Latest Practicable Date, the aggregate monthly fees charged for the provision of management services by the Group to the SNA Group for the last 12 months is below the S$100,000 threshold. In addition, we note that the SNA Group started producing FFB towards the end of 2011. The Shareholders' Mandate for SNA Transactions are being proposed and put in place to facilitate any future recurring transaction with the Interested Persons which may fall within the ambit of the Shareholders' Mandates and is subject to the requirements of Chapter 9 of the Listing Manual.

3.1.2 In relation to the financial and operating policies of the SNA Group, the shareholders of the SNA Group, namely, the Company, Oleander Capital Resources Pte Ltd (a subsidiary of IOI Corporation) and KMS had entered into a joint venture agreement dated 20 March 2012 (the "**JV Agreement**") to confirm their mutual understanding as shareholders of SNA and BAS regarding the governance and regulation of the affairs of the SNA Group.

Under the JV Agreement, at any board meeting of SNA or BAS, the vote of at least one director nominated by the Company and one director nominated by IOI Corporation (through Oleander Capital Resources Pte Ltd) is required for certain reserved matters such as:

(a) the incurrence of any material debt, liabilities or similar obligations (whether secured or unsecured); the making of any loan or advance to any person or entity of a material nature; delivery of any guarantee, or the creation of any liens or encumbrances upon any asset or property of a company within the SNA Group of a material nature ("material" means an amount in excess of US$2.0 million, whether singly or in aggregate or having a term in excess of three years); and

(b) the approval of the annual operating plan and budget of a company within the SNA Group (or any variation or amendment thereto).

Furthermore, the JV Agreement requires the Company and the IOI Group (acting as shareholders) to approve any agreement, contract or commitment between the SNA Group and any shareholder or affiliate of a shareholder, or any agreement that benefits either a shareholder or an affiliate of a shareholder. Such agreements will include agreements between the SNA Group and IOI Corporation.

The SNA Group also entered into separate management service agreements with (i) IOI Corporation and (ii) PT Bumitama Gunajaya Agro ("**BGA**"), a subsidiary of the Company, details of which are set out in paragraphs 3.4.1 and 3.4.2 of this Letter respectively.

3.1.3 The Group, through BGA, had entered into separate master cooperation agreements with KMS and Westbrook dated 1 November 2011 in relation to the management and operation of GY (the "**GY Cooperation Agreement**") and with KMS and SMS dated 1 January 2011 in relation to the management and operation of GHL (the "**GHL Cooperation Agreement**") respectively, details of which are set out in paragraph 3.4.3 of this Letter.

We note that pursuant to the GY Cooperation Agreement and the GHL Cooperation Agreement, the Group has been given call options to acquire up to 95% of the total issued shares in GY upon GY obtaining the relevant licences required for the operation and management of its plantations and up to 80% of the total issued shares in GHL upon GHL obtaining the relevant approval for foreign ownership.

3.2 RATIONALE FOR AND BENEFITS OF THE SHAREHOLDERS' MANDATES

The full text of the Directors' rationale for and the benefits of adopting the Shareholders' Mandates can be found in section "Interested Person Transactions and Conflicts of Interests" of the Prospectus.

3.2.1 Shareholders' Mandate for IOI Transactions

We note, *inter alia*, the following:

(a) the Group had in the past entered in various trade arrangements with the IOI Group for the sale of seeds by the IOI Group to the Group and the sale of CPO by the Group to IOI Corporation. While the Group does not have any existing trade arrangements with the IOI Group as at the Latest Practicable Date, going forward, the Group intends to engage in similar trades with the IOI Group on a recurring basis. Such recurring transactions are likely to occur with some degree of frequency and arise at any time and from time to time;

(b) IOI Corporation owns a 67.0% stake in and wholly manages the day-to-day operations of each of SNA and BAS. As such IOI Corporation and its associates had entered and will enter into various transactions with the SNA Group. The transactions with IOI Corporation and its associates entered into or to be entered into by the SNA Group will be in the ordinary course of business and/or which are necessary for its day-to-day operations. They are recurring transactions that are likely to occur with some degree of frequency and arise at any time and from time to time. The Independent Directors are of the view that each of the Group and the SNA Group will be able to benefit from the transactions with IOI Corporation and its associates;

(c) the Shareholders' Mandate for IOI Transactions and the renewal of the Shareholders' Mandate for IOI Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions with IOI Corporation and its associates arise. This would substantially reduce administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting business opportunities available to each of the Group and the SNA Group; and

(d) the Shareholders' Mandate for IOI Transactions is intended to facilitate transactions in the normal course of business which each of the Group and the SNA Group may transact from time to time with IOI Corporation and its associates, provided that they are carried out on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.2.2 **Shareholders' Mandate for SNA Transactions**

We note, *inter alia*, the following:

(a) the SNA Group requires, and will in the near future continue to require, support from the Group in relation to administrative matters. Such support will be indirectly of benefit to the Company in view of the Company's 28.0% equity interest in the SNA Group. Upon its plantations reaching maturity and the completion of the construction of its CPO mills, the SNA Group will be able to sell CPO and PK;

(b) the transactions with the Group entered into or to be entered into by the SNA Group will be in the ordinary course of business of the Group. They are recurring transactions that are likely to occur with some degree of frequency and could arise at any time from time to time. The Independent Directors are of the view that the Group will be able to benefit from the transactions with the SNA Group;

(c) the Shareholders' Mandate for SNA Transactions and the renewal of the Shareholders' Mandate for SNA Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions with the SNA Group arise. This would substantially reduce administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting business opportunities available to the Group; and

(d) the Shareholders' Mandate for SNA Transactions is intended to facilitate transactions in the normal course of business which the Group may transact from time to time with the SNA Group, provided that they are carried out on the Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.2.3 **Shareholders' Mandate for KMS Transactions**

We note, *inter alia*, the following:

(a) prior to the exercise of the call options by the Group to acquire the relevant issued shares in GY and/or in GHL, the KMS Group requires, and will in the near future continue to require, support from the Group in relation to management and operation services pursuant to the GY Cooperation Agreement and the GHL Cooperation Agreement;

(b) the transactions with the Group entered into or to be entered into by the KMS Group will be in the ordinary course of business of the Group. They are recurring transactions that are likely to occur with some degree of frequency and could arise at any time from time to time. The Independent Directors are of the view that the Group will be able to benefit from the transactions with the KMS Group;

(c) the Shareholders' Mandate for KMS Transactions and the renewal of the Shareholders' Mandate for KMS Transactions on an annual basis will eliminate the need to convene separate general meetings from time to time to seek Shareholders' approval as and when potential Interested Person Transactions with the KMS Group arise. This would substantially reduce administrative time and expenses in convening such meetings, without compromising the corporate objectives or adversely affecting business opportunities available to the Group; and

(d) the Shareholders' Mandate for KMS Transactions is intended to facilitate transactions in the normal course of business which the Group may transact from time to time with the KMS Group, provided that they are carried out on the Group's normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

3.3 CLASSES OF INTERESTED PERSONS

3.3.1 The Shareholders' Mandate for IOI Transactions will apply to transactions between (a) each of the Group and the SNA Group, and (b) IOI Corporation and its associates, as IOI Corporation is a controlling shareholder of the Company.

IOI Corporation is one of the largest palm oil players globally with most of its plantations located in Malaysia, and is listed on the Bursa Malaysia. The IOI Group cultivates oil palm and rubber, and processes palm oil as part of its plantation business. It also engages in resource-based manufacturing, including the manufacturing of oleochemicals, specialty oils and fats, as well as palm oil refinery and palm kernel crushing.

3.3.2 The Shareholders' Mandate for SNA Transactions will apply to transactions between the Group and the SNA Group, even though each of the companies in the SNA Group is an associated company of the Company, as the SNA Group is majority owned and controlled by IOI Corporation and IOI Corporation is a controlling shareholder of the Company.

3.3.3 The Shareholders' Mandate for KMS Transactions will apply to transactions between the Group and the KMS Group, as KMS is an associate of the Hariyantos, a controlling shareholder of the Company.

Transactions between (i) each of the Group and the SNA Group, and IOI Corporation and its associates; (ii) the Group and the SNA Group; and (iii) the Group and the KMS Group, which do not fall within the ambit of the proposed Shareholders' Mandates shall be subject to the relevant provisions of Chapter 9 of the Listing Manual. In particular, if such transactions are of an aggregate value which is equal to or more than 5.0% of the Group's latest audited NTA, they will be subject to the approval of Shareholders before they can be entered into.

3.4 NATURE AND SCOPE OF THE INTERESTED PERSON TRANSACTIONS

3.4.1 Shareholders' Mandate for IOI Transactions

The on-going Interested Person Transactions that will be covered by the Shareholders' Mandate for IOI Transactions are as follows:

(i) provision of management services by IOI Corporation and its associates to the SNA Group pursuant to the management service agreement entered into between IOI Corporation and SNA in May 2011 (the "**IOI Management Service Agreement**"). Such management services may include, without limitation, general management and administrative support in areas such as treasury, human resources, legal, and such other general assistance as may be mutually agreed upon by IOI Corporation and SNA. IOI Corporation shall also be reimbursed for all incidental costs and out-of-pocket expenses properly incurred in providing the management services;

(ii) sale of raw materials (such as oil palm seeds, clonal ramets and fertiliser) by IOI Corporation and its associates to each of the Group and the SNA Group; and

(iii) sale of plantation produce (such as CPO and PK) by each of the Group and the SNA Group to IOI Corporation and its associates.

3.4.2 Shareholders' Mandate for SNA Transactions

The on-going Interested Person Transactions that will be covered by the Shareholders' Mandate for SNA Transactions are as follows:

(i) provision of management services by the Group to the SNA Group pursuant to the respective management service agreements (as amended, supplemented or modified from time to time) between BGA and each of the entities within the SNA Group dated 7 January 2008 (collectively, the "**Management Service Agreements**"). Such management services may include, without limitation, administrative support covering human resources, accounting and finance aspect, and advisory and consultancy services;

(ii) sale of plantation produce (such as FFB, CPO and PK) by the SNA Group to the Group; and

(iii) sale of raw materials (such as oil palm seedlings) by the SNA Group to the Group.

3.4.3 Shareholders' Mandate for KMS Transactions

The on-going Interested Person Transactions that will be covered by the Shareholders' Mandate for KMS Transactions are as follows:

(i) provision of management and operation services by the Group to the KMS Group. Pursuant to the GY Cooperation Agreement and GHL Cooperation Agreement between BGA and KMS, such management and operation services may include, *inter alia*, the provision of human resource management and support (including in connection with the development, maintenance and harvesting of the plantation), finance and accounting support, procurement services and consultancy and service support in connection with the construction and operation of mills; and

(ii) sale of plantation produce (such as FFB) by the KMS Group to the Group pursuant to the GY Cooperation Agreement and the GHL Cooperation Agreement.

The Shareholders' Mandates will not cover any transaction by a member in the Group with an Interested Person that is below S$100,000 in value as the threshold and aggregation requirements of Chapter 9 of the Listing Manual would not apply to such transactions.

3.5 GUIDELINES AND REVIEW PROCEDURES FOR INTERESTED PERSON TRANSACTIONS

The full text of the review procedures for Interested Person Transactions in relation to the Shareholders' Mandates can also be found in section "Interested Person Transactions and Conflicts of Interests" of the Prospectus.

3.5.1 Shareholders' Mandate for IOI Transactions

The following guidelines have been put in place to ensure that transactions between IOI Corporation and its associates and each of the Group and the SNA Group will be carried out on normal commercial terms consistent with the Group's usual business practices and policies:

(i) Provision of management services by IOI Corporation and its associates to the SNA Group

The fees for the provision of management services by IOI Corporation and its associates to the SNA Group are as set out in the IOI Management Service Agreement. These fees have been determined based on an estimate on a cost recovery basis and the quantum of such fees is subject to review on an annual basis. In determining such fees, notwithstanding that it is on a cost recovery basis, at least two reference fees charged by other plantation groups for the provision of similar services on a cost recovery basis shall be obtained for comparison purpose, where available and practicable.

(ii) Sale of raw materials (such as oil palm seeds, clonal ramets and fertiliser) by IOI Corporation and its associates to each of the Group and the SNA Group

In determining the selling price for the sale of raw materials by IOI Corporation and its associates to each of the Group and the SNA Group, at least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The price shall not be higher than two of the most competitive price quotes from the independent parties. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

(iii) Sale of plantation produce (such as CPO and PK) by each of the Group and the SNA Group to IOI Corporation and its associates

For spot sales, the selling price for the sale of plantation produce by each of the Group and the SNA Group to IOI Corporation and its associates will be based on external reference quoted prices in Indonesia, Malaysia or Rotterdam (depending on the shipment destination), with appropriate adjustments for location and quality of plantation produce.

For sales of CPO via forward contracts between our Group and IOI Corporation and its associates, the selling price for the sale of CPO by our Group to IOI Corporation and its associates will be based on the forward index prices obtained from the Bursa Malaysia Derivatives Berhad at the time the forward contract is entered into, with a discount of US$5

per mt (the "**IOI Forward Contract Price**"). At least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The IOI Forward Contract Price shall not be lower than two of the most competitive price quotes from the independent parties, where available. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

Other review procedures for transactions between the Group and IOI Corporation and its associates are set out in paragraph 3.5.4 of this Letter.

Other review procedures for transactions between the SNA Group and IOI Corporation and its associates are as follows:

The management of SNA shall provide details of all transactions between IOI Corporation and its associates and the SNA Group to the Chief Financial Officer on a quarterly basis. The Chief Financial Officer will maintain a register of these transactions, and present the register to the Audit Committee on a quarterly basis. The Audit Committee shall review such register to ensure that transactions between IOI Corporation and its associates and the SNA Group are in compliance with the above guidelines. Also the internal audit department of the IOI Group shall review the compliance of the SNA Group with the above guidelines, and shall provide a report to the Chief Financial Officer on an annual basis. The Chief Financial Officer shall present these reports to the Audit Committee. The Audit Committee shall review such report, and request for further details if necessary, to ensure that transactions between IOI Corporation and its associates and the SNA Group are in compliance with the above guidelines. Also, the Audit Committee shall, if it deems necessary and practicable, appoint an independent party (including an external auditor) to review the compliance of IOI Corporation and its associates with the above guidelines. The SNA Group shall co-operate fully in furnishing the necessary documents and information to such independent party.

In addition, the Audit Committee shall review from time to time such guidelines and review procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between IOI Corporation and its associates and the SNA Group are conducted on normal commercial terms, and the Company shall obtain a fresh mandate from the Shareholders if the Audit Committee is of the opinion that such guidelines and review procedures become inappropriate. During the period prior to obtaining a fresh mandate from the Shareholders, all transactions between IOI Corporation and its associates and the SNA Group will be subject to the prior review and approval of the Audit Committee.

The Audit Committee is of the view that the review procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between IOI Corporation and its associates and the SNA Group are on normal commercial terms which will not be prejudicial to the interests of the Company and its minority Shareholders.

We note the statement made by the Company as set out in section "Interested Person Transactions and Conflicts of Interests — Shareholders' Mandate for Transactions with IOI Corporation and its associates" of the Prospectus, which is reproduced in italics below:

"*While the above procedures are in place, as our Company has no management control over the SNA Group, there is no assurance that these procedures will be adhered to in transactions between IOI Corporation and its associates and the SNA Group. Also, in the event that the Shareholders' Mandate for IOI Transactions is not renewed by our Shareholders and the IOI*

Group continues to transact with the SNA Group, our Company may not be able to comply with the requirements under Chapter 9 of the Listing Manual.

In the event that IOI Corporation becomes our single largest Shareholder or is able to dominate decision-making, whether directly or indirectly, in relation to the financial and operating policies of our Company, our Company will have to fully comply with the requirements of Chapter 9 of the Listing Manual in relation to transactions between IOI Corporation and its associates and the SNA Group. In such an event, if Shareholders' approval is not obtained for the Shareholders' Mandate, transactions between IOI Corporation and its associates and the SNA Group will not be able to proceed."

Threshold limits

In addition to the above review procedures, the SNA Group supplements its internal systems by setting the following threshold limits to its transactions with the IOI Group to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

(a) a Category 1 transaction is one where the value of the transaction is at or below US$2,000,000; and

(b) a Category 2 transaction is one where the value of the transaction exceeds US$2,000,000.

Category 1 transactions must be reviewed and approved by the President Director and General Manager of SNA prior to being entered into. Such transactions shall also be reviewed by the internal audit department of the IOI Group for compliance on an annual basis.

Category 2 transactions must be reviewed and approved by the board of directors of SNA, whose approval must include that of at least one director appointed by the Company. As at the Latest Practicable Date, the board of directors of the SNA Group consists of six (6) members, comprising four (4) who are appointed by IOI Corporation and two (2) who are appointed by the Group.

3.5.2 **Shareholders' Mandate for SNA Transactions**

The following guidelines have been put in place to ensure that transactions between the Group and the SNA Group will be carried out on normal commercial terms consistent with the Group's usual business practices and policies:

(i) Provision of management services by the Group to the SNA Group

The fees for the provision of management services by the Group to the SNA Group are as set out in the Management Service Agreements. These fees have been determined based on an estimate on a cost recovery basis and the quantum of such fees is subject to review on an annual basis. In determining such fees, notwithstanding that it is on a cost recovery basis, at least two reference fees charged by other plantation groups for the provision of similar services on a cost recovery basis shall be obtained for comparison purpose, where available and practicable.

(ii) Sale of plantation produce (such as FFB, CPO and PK) by the SNA Group to the Group

The selling price for the sale of plantation produce by the SNA Group to the Group will be based on external reference quoted prices in Indonesia, Malaysia or Rotterdam (depending on the shipment destination), with appropriate adjustments for location and quality of plantation produce.

(iii) Sale of raw materials (such as oil palm seedlings) by the SNA Group to the Group

In determining the price for the sale of raw materials by the SNA Group to the Group, at least two other quotations from non-interested parties shall be obtained for comparison, where available and practicable. The price shall not be higher than two of the most competitive price quotes from the independent parties. In determining the most competitive price quote, all pertinent factors, including but not limited to quality, delivery time and track record, shall be taken into consideration.

3.5.3 **Shareholders' Mandate for KMS Transactions**

The following guidelines have been put in place to ensure that transactions between the Group and the KMS Group will be carried out on normal commercial terms consistent with the Group's usual business practices and policies:

(i) Provision of management and operation services by the Group to the KMS Group

The fees for the provision of management and operation services by the Group to the KMS Group are as set out in the GY Cooperation Agreement and the GHL Cooperation Agreement. These fees have been determined based on an estimate on a cost recovery basis and the quantum of such fees is subject to review on an annual basis. In determining such fees, notwithstanding that it is on a cost recovery basis, at least two reference fees charged by other plantation groups for the provision of similar services on a cost recovery basis shall be obtained for comparison purpose, where available and practicable.

(ii) Sale of plantation produce (such as FFB) by the KMS Group to the Group

The selling price for the sale of plantation produce by the KMS Group to the Group will be based on the prevailing price set by a price committee established by the District Regional Government, with appropriate adjustments for location and quality of plantation produce.

3.5.4 **Other Review Procedures**

Review by the Audit Committee

The Audit Committee shall review internal audit reports to ascertain that the above guidelines have been complied with. In addition, the Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that transactions between the Group and IOI Corporation and its associates, the SNA Group or the KMS Group are conducted on normal commercial terms, and the Company shall obtain a fresh mandate from the Shareholders if the Audit Committee is of the opinion that such guidelines and procedures become inappropriate. During the period prior to obtaining a fresh mandate from the Shareholders, all transactions between the Group and IOI

Corporation and its associates, the SNA Group or the KMS Group will be subject to the prior review and approval of the Audit Committee.

Designated persons of the Group are required to submit details of all transactions entered into between the Group and IOI Corporation and its associates, the SNA Group or the KMS Group immediately to the Chief Financial Officer, including the value of the transactions. As a minimum, a report is to be submitted every quarter. A "Nil" return is expected if there is no transaction between the Group and IOI Corporation and its associates, the SNA Group or the KMS Group for a previous quarter. The Chief Financial Officer will maintain a register of interested persons and a register of transactions carried out with interested persons. These registers will be updated quarterly based on the submissions by the designated persons.

The Audit Committee will review all transactions recorded in the register of interested persons at least on a quarterly basis to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. All relevant non-quantitative factors will also be taken into account. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as it deems fit.

Internal/External Auditors

The Company's internal audit plan will incorporate a review of all transactions entered into in the relevant financial year pursuant to the Shareholders' Mandate for IOI Transactions (for transactions between the Group and IOI Corporation and its associates), Shareholders' Mandate for SNA Transactions and the Shareholders' Mandate for KMS Transactions to ensure that the relevant approvals have been obtained and the review procedures in respect of such transactions had been adhered to. Such compliance review will be performed by the internal auditors, being the Group's in-house internal audit department, on an annual basis and the annual report on such transactions will be forwarded to the Audit Committee. The internal auditors shall assist the Audit Committee in the review, and carry out such tests as they deem necessary on the Interested Person Transactions entered into pursuant to the Shareholders' Mandates. As part of the Company's annual audit, the external auditors will review the Interested Person Transactions on a sampling basis. The external auditors will report to the Audit Committee in the event of any non-compliance based on the audit sample.

The Audit Committee is of the view that the review procedures for determining transaction prices and terms, as set out above, are sufficient to ensure that transactions between the Group and IOI Corporation and its associates, the SNA Group or the KMS Group are on normal commercial terms which will not be prejudicial to the interests of the Company and its minority Shareholders (other than the IOI Group, where applicable).

Threshold limits

In addition to the above review procedures, the Group supplements its internal systems by setting the following threshold limits to its transactions with IOI Corporation and its associates, the SNA Group or the KMS Group to ensure that these transactions are undertaken on an arm's length basis and on normal commercial terms:

(a) a Category 1 transaction is one where in relation to:

(i) the transactions with external reference quoted price, the value of the transaction with IOI Corporation and its associates, the SNA Group or the KMS Group is below or equal to S$5,000,000;

(ii) any other transaction without external reference quoted price or rate, the value of the transaction with IOI Corporation and its associates, the SNA Group or the KMS Group is below or equal to S$600,000;

(b) a Category 2 transaction is one where in relation to:

(i) the transactions with external reference quoted price, the value of the transaction with IOI Corporation and its associates, the SNA Group or the KMS Group is in excess of S$5,000,000;

(ii) any transaction without external reference quoted price or rate, the value of the transaction with IOI Corporation and its associates, the SNA Group or the KMS Group is in excess of S$600,000.

Category 1 transactions do not require the prior review and approval of the Audit Committee before the transaction is entered into but shall be reviewed on a quarterly basis by the Audit Committee. Such transactions must be reviewed and approved by the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer prior to being entered into. In the event that any of the Chief Executive Officer, Deputy Chief Executive Officer, Chief Financial Officer or Chief Operating Officer is interested in any of the Group's transactions with IOI Corporation and its associates, the SNA Group or the KMS Group, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms.

Category 2 transactions must be reviewed and approved by the Audit Committee prior to being entered into. In the event that a member of the Audit Committee is interested in any of the Group's transactions with IOI Corporation and its associates, the SNA Group or the KMS Group, he will abstain from reviewing and approving that particular transaction to ensure that the transaction will be carried out on normal commercial terms. Approval of that transaction will accordingly be undertaken by the remaining members of the Audit Committee.

The above respective thresholds of S$5,000,000 and S$600,000 are set as limits based on the expected and past volume of sales and purchases of the Group. It also balances the requirement of commercial efficiency and the requirements of oversight by the Audit Committee. Having considered the current market prices, the prevailing market conditions and the expected size of operations of the Group, the Board is of the opinion that the above threshold limits reflect a risk control level that is acceptable to the Company.

3.6 VALIDITY PERIOD OF THE SHAREHOLDERS' MANDATES

The Shareholders' Mandates will be effective until the earlier of the following: (i) the Company's first annual general meeting following the admission to the Official List of the SGX-ST; or (ii) the first anniversary of the date of the admission to the Official List of the SGX-ST. Thereafter, the Company will seek the approval of the Shareholders for a renewal of the Shareholders' Mandates at each subsequent annual general meeting. In accordance with Rule 920(1)(b)(viii)

of the Listing Manual, interested persons and their associates shall abstain from voting on resolutions approving interested person transactions involving themselves and the Group. Furthermore, such interested persons shall not act as proxies in relation to such resolutions unless voting instructions have been given by the appointing Shareholder. As such: (a) IOI Corporation and its associates, and the Hariyantos and their associates, shall abstain from voting on resolutions approving the renewal of the Shareholders' Mandate for the SNA Transactions; (b) IOI Corporation and its associates shall abstain from voting on resolutions approving the renewal of the Shareholders' Mandate for IOI Transactions; and (c) the Hariyantos and their associates shall abstain from voting on resolutions approving the renewal of the Shareholders' Mandate for KMS Transactions.

3.7 DISCLOSURES

The Company is required, under Rule 920(1)(a)(i) of the Listing Manual, to disclose in the Company's annual report the aggregate value of transactions conducted pursuant to the Shareholders' Mandates during the current financial year, as well as in the annual reports for the subsequent financial years during which the Shareholders' Mandates are in force. The name of the interested person and the corresponding aggregate value of the interested person transactions will be presented in the following format:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under the Shareholders' Mandates) pursuant to Rule 920 of the Listing Manual	Aggregate value of all interested person transactions, conducted under the Shareholders' Mandates during the financial year under review (excluding transactions less than S$100,000) pursuant to Rule 920 of the Listing Manual

4. OPINION

In arriving at our opinion in respect of the Shareholders' Mandates, we have considered, *inter alia*, the following:

(a) the Directors' rationale for and benefits of the Shareholders' Mandates;

(b) the classes of Interested Persons;

(c) the nature and scope of the Interested Person Transactions; and

(d) the guidelines and review procedures for Interested Person Transactions in relation to the Shareholders' Mandates.

Based on the above, Provenance Capital is of the opinion that the adoption of the Shareholders' Mandates and the review procedures for determining the terms of the Interested Person Transactions under the Shareholders' Mandates as set out in section "Interested Person Transactions and Conflicts of Interests" of the Prospectus, if adhered to, are sufficient to ensure that the Interested Person Transactions will be carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders.

Our opinion is addressed to the Independent Directors for the purpose of their consideration of the Shareholders' Mandates, and the recommendation to be made by them to Shareholders shall remain the sole responsibility of the Independent Directors. Whilst a copy of this letter may be reproduced in the Prospectus, neither the Company, the Directors nor any other persons may reproduce, disseminate or quote this letter (or any part thereof) for the purpose of any matter which does not relate to the Shareholders' Mandates at any time and in any manner without our prior written consent in each specific case.

This Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not imply implication to any other matter.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.

Wong Bee Eng
Chief Executive Officer

Terence Lim
Director

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3 April 2012

The Board of Directors
Bumitama Agri Ltd.
10 Anson Road
#22-16B
International Plaza
Singapore 079903

Dear Sirs:

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of Bumitama Agri Ltd. (the "Company" and formerly known as Global Crest Holdings & Investments Pte. Ltd.) and its subsidiaries (collectively the "Group"), which comprise the combined balance sheets of the Group as at 31 December 2009, 2010 and 2011, the combined income statements, combined statements of comprehensive income, combined statements of changes in equity and combined statements of cash flows of the Group for the financial years then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 combined financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Group as at 31 December 2009, 2010 and 2011 and the results, changes in equity and cash flows of the Group for the years ended on those dates.

Other matter

This Report has been prepared for inclusion in the Prospectus of Bumitama Agri Ltd. and its subsidiaries to be issued in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore

Partner-in-Charge: Toong Weng Sum, Vincent

Combined Income Statements
For the Financial Years ended 31 December 2009, 2010 and 2011

	Note	2009 IDR'million	2010 IDR'million	2011 IDR'million
Revenue	4	1,431,454	1,960,671	2,805,316
Cost of sales	5	(956,395)	(1,243,465)	(1,565,632)
Gross profit		475,059	717,206	1,239,684
Other income		98,874	54,750	66,111
Interest income		2,489	9,105	10,796
Gain arising from fair value changes in biological assets		94,233	831,242	181,008
Selling expenses		(28,348)	(31,830)	(38,938)
General and administrative expenses		(77,910)	(113,142)	(154,630)
Finance cost		(95,166)	(111,773)	(105,024)
Other expenses		(102)	(585)	(8,973)
Profit before tax	6	469,129	1,354,973	1,190,034
Income tax expense	7(a)	(120,102)	(328,733)	(297,071)
Profit for the year		349,027	1,026,240	892,963
Attributable to:				
Owners of the Company		319,813	892,534	761,852
Non-controlling interests		29,214	133,706	131,111
		349,027	1,026,240	892,963
Earnings per share attributable to owners of the Company (IDR'thousand per share)	26	159,906,500	446,267,000	145

The accompanying notes form an integral part of these combined financial statements.

Combined Statements of Comprehensive Income
For the Financial Years ended 31 December 2009, 2010 and 2011

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Profit for the year	349,027	1,026,240	892,963
Other comprehensive income:			
Foreign currency translation	10,441	2,488	(393)
Other comprehensive income for the year, net of tax	10,441	2,488	(393)
Total comprehensive income for the year	359,468	1,028,728	892,570
Attributable to:			
Owners of the Company	330,254	895,022	761,459
Non-controlling interests	29,214	133,706	131,111
Total comprehensive income for the year	359,468	1,028,728	892,570

The accompanying notes form an integral part of these combined financial statements.

Combined Balance Sheets as at 31 December 2009, 2010 and 2011

	Note	2009 IDR'million	2010 IDR'million	2011 IDR'million
Non-current assets				
Biological assets	8	2,142,881	3,624,897	4,319,988
Plasma receivables	9	110,758	188,891	106,545
Property, plant and equipment	10	703,167	938,895	1,170,287
Land use rights	11	49,106	112,519	144,914
Intangible assets	12	27,500	95,254	77,588
Restricted cash	15(b)	35,101	6,439	—
Deferred tax assets	7(b)	21,140	2,385	8,140
Tax refundable	7(c)	411	—	16,593
		3,090,064	4,969,280	5,844,055
Current assets				
Inventories	13	119,733	155,986	263,333
Deferred charges		3,059	6,492	25,630
Trade and other receivables	14	51,160	16,184	33,891
Prepayments and advances		17,876	11,013	17,997
Prepaid taxes	7(d)	34,594	40,295	51,763
Cash and short-term deposits	15(a)	23,662	363,076	270,139
		250,084	593,046	662,753
Current liabilities				
Loans and borrowings	17	195,190	244,306	516,300
Obligations under finance leases	18	15,388	10,889	6,092
Trade and other payables	19	279,636	268,653	365,237
Accrued operating expenses	20	20,458	30,478	56,308
Sales advances		63,389	100,471	196,345
Income tax payable	7(e)	80,207	65,732	152,827
		654,268	720,529	1,293,109
Net current liabilities		(404,184)	(127,483)	(630,356)
Non-current liabilities				
Deferred tax liabilities	7(b)	191,286	422,898	464,638
Amounts due to shareholders and related parties	16	450,222	57,799	12,955
Loans and borrowings	17	719,567	2,051,901	1,794,882
Obligations under finance leases	18	24,042	7,907	203
Post employment benefits	21	6,052	12,141	15,568
Other liability	22	16,522	15,711	—
		1,407,691	2,568,357	2,288,246
Net assets		1,278,189	2,273,440	2,925,453

Combined Balance Sheets as at 31 December 2009, 2010 and 2011

	Note	2009 IDR'million	2010 IDR'million	2011 IDR'million
Equity attributable to owners of the Company				
Share capital	23	—*	—*	45,000
Other reserves	24	329,613	284,125	151,511
Retained earnings		821,046	1,713,580	2,475,432
Foreign currency translation reserve	25	7,354	9,842	9,449
		1,158,013	2,007,547	2,681,392
Non-controlling interests		120,176	265,893	244,061
Total equity		1,278,189	2,273,440	2,925,453

** Less than IDR1,000,000*

The accompanying notes form an integral part of these combined financial statements.

Combined Statements of Changes in Equity for the years ended 31 December 2009, 2010 and 2011

	Attributable to owners of the Company						
	Share capital IDR'million	Retained earnings IDR'million	Other reserves IDR'million	Foreign currency translation reserves IDR'million	Total share capital and reserves IDR'million	Non-controlling interests IDR'million	Total equity IDR'million
Balance as of 1 January 2009	—*	501,233	329,613	(3,087)	827,759	93,464	921,223
Profit for the year	—	319,813	—	—	319,813	29,214	349,027
Foreign currency translation	—	—	—	10,441	10,441	—	10,441
Other comprehensive income for the year, net of tax	—	—	—	10,441	10,441	—	10,441
Total comprehensive income for the year, net of tax	—	319,813	—	10,441	330,254	29,214	359,468
Contributions by and distributions to owners:							
Dividend paid to non-controlling interest of a subsidiary company	—	—	—	—	—	(2,502)	(2,502)
Balance as of 31 December 2009	—*	821,046	329,613	7,354	1,158,013	120,176	1,278,189

** Less than IDR1,000,000*

The accompanying notes form an integral part of these combined financial statements.

Combined Statements of Changes in Equity for the years ended 31 December 2009, 2010 and 2011

	Attributable to owners of the Company						
	Share capital IDR'million	Retained earnings IDR'million	Other reserves IDR'million	Foreign currency translation reserves IDR'million	Total share capital and reserves IDR'million	Non-controlling interests IDR'million	Total equity IDR'million
Balance as of 1 January 2010	—*	821,046	329,613	7,354	1,158,013	120,176	1,278,189
Profit for the year	—	892,534	—	—	892,534	133,706	1,026,240
Foreign currency translation	—	—	—	2,488	2,488	—	2,488
Other comprehensive income for the year, net of tax	—	—	—	2,488	2,488	—	2,488
Total comprehensive income for the year, net of tax	—	892,534	—	2,488	895,022	133,706	1,028,728
Contributions by and distributions to owners:							
Arising from a business combination (Note 29(a))	—	—	—	—	—	12,011	12,011
Acquisition of non-controllling interests in subsidiaries without a change in control (Note 29(b))	—	—	(34,149)	—	(34,149)	—*	(34,149)
Changes in ownership interests in subsidiaries that do not result in a loss of control	—	—	(11,339)	—	(11,339)	—*	(11,339)
Balance as of 31 December 2010	—*	1,713,580	284,125	9,842	2,007,547	265,893	2,273,440

** Less than IDR1,000,000*

The accompanying notes form an integral part of these combined financial statements.

Combined Statements of Changes in Equity for the years ended 31 December 2009, 2010 and 2011

	Attributable to owners of the Company						
	Share capital IDR'million	Retained earnings IDR'million	Other reserves IDR'million	Foreign currency translation reserves IDR'million	Total share capital and reserves IDR'million	Non-controlling interests IDR'million	Total equity IDR'million
Balance as of 1 January 2011	—*	1,713,580	284,125	9,842	2,007,547	265,893	2,273,440
Profit for the year	—	761,852	—	—	761,852	131,111	892,963
Foreign currency translation	—	—	—	(393)	(393)	—	(393)
Other comprehensive income for the year, net of tax	—	—	—	(393)	(393)	—	(393)
Total comprehensive income for the year, net of tax	—	761,852	—	(393)	761,459	131,111	892,570
Contributions by and distributions to owners:							
Conversion of loan from Holding Company into share capital (Note 1)	45,000	—	—	—	45,000	—	45,000
Disposal of a subsidiary (Note 29(d))	—	—	7,479	—	7,479	(2,139)	5,340
Acquisition of non-controlling interest without a change in control (Note 29(c))	—	—	(140,093)	—	(140,093)	(150,898)	(290,991)
Others	—	—	—	—	—	94	94
Balance as of 31 December 2011	45,000	2,475,432	151,511	9,449	2,681,392	244,061	2,925,453

** Less than IDR1,000,000*

The accompanying notes form an integral part of these combined financial statements.

Combined Statements of Cash Flows
For the financial years ended 31 December 2009, 2010 and 2011

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Cash flows from operating activities			
Cash receipts from customers	1,475,533	2,009,422	2,990,693
Cash payments to suppliers, employees and for other operating expenses	(889,584)	(1,340,701)	(1,800,991)
Cash receipts from operating activities	585,949	668,721	1,189,702
Corporate income tax paid	(29,342)	(131,708)	(160,053)
Net cash provided by operating activities (Note 15(c))	556,607	537,013	1,029,649
Cash flows from investing activities			
Decrease/(increase) in plasma receivables	89,609	(384)	73,246
Investment in intangible assets	—	(4,928)	—
Investment in biological assets	(343,608)	(379,029)	(537,337)
Investment in property, plant and equipment	(170,691)	(249,592)	(342,875)
Proceeds from disposal of property, plant and equipment	—	894	920
Investment in land use rights	(7,013)	(18,933)	(56,730)
(Increase)/decrease in restricted cash	(27,853)	28,662	6,439
Net cash outflow on acquisition of subsidiaries	—	(123,487)	—
Proceeds from disposal of subsidiary	—	—	105,385
Interest received	2,489	9,105	10,796
Net cash flows used in investing activities	(457,067)	(737,692)	(740,156)
Cash flows from financing activities			
Acquisition of non-controlling interests	—	—	(290,991)
Proceeds from loans and borrowings	58,631	2,512,700	317,285
Repayment of loans and borrowings	(100,114)	(1,232,329)	(316,644)
Increase in other liability	6,477	—	—
(Increase)/decrease in amount due from related companies	(17,210)	39,107	(774)
Increase/(decrease) in amount due to related companies	15,600	(197,755)	71,717
Increase/(decrease) in amounts due to shareholders	16,772	(453,488)	—
Repayment of obligation under finance leases	(15,470)	(27,869)	(12,267)
Dividend paid to non-controlling interests	(2,502)	—	—
Interest paid	(99,365)	(102,759)	(150,517)
Net cash flows (used in)/provided by financing activities	(137,181)	537,607	(382,191)
Net (decrease)/increase in cash and cash equivalents	(37,641)	336,928	(92,698)
Effect of exchange rate changes on cash and cash equivalents	2,864	2,486	(239)
Cash and cash equivalents at beginning of the year	58,439	23,662	363,076
Cash and cash equivalents at end of the year (Note 15(a))	23,662	363,076	270,139

The accompanying notes form an integral part of these combined financial statements.

1. Corporate information

Bumitama Agri Ltd. (the "Company") is a limited liability company, incorporated and domiciled in the Republic of Singapore. The Company was formerly known as Global Crest Holdings & Investments Pte. Ltd. and changed its name to Bumitama Agri Pte. Ltd. on 6 April 2011. The Company converted to a public company on 2 April 2012.

From the date of the Company's incorporation to 22 February 2011, its holding company was DeLoris Management Limited ("DeLoris") incorporated in British Virgin Islands. DeLoris is ultimately held by the Harita Group.

On 2 February 2011, Wellpoint Pacific Holdings Ltd ("Wellpoint") was incorporated in the British Virgin Islands. On 23 February 2011, Wellpoint acquired the entire issued and paid up share capital of the Company for an aggregate consideration of SGD2 and the existing shareholder loan of SGD8,200,000 payable to DeLoris for a total consideration of SGD8,200,002. On 8 March 2011, Wellpoint capitalized SGD6,399,998 (equivalent to USD4,999,998) of the amount due from the Company into 6,399,998 issued and paid up share capital in the Company. Wellpoint is ultimately held by the Harita Group.

The Company is ultimately held by the Harita Group, which is controlled by the Lim family, comprising Dr. Lim Hariyanto Wijaya Sarwono, Mdm. Rita Indriawati, Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim.

The registered office of the Company is located at 10 Anson Road, #22-16B, International Plaza, Singapore 079903. The principal place of operations is located at Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta Selatan, Indonesia.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are that of investment holding, operating oil palm plantations and palm oil mills, and the production and trading of crude palm oil and related products.

The restructuring exercise

The Group was formed through a restructuring exercise in preparation for the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Restructuring Exercise"). Pursuant to the Restructuring Exercise, the Company became the holding company of the Group.

Prior to the restructuring, the Company held 14.3% in PT Bumitama Gunajaya Agro ("BGA"). Harita Group, via PT Harita Jayaraya ("Harita"), held 52.7% in BGA. The remaining interest of 33.0% is held by IOI Corporation Berhad ("IOI") (via Lynwood Capital Resources Pte Ltd ("Lynwood") and Oakridge Investments Pte Ltd ("Oakridge")).

As part of the restructuring exercise, on 20 March 2012 Wellpoint and Oakridge subscribed for 17,920,459 and 14,080,265 new shares respectively, of the Company at SGD1 per share. Following the completion of the new share subscription, Wellpoint and Oakridge holds 63.3% and 36. 7% of the enlarged share capital of the Company, respectively. Wellpoint and Oakridge subsequently provided loans that bears interest at 4.5% per annum above the 3 month US dollar London Interbank Offer Rate amounting to SGD6,171,837 and SGD4,537,874 respectively, to the Company, as funding for the acquisitions of BGA shares from Oakridge, Lynwood and Harita, respectively.

1. Corporate information (cont'd)

The restructuring exercise (cont'd)

On 20 March 2012 the Company entered into various conditional sale and purchase agreements and acquired 77,939 shares (SGD10,993,024), 54,061 shares (SGD7,625,115) and 170,811 shares (SGD24,092,296) from Oakridge, Lynwood and Harita in BGA, respectively. Following the acquisition, the Company's shareholding in BGA increased from 14.3% to 90.0% and Harita's interest in BGA decreased from 52.7% to 10.0%.

On 20 March 2012 the Company issued additional shares amounting to 657,114 shares taken up by Wellpoint, at SGD1 per share in consideration for the acquisition of PT Sawit Nabati Agro ("SNA") and PT Berkat Agro Sawitindo ("BAS") (Note 33). On completion of the share issuance, Oakridge and Wellpoint held 36.0% and 64.0% of the enlarged share capital of the Company.

Related companies in these financial statements refer to members of the Harita Group's group of companies.

Related parties in these financial statements refer to members of IOI group of companies.

2. Summary of significant accounting policies

2.1 ***Basis of preparation***

The combined financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The combined financial statements of the Group presented for the financial years ended 31 December 2009, 2010 and 2011, have been prepared by aggregating the financial statements of the Company and BGA group of companies, which are under common control of Harita Group.

The restructuring exercise is considered to be a business combination involving entities under common control and is accounted for by applying the pooling of interests method, where:

- The assets and liabilities of the combining entities are reflected at their carrying amounts;
- No adjustments are made to reflect the fair values, or recognise any new assets or liabilities;
- No goodwill is recognised as a result of the combination;
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve;
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place;
- Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2. Summary of significant accounting policies (cont'd)

2.1 ***Basis of preparation (cont'd)***

Accordingly, the assets and liabilities of these entities and business transferred have been included in the combined financial statements at their carrying amounts. Although the restructuring exercise occurred subsequent to 31 December 2011, the combined financial statements present the financial condition and results of operations as if the entities and business had always been combined since the beginning of the earliest period presented.

In accordance with Recommended Accounting Practice 12, Merger Accounting for Common Control Combinations for financial statements prepared under Part IX of the Fifth Schedule to the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005, where the combining entities or business have been under common control but have not formed a legal group as at the end of the Group's latest reporting period, the financial statements of the entities or businesses may, if meaningful, be presented on a combined basis (as distinct from consolidated financial statements) provided that the common control combination under which the legal group is formed is completed before the date of approval of the combined financial statements by the directors.

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Indonesian Rupiah ("IDR") and all values are rounded to the nearest million ("IDR'million") except when otherwise indicated.

2.2 ***Fundamental accounting concept***

As at 31 December 2009, 31 December 2010 and 31 December 2011, the Group's current liabilities exceeded its current assets IDR404,184 million, IDR127,483 million and IDR630,356 million and this may cast doubt on the validity of the going concern assumption in the preparation of the Group's combined financial statements. The Group's net current liability position was the result of using short termed borrowings to invest and expand the biological assets of the Group. The ability of the Group to continue as a going concern is dependent on the Group's ability to generate positive cashflows. In the opinion of the directors, the Group is able to continue as a going concern despite its net current liabilities position as the directors are of the view that the Group will be able to continue to generate positive net cash flows from its activities and obtain additional bank facilities to support their operations, if needed, for a period of 12 months from the date these financial statements were approved.

Accordingly, the directors are of the view that the use of the going concern assumption is appropriate for the preparation of the financial statements of the Group to enable it to meet its financial obligations as and when they fall due.

2. Summary of significant accounting policies (cont'd)

2.3 ***Changes in accounting policies***

The accounting policies have been consistently applied by the Group during the financial years ended 31 December 2009, 2010 and 2011. The Group has adopted all the new and revised standards and interpretations of FRS (INT FRS) that are effective for the annual periods beginning on or after 1 January 2009, 2010 and 2011. The adoption of these standards and interpretations will have no material impact on the combined financial statements in the period of initial application, except the following:

FRS 103 *Business Combinations (revised)* and FRS 27 *Consolidated and Separate Financial Statements (revised)*

The revised FRS 103 *Business Combinations* and FRS 27 *Consolidated and Separate Financial Statements* are applicable for annual periods beginning on or after 1 July 2010. As of 1 January 2011, the Group adopted both revised standards at the same time in accordance with their transitional provisions.

The revised FRS 103 introduces a number of changes to the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. Changes in significant accounting policies resulting from the adoption of the revised FRS 103 include:

— Transaction costs would no longer be capitalized as part of the cost of acquisition but will be expensed immediately;

— Consideration contingent on future events are recognised at fair value on the acquisition date and any changes in the amount of consideration to be paid will no longer be adjusted against goodwill but recognised in profit or loss;

— The Company elects for each acquisition of a business, to measure non-controlling interest at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets, and this impacts the amount of goodwill recognised; and

— When a business is acquired in stages, the previously held equity interests in the acquiree is remeasured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss, and this impacts the amount of goodwill recognised.

According to its transitional provisions, the revised FRS 103 has been applied prospectively. Assets and liabilities that arose from business combinations whose acquisition dates are before 1 January 2010 are not adjusted.

2. Summary of significant accounting policies (cont'd)

2.3 ***Changes in accounting policies (cont'd)***

FRS 27 *Consolidated and Separate Financial Statements (revised)*

Changes in significant accounting policies resulting from the adoption of the revised FRS 27 include:

— A change in the ownership interest of a subsidiary that does not result in a loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss recognised in profit or loss;

— Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling interest in the subsidiary's equity; and

— When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

According to its transitional provisions, the revised FRS 27 has been applied prospectively, and does not impact the combined financial statements in respect of transactions with non-controlling interests, attribution of losses to non-controlling interests and disposal of subsidiaries before 1 January 2010. The changes will affect future transactions with non-controlling interests.

Revised FRS 24 *Related Party Disclosures*

The revised FRS 24 clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised FRS 24 expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity. The revised standard also introduces a partial exemption of disclosure requirements for government-related entities. As this is a disclosure standard, it will have no impact on the financial position or financial performance of the Group.

2.4 ***Standards issued but not yet effective***

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
Amendments to FRS 107 *Disclosures — Transfers of Financial Assets*	1 July 2011
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2013
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2013

2. Summary of significant accounting policies (cont'd)

2.4 ***Standards issued but not yet effective (cont'd)***

Description	Effective for annual periods beginning on or after
FRS 110 *Consolidated Financial Statements*	1 January 2013
FRS 111 *Joint Arrangements*	1 January 2013
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2013
FRS 113 *Fair Value Measurements*	1 January 2013

The directors expect that the adoption of the other standards and interpretations above will have no material impact on the combined financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the amendment to FRS 1 and revised FRS 19 as described below.

Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to FRS 1 are effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in Other Comprehensive Income ("OCI"). Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

Revised FRS 19 *Employee Benefits*

The revised FRS 19 is effective for financial periods beginning on or after 1 January 2013.

The revised FRS 19 removes the corridor mechanism for defined benefit plans and no longer allows actuarial gains and losses to be recognised in profit or loss. The distinction between short-term and long-term employee benefits is based on expected timing of settlement rather than employee entitlement. The revised FRS 19 is to be applied retrospectively.

The Group applies the corridor method for its defined benefit plans and is currently determining the impact of the changes arising from the adoption of this standard. The Group expects the adoption of this standard will result in an increase in its net defined benefit plan liability recognised in financial position and corresponding decrease in retained earnings.

2.5 ***Transactions with non-controlling interests***

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the combined statement of comprehensive income and within equity in the combined balance sheet, separately from equity attributable to owners of the Company.

2. Summary of significant accounting policies (cont'd)

2.5 ***Transactions with non-controlling interests (cont'd)***

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 ***Basis of consolidation and business combinations***

(a) ***Basis of consolidation***

Basis of consolidation from 1 January 2010

The combined financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Where a change in the ownership interest of a subsidiary results in a loss of control, the Group:

— De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

— De-recognises the carrying amount of any non-controlling interest;

— De-recognises the cumulative translation differences recorded in equity;

— Recognises the fair value of the consideration received;

— Recognises the fair value of any investment retained;

— Recognises any surplus or deficit in profit or loss;

— Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

2. Summary of significant accounting policies (cont'd)

2.6 ***Basis of consolidation and business combinations (cont'd)***

(a) ***Basis of consolidation (cont'd)***

Whilst the above-mentioned requirements were applied on a prospective basis, the acquisition of non-controlling interests prior to 1 January 2010, continues to be accounted for using the parent entity extension method, whereby the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill, in accordance with the previous basis of consolidation.

(b) ***Business combinations***

Business combinations from 1 January 2010

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.22(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

2. Summary of significant accounting policies (cont'd)

2.6 ***Basis of consolidation and business combinations (cont'd)***

(b) ***Business combinations (cont'd)***

Business combinations prior to 1 January 2010

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

2.7 ***Foreign currency transactions and balances***

The Group's combined financial statements are presented in Indonesian Rupiah ("IDR") which is also the functional currency of its Indonesian entities.The functional currency of the Company is United States Dollars ("USD"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

2. Summary of significant accounting policies (cont'd)

2.7 ***Foreign currency transactions and balances (cont'd)***

Transactions in foreign currencies are measured in the respective functional currencies of the group entities and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

The assets and liabilities of foreign operations are translated into IDR at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

The exchange rates for United States Dollar ("USD") used as of 31 December were as follows:

	2009 IDR	2010 IDR	2011 IDR
IDR/USD	9,400	8,991	9,068

2.8 ***Revenue and other income***

(a) ***Sale of goods***

Revenue is recognised upon the transfer of significant risks and rewards of ownership of the goods to the buyer, usually on delivery of goods in accordance with the terms of the sale. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods. Payments received from the buyer are recorded as sales advances until all of the criteria for revenue recognition are met.

(b) ***Interest income***

Interest income is recognised using the effective interest method.

2. Summary of significant accounting policies (cont'd)

2.8 ***Revenue and other income (cont'd)***

(c) ***Management fee***

Management fee is earned from managing related companies and providing plantation support services to related companies.

2.9 ***Cash and cash equivalents***

Cash and cash equivalents consist of cash on hand and in banks, and short-term deposits with maturities within three months and not pledged as collateral and not restricted.

2.10 ***Inventories***

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

— Raw materials: purchase costs on a weighted average basis.

— Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

— Fertilisers and chemicals: purchase costs on a weighted average basis.

— Spare parts and consumables: purchase costs on a weighted average basis.

— Other inventories: purchase costs on a weighted average basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

Fresh fruit bunches are initially recognised at fair value and subsequently lower of net realisable value and initial recognition value.

2.11 ***Plasma receivables***

Plasma receivables represent loans to Plasma farmers under the Indonesian Government policy — "Kredit Koperasi Primer untuk Anggota" ("KKPA") scheme for the development of biological assets and its infrastructures, covering costs incurred for plasma plantations development which includes seedling, land clearing, cultivating, fertilising, maintenance and other indirect expenses. Plasma receivables are either immediately claimed to the financing banks, or temporarily self-funded by the Group for those awaiting bank's funding, or shall be reimbursed by the Plasma farmers. Plasma receivables will include advances to plasma farmers for topping up loan installments to banks. This account is presented at net amount after financing cost, received

2. Summary of significant accounting policies (cont'd)

2.11 ***Plasma receivables (cont'd)***

from the banks. Bank financing are soft loans obtained through cooperatives which agreements were signed by Plasma farmers and the respective bank for which the Group acts as guarantors for the loans repayment.

Costs incurred during development of the oil palm plantations and temporary funding to the Plasma farmers for working capital purposes are included in plasma receivables in the balance sheet. The funds received from the designated banks on behalf of the Plasma farmers for the development and operations of the plantations are included in plasma receivables as "Investment credits" in the balance sheet.

2.12 ***Biological assets***

Biological assets comprise oil palm plantations and nurseries.

Biological assets are stated at fair value less estimated point-of-sale costs. Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and from the changes in fair value less estimated point-of-sale costs of plantations at each reporting date are included in the profit or loss for the period in which they arise.

The fair value of the biological assets is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the biological assets are estimated using the estimated yield of the oil palm plantation and the estimated market price of the crude palm oil ("CPO"). In determining the present value of expected net cash flows, an entity includes the net cash flows that market participants would expect the asset to generate in its most relevant market. The estimated yield of the biological assets is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

Biological assets have an average life that ranges from 20 to 25 years; with the first 3 to 4 years as immature assets and the remaining as mature assets. A biological asset is considered mature when it starts to produce fresh fruit bunches ("FFB"), in general at about 4 years of age, of which approximately 1 year is spent as a seedling in nurseries.

2.13 ***Property, plant and equipment***

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.17. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises

2. Summary of significant accounting policies (cont'd)

2.13 ***Property, plant and equipment (cont'd)***

such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Cost includes purchase price and other incidental expenses to acquire or to secure the assets and bring the assets to its current location and condition.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

	Number of years
Buildings	5 – 20
Infrastructure	20
Machinery and equipment	5 – 20
Vehicles and heavy equipment	5 – 10
Furniture and fixtures	5

Depreciation of property, plant and equipment related to the plantations are allocated proportionately based on the area of mature and immature plantations.

Assets in construction included in property, plant and equipment is stated at cost and not depreciated as these assets are not yet available for use. Accumulated cost is transferred to the related asset when the asset is completed and ready for use and is then depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Note 2.14.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.14 ***Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. Summary of significant accounting policies (cont'd)

2.14 ***Impairment of non-financial assets (cont'd)***

An asset's recoverable amount is the higher of an asset's or cash-generating unit'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 group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. 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. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years or longer. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.15 ***Financial assets***

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.15 ***Financial assets (cont'd)***

Subsequent measurement

Subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.16 ***Impairment of financial assets***

The Group assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised 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, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, 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 discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.16 ***Impairment of financial assets (cont'd)***

Financial assets carried at amortised cost (cont'd)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.17 ***Borrowing costs***

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 ***Leases***

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

2. Summary of significant accounting policies (cont'd)

2.18 ***Leases (cont'd)***

As lessee (cont'd)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.19 ***Land use rights***

Hak Guna Usaha ("HGU") or Right to Cultivate and Hak Guna Bangunan ("HGB") or Right to Build are land rights that grant the registered holders of such rights use of the land for a period of 25 to 35 years.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised according to the rights period, which are over the period of 25 to 35 years.

2.20 ***Income tax***

(a) ***Current income tax***

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) ***Deferred tax***

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2. Summary of significant accounting policies (cont'd)

2.20 ***Income tax (cont'd)***

(b) ***Deferred tax (cont'd)***

Deferred tax liabilities are recognised for all temporary differences, except:

— Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— In respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

— Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

— In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2. Summary of significant accounting policies (cont'd)

2.20 ***Income tax (cont'd)***

(b) ***Deferred tax (cont'd)***

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) ***Value added tax ("VAT")***

Revenues, expenses and assets are recognised net of the amount of VAT except:

— Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

— Receivables and payables that are stated with the amount of VAT included.

The amount of VAT recoverable from and payable to, the taxation authority is presented as prepaid taxes and part of other payables in the balance sheet.

2.21 ***Post employment benefits***

The Group also provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labor Law No.13/2003. The said additional provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Actuarial gains or losses are recognised in the profit or loss when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting year exceed 10.0% of the higher of the present value of the defined benefit obligation or the fair value of the plan assets, if any, at that date. Such gains or losses in excess of the 10.0% corridor are amortised on a straight-line method over the expected average remaining service years of the covered employees.

2. Summary of significant accounting policies (cont'd)

2.21 ***Post employment benefits (cont'd)***

Past service cost arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan is required to be amortised over the period until the benefit becomes vested. To the extent that the benefit is already vested immediately following the introduction of, or changes to, the post employment benefits program, the Group recognises past service cost immediately.

The related estimated liability for post employment benefits is the aggregate of the present value of the defined benefit obligation at balance sheet date and actuarial gains and losses not recognised, less past service cost not yet recognised.

2.22 ***Intangible assets***

(a) ***Goodwill***

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.7.

2. Summary of significant accounting policies (cont'd)

2.22 ***Intangible assets (cont'd)***

(b) ***Other intangible assets***

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Other intangible assets represent the cost of software, which is not an integral part of a related hardware that covers all direct cost related to the acquisition and preparation of the software for its intended use. The intangible asset is being amortised on a straight-line basis over the estimated useful life of five years from its initial use.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.23 ***Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) Has control or joint control over the Company;

(ii) Has significant influence over the Company; or

(iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) 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).

2. Summary of significant accounting policies (cont'd)

2.23 ***Related parties (cont'd)***

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the 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;

(vi) The entity is controlled or jointly controlled by a person identified in (a);

(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.24 ***Subsidiaries***

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

2.25 ***Financial liabilities***

Initial recognition and measurement

Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

2. Summary of significant accounting policies (cont'd)

2.25 ***Financial liabilities (cont'd)***

Financial liabilities at fair value through profit or loss (cont'd)

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised 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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.26 ***Segment reporting***

As the Group only has one line of business at present and operates in one country, it does not present separate segment information.

2.27 ***Share capital and share issuance expenses***

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.28 ***Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) The amount of the obligation cannot be measured with sufficient reliability.

2. Summary of significant accounting policies (cont'd)

2.28 ***Contingencies (cont'd)***

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 ***Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.30 ***Financial guarantee***

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

3. Significant accounting judgements and estimates

The preparation of the Group's combined financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the period.

3. Significant accounting judgements and estimates (cont'd)

3.1 ***Judgements made in applying accounting policies***

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which has the most significant effect on the amounts recognised in the combined financial statements:

(a) ***Determination of functional currency***

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) ***Income taxes***

The Group has exposure to income taxes in mainly two jurisdictions, Singapore and Indonesia. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax provisions in the year in which such determination is made.

The carrying amount of the Group's income tax payables as at 31 December 2009, 2010 and 2011 were IDR80,207 million, IDR65,732 million and IDR152,827 million. The carrying value of the Group's income tax payable is disclosed in Note 7(e).

The carrying values of the Group's deferred tax assets and liabilities are disclosed in Note 7(b).

(c) ***Value added tax relating to Fresh Fruit Bunches***

The Group has VAT receivable relating to the production of FFB. With effect from 1 January 2007, FFB has been classified as a Certain Strategic Taxable Good and is therefore exempted from the imposition of VAT in Indonesia. As such, FFB is no longer subject to VAT and cannot be credited and instead such input VAT components should be charged as an expense. Management is of the opinion that the production of CPO, which uses FFB produced by the Group, is not covered by this exemption and all input VAT in the production of the FFB can be claimed and offset against the output VAT of CPO. Accordingly, the net VAT is accounted for as a recoverable amount in the balance sheet. As at 31 December 2009, 2010 and 2011, the cumulative effect of the input VAT relating to the FFB before offsetting output VAT are IDR32,888 million, IDR32,150 million and IDR59,724 million, respectively.

3. Significant accounting judgements and estimates (cont'd)

3.1 ***Judgements made in applying accounting policies (cont'd)***

(d) ***Deferred tax assets***

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) ***Going concern assumption***

As at 31 December 2011, the Group's current liabilities exceeded its current assets by IDR630,356 million (2010: IDR127,483 million, 2009: IDR404,184 million). The financial statements have been prepared on a going concern basis as the directors are confident that the Group is able to generate positive operating cash flows from its operations to enable the Group to pay its debts as and when they fall due. Judgement is involved in determining some of the assumptions used in the assessment. In making this judgement, the Group evaluates among other factors, the prices of CPO, FFB yield, CPO extraction rates and mill production capacity.

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) ***Biological assets and agricultural products***

The Group carries its biological assets and agriculture products at fair value less estimated point-of-sale costs, which require extensive use of accounting estimates. Significant components of fair value measurement were determined using assumptions including average lives of plantations, period of being immature and mature plantations, yield per hectare, average selling price and annual discount rates. The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these plantations would affect the profit or loss. The carrying amount of the Group's biological assets is disclosed in Note 8.

(b) ***Useful lives of property, plant and equipment***

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the oil palm industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 10.

3. Significant accounting judgements and estimates (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(c) ***Impairment of loans and receivables***

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 14.

(d) ***Defined benefit plan***

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management has derived the applicable interest rates from high quality corporate bonds in Indonesia with an AAA or AA rating. The bonds have been selected based on the expected duration of the defined benefit obligation and taking into consideration the yield curve respectively. In this process, the current credit spread of the underlying bonds has been taken into account to avoid selecting bonds with a significant volatility and inherent risk, which would not address the long term perspective of the cash flows appropriately.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

The carrying amount of the provision for post employment benefits, together with further details about the assumptions, is disclosed in Note 21.

4. Revenue

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Crude Palm Oil ("CPO")	1,316,069	1,754,517	2,526,310
Palm Kernel ("PK")	115,385	206,154	279,006
Total revenue	1,431,454	1,960,671	2,805,316

5. Cost of sales

	2009 IDR'million	2010 IDR'million	2011 IDR'million
FFB			
Upkeep and cultivation	39,138	66,224	106,546
Fertilising	91,037	110,571	188,115
Harvesting	41,615	81,655	126,755
Indirect cost	6,277	14,177	17,967
Depreciation of property, plant and equipment (Note 10)	23,424	31,954	52,050
Amortisation of land use rights (Note 11)	484	553	558
Production cost of FFB	201,975	305,134	491,991
FFB purchased — third parties	726,672	864,114	984,863
Cost of FFB transferred to CPO and PK	928,647	1,169,248	1,476,854
CPO and PK			
Cost of FFB to be processed into CPO and PK	928,647	1,169,248	1,476,854
Processing expenses:			
CPO and PK	26,526	33,185	42,420
Depreciation of property, plant and equipment (Note 10)	20,434	23,406	12,532
Indirect cost	7,394	8,252	13,090
Cost of production	983,001	1,234,091	1,544,896
CPO and PK purchased — third parties	—	26,314	67,248
	983,001	1,260,405	1,612,144
Finished goods:			
Beginning balance of CPO and PK	36,077	62,683	79,623
Ending balance of CPO and PK (Note 13)	(62,683)	(79,623)	(126,135)
Total cost of sales	956,395	1,243,465	1,565,632

6. Profit before tax

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Selling expenses			
Freight	(27,047)	(27,561)	(34,497)
Loading expense	(1,032)	(4,116)	(3,382)
Others	(269)	(153)	(1,059)
Total selling expenses	(28,348)	(31,830)	(38,938)
General and administrative expenses			
Salaries and employees' benefits	(46,711)	(65,432)	(90,046)
Transportation	(5,156)	(4,640)	(5,246)
Training	(4,764)	(5,341)	(11,103)
Depreciation of property, plant and equipment (Note 10)	(2,443)	(3,472)	(5,397)
Amortisation of land use rights (Note 11)	—	(52)	(259)
Amortisation of intangible assets (Note 12)	—	(2,865)	(2,190)
Maintenance	(3,302)	(6,122)	(10,810)
Rental	(1,784)	(2,180)	(1,954)
Professional fees	(1,882)	(3,997)	(5,549)
Insurance	(1,670)	(2,129)	(3,133)
Security	(1,625)	(2,647)	(3,565)
Electricity, water and telephone	(1,162)	(1,874)	(2,021)
Licenses	(1,143)	(3,431)	(3,165)
Office expenses	(1,382)	(2,930)	(3,432)
Bank fees	(1,284)	(728)	(732)
Others	(3,602)	(5,302)	(6,028)
Total general and administrative expenses	(77,910)	(113,142)	(154,630)
Other income			
Foreign exchange gain	94,512	52,057	—
Management fee	385	385	1,451
Processing income	—	2,479	5,712
Gain from waiver of other liability	—	—	8,051
Gain on disposal of a subsidiary	—	—	45,158
Others	3,977	(171)	5,739
Total other income	98,874	54,750	66,111
Other expenses			
Foreign exchange loss	—	—	(8,885)
Loss on disposal of property, plant and equipment	(102)	(585)	(88)
Total other expenses	(102)	(585)	(8,973)
Finance costs			
Interest expense and amortisation on:			
Loans and borrowings	(101,093)	(125,660)	(145,125)
Less:			
Capitalised to biological assets (Note 8)	5,927	13,887	40,101
Total finance costs	(95,166)	(111,773)	(105,024)

7. Taxation

(a) ***Income tax expense***

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Current income tax:			
— Current year	(96,585)	(118,148)	(247,047)
Deferred income tax:			
— Current year	(24,373)	(210,585)	(50,024)
— Effect of change in tax rate	856	—	—
	(23,517)	(210,585)	(50,024)
Income tax expense recognised in profit or loss	(120,102)	(328,733)	(297,071)

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December are as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Profit before tax	469,129	1,354,973	1,190,034
Tax at the domestic rates applicable to profits in the countries where the Group operates	(122,192)	(328,203)	(299,855)
Net permanent differences at maximum marginal tax rate	216	(411)	1,730
Fair value changes of biological assets	1,059	138	888
Effect of tax rate reduction	856	—	—
Others	(41)	(257)	166
Income tax expense recognised in profit or loss	(120,102)	(328,733)	(297,071)

In September 2008, Law No. 7/1983 regarding "Income Tax" was revised with Law No. 36/2008. The revised Law stipulates changes in corporate tax rate from a marginal tax rate of 30% in fiscal year 2008 to a single rate of 28% for fiscal year 2009 and 25% for fiscal year 2010 onwards effective from 1 January 2009. As a result of this, the Group has recorded the impact of changes in tax rate which amounted to IDR856 million as part of tax expense in the current year operations in 2009.

7. Taxation (cont'd)

(b) ***Deferred tax assets/(liabilities)***

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Deferred tax assets:			
Property, plant and equipment	—	85	207
Effect of change in tax rate	(98)	—	—
Tax loss carried forward	1,227	1,517	3,800
Biological assets	20,011	783	4,133
Deferred tax assets, net	21,140	2,385	8,140
Deferred tax liabilities:			
Property, plant and equipment	(9,116)	(12,051)	(19,413)
Biological assets	(183,124)	(410,847)	(445,225)
Adjustment on tax rate reduction	954	—	—
Deferred tax liabilities, net	(191,286)	(422,898)	(464,638)

(c) ***Tax refundable***

Tax refundable from 1 January 2010

PT Bumitama Gunajaya Abadi ("BG Abadi") and PT Windu Nabatindo Lestari ("WNL")

On 1 July 2011, WNL, a subsidiary, was issued additional VAT assessments for periods of January, February and March 2007 amounting to IDR1,834 miillion, IDR3,608 million and IDR1,900 million, respectively. WNL applied objections to the Directorate General of Tax and has paid some of the amounts totalling IDR6,432 million, which was presented as "Tax refundable" in the 2011 combined balance sheet. As at 31 December 2011, the objections are still in process.

On 12 April 2010, BG Abadi, a subsidiary, was issued two additional value added tax assessments for periods of January – April 2008 and May 2008 amounting to IDR15,758 million and IDR1,735 million, respectively. BG Abadi has objected to these additional assessments to the Directorate General of Tax. On 20 May 2011, the objections were partially accepted for the period January – April 2008 and the liability was reduced to IDR4,301 million but declined for May 2008. BG Abadi has appealed against the decisions and the amounts paid totalling IDR6,036 million, which was presented as "Tax refundable" for the year ended 31 December 2011. As at 31 December 2011, the appeals are still in process.

On 6 September 2010, BG Abadi was issued additional value added tax assessments for period of January – December 2007 amounting to IDR11,457 million. BG Abadi has again objected to these additional assessments to the Directorate General of Tax. On 27 October 2011, the objection was partially accepted and the liability was reduced to IDR11,350 million. BGB has appealed against the decision and has partially paid IDR4,125 million in 2011, which was presented as "Tax refundable" for the year ended 31 December 2011. As at 31 December 2011, the appeal is still in process.

As at 31 December 2011, the total tax refundable amounted to IDR16,593 million.

7. Taxation (cont'd)

(c) ***Tax refundable (cont'd)***

Tax refundable prior to 1 January 2010

PT Karya Makmur Bahagia ("KMB")

On 20 March 2006, PT Karya Makmur Bahagia ("KMB") was issued an additional income tax assessment amounting IDR5,485 million, in relation to its 2004 income tax assessment. Of this, IDR1,172 million was partially paid in 2006, and the balance was settled in 2007. KMB submitted an appeal against the additional assessment to the Directorate General of Tax. The amounts paid were recorded as tax recoverable as KMB believed that the additional assessment raised was incorrect.

On 22 June 2007, the Directorate General of Tax declined KMB's appeal and on 17 September 2007, another appeal was lodged. KMB was charged penalty interest on the additional assessment of IDR1,119 million on 17 January 2008.

On 18 June 2008, the Tax Court granted KMB's appeal. KMB has since received the refund sum of IDR4,508 million. Based on the Tax Decision Letter, KMB has filed an appeal letter to the Tax Office for refund of overpayment of interest penalty amounting to IDR411 million, which was presented as "Tax refundable" in the combined balance sheets as at 31 December 2009.

In October 2010, KMB proposed to deduct the tax refund from the payment of corporate income tax article 25. The proposal was accepted and IDR399 million was deducted with the remaining IDR12 million charged to profit or loss.

As at 31 December 2009, the total tax refundable amounted to IDR411 million.

(d) ***Prepaid taxes***

Prepaid taxes represent VAT as at 31 December 2009, 2010 and 2011.

(e) ***Income tax payable***

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Income tax — Article 22	7	9	—
Income tax — Article 23	3,240	2,614	2,673
Income tax — Article 25	1,991	5,773	9,624
Income tax — Article 29	74,969	57,336	140,530
	80,207	65,732	152,827

8. Biological assets

Biological assets are classified into mature plantations, immature plantations and nurseries.

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Mature plantations			
At fair value:			
Beginning balance	695,423	1,100,463	1,830,637
Transfer from immature plantations	136,658	254,902	475,337
	832,081	1,355,365	2,305,974
Gain arising from fair value changes in biological assets	268,382	475,272	442,729
Ending balance	1,100,463	1,830,637	2,748,703
Immature plantations			
At fair value:			
Beginning balance	966,678	1,007,516	1,724,695
Development costs	295,124	359,618	574,235
Transferred from nurseries	54,135	44,533	61,681
Acquisition of subsidiaries (Note 29(a))	—	215,033	—
Disposal of a subsidiary (Note 29(d))	—	—	(85,447)
	1,315,937	1,626,700	2,275,164
Transferred to mature plantations	(136,658)	(254,902)	(475,337)
(Loss)/gain arising from fair value changes in biological assets	(171,763)	352,897	(266,733)
Ending balance	1,007,516	1,724,695	1,533,094
Nurseries			
At fair value:			
Beginning balance	61,174	34,902	69,565
Development costs	30,249	38,355	46,763
Acquisition of subsidiaries (Note 29(a))	—	37,768	—
Disposal of a subsidiary (Note 29(d))	—	—	(21,468)
	91,423	111,025	94,860
Transferred to immature plantations	(54,135)	(44,533)	(61,681)
(Loss)/gain arising from fair value changes in biological assets	(2,386)	3,073	5,012
Ending balance	34,902	69,565	38,191
Total biological assets	2,142,881	3,624,897	4,319,988

8. Biological assets (cont'd)

The fair values of biological assets are determined by an independent valuer using the discounted future cash flows of the underlying plantations. The expected future cash flows of the biological assets are determined using the projected selling prices of CPO in the market.

Significant assumptions made in determining the fair values of the biological assets are as follows:

(a) no new planting or re-planting activities are assumed;

(b) oil palm trees have an average life of 25 years, with the first 4 years as immature and the remaining years as mature;

(c) determination of production calculation was taken from standard yield of Lonsum, Socfindo, and Dami Mas seeds which took into account factors such as seed types, land classification and the soil consideration in each estate, taking into consideration the weather characteristic;

(d) the discount rate used for the Group's plantation operations which is applied in the discounted future cash flows calculation for 31 December 2009, 2010 and 2011 is 16.5%, 13.6% and 12.6%, respectively;

(e) the projected selling prices of CPO for the financial years ended 31 December 2009, 2010 and 2011 referenced to independent professional valuer's report.

	2009 IDR/KG	2010 IDR/KG	2011 IDR/KG
Projected CPO price	6,172 – 6,513	6,803 – 7,863	6,528 – 7,454
	Tonne	Tonne	Tonne
FFB harvested	332,373	473,576	678,330
	Hectares	Hectares	Hectares
Mature biological assets (planted nucleus)	20,415	28,252	41,084
Immature biological assets (planted nucleus)	38,632	48,769	46,497

The plantations have been insured against the risk of fire, covering an aggregate area of approximately 73,142 hectares (out of a total planted area of approximately 87,581 hectares) for up to approximately IDR1,766 billion as at 31 December 2011.

Depreciation of property, plant and equipment capitalised to immature plantations for the financial year ended 31 December 2009, 2010 and 2011 amounted to IDR4,754 million, IDR8,601 million and IDR17,270 million (Note 10).

Borrowing costs capitalised to immature plantations for the financial year ended 31 December 2009, 2010 and 2011 amounted to IDR5,927 million, IDR13,887 million and IDR40,101 million (Note 6).

8. Biological assets (cont'd)

As at 31 December 2009, 2010 and 2011, biological assets pledged as collateral for the bank loans facilities were IDR1,028,514 million, IDR2,296,603 million and IDR2,518,462 million, respectively.

9. Plasma receivables

This account represents costs incurred for plasma plantations development which was financed by the Subsidiaries while waiting for funding investment credit from the bank or shall be reimbursed by the plasma farmers. Plasma receivables also include advances to plasma farmers for payments of loan installments to the banks.

The Subsidiaries develop plasma plantations under the "Kredit Koperasi Primer untuk Anggota" (KKPA) scheme. Plasma plantations development is financed through investment credit from banks. Under the KKPA scheme, investment credit agreement is signed by plasma farmers through cooperative (*Koperasi Unit Desa*/KUD) as their representative and the Subsidiaries act as guarantors for the loan repayments.

As the guarantors for the loan installment, the Subsidiaries deduct 40% of plasma farmers' sales of FFB to the Subsidiaries until the plasma farmers' loans to the bank are fully paid. The amount deducted will be paid by the Company as the plasma farmers' loan installment to the bank. Deficits from difference between deductions from sales of FFB with bank loan installments, which must be paid by the Subsidiaries as guarantors of loan repayments, are recorded as plasma receivables until reimbursed by plasma farmers.

As of 31 December 2009, 2010 and 2011, the Company has developed plasma plantations through bank partnerships covering a total area of 25,313 hectares, 30,515 hectares and 30,879 hectares, and plasma farmers of 13,733, 15,000 and 14,539, respectively.

Details of plasma plantation receivables as at 31 December are as follows:

Group	Plasma plantation development costs IDR'million	Investment credits IDR'million	Net plasma plantation receivables IDR'million
2009			
KKPA			
At 1 January 2009	566,285	(367,490)	198,795
Development costs net of plasma FFB purchased by the Group	90,573	—	90,573
Additional credits	—	(248,869)	(248,869)
Depreciation expense capitalised (Note 10)	1,572	—	1,572
Interest capitalised	58,537	—	58,537
Payment of self financing of receivables from plasma plantation	—	10,150	10,150
At 31 December 2009	716,967	(606,209)	110,758

9. Plasma receivables (cont'd)

Group	Plasma plantation development costs IDR'million	Investment credits IDR'million	Net plasma plantation receivables IDR'million
2010			
KKPA			
At 1 January 2010	716,967	(606,209)	110,758
Development costs net of plasma FFB purchased by the Group	13,797	—	13,797
Additional credits	—	(71,287)	(71,287)
Depreciation expense capitalised (Note 10)	3,332	—	3,332
Interest capitalised	44,536	—	44,536
Payment of self financing of receivables from plasma plantation	—	17,114	17,114
Acquisition of subsidiaries (Note 29(a))	96,050	(25,409)	70,641
At 31 December 2010	874,682	(685,791)	188,891
2011			
KKPA			
At 1 January 2011	874,682	(685,791)	188,891
Development costs net of plasma FFB purchased by the Group	26,071	—	26,071
Additional credits	—	(192,817)	(192,817)
Depreciation expense capitalised (Note 10)	5,137	—	5,137
Interest capitalised	55,009	—	55,009
Payment of self financing of receivables from plasma plantation	—	36,323	36,323
Disposal of a subsidiary (Note 29(d))	(71,683)	59,614	(12,069)
At 31 December 2011	889,216	(782,671)	106,545

10. Property, plant and equipment

Cost	Buildings IDR'million	Infrastructure IDR'million	Machinery and equipment IDR'million	Vehicles and heavy equipment IDR'million	Furniture and fixtures IDR'million	Assets in construction IDR'million	Total IDR'million
At 1 January 2009	205,915	32,524	140,305	106,483	17,885	158,522	661,634
Additions	11,273	2,340	38,059	42,517	9,230	101,952	205,371
Disposals	(103)	—	—	—	—	—	(103)
Reclassifications	87,428	9,671	62,743	3,722	257	(163,821)	—
Transfer to intangible assets (Note 12)	—	—	—	—	—	(4,615)	(4,615)
At 31 December 2009 and 1 January 2010	304,513	44,535	241,107	152,722	27,372	92,038	862,287
Additions	56,953	1,987	3,969	36,879	4,351	149,815	253,954
Disposals	—	—	—	(1,626)	—	(585)	(2,211)
Reclassifications	31,260	6,880	53,889	778	9,014	(101,821)	—
Acquisition of subsidiaries (Note 29(a))	10,572	18,385	1,614	13,453	1,242	8,751	54,017
At 31 December 2010 and 1 January 2011	403,298	71,787	300,579	202,206	41,979	148,198	1,168,047
Additions	78,857	11,526	65,381	36,037	6,155	144,919	342,875
Disposals	—	—	—	(1,185)	—	—	(1,185)
Disposal of a subsidiary (Note 29(d))	(11,362)	(454)	(1,667)	(5,648)	(482)	(462)	(20,075)
Reclassification	81,215	18,316	71,026	12,929	5	(183,491)	—
At 31 December 2011	552,008	101,175	435,319	244,339	47,657	109,164	1,489,662

10. Property, plant and equipment (cont'd)

	Buildings IDR'million	Infrastructure IDR'million	Machinery and equipment IDR'million	Vehicles and heavy equipment IDR'million	Furniture and fixtures IDR'million	Assets in construction IDR'million	Total IDR'million
Accumulated depreciation							
At 1 January 2009	26,882	6,567	32,235	34,360	6,450	—	106,494
Charge for the year	14,980	2,538	12,925	18,173	4,011	—	52,627
Disposals	(1)	—	—	—	—	—	(1)
Reclassifications	—	2	(184)	137	45	—	—
At 31 December 2009 and 1 January 2010	41,861	9,107	44,976	52,670	10,506	—	159,120
Charge for the year	19,766	2,807	17,090	24,107	6,995	—	70,765
Disposals	—	—	—	(733)	—	—	(733)
Reclassification	—	—	44	—	(44)	—	—
At 31 December 2010 and 1 January 2011	61,627	11,914	62,110	76,044	17,457	—	229,152
Charge for the year	26,231	4,955	21,507	31,436	8,257	—	92,386
Disposals	—	—	—	(177)	—	—	(177)
Disposal of a subsidiary (Note 29(d))	(295)	(15)	(276)	(1,256)	(144)	—	(1,986)
At 31 December 2011	87,563	16,854	83,341	106,047	25,570	—	319,375
Net carrying amount							
At 31 December 2009	262,652	35,428	196,131	100,052	16,866	92,038	703,167
At 31 December 2010	341,671	59,873	238,469	126,162	24,522	148,198	938,895
At 31 December 2011	464,445	84,321	351,978	138,292	22,087	109,164	1,170,287

10. Property, plant and equipment (cont'd)

Assets held under finance lease

The net carrying amount of vehicles and heavy equipment held under obligations of finance lease for the year ended 31 December 2009, 2010 and 2011 are IDR64,925 million, IDR30,937 million and IDR17,138 million, respectively.

Additions in assets held under finance lease

The net additions of assets held under finance lease for the year ended 31 December 2009, 2010 and 2011 are IDR34,680 million, IDR4,362 million and nil, respectively.

Assets pledged as security

The Group's property, plant and equipment as at 31 December 2009, 2010 and 2011 with a net carrying amount of IDR235,559 million, IDR507,529 million and IDR604,025 million, respectively, are pledged to secure the Group's bank loan.

Assets pledged under EcoSecurities Group PLC ("EcoSecurities")

The Group's property, plant and equipment as at 31 December 2009, 2010 and 2011 with a net carrying amount of IDR11,346 million, IDR15,757 million and nil, respectively, are secured by the advance from EcoSecurities. (Note 22).

Depreciation of property, plant and equipment was charged and allocated as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Cost of sales (Note 5)	43,858	55,360	64,582
General and administrative expenses (Note 6)	2,443	3,472	5,397
Immature plantations (Note 8)	4,754	8,601	17,270
Plasma receivables (Note 9)	1,572	3,332	5,137
Total depreciation	52,627	70,765	92,386

11. Land use rights

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Cost:			
At 1 January	43,785	50,798	114,816
Additions	7,013	18,933	56,730
Acquisition of subsidiaries (Note 29(a))	—	45,085	—
Disposal of a subsidiary (Note 29(d))	—	—	(23,518)
At 31 December	50,798	114,816	148,028
Accumulated amortisation:			
At 1 January	1,208	1,692	2,297
Amortisation for the year	484	605	817
At 31 December	1,692	2,297	3,114
Net carrying amount	49,106	112,519	144,914
Amount to be amortised:			
— Not later than one year	484	552	648
— Later than one year but not more than five years	1,936	2,208	2,592
— Later than five years	46,686	109,759	141,674
	49,106	112,519	144,914

Land use rights represent the cost of land use rights owned by the Group and cost associated with the legal transfer or renewal for titles of land use rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Land use rights are amortised on a straight line basis over their terms of 25 to 35 years. The terms can be extended up to a period of 35 years from the initial recognition, subject to agreement with the Government of Indonesia and payments of premium.

As at 31 December 2009, 2010 and 2011, the land use rights have remaining tenure of 27 years to 34 years, 26 years to 33 years and 25 years to 32 years, respectively.

Amortisation of land use rights was charged and allocated as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Cost of sales (Note 5)	484	553	558
General and administrative expenses (Note 6)	—	52	259
	484	605	817

As at 31 December 2009, 2010 and 2011, land use rights pledged as collateral for the bank loans facilities were IDR23,660 million, IDR42,824 million and IDR48,624 million, respectively.

12. Intangible assets

	Goodwill IDR'million	Software IDR'million	Total IDR'million
Cost:			
At 1 January 2009	22,885	—	22,885
Transfer from property, plant and equipment (Note 10)	—	4,615	4,615
At 31 December 2009 and 1 January 2010	22,885	4,615	27,500
Acquisition of subsidiaries (Note 29(a))	64,285	—	64,285
Additions	—	6,334	6,334
At 31 December 2010 and 1 January 2011	87,170	10,949	98,119
Disposal of a subsidiary (Note 29(d))	(15,476)	—	(15,476)
At 31 December 2011	71,694	10,949	82,643
Accumulated amortisation:			
At 1 January 2009, 31 December 2009 and 1 January 2010	—	—	—
Amortisation for the year (Note 6)	—	2,865	2,865
At 31 December 2010 and 1 January 2011	—	2,865	2,865
Amortisation for the year (Note 6)	—	2,190	2,190
At 31 December 2011	—	5,055	5,055
Net carrying amount:			
At 31 December 2009	22,885	4,615	27,500
At 31 December 2010	87,170	8,084	95,254
At 31 December 2011	71,694	5,894	77,588

Goodwill

In 2007, the Group acquired 28.2% of the non-controlling interests in a subsidiary, PT Karya Makmur Bahagia ("KMB"), from,a related company. Goodwill of IDR22,885 million representing the excess of cost of the additional investment (28.2%) over the carrying amount of the interest in the net asset acquired at the date of transaction was recognised.

On 21 October 2010, the Group acquired 90.0% interest in PT Lestari Inti Gemilang ("LGI") and its subsidiaries from a third party, for a cash consideration of IDR172,388 million. The goodwill on acquisition is shown in Note 29(a).

12. Intangible assets (cont'd)

Impairment testing of goodwill

Goodwill arising from business combinations is allocated to the subsidiary unit for the purpose of impairment testing.

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Carrying value	22,885	87,170	71,694

The recoverable amount of goodwill as at 31 December was determined based on value-in-use calculations using cash flow projections from financial budgets approved by management. The calculations were based on the following key assumptions:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Discount rate (pre-tax)	16.5%	13.6%	12.6%
Inflation rate	4% – 5%	4% – 6%	4% – 6%
Projected CPO price ($^{IDR}/_{Kg}$)	6,172 – 6,513	6,803 – 7,863	6,528 – 7,454

The recoverable value calculation applied a discounted cash flow model using cash flow projections covering a period of 6 years, and a projected CPO price of IDR6,172 – IDR7,454 per kg. The cash flows calculated in sixth year is based on the Appraiser's judgement with reference to monetary policy report published by Bank Indonesia, International Monetary Fund data and World Economic Outlook Database. The inflation rate in sixth year carries inflation rate of 4% and the cash flows beyond the projected periods are extrapolated using the inflation rate of 4%.

The calculations of value-in-use are most sensitive to the following assumptions:

Pre-tax discount rate — The discount rate applied to the cash flow projection is pre-tax and derived from the weighted average cost of capital of the oil palm plantation sectors.

Inflation rate — As at 31 December 2009 and 2010, the inflation rate is based on the monetary policy report published by Bank Indonesia. As at 31 December 2011, the inflation rate is based on the International Monetary Fund data and World Economic Outlook Database.

Projected CPO price — As at 31 December 2009 and 2010, the CPO price was based on FOB Pelawan palm oil that was made available by PT Sinar Mas Agro Resources and Technology Tbk. As at 31 December 2011, the CPO price was based on the international market price retrieved from Oil World and actual CPO price transacted by PT Bumitama Gunajaya Agro and its subsidiaries.

Software

Software represents the cost of software that covers all direct cost related to the acquisition and preparation of the software for its intended use which is not part of an integral part of hardware. Amortisation of software is recognised in the "General and administrative expenses" line item in the combined income statement.

13. Inventories

	2009 IDR'million	2010 IDR'million	2011 IDR'million
At lower of cost and net realisable value:			
Finished goods:			
CPO	56,995	73,666	116,226
PK	5,688	5,957	9,909
	62,683	79,623	126,135
Fertilisers and chemicals	34,887	40,086	86,376
Spare parts and other consumables	22,102	35,861	50,822
Others	—	416	—
Goods in transit	61	—	—
	57,050	76,363	137,198
Total inventories	119,733	155,986	263,333
Inventories recognised as an expense in cost of sales (Note 5)	956,395	1,243,465	1,565,632

As at 31 December 2009, 2010 and 2011, inventories pledged as collateral for the bank loans facilities were IDR26,914 million, IDR11,729 million and IDR82,478 million, respectively.

14. Trade and other receivables

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Trade and other receivables:			
Trade receivables	11,636	2,830	2,837
Amounts due from related companies	28,389	852	1,626
Other receivables	11,135	12,502	29,428
Total trade and other receivables	51,160	16,184	33,981
Restricted cash (Note 15(b))	35,101	6,439	—
Cash and short-term deposits (Note 15(a))	23,662	363,076	270,139
Total loans and receivables	109,923	385,699	304,030

Trade receivables

Trade receivables are non-interest bearing and are generally less than 30 days terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. They are not secured by any collateral or credit enhancement. All trade receivables are denominated in IDR.

14. Trade and other receivables (cont'd)

Amounts due from related companies

Amounts due from related companies are non-trade in nature, non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

Amounts due from related companies denominated in foreign currency at 31 December are as follows:

	2009 IDR'million	2011 IDR'million	2011 IDR'million
USD	77	93	177

Other receivables

Other receivables are non-interest bearing, unsecured, repayable on demand and are to be settled in cash.

Receivables that are past due but not impaired

The Group has trade receivables as at 31 December 2009, 2010 and 2011 amounting to IDR11,636 million, IDR2,830 million and IDR2,837 million respectively, that are past due but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Trade receivables past due:			
Less than 30 days	1,661	722	2,001
30 to 60 days	—	—	—
61 to 90 days	2,512	95	97
More than 90 days	7,463	2,013	739
	11,636	2,830	2,837

There are no trade receivables that are impaired either individually or collectively as at the end of each reporting period.

15. Cash and short-term deposits

(a) *Cash and short-term deposits*

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Cash at bank and on hand	23,662	140,906	178,731
Time deposit	—	222,170	91,408
Total cash and short-term deposits	23,662	363,076	270,139

Cash at bank earns interest at floating rates based on daily bank deposit rate. Time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the annual interest rates of 1.9% to 7.3% (2010: 2.0% to 7.0%, 2009: nil).

Cash and short-term deposits denominated in foreign currency at 31 December are as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
USD	11,946	68,269	13,186
SGD	—	—	1,311

(b) *Restricted cash*

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Restricted cash	35,101	6,439	—

Restricted cash were pledged to secure long-term bank loan and plasma receivable financing. Restricted cash earns interest at floating rates based on daily bank deposit rate.

All restricted cash as at 31 December 2009 and 2010 are denominated in IDR.

Long-term bank loan

Pursuant to bank loan agreements entered into in May 2007, KMB and BG Abadi are obligated to deposit amounts on a monthly basis, equivalent to the sum of principal and interest that will be due in the following month into a Debt Service Reserve Bank Accounts ("DSRA") with PT Bank DBS Indonesia (Note 17). As of 31 December 2009, 2010 and 2011, total DSRA from the subsidiaries amounted to IDR238 million, nil and nil, respectively.

15. Cash and short-term deposits (cont'd)

(b) ***Restricted cash (cont'd)***

Long-term bank loan (cont'd)

As of 31 December 2009, 2010 and 2011, PT Windu Nabatindo Abadi ("WNA"), placed a time deposit amounting to IDR4,939 million, IDR3,692 million and nil, respectively, as security for its bank loan.

Plasma receivable financing

In relation to the bank loan granted by PT Bank Mandiri (Persero) Tbk. for the purpose of plasma financing, BG Abadi, PT Gunajaya Karya Gemilang ("GKG") and PT Masuba Citra Mandiri ("MCM") are obligated to deposit amounts in proportion to the minimum amount of 30.0% from each drawdown of plasma credit facility. As of 31 December 2009, 2010 and 2011, total deposit amounted to IDR29,924 million, IDR2,747 million, and nil, respectively.

(c) ***Cash flow from operating activities***

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Profit before tax	469,129	1,354,973	1,190,034
Adjustments:			
Depreciation of property, plant and equipment	46,301	58,832	69,979
Amortisation of land use rights	484	605	817
Amortisation of intangible assets	—	2,865	2,190
Finance cost	95,166	111,773	105,024
Interest income	(2,489)	(9,105)	(10,796)
Post employment benefits	2,488	5,881	7,925
Unrealised foreign exchange (gain)/loss	(34,677)	(29,528)	9,330
Gain on disposal of investment in subsidiary	—	—	(45,158)
Gain on waiver of other liability	—	—	(8,051)
Loss on disposal of property, plant and equipment	102	585	88
Gain arising from fair value changes in biological assets	(94,233)	(831,242)	(181,008)
Operating cash flows before working capital changes	482,271	665,639	1,140,374
(Increase)/decrease in trade and other receivables	(6,358)	7,770	(17,337)
Increase in inventories	(10,074)	(24,610)	(115,350)
Increase in prepaid taxes	(6,163)	(4,249)	(10,884)
Decrease/(increase) in prepayment and advances	4,229	7,779	(7,197)
Decrease/(increase) in deferred charges	44	(5,569)	(19,138)

15. Cash and short-term deposits (cont'd)

(c) ***Cash flow from operating activities (cont'd)***

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Decrease/(increase) in tax refundable	97	—	(16,593)
Decrease in other non-current assets	27	—	—
Increase/(decrease) in trade and other payables	66,086	(26,407)	117,195
Increase in accrued operating expenses	8,138	11,345	26,959
Increase in sales advances	47,652	37,083	95,874
Decrease in post employment benefits	—	(60)	(4,201)
Cash flows from operations	585,949	668,721	1,189,702
Corporate income tax paid	(29,342)	(131,708)	(160,053)
Net cash resulting from operating activities	556,607	537,013	1,029,649

16. Amounts due to shareholders and related parties

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Amounts due to shareholders	174,165	57,799	12,955
Amounts due to related parties	276,057	—	—
	450,222	57,799	12,955

Amounts due to shareholders

Amounts due to shareholders are non-trade, non-interest bearing, unsecured and carried no fixed term of repayment. The amounts are denominated in USD.

On 8 March 2011, amounts due to shareholders of SGD6,399,998 (equivalent to USD4,999,998) was capitalised into 6,399,998 issued and paid-up share capital in the Company (Note 1).

Amounts due to related parties

Included in amounts due to related parties is an amount of IDR156,390 million which is non-trade, earned interest at the same rate as DBS Transferable Loan Certificate (Note 17), unsecured and carried no fixed term of repayment. The amount is denominated in USD.

Included in amounts due to related parties is an amount of IDR119,667 million which is non-trade, non-interest bearing, unsecured and carried no fixed term of repayment. The amount is denominated in IDR.

17. Loans and borrowings

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Long-term bank loans:			
PT Bank DBS Indonesia ("DBS")			
— syndicated loan			
PT Karya Makmur Bahagia	272,815	—	—
PT Bumitama Gunajaya Abadi	127,930	—	—
PT Bank Mandiri (Persero) Tbk ("Mandiri")			
PT Karya Makmur Bahagia	—	410,053	298,639
PT Bumitama Gunajaya Abadi	—	317,509	255,250
PT Windu Nabatindo Lestari	277,376	—	—
PT Rohul Sawit Industri	13,755	—	—
PT Masuba Citra Mandiri	21,871	—	—
PT Gunajaya Karya Gemilang	50,780	54,852	—
PT Gunajaya Karya Sentosa	—	92,185	128,390
PT Windu Nabatindo Abadi	96,590	136,180	198,066
The Hongkong and Shanghai Banking Corporation Ltd. ("HSBC")			
— syndicated loan			
PT Rohul Sawit Industri	—	25,350	24,610
PT Windu Nabatindo Lestari	—	1,094,738	1,072,111
PT Masuba Citra Mandiri	—	60,663	58,888
PT Bank CIMB Niaga Tbk ("CIMB")			
PT Agro Sejahtera Manunggal	—	84,677	115,942
	861,117	2,276,207	2,151,896
Bank facilities:			
PT Bank DBS Indonesia			
The BGA Group	15,764	—	—
PT Bank Mandiri (Persero) Tbk			
PT Rohul Sawit Industri	12,876	—	—
PT Windu Nabatindo Lestari	25,000	—	—
PT Bank CIMB Niaga Tbk			
PT Agro Sejahtera Manunggal	—	20,000	22,509
PT Bank UOB Indonesia			
The BGA Group	—	—	136,777
	53,640	20,000	159,286
Total loans and borrowings	914,757	2,296,207	2,311,182
Represented by:			
Current portion	195,190	244,306	516,300
Non-current portion	719,567	2,051,901	1,794,882
	914,757	2,296,207	2,311,182

17. Loans and borrowings (cont'd)

All loans and borrowings as at 31 December 2009, 2010 and 2011 carried interest at floating rates.

Loans and borrowings denominated in foreign currency as at 31 December are as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
USD	3426,805	1,173,140	1,150,147

Long-term bank loans

PT Bank DBS Indonesia

On 23 May 2007, PT Bumitama Gunajaya Agro ("BGA"), KMBand BG Abadi obtained a USD55 million (equivalent to IDR485,540 million) credit facility from a syndicate of banks led by DBS. Under a Transferable Loan Certificate ("TLC") Agreement, BGA, KMB and BG Abadi were allocated the amounts of USD2 million, USD36 million and USD17 million, respectively.

The syndicate of banks represents the following:

- PT Bank DBS Indonesia
- PT Bank CIMB Niaga
- PT Bank Danamon Indonesia Tbk
- PT Bank Maybank Indocorp

The syndicated loan bore interest payable of 7.50% to 9.00% per annum for 2009 and 6.00% to 7.50% per annum for 2010. The interest rate was computed based on the London Inter Bank Offered Rate ("LIBOR") plus a defined margin in accordance with the ratio of the debt to the combined EBITDA of the BGA Group. The syndicated loan shall be repaid in quarterly installments commencing from 23 February 2009 and matures on 23 May 2012.

The syndicated loan agreement contains certain covenants which restrict BGA, KMB and BG Abadi, among others, to enter into a merger or acquisition, give guarantees, amend the scope of the Group's activities and enter into treasury transactions. BGA is also expected to maintain certain financial ratios as stipulated in the agreement.

The credit facility was secured by the following:

- Corporate guarantee from BGA, BG Abadi, KMB and PT Hatiprima Agro ("HPA")
- Personal guarantee from directors of BGA
- Property, plant and equipment of BG Abadi, on a pari passu basis

17. Loans and borrowings (cont'd)

Long-term bank loans (cont'd)

PT Bank DBS Indonesia (cont'd)

- Insurance on pledged assets from BGA, BG Abadi, KMB and HPA
- Movable assets of BGA, BG Abadi, KMB and HPA
- Receivables amounting to IDR11,636 million for the year ended 31 December 2009
- Rights to receive land title for bulking station, housing and infrastructure from BGA
- Pledge of the BGA's shares in BG Abadi, KMB and HPA
- Pledge of KMB's shares in HPA
- BGA's property, plant and equipment, including the land use rights under the HGU or HGB or Rights to Build
- Bank balances pledged by BGA, BG Abadi and KMB amounted to IDR3,684 million in 2009 and nil in 2010 as the loans were fully repaid as at year end

The loan facility required debt service reserve bank accounts to be maintained by BGA, KMB and BG Abadi in relation to the loan. These are presented as "Restricted Cash" in the combined balance sheets as at 31 December 2009 and 2010 (Note 15(b)).

On 8 August 2008, BGA, BG Abadi, KMB, HPA and the syndicate of banks signed an amendment letter to revise terms and conditions of the loan.

Based on the above amendment letter, KMB and BG Abadi agreed to comply with the following:

- Debt to equity ratio not exceeding 2.33:1 for the years ending 31 December 2008 through 2012
- Earnings before interest, taxes, depreciation and amortisation ("EBITDA") ratio to interest expenses not less than 3:1 through 2012 for KMB
- EBITDA ratio to interest expenses not less than 1.5:1 for the book year ending 31 December 2009 or 3:1 through 2012 for BG Abadi

Based on the amendment letter, guarantees related to plasma plantation financing were revised to as follows:

(a) Total amount guaranteed by KMB shall not exceed IDR210,990 million for a three year period from date of payment; and

(b) Total amount guaranteed by BG Abadi shall not exceed IDR320,000 million for a three year period from date of payment.

17. Loans and borrowings (cont'd)

Long-term bank loans (cont'd)

PT Bank DBS Indonesia (cont'd)

On 19 August 2008, BGA fully repaid the USD2,000,000 loan, and BG Abadi and KMB repaid their USD922,909 and USD1,968,000 loans, respectively. In 2009, KMB and BG Abadi repaid their USD5,116,800 and USD2,399,563 loans, respectively.

On 24 May 2010, KMB and BG Abadi fully settled their loans.

PT Mandiri (Persero) Tbk

PT Karya Makmur Bahagia

On 28 April 2010, KMB obtained an Investment Credit Facility with maximum limit of IDR461,151 million.

The Investment Credit Facility consists of two tranches:

Tranche I:

Tranche I is an Investment Credit Facility with maximum limit of IDR259,251 million and interest payable of 11.25% to 11.50% per annum for 2010 and 11.25% to 11.75% per annum for 2011. The tranche matures on 23 May 2012.

Tranche II:

Tranche II is an Investment Credit Facility with maximum limit of IDR201,900 million and interest payable of 11.25% to 11.50% per annum for 2010 and 11.25% to 11.75% per annum for 2011. The tranche matures on 23 May 2015.

KMB shall maintain at all times the following financial ratios until the loan matures:

- Current ratio exceeding 100%
- Debt to equity ratio not exceeding 300%
- Debt service coverage ratio not exceeding 100%

The Investment Credit Facility was secured with biological assets and mills of KMB.

PT Bumitama Gunajaya Abadi

On 28 April 2010, BG Abadi obtained an Investment Credit Facility with maximum limit of IDR343,178 million.

17. Loans and borrowings (cont'd)

PT Mandiri (Persero) Tbk (cont'd)

PT Bumitama Gunajaya Abadi (cont'd)

The Investment Credit Facility consists of two tranches:

Tranche I:

Tranche I is an Investment Credit Facility with maximum limit of IDR121,578 million and interest payable of 11.25% to 11.50% per annum in 2010 and 10.75% to 11.25% per annum in 2011. The tranche matures on 23 May 2012.

Tranche II:

Tranche II is an Investment Credit Facility with maximum limit of IDR221,600 million and interest payable of 11.25% to 11.50% per annum in 2010 and 10.75% to 11.25% per annum in 2011. The tranche matures on 23 May 2015.

BG Abadi shall at all times maintain the following financial ratios until the loan matures:

- Current ratio exceeding 100%
- Debt to equity ratio not exceeding 300%
- Debt service coverage ratio not exceeding 100%

The Investment Credit Facility was secured with biological assets and mills of BG Abadi.

PT Windu Nabatindo Lestari

This long-term loan is an Investment Credit Facility obtained by WNL to finance the development of its biological assets and mills. The Investment Credit Facility was released to WNL in phases as follows:

Phase I

On 26 August 2002, WNL obtained an Investment Credit Facility with maximum credit limit of IDR213,322 million comprising investment credit of IDR147,488 million for the development of oil palm plantations and interest payable during construction for biological assets of IDR65,834 million. The credit facility bears interest at 12.50% to 14.00% per annum, repayable on a quarterly basis, commencing from the third quarter in 2008 and matures on 23 December 2014.

The Investment Credit Facility was secured by the following:

- Biological assets and plantations facilities
- Corporate guarantees from BGA, WNL and PT Harita Jayaraya
- Personal guarantees from directors of BGA

17. Loans and borrowings (cont'd)

PT Mandiri (Persero) Tbk (cont'd)

PT Windu Nabatindo Lestari (cont'd)

Phase II

On 20 December 2004, WNL obtained an Investment Credit Facility with a maximum credit limit of IDR76,000 million, comprising investment credit of IDR62,259 million and interest payable during construction of IDR13,741 million. The credit facility bears interest at 12.50% to 14.00% per annum in 2009 and 12.00% per annum in 2010, repayable on a quarterly basis, commencing from the first quarter of 2009, and matures on 23 December 2013. The credit was used for the development of 6,250 hectares of biological assets including the facilities located in Kecamatan Cempaga, Kabupaten Kotawaringin Tirnur and Central Kalimantan.

The Investment Credit Facility was secured by the following:

- Biological assets and plantations facilities
- Corporate guarantees from BGA and WNL
- Personal guarantees from directors of BGA

Phase III

On 23 July 2008, WNL obtained an Investment Credit Facility with a maximum credit limit of IDR31,013 million, comprising an investment credit of IDR29,544 million and interest payable during construction of IDR1,469 million. The credit facility bears interest at 12.50% to 14.00% per annum in 2009 and 12.00% per annum in 2010, repayable on a quarterly basis, commencing from the second quarter of 2009, and matures in 5 years. The credit was used for palm oil mill capacity expansion project located in Kecamatan Cempaga, Kabupaten Kotawaringin Timur, Central Kalimantan.

The Investment Credit Facility was secured by the following:

- Biological assets I (8,604 hectares) and biological assets II (6,250 hectares)
- Mills

The Investment Credit Facilities relating to all three phases were fully repaid on 12 May 2010.

PT Rohul Sawit Industri ("RSI")

On 19 February 2003, RSI obtained an Investment Credit Facility with maximum limit of IDR50,730 million. The credit facility consists of investment credit and interest payable during construction ("IDC") amounting to IDR40,319 million and IDR10,411 million, respectively. The credit facility matures on 31 December 2010 and bears floating interest of 15.00% per annum, which was subsequently reviewed. On 5 October 2004, the credit facility was converted to be a US Dollar loan at an exchange rate of IDR9,360 for USD1. After the currency conversion, the composition of the credit facilities became USD4,307,564 for the investment credit and

17. Loans and borrowings (cont'd)

PT Mandiri (Persero) Tbk (cont'd)

PT Rohul Sawit Industri ("RSI") (cont'd)

USD1,112,332 for IDC. A floating interest rate of 9.00% per annum was applied to the US Dollar loan, subject to change following the prevailing interest rate published by Mandiri.

The Investment Credit Facility was secured by the following:

- Biological assets and plantations facilities
- Corporate guarantee from BGA and RSI
- Share capital of RSI

The Investment Credit Facility was fully settled on 12 May 2010.

PT Masuba Citra Mandiri

On 16 February 2007, MCM obtained an Investment Credit Facility for financing the development of 2,000 hectares of oil palm plantation. This facility consists of effective investment credit of IDR28,600 million and interest payable during construction of IDR13,500 million. The loan matures on 26 February 2018.

The bank granted a 5 year grace period since 27 February 2007. Interest rates during the grace period were ranging at 12.00% to 14.25% per annum in 2009 and 12.00% to 12.50% per annum in 2010.

The Investment Credit Facility was secured by MCM's property, plant and equipment.

The Investment Credit Facility was fully settled on 12 May 2010.

PT Gunajaya Karya Gemilang

On 14 January 2008, GKG entered into an Investment Credit Facility with maximum limit of IDR189,206 million, comprising investment credit of IDR139,206 million and interest payable during construction amouting to IDR50,000 million. The credit facility matures on 13 April 2014 with an option to extend to 13 April 2019 and bears interest at floating rates of 12.50% per annum.

The Investment Credit Facility was secured by the following:

- Biological assets and plantations facilities
- Corporate guarantee from BGA and GKG
- Share capital of the GKG

The Investment Credit Facility was fully settled on 13 October 2011.

17. Loans and borrowings (cont'd)

PT Mandiri (Persero) Tbk (cont'd)

PT Gunajaya Ketapang Sentosa ("GKS")

On 24 April 2010, GKS obtained an Investment Credit Facility with maximum limit of IDR229,884 million, comprising investment credit of IDR180,248 million and interest payable during construction of IDR49,636 million. The credit facility matures on 26 April 2019 with an option to extend to 26 April 2024 and bears interest at floating rates of 12.00% per annum in 2010 and 11.00% to 11.50% per annum in 2011.

The Investment Credit Facility was secured by the following:

- Land rights title and biological assets
- Vehicle and heavy equipment
- Corporate guarantee from BGA
- Personal guarantee from directors of BGA

PT Windu Nabatindo Abadi

Stage I

In 2006, WNA entered into Investment Credit Facility with maximum limit of IDR116,736 million with interest payable ranging from 14.50% per annum for 2009, 11.50% to 12.00% per annum for 2010 and 11.00% to 11.50% per annum for 2011. The credit facility matures on 5 May 2017 including a grace period of 5 years and 3 months.

The Investment Credit Facility was secured by the following:

- WNA land covering 10,000 hectares in Desa Pundu, Kotawaringin Timur, Central Kalimantan
- Time deposit amounting to IDR4,939 million in 2009 and IDR3,692 million in 2010
- Share capital of WNA
- Corporate guarantee from BGA

Stage II

In 2010, WNA entered into Investment Credit Facility with maximum limit of IDR85,911 million with floating rate of interest payable of 12.00% subject to periodic review. The investment facility matures on 2017 including grace period of 2 years.

17. Loans and borrowings (cont'd)

PT Mandiri (Persero) Tbk (cont'd)

PT Windu Nabatindo Abadi (cont'd)

The Investment Credit Facility was secured by the following:

- Factory building and infrastructure that link to the factory in Desa Pundu, Kotawaringin Timur, Central Kalimantan
- Corporate guarantee from BGA
- Personal guarantee from directors of BGA

The Hongkong and Shanghai Banking Corporation Ltd.

PT Windu Nabatindo Lestari, PT Rohul Sowit Industri and PT Masuba Citra Mandiri

On 5 May 2010, WNL, RSI and MCM, obtained a USD110 million credit facility from a syndicate of banks led by HSBC and DBS. The syndicated loan bears interest at Singapore Inter Bank Offered Rate ("SIBOR") plus a certain margin computed in accordance with the ratio of the debt to combined EBITDA of the BGA Group. The loan is repaid on a quarterly basis and matures on 5 May 2015.

The agreement contains certain covenants which requires the Group to hold 90.0% of shares in LGI and 15.2% of shares held directly in each of the operating companies held under LGI group, consisting of LGI, PT Agro Sejahtera Manunggal ("ASM"), PT Karya Makmur Langgeng ("KML") and PT Karya Prima Agro Sejahtera ("KPAS"). BGA is also expected to achieve financial ratios as stipulated in the agreement as follows:

- Net debt to EBITDA ratio not exceeding 4.50:1 for the period ending 30 June 2010 and year ending 31 December 2010
- Subsequent decrease of ratio by 0.50 points on an annual basis for the period ending 30 June and year ending 31 December until the loan matures
- EBITDA to debt service ratio not less than 1.25:1 for the period ending 30 June and year ending 31 December from 2010 through 2015

The credit facility is secured by the following:

- Time deposits amounting to IDR137,446 million for 2010
- Insurance on pledge assets
- Receivables amounting to IDR1,094,590 million (2010: IDR756,830 million; 2009: nil)
- Inventory of WNL, RSI, MCM, KBAS and HPA
- Machinery of WNL, RSI, MCM, KBAS, and HPA

17. Loans and borrowings (cont'd)

The Hongkong and Shanghai Banking Corporation Ltd. (cont'd)

PT Windu Nabatindo Lestari, PT Rohul Sowit Industri and PT Masuba Citra Mandiri (cont'd)

- Bank balances amounting to IDR39,804 million (2010: IDR22,214 million; 2009: nil)
- Share capital of WNL, RSI, MCM, KBAS and HPA
- Corporate Guarantee from WNL, RSI, MCM, KBAS and HPA
- Power of Attorney to establish Real Mortgage of WNL, RSI, MCM, KBAS and HPA
- Guarantees from the Original Guarantors and Additional Guarantors
- Pledges over all the LGI shares held directly by BGA
- Pledges over all the shares held directly by BGA in ASM, KML and KPAS (Only in 2010)

On 21 October 2010, the Group and the syndicate of banks entered into an amendment to the original syndicated loan arrangement. The syndicated loan principal amount was revised from USD110 million to USD135 million and matures on 21 October 2015. Interest rate is determined based on Singapore Inter Bank Offered Rate ("SIBOR") plus a certain margin computed in accordance with the ratio of the debt to each EBITDA ratio of each Subsidiary. As at 31 December 2010 and 2011, credit facility carries floating rate interest at a range of 3.78% to 4.05% per annum for 2010 and 3.69% to 3.95% per annum for 2011.

PT Bank CIMB Niaga Tbk

PT Agro Sejahtera Manunggal

On 24 September 2010, ASM obtained Investment Credit Facility with maximum limit of IDR175,000 million and interest payable of 12.50% per annum. The credit facility matures on 24 September 2022, including a grace period of 2 years.

The Investment Credit Facility is secured by the followings:

- Biological assets and facilities
- Corporate guarantee from BGA
- Personal guarantee from a director of BGA
- ASM's land use rights

17. Loans and borrowings (cont'd)

Bank facilities

PT Bank DBS Indonesia

PT Bumitama Gunajaya Agro

On 3 August 2009, BGA entered into banking facilities arrangement with DBS consisting of:

(a) *Tranche A*

Tranche A is a financing facility in the form of uncommitted inventory financing facility (Collateral Management-Arrangement) with total maximum amount of IDR100,000 million or its equivalent in USD (called "CMA Facility"). Maximum financing period is 2 months. BGA is obligated to pay loan principal plus additional interest at maturity date.

(b) *Tranche B*

Tranche B is an export financing facility in the form of uncommitted export bill letter of credit (clean) facility with maximum amount of USD15 million with maximum period of 28 days for Sight Letters-of-Credit and 90 days for Usance Letters-of-Credit (called "EBLC-C facility").

Interest is based on bank's floating interest rate approved by DBS and BGA. This facility expires on 3 August 2010.

The requirements for these banking facilities are:

(a) *CMA Facility, as follows:*

- Completed administration requirements
- Inventories to be pledged as guarantee and supervised by Collateral Management Agent for the CMA facility are inventories owned by BGA which are crude palm oil placed in storage tanks and excluded from other inventories which are not pledged to the Bank
- Maximum loan facilities used (both for withdrawn loan or new loan withdrawal) cannot exceed 80% of the Loan to Value ratio

(b) *EBLC-C Facility, as follows:*

- Completed administration requirements
- Maximum financing is 100% from LC export bills (gross, before interest and/or other expenses) and will be used to pay the outstanding CMA facility related with export transactions and the remaining balance will be credited to BGA's bank account
- Payments from suppliers/issuer banks will be used to pay the outstanding EBLC-C facility

17. Loans and borrowings (cont'd)

Bank facilities (cont'd)

PT Bank DBS Indonesia (cont'd)

Based on the agreement, BGA shall maintain Loan to Value ratio not exceeding 80% at any time based on reference price.

As at 31 December 2009, the Group has used Tranche A facility amounting to USD1,677,024 or equivalent to IDR15,764 million. The Group did not utilise Tranche B facility as at 31 December 2009.

On 22 February 2010, the Company amended the bank facility agreement with DBS, with agreement of bank facility No. 063/PFPA-DBSI/II/2010. Based on the agreement, BGA agreed to receive bank facility in the form of revolving credit facility with maximum principle of IDR150,000 million available through 3 August 2010 or the date of the settlement of the syndicated loan, whichever comes first. BGA acknowledged the facility on 1 March 2010.

The bank facility has been repaid in June 2010.

PT Bank Mandiri (Persero) Tbk

PT Rohul Sawit Industri

RSI obtained a working capital credit facility with maximum credit facility of IDR13,000 million and matures on 24 December 2010. The loan bears interest ranging from 10.00% to 12.50% per annum for 2009 and 7.50% per annum for 2010. Balances of loan amounted to IDR12,876 million as at 31 December 2009.

The working capital credit facility is secured by the following:

- Inventories
- Land and building
- Corporate guarantee from BGA
- Share capital of RSI
- Acceptance letter equivalent to the credit limit

The loan has been repaid in 2010.

PT Windu Nabatindo Lestari

WNL obtained a working capital credit facility from Mandiri with maximum credit facility of IDR11,400 million. The maximum facility was subsequently increased to IDR25,000 million and the maturity of the loan extended to 23 July 2010. The loan bears interest ranging from 12.00% to 13.50% per annum for 2009 and 2010. Balances of loan amounted to IDR25,000 million as at 31 December 2009.

17. Loans and borrowings (cont'd)

Bank facilities (cont'd)

PT Bank Mandiri (Persero) Tbk (cont'd)

The working capital credit facility is secured by the following:

- Inventories
- Biological assets and mills

The loan has been repaid in 2010.

PT Bank CIMB Niaga Tbk

PT Agro Sejahtera Manunggal

ASM obtained revolving loan credit facility with a maximum limit of IDR20,000 million. Revolving loan credit facility will expire on 27 January 2013. The loan bears interest at 11.0% per annum for 2010 and 2011.

The loan credit facility is secured by:

- BGA's property, plant and equipment
- Personal guarantee from a director of BGA

PT Bank UOB Indonesia

PT Bumitama Gunajaya Agro

On 1 November 2011, the Group obtained an uncommitted revolving credit facility with maximum facility of USD15 million or equivalent to IDR136,020 million and matures on 1 November 2012. The credit facility obtained by BGA was used to finance working capital for CPO and PK trading activities. The loan bears interest at Singapore Inter Bank Offered Rate ("SIBOR") plus 4.00% per annum. In 2011, the credit facility carries floating rate interest at 4.45% per annum.

The loan credit facility is secured by:

- Share capital of BG Abadi and KMB
- Subordination agreement from all BGA shareholders

BGA shall at all times maintain the following financial ratios for the six months ending 31 December 2011 to 30 June 2012:

- Debt to EBITDA ratio not exceeding 3.50:1
- Interest coverage ratio not exceeding 1.25:1
- Loan to value ratio not exceeding 70%

The loan agreement also contains a foreign exchange facility with maximum facility of USD20 million. As at the date of completion of this combined financial statement, the facility is unutilised.

18. Obligations under finance leases

The Group entered into capital lease agreements for purchase of farming equipment and motor vehicles incidental to the ordinary course of the business. These capital leases range between three to five years. As at 31 December 2009, 2010 and 2011, the interest rates of these consumer financing lease range from 4.87% to 17.25%, 4.45% to 12.69% and 4.71% to 12.70% per annum.

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Current portion	15,388	10,889	6,092
Non-current portion	24,042	7,907	203
	39,430	18,796	6,295

Future minimum lease payments under finance leases and consumer financing loans together with the present value of the net minimum lease payments are disclosed in Note 28.

19. Trade and other payables

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Trade and other payables:			
Trade payables	172,736	142,118	226,241
Other payables	90,437	107,311	138,923
Amounts due to related companies	16,463	19,224	73
Total trade and other payables	279,636	268,653	365,237
Amounts due to shareholders and related parties (Note 16)	450,222	57,799	12,955
Loans and borrowings (Note 17)	914,757	2,296,207	2,311,182
Obligations under finance leases (Note 18)	39,430	18,796	6,295
Accrued liabilities (Note 20)	1,055	3,874	16,526
Other liability (Note 22)	16,522	15,711	—
Total financial liabilities carried at amortised cost	1,701,622	2,661,040	2,712,195

Trade and other payables

These amounts are non-interest bearing. Trade payables are normally settled within 30 to 90 days from date of invoice while other payables have an average term of six months. All trade and other payables are denominated in IDR.

19. Trade and other payables (cont'd)

Amounts due to related companies

Amounts due to related companies are non-trade, non-interest bearing, unsecured, and are repayable on demand.

Amounts due to related companies denominated in foreign currency as at 31 December are as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
USD	45	—	73

20. Accrued operating expenses

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Listing expenses	—	—	10,898
Professional fees	791	2,050	4,889
Others	264	1,824	739
Total accrued liabilities	1,055	3,874	16,526
Add: Salaries and wages	19,403	26,604	39,782
Total accrued operating expenses	20,458	30,478	56,308

21. Post employment benefits

The Group recognised post employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003. The provision for post employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method. No fund was provided for such liability for post employment benefits. As at 31 December 2009, 2010 and 2011, number of employees of 1,527, 1,924 and 2,243 respectively, were included in the computation.

The principal assumptions used in determining post employment benefits as of 31 December were as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Normal Pension Age	54 Years	54 Years	55 years
Salary Increment Rate per annum	5.0%	5.0%	5.0%
Discount Rate per annum	10.0%	8.5%	7.0%
Mortality Rate	Indonesia – II	Indonesia – II	Indonesia – II
Resignation level per annum	2% of 18 – 44 years	2% of 18 – 44 years	2% of 18 – 44 years

21. Post employment benefits (cont'd)

The estimated liability for post employment benefits as at balance sheet date is as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Present value of defined benefit obligation	9,381	19,097	25,353
Assets at fair value	—	—	(3,074)
Unrecognised past service cost	(50)	(136)	(188)
Unrecognised actuarial losses	(3,279)	(6,820)	(6,523)
Total post employment benefits	6,052	12,141	15,568

Changes in the present value of defined benefit obligations are as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Balance at 1 January	3,564	6,052	12,141
Post employment benefits expense	2,488	5,881	7,925
Acquisition of subsidiaries (Note 29(a))	—	268	—
Disposal of a subsidiary (Note 29(d))	—	—	(297)
Payments during the year	—	(60)	(4,201)
Balance at 31 December	6,052	12,141	15,568

The following table summarises the component of post employment benefits expense recognised in profit or loss as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Current service cost	2,662	4,900	6,269
Interest cost on defined benefit obligation	432	820	1,328
Amortisation of past service cost	18	13	15
Amortisation of actuarial losses	1,437	148	313
Transferred employees	(2,061)	—	—
Post employment benefits expense	2,488	5,881	7,925

Post employment benefits expense is recognised in the "General and administrative expenses" line item in the combined income statement.

21. Post employment benefits (cont'd)

The experience adjustments on defined benefit obligations are shown as unrecognized actuarial losses. The amount of experience adjustments for 31 December 2011 and previous four annual periods is as follows:–

	2007 IDR'million	2008 IDR'million	2009 IDR'million	2010 IDR'million	2011 IDR'million
Defined benefit obligations	3,611	3,564	6,052	12,141	15,568
Experience adjustments on defined benefit obligations	(505)	(701)	(3,279)	(6,820)	(6,523)

22. Other liability

On 4 September 2007, KMB, RSI and WNL entered into an agreement with EcoSecurities in which, KMB and RSI will sell their emission reduction certificates to EcoSecurities. In return, EcoSecurities will provide an advance to KMB and RSI maximum up to USD550,000 each to acquire equipments and supplies related to emission reduction.

Balances of other liability as of 31 December 2009 and 2010 were IDR16,522 million and IDR15,711 million, respectively.

The Group's property, plant and equipment as at 31 December 2009 and 2010 with a net carrying amount of IDR11,346 million and IDR15,757 million, respectively, are secured by the advance from EcoSecurities.

On 15 December 2011, the Group entered into a settlement agreement with EcoSecurities, which EcoSecurities agreed to partially waive the liability and the Group will settle the remaining balances and to repay to EcoSecurities amounting to USD825k and EUR14k, equivalent to IDR7,660 million. The gain on waiver of other liability of IDR8,051 million was recognised in the "Other income" line item in the combined income statement.

23. Share capital

	2009		2010		2011	
	No. of shares	IDR' million	No. of shares	IDR' million	No. of shares	IDR' million
Issued and fully paid ordinary shares						
At 1 January	2	—*	2	—*	2	—*
Issued during the period	—	—	—	—	6,399,998	45,000
At 31 December	2	—*	2	—*	6,400,000	45,000

**Less than IDR1,000,000*

23. Share capital (cont'd)

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

24. Other reserves

Other reserves comprise:

		2009 IDR'million	2010 IDR'million	2011 IDR'million
(i)	Merger reserve	347,787	336,448	336,448
(ii)	Premium paid on acquisition of non-controlling interests	(18,174)	(52,323)	(184,937)
		329,613	284,125	151,511

(i) Merger reserve arises from the restructuring exercise performed by the Group involving entities under common control. Merger reserve arises from the difference between the consideration paid and the carrying value of the assets combined under the pooling of interest method. All assets and liabilities acquired by the Group were recorded at their carrying values at the date of acquisition.

(ii) The premium paid on acquisition of non-controlling interest represents the difference between the consideration paid/(received) and the carrying value of the additional/(reduction in) interest acquired/(disposed).

25. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of companies in the Group whose functional currencies are different from that of the Group's presentation currency.

26. Earnings per share

Basic earnings per share are calculated by dividing profit net of tax attributable to owners of the Company, by the weighted average number of ordinary shares outstanding during the respective financial years.

Diluted earnings per share are calculated by dividing profit net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the respective financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. No dilution of shares was noted for the combined Group as at 31 December 2009, 2010 and 2011.

26. Earnings per share (cont'd)

The following tables reflect the profit and share data used in the computation of earnings per share for the financial years ended 31 December:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Profit for the year attributable to owners of the Company	319,813	892,534	761,852

	No. of shares	No. of shares	No. of shares
Weighted average number of ordinary shares for earnings per share computation	2	2	5,242,740

For illustrative purposes, the pre-offering earnings per share have been computed based on the pre-offering share capital of 1,484,197,844 ordinary shares of the Company as follows:

	2009 IDR	2010 IDR	2011 IDR
EPS attributable to owners of the Company (IDR per Share)	IDR215	IDR601	IDR513

27. Related party transactions

(a) ***Sale and purchase of goods and services and other transactions***

In addition to the related party transactions disclosed elsewhere in the combined financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Trade:			
Sale of goods to a related company	24,388	—	—
Non-trade:			
Management fee from related companies	385	385	1,451
Finance cost to a related party	(2,967)	(829)	—
Rental fee to related parties	(2,400)	(3,000)	(2,400)
Acquisition of non-controlling interests from a related company	—	(34,456)	(290,991)
Sale of used motor vehicles to related parties	—	894	—

27. Related party transactions (cont'd)

(a) ***Sale and purchase of goods and services and other transactions (cont'd)***

The Group has entered into lease agreements with the Deputy Chief Executive Officer for the lease of office premises for an amount of IDR2,400 million, IDR3,000 million and IDR2,400 million for the years ended 31 December 2009, 2010 and 2011, respectively. No balance was outstanding at the end of the reporting periods ended 31 December 2009, 2010 and 2011.

During 2010, the directors of the Group bought used motor vehicles from the Group for consideration of IDR894 million and settled at the end of the year.

(b) ***Compensation of key management personnel***

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Short-term employee benefits	8,728	7,724	7,493

Key management personnel are directors and those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. The above amounts for key management compensation relate to the directors of the Subsidiaries.

28. Agreements and commitments

(a) ***Contingent liability***

In relation to agreements between PT Bank Mandiri (Persero) Tbk, PT Bank CIMB Niaga Tbk and several cooperatives, certain Subsidiaries act as guarantors of plasma credits until full settlement of the outstanding credits.

As at 31 December 2009, 2010 and 2011, these credits are secured by land certificates held by the plasma farmers who participate in the plasma programme and Subsidiaries' corporate guarantees of IDR606,209 million, IDR685,791 million and IDR782,671 million, respectively. Repayment of the credit facilities are through 40% deduction of plasma farmers' sales of FFB to the Group. The harvested FFB will be sold to the Group (Note 9).

28. Agreements and commitments (cont'd)

(b) ***Finance lease commitments***

As lessee

The Group has finance leases for certain property, plant and equipment. Future minimum lease payments under finance leases with the present value of the net minimum lease payments are as follows:

	2009		2010		2011	
	Minimum lease payments IDR'million	Present value of minimum lease payments (Note 18) IDR'million	Minimum lease payments IDR'million	Present value of minimum lease payments (Note 18) IDR'million	Minimum lease payments IDR'million	Present value of minimum lease payments (Note 18) IDR'million
Not later than one year	20,426	15,388	12,768	10,889	6,497	6,092
Later than one year but not more than five years	23,746	24,042	7,668	7,907	216	203
Total minimum lease payments	44,172	39,430	20,436	18,796	6,713	6,295
Less: Amount representing finance charges	(4,742)	—	(1,640)	—	(418)	—
Present value of minimum lease payments	39,430	39,430	18,796	18,796	6,295	6,295

(c) ***Operating lease commitments***

As lessee

In addition to the land use rights disclosed in Note 11, the Group had the following minimum lease payments under operating leases on premises with initial or remaining term of one year or more:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Non-cancellable operating leases:			
Not later than one year	2,400	2,400	2,400
Later than one year but not more than five years	3,000	2,800	400
	5,400	5,200	2,800

28. Agreements and commitments (cont'd)

(c) ***Operating lease commitments (cont'd)***

As lessee (cont'd)

Certain leases include options to renew the leases after the expiry of the initial tenure. Lease payments under these leases are usually fixed for the entire initial tenure. There are no restrictions placed upon the lessee by entering into these leases. Operating lease commitments represents rental payable by our Group for the lease of our office. The operating lease commitments were due to office rental from related parties for a lease term of less than five years.

Minimum lease payments recognised as an expense in the combined income statement for the financial years ended 31 December 2009, 2010 and 2011 amounted to approximately IDR2,400 million respectively.

(d) ***Purchase commitments***

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Non-cancellable purchases:			
Not later than one year	24,419	5,283	3,644

Purchase commitments relate to non-cancellable purchases of fertilisers based on committed tonnage and computed based on market prices as at respective year ends.

(e) ***Sales commitments***

As at 31 December 2011, the Group has entered into non-cancellable sales commitments to deliver 246,000 and 20,000 metric tonnes of CPO and PK based at their prevailing market prices on date of delivery.

(f) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the combined financial statements are as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Capital commitment in respect of property, plant and equipment	120,201	302,872	277,169

Capital commitments comprise amounts related to committed cost to build new mills, land clearing and construction of employees' houses and offices.

28. Agreements and commitments (cont'd)

(g) ***Financing commitments***

On 20 March 2012, the Group entered into a binding contractual commitment with SNA and BAS to finance the capital expenditure of subsidiaries under SNA and BAS for their respective cultivation programmes. In this regard, the Group have set aside up to SGD27.9 million from the net proceeds of the Offering to finance such capital expenditure. The funding of the aforesaid SGD27.9 million will be effected either through direct equity injection into SNA and/or BAS or via loans to be extended by one or more members of the Group to SNA and/or BAS. Any loans extended under such contractual commitments will be subject to interest computed based on 5.0% per annum above the 3 month US dollar London Interbank Offer Rate ("LIBOR") and have no fixed repayment term.

29. Investment in subsidiaries

		Effective ownership held by the Group As at 31 December		
Subsidiaries	**Business activities**	**2009 %**	**2010 %**	**2011 %**
PT Bumitama Gunajaya Agro ("BGA")[1]	Wholesale distribution, agriculture and plantations development	100.00	100.00	100.00
Held via BGA:				
PT Karya Makmur Bahagia ("KMB")[1]	Oil palm plantation and mill	95.00	95.00	95.00
PT Windu Nabatindo Lestari ("WNL")[1]	Oil palm plantation and mill	90.00	90.00	90.00
PT Rohul Sawit Industri ("RSI")[1]	Palm oil mill	90.00	90.00	90.00
PT Bumitama Gunajaya Abadi ("BG Abadi")[1]	Oil palm plantation	80.00	80.00	95.00
PT Windu Nabatindo Abadi ("WNA")[2]	Oil palm plantation	80.00	80.00	95.00
PT Masuba Citra Mandiri ("MCM")[1]	Oil palm plantation	90.00	90.00	95.00
PT Windu Nabatindo Sejahtera ("WNS")[3]	Oil palm plantation	80.00	80.00	95.00
PT Agro Manunggal Sawitindo ("AMS")[2]	Oil palm plantation	80.00	80.00	95.00
PT Lestari Gemilang Intisawit ("LGI")[2]	Oil palm plantation	—	90.00	90.00
Held via KMB:				
PT Hatiprima Agro ("HPA")[1]	Oil palm plantation	95.25	95.25	95.25
Held via AMS:				
PT Gunajaya Karya Gemilang ("GKG")[2]	Oil palm plantation	80.08	80.08	95.02
PT Gunajaya Ketapang Sentosa ("GKS")[2]	Oil palm plantation	80.08	80.08	95.02
PT Karya Bakti Agro Sejahtera ("KBAS")[1]	Oil palm plantation	80.08	80.08	95.02

29. Investment in subsidiaries (cont'd)

Subsidiaries	Business activities	Effective ownership held by the Group As at 31 December 2009 %	2010 %	2011 %
Held via LGI:				
PT Karya Prima Agro Sejahtera ("KPAS")[2]	Oil palm plantation	—	91.52	—
PT Agro Sejahtera Manunggal ("ASM")[2]	Oil palm plantation	—	91.52	91.52
PT Karya Makmur Langgeng ("KML")[3]	Oil palm plantation	—	91.52	91.52

(1) Audited by member firm of Ernst & Young Global in Indonesia

(2) Audited by KAP Anwar & Rekan

(3) Not required to be audited by law in its country of incorporation.

All subsidiaries of the Group are incorporated in Indonesia.

(a) ***Acquisition of PT Lestari Gemilang Intisawit and its subsidiaries***

On 21 October 2010, the Group acquired 90.0% interest in LGI for a cash consideration of IDR172,388 million. The purpose of the acquisition was to increase the Group's total planted areas and land banks, which is in line with the Group's growth strategies. The transaction was completed on 24 November 2010.

The fair values of the identifiable assets and liabilities of LGI and its subsidiaries as at the date of acquisition were:

	Fair value recognised on acquisition IDR'million
Biological assets (Note 8)	252,801
Plasma receivables (Note 9)	70,641
Property, plant and equipment (Note 10)	54,017
Land use rights (Note 11)	45,085
Other receivables	14,270
Inventories	11,641
Cash and cash equivalents	48,901
	497,356

29. Investment in subsidiaries (cont'd)

(a) ***Acquisition of PT Lestari Gemilang Intisawit and its subsidiaries (cont'd)***

	Fair value recognised on acquisition IDR'million
Loans and borrowings	103,289
Obligations under finance leases	4,120
Amounts due to shareholders	15,576
Trade and other payables	213,831
Post employment benefits (Note 21)	268
Deferred tax liabilities	39,996
Income tax payable	142
Non-controlling interest in net assets of subsidiaries	20
	377,242
Net identifiable assets	120,114
Less: Non-controlling interest (10.0%)	(12,011)
	108,103
Goodwill arising on acquisition (Note 12)	64,285
Purchase consideration	172,388

The total cost of the business combination is as follows:

	IDR'million
Consideration for 90.0% equity interest:	
— Cash paid	172,388

The effect of acquisition on cash flows is as follows:

Total consideration for 90.0% equity interest acquired	172,388
Less: Non-cash consideration	—
Consideration settled in cash	172,388
Less: Cash and cash equivalents of subsidiaries acquired	(48,901)
Net cash outflow on acquisition	123,487

29. Investment in subsidiaries (cont'd)

(a) ***Acquisition of PT Lestari Gemilang Intisawit and its subsidiaries (cont'd)***

The total consideration for the 90.0% equity interest in LGI was paid by cash on 21 October 2010 and it represented the fair value of the share of net identifiable assets acquired on that date.

From the date of acquisition to 31 December 2010, LGI's contribution to the Group's profit after taxation was not significant. If the combination had taken place at the beginning of the financial year in 2010, the Group's revenue and profit, net of tax, would have been IDR1,965,585 million and IDR1,129,993 million, respectively.

The allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities acquired in this business combination was completed in November 2010. The goodwill that resulted from the difference between the purchase price and the adjusted carrying amount of these assets and liabilities acquired is reported under intangible assets (Note 12).

Goodwill of IDR64,285 million comprises the value of expanding the Group's operation in Kalimantan-based operations located in Central and West Kalimantan and to increase the Group total planted areas and land banks. The goodwill recognised is not expected to be deductible for income tax purpose.

Transaction costs related to acquisition of IDR75 million has been recognised in the "General and administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2010.

(b) ***Acquisition of non-controlling interest in subsidiaries of PT Lestari Gemilang Intisawit***

On 21 October 2010, BGA acquired 15.2% interest in PT Agro Sejahtera Manunggal ("ASM"), PT Karya Makmur Langgeng ("KML") and PT Karya Prima Agro Sejahtera ("KPAS") from PT Karya Manunggal Sawitindo ("KMS"), a related company, for a cash consideration of IDR34,456 million. The transaction was completed on 24 November 2010. The difference of IDR34,149 million between the consideration paid and the net carrying amount of non-controlling interests acquired has been recorded in merger reserve.

(c) ***Acquisition of non-controlling interests of subsidiaries of BGA***

On 7 February 2011, BGA entered into a conditional sale and purchase agreement with PT Karya Manunggal Sawitindo ("KMS") to acquire additional equity interests for a total cash consideration amounting to IDR290,991 million.

29. Investment in subsidiaries (cont'd)

(c) ***Acquisition of non-controlling interests of subsidiaries of BGA (cont'd)***

As a result of the acquisition of additional equity interests, BGA increased its shareholding to 95.0% ownership of the following subsidiaries:

	Additional equity interest %	Carrying value of net assets IDR'million	Carrying value of the additional interest acquired IDR'million	Consideration paid IDR'million
PT Windu Nabatindo Abadi ("WNA")	15.0	324,543	48,681	76,580
PT Bumitama Gunajaya Abadi ("BG Abadi")	15.0	621,730	93,260	122,295
PT Agro Manunggal Sawitindo ("AMS")	15.0	48,967	7,345	86,906
PT Windu Nabatindo Sejahtera ("WNS")	15.0	658	99	1,131
PT Masuba Citra Mandiri ("MCM")	5.0	30,260	1,513	4,079
		1,026,158	150,898	290,991
Represented by:				
Consideration paid				290,991
Carrying value of additional interest acquired				(150,898)
				140,093

The difference of IDR140,093 million between the consideration and the carrying value of the additional interest acquired will be recognised under "Premium paid on acquisition of non-controlling interests" within equity on the completion of the acquisition.

On 19 December 2011, BGA completed the above acquisitions.

(d) ***Disposal of subsidiary — PT Karya Prima Agro Sejahtera***

On 29 November 2011, BGA and its subsidiary LGI disposed of their equity interests in KPAS representing 15.2% and 84.8% to a third party for a consideration of USD1,834,941 and USD10,237,041, respectively. The sales and purchase was completed on 29 November 2011 on receipt of the full sales proceeds on that day. The gain on disposal amounting to IDR45,158 million was recognised in the "Other income" line item in the combined income statement.

30. Fair value of financial instruments

(a) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value***

Trade and other receivables (Note 14), Cash and short-term deposits (Note 15(a)), Trade and other payables (Note 19), Accrued liabilities (Note 20) and Loans and borrowings at floating rate (Note 17).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

(b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2009		2010		2011	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	IDR'million		IDR'million		IDR'million	
Financial liabilities:						
Obligation under finance leases (Note 28(b))	44,172	39,430	20,436	18,796	6,713	6,295

Determination of fair value

Obligation under finance leases

The fair values as disclosed in the table above are estimated by discounting expected future cashflows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

(c) ***Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value***

Plasma receivables (Note 9) and Amounts due to shareholders (Note 16).

The Plasma receivables (non-current) and amounts due to shareholders (non-current) have no fixed terms of repayment and the Group is unable to reliably estimate the expected timing of repayment and consequently, unable to determine the fair value of these amounts.

31. Financial risk management objectives and policies

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, market risk (including foreign currency risk and commodity price risk), credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks and provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, that the Group's policy is that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) ***Interest rate risk***

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from time deposits, loans and borrowings and shareholder loan, which bear interest at floating rates.

The Group's policy is to manage interest cost by switching to lower rate of loans whenever the opportunity arises.

Sensitivity analysis for interest rate risk

The table below illustrates the sensitivity to a reasonably possible change in interest rates with all other variables held constant, of the Group's profit before tax (through the impact on interest expense on floating rate loans and borrowings).

	2009 Effect on profit before tax IDR'million	2010 Effect on profit before tax IDR'million	2011 Effect on profit before tax IDR'million
Increase by 200 basis points	(19,096)	(41,336)	(44,039)
Decrease by 200 basis points	19,096	41,336	44,039

(b) ***Foreign currency risk***

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currency of the Group's entities, Indonesia Rupiah ("IDR"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("USD") and Singapore Dollars ("SGD"). The Group does not consider foreign exchange risk from SGD to be significant to the Group.

As at 31 December 2009, 2010 and 2011, the Group's costs denominated in foreign currencies amounted to approximately 10.3%, 9.8% and 7.3%, respectively.

31. Financial risk management objectives and policies (cont'd)

(b) ***Foreign currency risk (cont'd)***

The Group is exposed to currency translation risk arising from its financial assets and liabilities that are denominated in currencies other than the respective functional currencies of the companies in the Group.

The Group does not have any formal hedging policy for foreign exchange exposure. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the forward currency contracts to match the terms of the firm commitment to maximise hedge effectiveness. As at the respective balance sheet date, the Group did not enter into any forward currency contracts to hedge its foreign currency exposures.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's increase/(decrease) to profit before tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group, with all other variables held constant.

	2009 Profit before tax IDR'million	2010 Profit before tax IDR'million	2011 Profit before tax IDR'million
IDR/USD			
— Strengthened by 5.0%	38,662	58,914	57,487
— Weakened by 5.0%	(38,662)	(58,914)	(57,487)

(c) ***Commodity price risk***

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's exposure to commodity price risk arises from its purchase of raw materials and sales of CPO and PK. Prices of raw materials and end products may fluctuate significantly depending on the market situation and factors such as weather, government policy, level of demand and supply in the market and the global economic environment. During periods of unfavourable price volatility, the Group may enter into forward physical contracts with the suppliers and customers or use derivative contracts in the conduct of business to manage the Group's price risk.

As at 31 December 2009, 2010 and 2011, the Group does not have any exposure to commodity price risk arising from financial instruments.

31. Financial risk management objectives and policies (cont'd)

(d) ***Credit risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Group's exposure to credit risk arises primarily from trade and other receivables.

The Group only trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group conducts business by the requirement of payment in advance, cash on delivery terms or may grant customers credit terms, where appropriate. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For other financial assets (including restricted cash and cash and short-term deposits), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the balance sheets; and
- The nominal amount of financial guarantees provided by the Group for repayment of plasma farmers' loans to the banks (Note 28(a))

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring individual customers' outstanding balances on an ongoing basis.

As at 31 December 2011, approximately 33.0% (2010: 99.0% and 2009: 99.0%) of the Group's trade receivables were due from 2 major customers who are multi-industry conglomerates.

The Group's customers are concentrated in Indonesia.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Restricted cash and cash and short-term deposits that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 14.

31. Financial risk management objectives and policies (cont'd)

(e) ***Liquidity risk***

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

As at 31 December 2009, 2010 and 2011, approximately 22.5%, 11.1% and 22.6% of the Group's total loans and borrowings (Note 17) and obligations under finance leases (Note 28(b)) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The following table summarises the Group's financial assets and financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less IDR'million	More than 1 year to 5 years IDR'million	Over 5 years IDR'million	Total IDR'million
Group				
31 December 2009				
Financial assets:				
Trade and other receivables (Note 14)	51,160	—	—	51,160
Restricted cash (Note 15(b))	—	35,101	—	35,101
Cash and short-term deposits (Note 15(a))	23,662	—	—	23,662
Total undiscounted financial assets	74,822	35,101	—	109,923
Financial liabilities:				
Trade and other payables (Note 19)	279,636	—	—	279,636
Amounts due to shareholders and related parties (Note 16)	—	450,222	—	450,222
Loans and borrowings (Note 17)	195,190	839,237	217,050	1,251,477
Obligations under finance leases (Note 28(b))	20,426	23,746	—	44,172
Total undiscounted financial liabilities	495,252	1,313,205	217,050	2,025,507
Total net undiscounted financial liabilities	(420,430)	(1,278,104)	(217,050)	(1,915,584)

31. Financial risk management objectives and policies (cont'd)

(e) ***Liquidity risk (cont'd)***

	1 year or less IDR'million	More than 1 year to 5 years IDR'million	Over 5 years IDR'million	Total IDR'million
Group				
31 December 2010				
Financial assets:				
Trade and other receivables (Note 14)	16,184	—	—	16,184
Restricted cash (Note 15(b))	—	6,439	—	6,439
Cash and short-term deposits (Note 15(a))	363,076	—	—	363,076
Total undiscounted financial assets	379,260	6,439	—	385,699
Financial liabilities:				
Trade and other payables (Note 19)	268,653	—	—	268,653
Amounts due to shareholders and related parties (Note 16)	—	57,799	—	57,799
Loans and borrowings (Note 17)	244,306	2,220,495	486,307	2,951,108
Obligations under finance leases (Note 28(b))	12,768	7,668	—	20,436
Total undiscounted financial liabilities	525,727	2,285,962	486,307	3,297,996
Total net undiscounted financial liabilities	(146,467)	(2,279,523)	(486,307)	(2,912,297)
Group				
31 December 2011				
Financial assets:				
Trade and other receivables (Note 14)	33,891	—	—	33,891
Cash and short-term deposits (Note 15(a))	270,139	—	—	270,139
Total undiscounted financial assets	304,030	—	—	304,030
Financial liabilities:				
Trade and other payables (Note 19)	365,237	—	—	365,237
Amounts due to shareholders and related parties (Note 16)	—	12,955	—	12,955
Loans and borrowings (Note 17)	516,300	2,144,317	244,073	2,904,690
Obligations under finance leases (Note 28(b))	6,497	216	—	6,713
Total undiscounted financial liabilities	888,034	2,157,488	244,073	3,289,595
Total net undiscounted financial liabilities	(584,004)	(2,157,488)	(244,073)	(2,985,565)

32. Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the 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 during the financial years ended 31 December 2009, 2010 and 2011.

The Group's net debt to adjusted equity ratio at the end of the financial years ended 31 December 2009, 2010 and 2011 are as follows:

	2009 IDR'million	2010 IDR'million	2011 IDR'million
Loans and borrowings (Note 17)	914,757	2,296,207	2,311,182
Obligations under finance leases (Note 18)	39,430	18,796	6,295
Amounts due to shareholders (Note 16)	450,222	57,799	12,955
Less:			
Restricted cash (Note 15(b))	(35,101)	(6,439)	—
Cash and short-term deposits (Note 15(a))	(23,662)	(363,076)	(270,139)
Net debt	1,345,646	2,003,287	2,060,293
Equity attributable to owners of the Company	1,158,013	2,007,547	2,681,392
Capital and net debt	2,503,659	4,010,834	4,741,685
Gearing ratio	53.7%	49.9%	43.5%

The Group includes within net debt, loans and borrowings, obligations under finance leases, amounts due to shareholders, less restricted cash and cash and short-term deposits.

The Group monitors its key financial ratios that form part of its obligations under its bank loan covenants to ensure compliance with them.

33. Subsequent events

(a) ***The restructuring exercise***

In preparation for the Company's listing on the SGX-ST, the following restructuring steps were undertaken.

On 20 March 2012, Wellpoint and Oakridge subscribed for the Company shares and subsequently provided loans to the Company.

33. Subsequent events (cont'd)

(a) ***The restructuring exercise (cont'd)***

On 20 March 2012, the Company entered into sale and purchase agreements to acquire shares in BGA from Oakridge, Lynwood and Harita.

Pursuant to the restructuring exercise, the Company became the holding company of the Group.

The restructuring exercise is further described in Corporate Information (Note 1).

(b) ***Acquisition of PT Sawit Nabati Agro and subsidiaries ("SNA") and PT Berkat Agro Sawitindo ("BAS")***

On 20 March 2012, the Group entered into a sale and purchase agreement with KMS to acquire 28.0% in SNA and BAS for cash consideration amounting to SGD78,986 (equivalent to USD60,746) and share consideration amounting to SGD13,207,983 (equivalent to USD10,157,970) (representing 657,114 ordinary shares in the Company). The shares issued by the Company will be taken up by Wellpoint, a nominee of KMS on 20 March 2012.

The investment of SNA and BAS is accounted for using the equity method from the date that the Group obtains significant influence over the associate.

The summarised unaudited financial information of the associate, not adjusted for the proportion of ownership interest held by the Group and presented under Indonesian GAAP — *Pernyataan Standar Akuntansi Keuangan ("PSAK"), are as follows:*

	For the year ended 31 December 2011	
	SNA Unaudited IDR'million	**BAS Unaudited IDR'million**
Assets and liabilities		
Current assets	22,239	9
Non-current assets	297,201	857
Total assets	319,440	866
Current liabilities	22,674	127
Non-current liabilities	305,812	21
Total liabilities	328,486	148
Results		
Revenue	104	—
Loss for the year	(1,680)	(1)

34. Authorisation of financial statements for issue

The combined financial statements for the years ended 31 December 2009, 2010 and 2011 were authorised for issue in accordance with a resolution of the directors on 3 April 2012.

ANNEX H — UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

Independent Auditors' Report in Relation to the Unaudited Pro Forma Consolidated Financial Information of Bumitama Agri Ltd. and its Subsidiaries for the financial year ended 31 December 2011

3 April 2012

The Board of Directors
Bumitama Agri Ltd.
10 Anson Road
#22-16B
International Plaza
Singapore 079903

Dear Sirs

We report on the unaudited consolidated pro forma financial information of Bumitama Agri Ltd. (formerly known as Global Crest Holdings & Investments Pte. Ltd.) (the "Company") and its subsidiaries (the "Group"), which has been prepared, for illustrative purposes only and based on certain assumptions and after making certain adjustments to show:

(i) what the financial results of the Group for the year ended 31 December 2011 would have been if the significant events as disclosed in Note 2 and Note 3 had occurred on 1 January 2011; and

(ii) what the financial position of the Group as at 31 December 2011 would have been if the significant events as disclosed in Note 2 and Note 3 had occurred at the end of 31 December 2011.

The unaudited pro forma consolidated financial information, because of its nature, may not give a true picture of the actual financial position or financial results of the Group.

The pro forma adjustments do not have any material effect on the combined statement of cash flow of the Group. Accordingly, unaudited pro forma statement of cash flow has not been presented.

The unaudited pro forma consolidated financial information is the responsibility of the Directors of the Company. Our responsibility is to express an opinion on the unaudited pro forma consolidated financial information based on our work.

We carried out procedures in accordance with Singapore Statement of Auditing Practice 24: "Auditors and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the unaudited pro forma consolidated financial information to the Company and its subsidiaries' financial statements, considering the evidence supporting the adjustments and discussing the unaudited pro forma consolidated financial information with the Directors of the Company.

Independent Auditors' Report in Relation to the Unaudited Pro Forma Consolidated Financial Information of Bumitama Agri Ltd. and its Subsidiaries for the financial year ended 31 December 2011

In our opinion,

(a) the unaudited pro forma consolidated financial information has been properly prepared:

  (i) on the basis stated in Note 4 to the unaudited pro forma consolidated financial information; and

  (ii) in a manner consistent with the accounting policies of the Group.

(b) each material adjustment made to the information used in the preparation of the unaudited pro forma consolidated financial information is appropriate for the purpose of preparing such pro forma financial information.

This Report has been prepared for inclusion in the Prospectus of Bumitama Agri Ltd. and its subsidiaries to be issued in connection with the proposed listing of the Company's shares on the Singapore Exchange Securities Trading Limited.

ERNST & YOUNG LLP
Public Accountants and Certified Public Accountants
Singapore
Partner in charge: Toong Weng Sum, Vincent

	Note	Audited Combined Income Statement IDR'million	Pro Forma Adjustments Note 2 and Note 3 IDR'million	Unaudited Pro Forma Consolidated Income Statement IDR'million
Revenue		2,805,316		2,805,316
Cost of sales		(1,565,632)		(1,565,632)
Gross profit		1,239,684		1,239,684
Interest income		10,796	(27)	10,769
Gain arising from fair value changes in biological assets		181,008		181,008
Selling expenses		(38,938)		(38,938)
General and administrative expenses		(154,630)	101	(154,529)
Finance cost		(105,024)		(105,024)
Other income		66,111	(65)	66,046
Other expenses		(8,973)	(10)	(8,983)
Profit before tax		1,190,034		1,190,033
Income tax expense		(297,071)		(297,071)
Profit for the year	7	892,963		892,962
Attributable to:				
Owners of the Company		761,852	(12,747)	749,105
Non-controlling interests		131,111	12,746	143,857
		892,963		892,962
Earnings per share attributable to owners of the Company (IDR'thousand per share)	6	119		19

The accompanying notes form an integral part of these pro forma consolidated financial information.

	Note	Audited Combined Statement of Comprehensive Income IDR'million	Pro Forma Adjustments Note 2 and Note 3 IDR'million	Unaudited Pro Forma Consolidated Statement of Comprehensive Income IDR'million
Profit for the year	7	892,963		892,962
Other comprehensive income:				
Foreign currency translation		(393)		(393)
Other comprehensive income for the year, net of tax		(393)		(393)
Total comprehensive income for the year		892,570		892,569
Attributable to:				
Owners of the Company		761,459	(12,747)	748,712
Non-controlling interests		131,111	12,746	143,857
Total comprehensive income for the year		892,570		892,569

The accompanying notes form an integral part of these pro forma consolidated financial information.

	Note	Audited Combined Balance Sheet IDR'million	Pro Forma Adjustments Note 2 and Note 3 IDR'million	Unaudited Pro Forma Consolidated Balance Sheet IDR'million
Non-current assets				
Biological assets		4,319,988		4,319,988
Plasma receivables		106,545		106,545
Property, plant and equipment		1,170,287		1,170,287
Land use rights		144,914		144,914
Intangible assets		77,588		77,588
Restricted cash		—		—
Deferred tax assets		8,140		8,140
Tax refundable		16,593		16,593
		5,844,055		5,844,055
Current assets				
Inventories		263,333		263,333
Deferred charges		25,630		25,630
Trade and other receivables		33,891		33,891
Prepayments and advances		17,997		17,997
Prepaid taxes		51,763		51,763
Cash and short-term deposits		270,139		270,139
		662,753		662,753
Current liabilities				
Loans and borrowings		516,300		516,300
Obligations under finance leases		6,092		6,092
Trade and other payables		365,237		365,237
Accrued operating expenses		56,308		56,308
Sales advances		196,345		196,345
Income tax payable		152,827		152,827
		1,293,109		1,293,109
Net current liabilities		(630,356)		(630,356)

The accompanying notes form an integral part of these pro forma consolidated financial information.

	Note	Audited Combined Balance Sheet IDR'million	Pro Forma Adjustments Note 2 and Note 3 IDR'million	Unaudited Pro Forma Consolidated Balance Sheet IDR'million
Non-current liabilities				
Deferred tax liabilities		464,638		464,638
Amounts due to shareholders	8	12,955	74,690	87,645
Loans and borrowings		1,794,882		1,794,882
Obligation under finance leases		203		203
Post employment benefits		15,568		15,568
		2,288,246		2,362,936
NET ASSETS		2,925,453		2,850,763
Equity attributable to owners of the Company				
Share capital	9	45,000	226,881	271,881
Other reserves	10	151,511	(411,540)	(260,029)
Retained earnings		2,475,432	(12,749)	2,462,683
Foreign currency translation reserve		9,449	(665)	8,784
		2,681,392		2,483,319
Non-controlling interests	11	244,061	123,383	367,444
Total equity		2,925,453		2,850,763

The accompanying notes form an integral part of these pro forma consolidated financial information.

1. Corporate information

Bumitama Agri Ltd. (the "Company") is a limited liability company, incorporated and domiciled in the Republic of Singapore. The Company was formerly known as Global Crest Holdings & Investments Pte. Ltd. and changed its name to Bumitama Agri Pte. Ltd. on 6 April 2011. The Company converted to a public company on 2 April 2012.

From the date of the Company's incorporation to 22 February 2011, its holding company was DeLoris Management Limited ("DeLoris") incorporated in British Virgin Islands. DeLoris is ultimately held by the Harita Group.

On 2 February 2011, Wellpoint Pacific Holdings Ltd ("Wellpoint") was incorporated in the British Virgin Islands. On 23 February 2011, Wellpoint acquired the entire issued and paid up share capital of the Company for an aggregate consideration of SGD2 and the existing shareholder loan of SGD8,200,000 payable to DeLoris for a total consideration of SGD8,200,002. On 8 March 2011, Wellpoint capitalised SGD6,399,998 (equivalent to USD4,999,998) of the amount due from the Company into 6,399,998 issued and paid up share capital in the Company. Wellpoint is ultimately held by the Harita Group.

The Company is ultimately held by the Harita Group, which is controlled by the Lim family, comprising Dr. Lim Hariyanto Wijaya Sarwono, Mdm. Rita Indriawati, Mr. Lim Gunawan Hariyanto and Mr. Gunardi Hariyanto Lim.

The registered office of the Company is located at 10 Anson Road, #22-16B, International Plaza, Singapore 079903. The principal place of operations is located at Jl. Melawai Raya No. 10, Kebayoran Baru, Jakarta Selatan, Indonesia.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are that of investment holding, operating oil palm plantations and palm oil mills, and the production and trading of crude palm oil and related products.

2. The Restructuring Exercise

The Group was formed through a restructuring exercise in preparation for the Company's listing on the Singapore Exchange Securities Trading Limited ("SGX-ST") (the "Restructuring Exercise"). Pursuant to the Restructuring Exercise, the Company became the holding company of the Group.

Prior to the restructuring, the Company held 14.3% in PT Bumitama Gunajaya Agro ("BGA"). Harita Group, via PT Harita Jayaraya ("Harita"), held 52.7% in BGA. The remaining interest of 33.0% is held by IOI Corporation Berhad ("IOI") (via Lynwood Capital Resources Pte Ltd ("Lynwood") and Oakridge Investments Pte Ltd ("Oakridge")).

(a) ***Issue of new shares by the Company***

As part of the restructuring exercise, on 20 March 2012 Wellpoint and Oakridge subscribed for 17,920,459 and 14,080,265 new shares respectively, of the Company at SGD1 per share. Following the completion of the new share subscription, Wellpoint and Oakridge holds 63.3% and 36.7% of the enlarged share capital of the Company, respectively. Wellpoint and Oakridge subsequently provided loans that bears interest at 4.5% per annum above the 3 month US dollar London Interbank Offer Rate amounting to S$6,171,837 and S$4,537,874 respectively, to the Company, to fund the Company's working capital requirements and expansion plans.

2. The Restructuring Exercise (cont'd)

(a) ***Issue of new shares by the Company (cont'd)***

On 20 March 2012 the Company issued additional shares amounting to 657,114 shares taken up by Wellpoint, at SGD1 per share in consideration for the acquisition of PT Sawit Nabati Agro ("SNA") and PT Berkat Agro Sawitindo ("BAS"). On completion of the share issuance, Oakridge and Wellpoint held 36.0% and 64.0% of the enlarged share capital of the Company.

On 20 March 2012 the Company entered into various conditional sale and purchase agreements and acquired 77,939 shares (SGD10,993,024), 54,061 shares (SGD7,625,115) and 170,811 shares (SGD24,092,296) from Oakridge, Lynwood and Harita in BGA, respectively. Following the acquisition, the Company's shareholding in BGA increased from 14.3% to 90.0% and Harita's interest in BGA decreased from 52.7% to 10.0%.

(b) ***Acquisition of non-controlling interests in the subsidiaries of BGA***

On 7 February 2011, BGA entered into a conditional sale and purchase agreement with PT Karya Manunggal Sawitindo ("KMS") to acquire additional equity interests for a total cash consideration amounting to IDR290,991 million.

As a result of the acquisition of additional equity interests, BGA increased its shareholding to 95.0% ownership of the following subsidiaries:

	Additional equity interest %	Carrying value of net assets IDR'million	Carrying value of the additional interest acquired IDR'million	Consideration paid IDR'million
PT Windu Nabatindo Abadi ("WNA")	15.0	324,543	48,681	76,580
PT Bumitama Gunajaya Abadi ("BG Abadi")	15.0	621,730	93,260	122,295
PT Agro Manunggal Sawitindo ("AMS")	15.0	48,967	7,345	86,906
PT Windu Nabatindo Sejahtera ("WNS")	15.0	658	99	1,131
PT Masuba Citra Mandiri ("MCM")	5.0	30,260	1,513	4,079
		1,026,158	150,898	290,991

Represented by:	
Consideration paid	290,991
Carrying value of additional interest acquired	(150,898)
	140,093

2. The Restructuring Exercise (cont'd)

(b) ***Acquisition of non-controlling interests in the subsidiaries of BGA (cont'd)***

The difference of IDR140,093 million between the consideration and the carrying value of the additional interest acquired will be recognised under "Premium paid on acquisition of non-controlling interests" within equity on the completion of the acquisition.

On 19 December 2011, BGA completed the above acquisitions.

3. Disposal of subsidiary — PT Karya Prima Agro Sejahtera ("KPAS")

On 29 November 2011, BGA and its subsidiary LGI disposed of their equity interests in KPAS representing 15.2% and 84.8% to a third party for a consideration of USD1,834,941 and USD10,237,041, respectively. The sales and purchase was completed on 29 November 2011 on receipt of the full sales proceeds on that day. The gain on disposal amounting to IDR45,158 million was recognised in the "Other income" line item in the income statement.

4. Basis of preparation of unaudited pro forma consolidated financial information

The unaudited pro forma consolidated financial information set out in this report has been prepared for illustrative purposes only. It has been prepared to illustrate what:

(i) the financial results of the Group for the year ended 31 December 2011 would have been if the significant event discussed in Note 2 and Note 3 had taken place on 1 January 2011; and

(ii) the financial position of the Group as at 31 December 2011 would have been if the significant events discussed in Note 2 had taken place as at the end of 31 December 2011.

The unaudited pro forma consolidated financial information has been prepared based on the audited combined financial statements of the Group for the financial year ended 31 December 2011 which were prepared in accordance with the Singapore Financial Reporting Standards.

The audited combined financial statements of the Group for the financial year ended 31 December 2011 were audited by Ernst & Young LLP Singapore, Public Accountants and Certified Public Accountants.

The auditors' report on the above financial statements was not subject to any qualification, modification or disclaimer.

The objective of the unaudited pro forma consolidated financial information is to show what the historical information might have been had the transaction above taken place on the respective dates. However, the unaudited pro forma consolidated financial information of the Group, by its nature, may not give a true picture of the Group's actual financial position and results and is not necessarily indicative of the results of the operations or the related effects on the financial position that would have been attained had the above mentioned existed earlier.

4. Basis of preparation of unaudited pro forma consolidated financial information (cont'd)

The unaudited pro forma consolidated financial information does not include the financial information of PT Sawit Nabati Agro ("SNA") and its subsidiary company, PT Berkat Agro Sawitindo ("BAS"), which the Group will acquire subsequent to the year ended 31 December 2011. The Group intends to acquire 28.0% in SNA and BAS, respectively for a cash consideration amounting to SGD78,986 (equivalent to USD60,746) and share consideration amounting to SGD13,207,983 (equivalent to USD10,157,970) (representing 657,114 ordinary shares in the Company).

The summarized unaudited financial information of SNA and BAS, not adjusted for the proportion of ownership interest held by the Group and presented under Indonesian GAAP — Pernyataan Standar Akuntansi Keuanguan ("PSAK"), is as follows:

	For the year ended 31 December 2011	
	SNA	**BAS**
	Unaudited	**Unaudited**
	IDR'million	**IDR'million**
Assets and liabilities		
Current assets	22,239	9
Non-current assets	297,201	857
Total assets	319,440	866
Current liabilities	22,674	127
Non-current liabilities	305,812	21
Total liabilities	328,486	148
Results		
Revenue	104	—
Loss for the year	(1,680)	(1)

5. Significant accounting policies

The unaudited pro forma consolidated financial information is prepared using the same accounting policies as the audited combined financial statements of the Group for the period ended 31 December 2011 as disclosed in Note 2 to the Audited Combined Financial Statements of Bumitama Agri Ltd. and its subsidiaries for the financial years ended 31 December 2009, 2010 and 2011.

6. Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing net profit for the year attributable to the owners of the Company by the pro forma number of ordinary shares outstanding during the financial year.

6. Earnings per share (cont'd)

The weighted average number of ordinary shares in issue is adjusted to take into account the events that arose from the restructuring exercise as disclosed in Note 2 and the acquisition of SNA and BAS as disclosed in Note 4.

The following table reflects the loss and share data used in the computation of basic and diluted earnings per share for the year ended:

	Year ended 31 December 2011
	No. of shares
Combined number of ordinary shares for basic and diluted earnings per share computation	6,400,004
Issuance of shares (Note 2)	32,000,720
Pro Forma number of ordinary shares prior to the acquisition of SNA and BAS	38,400,724
Issuance of shares for the acquisition of SNA and BAS (Note 4)	657,114
Pro Forma number of ordinary shares for basic and diluted earnings per share computation	39,057,838

7. Profit for the year ended 31 December 2011

The profit for the year was adjusted to reflect the exclusion of KPAS as if it had been disposed on 1 January 2011.

8. Amounts due to shareholders

Amounts due to shareholders were adjusted to reflect the significant events in Note 2 had taken place as at the end of 31 December 2011.

9. Share capital

	No. of Shares	IDR'million
Balance as at 1 January 2011	6,400,004	45,000
Issuance of shares (Note 2)	32,000,720	226,881
Balance as at 31 December 2011	38,400,724	271,881

* Denotes amounts less than IDR1,000,000

The share capital was adjusted to reflect the significant events in Note 2 had taken place as at the end of 31 December 2011.

10. Other reserves

Other reserves was adjusted to reflect the significant events in Note 2 had taken place as at the end of 31 December 2011.

11. Non-controlling interests

Non-controlling interests was adjusted to reflect the significant events in Note 2 had taken place as at the end of 31 December 2011.

TOPPAN VITE PTE. LTD. SIP1203018



Bumitama Agri Ltd.

Principal Office
Jl. Melawai Raya
No. 10, Kebayoran Baru
Jakarta 12160
Indonesia

Registered Office
10 Anson Road
#22-16B, International Plaza
Singapore 079903

www.bumitama-agri.com

BUMITAMA AGRI LTD.