

Paul Hadiwinata, Hidajat, Arsono,
Retno, Palilingan & Rekan

Registered Public Accountants

Decree of the Finance Minister of the Republic of Indonesia No. 978/KM.1/2017

September 20, 2019

Letter No: 094/SP-PHARP/AR/IX/19



The Board of Directors and Commissioners

PT. SEKAR BUMI Tbk

Jl. Jenderal Sudirman Kav. 59

Jakarta Selatan

Attn of : Mr. Hadi Cahyadi – The Independent Commissioner
Mr. Freddy Adam – The Director

Re: General Audit Proposal

Dear Sir,

1. Purpose of The Engagement Letter

The purpose of this letter is to confirm understanding by **PT. SEKAR BUMI Tbk** and its subsidiaries ("the Company" or "you") and **KAP PAUL HADIWINATA, HIDAJAT, ARSONO, RETNO, PALILINGAN dan REKAN** (referred to herein as "PKF" or "we") of both parties' mutual responsibilities arising as a result of our engagement as auditors of the Company for the year ending 31 December 2019. These terms will remain effective until amended, in writing, with the agreement of both parties.

The subsidiaries of **PT. SEKAR BUMI Tbk** included in this engagement consist of:

1. PT. KARKA NUTRI INDUSTRI;
2. PT. BUMIFOOD AGRO INDUSTRI;
3. PT. BUMI PANGAN UTAMA;
4. PT. BUMI PANGAN ASRI;
5. PT. BUMI PANGAN INTI;
6. PT. BUMI PANGAN SEJAHTERA;
7. PT. BUMI PANGAN MULIA;
8. PT. SEKAR SEINAN FOOD;
9. PT. SENTRA BUDIDAYA BIOTEK.

2. Scope of Our Engagement

We will audit the Company's statement of financial position as at 31 December 2019 and the related statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended prepared in accordance with Indonesian Financial Accounting Standards. The financial statements are presented in English and Bahasa Indonesia. Upon completion of our audit, we will provide you with our audit report (sixteen copies) on these financial statements.

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Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan is a member firm of the PKF International Limited family of legally independent firms and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm or firms.

The objective of an audit is to express an opinion on the financial statements. Our audit will be conducted in accordance with the auditing standards issued by the Indonesian Institute of Certified Public Accountants. These standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risks of material misstatement of the financial statements, whether due to fraud or error. 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.

3. Scope Exclusions

This engagement letter does not address the provision of tax return preparation, tax consultancy, accounting assistance and other consultancy services. The provision of any such additional professional services will be at your specific request, and will be the subject of separate letters of engagement, where necessary.

4. Our Responsibilities

Responsibility in general

Our responsibility is to exercise reasonable care and skill in conducting our examination and in forming and reporting on our opinion. The work we will perform to enable us to form our opinion will include such reviews of the Company's systems of accounting and internal control, and the performance of such tests and inquiries as we consider necessary in the circumstances. These tests and inquiries will apply to the day-to-day operations of the Company throughout the period, and to the validation of assets and liabilities at the end of the period. The nature and extent of these audit tests will vary according to our assessment of the Company's accounting systems and internal control. Our audit will not include detailed auditing of large numbers of individual transactions, as would generally be necessary in a special engagement focused on disclosing defalcations or other irregularities. Because of inherent limitation of an audit, together with inherent limitations of internal control, there is unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with auditing standard issued by the Indonesian Institute of Certified Public Accountants.

Responsibility in assessing internal control system

Our audit of the Company will be planned primarily to enable us to form an opinion on its financial statements, and to report on those financial statements in accordance with Indonesian Auditing Standards. Unless subject to express agreement to extend our scope of our audit work, our review of systems of accounting and internal control therefore covers only what is required to enable us to determine the timing and extent of procedures necessary for us to form our audit opinion, and to comply with our obligations under professional auditing standards. Therefore, our audit will not necessarily identify all significant deficiency in the Company's system of internal financial controls. The sole purpose of our review of internal



financial control systems is to express an opinion on the Company's financial statement. This consideration will not be sufficient to enable us to provide assurance on the effectiveness of internal control over financial reporting.

At the conclusion of our audit, we may report to you our observations on ways in which internal controls and procedures could be improved. The contents of this report will reflect matters which came to our attention as a result of the conduct of our normal audit procedures. Consequently, as mentioned above, this report will not include all the matters which might be identified were we to conduct a special engagement focused on internal control and procedures.

This report to management is for your internal use only, and may not be provided to a third party without our prior written consent. Such consent will be granted only on the basis that the report is not prepared with the interests of anyone other than the Company in mind and that we accept no duty or responsibility to any other party.

Responsibility in examining tax matters

Our audit does not incorporate the tests and specific inquiries that might be performed pursuant to a tax audit conducted by the Directorate General of Tax. Thus, while our audit may consider certain aspects of taxation, it should not be relied upon to detect all exposure that might be identified during a tax audit conducted by the Directorate General of Tax.

Responsibility in detecting non-compliance

Our audit does not incorporate tests and specific inquiries designed to identify past or future instances of non-compliance with relevant government or other industry regulations concerning filing, reporting, maintenance of ratios, or any other matters. While it may consider certain aspects of regulatory requirements, our audit should not be relied upon to detect all instances of non-compliance that may be identified by the relevant regulatory bodies. It remains the responsibility of the Directors of the Company to ensure compliance with all regulations that apply to the Company.

5. Management's Responsibilities

Responsibility relating to the financial statements and internal control

Our audit will be conducted on the basis that the Company's Management acknowledge and understand that they have responsibility for the preparation and fair presentation of financial statement in accordance with Indonesian Financial Accounting Standards. In this regard, management is responsible for properly recording all transactions in the accounting records and for establishing and maintaining internal controls as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The audit of the financial statements does not relieve management of this responsibility. Management is also responsible for making available to us access to all



information of which they are aware that is relevant to the preparation of financial statements such as original accounting records, documentation and other matters, additional information that we may request, and unrestricted access to personnel from whom we determine it necessary to obtain evidence for the purpose of the audit.

As required by Indonesian Auditing Standards, we will make specific inquiries of management and others about the representations embodied in the financial statements and the effectiveness of internal control over financial reporting. Indonesian Auditing Standards also require that we obtain a representation letter covering matters material to the financial statements from management. The results of our audit tests, the responses to our inquiries and the written representations of management comprise the evidential matter upon which we intend to rely in forming our opinion on the financial statements.

Responsibility in detecting error and fraud

Management is responsible for safeguarding the Company's assets and for the prevention and detection of fraud and error. Management is also responsible for the Company compliance with the laws and regulations applicable to its activities. We will design our audit to obtain reasonable, but not absolute, assurance of detecting errors or fraud that would have a material effect on the financial statements as well as other illegal acts having a direct and material effect on the financial statements. Our audit will not include a detailed audit of transactions, such as would be necessary to disclose errors or fraud that did not cause a material misstatement of the financial statements. It is important to recognize that there are inherent limitations in the auditing process. Audits are based on the concept of selective testing of the data underlying the financial statements, which involves judgment regarding the areas to be tested and the nature, timing, extent and results of the tests to be performed. Audits are, therefore, subject to the limitation that material error, fraud or other illegal acts having a direct and material financial statement impact, if they exist, may not be detected. Because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation, an audit designed and executed in accordance with Indonesian Auditing Standards might not detect a material fraud. Furthermore, while effective internal control reduces the likelihood that errors, fraud or other illegal acts will occur and remain undetected, it does not eliminate that possibility. For these reasons we cannot ensure that errors, fraud or other illegal acts, if present, will be detected. However, we will communicate to you any illegal act, material error, or evidence that fraud may exist identified during our audit.

6. Issues regarding the form and use of our audit opinion

a. Responsibility relating to distribution of PKF's opinion

If the Company intends to publish or reproduce our report together with the financial statements, in printed form or electronically (e.g., on an Internet Web Site), or otherwise make reference to our Firm in a document that contains other information, management agrees to (a) provide us with a draft of the relevant document to read, and (b) obtain our approval for inclusion of our report, before the document is finalized and distributed. Where our audit report is reproduced in any medium, the complete financial statements, including notes, must also be presented.



b. Third party users of PKF's opinion

Our audit opinion is intended for the benefit of those to whom it is addressed. The audit will not be planned or conducted in contemplation of reliance on it by any third party or with respect to any specific transaction. Therefore, items of possible interest to a third party will not be specifically addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction.

c. Responsibility to seek PKF's consent to any future use of the opinion

Regulations established by certain countries include a requirement for the auditor to be registered in that country if the Company undertakes an applicable offering or filing. Potential consequences of non-compliance with these auditor registration requirements in a timely manner can be severe for both the audit firm and the Company. The Company agrees that our audit report, or reference to us, will not be included in any such offering document, or lodging financial information with an overseas domiciled regulator or government without our prior written permission or consent. Any agreement to perform work in connection with an offering, including an agreement to provide such permission or consent, will be a separate engagement and subject to a separate engagement contract.

d. Other Documents

Indonesian Auditing Standards require that we read any annual report prepared for public distribution that contains the financial statements and our audit report thereon. The purpose of this procedure is to consider whether other information in the annual report, including the manner of its presentation, is materially inconsistent with information appearing in the financial statements. We assume no obligation to perform procedures to corroborate other information as part of our audit.

7. Other Matters

Ownership of and access to audit files

The working papers and files for this engagement created by us during the course of the audit, including electronic documents and files, are the sole property of PKF. Where we are the component auditor, we are often requested by the principal auditor to provide access to working paper in connection with the statutory audit of the consolidated financial statements, in such case, you agree that we are allowed to provide access to our working paper to the primary auditor without a prior written consent from you.

8. Timing and Client Assistance Package

Before the start of the audit, we will provide you with a Client Assistance Package which sets out the anticipated timing of our work, and our requirements for support from you, including reconciliations, schedules and other data, together with deadlines for each item. Your cooperation in meeting these deadlines will help ensure a smooth and efficient audit.



Our audit fee is predicated on the basis of a problem-free audit: i.e. the accounting records (including, but not limited to, the reconciliation of all general ledger balances, preparation of accounts analysis and breakdowns of balances and the completion of the Head Office Reporting Package) have been properly prepared by your staff, there is no serious internal control breakdown or deficiency, and information is provided to us on a timely basis accordance with the Client Assistance Package which will be provided to you. If the audit is not problem-free, or should the information requested in the Client Assistance Package not be available on a timely basis, the completion of the audit is likely to be delayed. Our resources are in high demand, particularly during our peak season which extends from November through to the end of April. The staff scheduled to work on this assignment will be scheduled to work on other assignments which will start immediately following the planned completion date for field work on this assignment. As a consequence, if we do encounter problems that result in unexpected delays, we are not in a position to commit to being able to provide the same staff at a later date to complete the outstanding work. Nor are we able to guarantee when the outstanding work will be able to be completed because this will depend upon the other client commitments of our staff.

9. Fees and Billing Arrangements

Our fees for the services to be provided as set out in this letter are IDR ~~660,000,000~~^{600,000,000} Our fee of IDR ~~660,000,000~~^{600,000,000} excludes 10% VAT and out-of-pocket expenses such as travel and hotels, which will be billed separately. Our invoices are due and payable when received, and in no circumstances later than 14 days from the date of the invoice.

It is our practice to submit our invoices as we perform our work. Accordingly, we will issue progress billings in accordance with the following timetable:

Start of planning or interim work for year-end audit
Delivery of draft report

300,000,000
IDR 330,000,000
IDR 330,000,000
300,000,000

10. Process for assessing client satisfaction with our services

It is our desire to provide you at all times with a high quality service to meet your needs. If at any time you would like to discuss with us how our service to you could be improved or if you are dissatisfied with any aspect of our services, please raise the matter immediately with the appropriate partner. If, for any reason, you would prefer to discuss these matters with someone other than that partner, please contact Arsono Laksmana, CPA (Senior Partner). In this way we are able to ensure that your concerns are dealt with carefully and promptly.

11. Terms and Conditions

This letter and the terms of business attached comprise the entire contract ("the Contract") for the provision of the Services to the exclusion of any other express or implied term, whether expressed orally or in writing.



including any conditions, warranties and representations. The contract shall also supersede all previous letters of engagement, undertakings, agreements and correspondence regarding the Services. This Contract shall be governed by and interpreted in accordance with the laws of the Republic of Indonesia.

Pers. Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan is a member firm of the PKF International Limited, a family of legally independent firms. Neither the other member firms nor PKF International Limited is responsible or accept liability for the work or advice which Pers. Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan provides to its clients and in signing and returning to us the enclosed copy of this Engagement Letter you acknowledge and accept that such other member firms and PKF International Limited do not owe you any duty in relation to the work or advice which we will from time to time provide to you or are required to provide to you.

Because of the significance of representations obtained from management during the audit process, the Company agrees to release and indemnify, defend and hold us and our personnel harmless from any liabilities, claims, costs and expenses relating to our services under this letter attributable to any misrepresentations by management, whether made orally or in writing.

The Company agrees that our maximum liability to the Company for any reason relating to the services under this letter shall be limited to the fees paid to us for the services or work product giving rise to liability, and that the Company agrees to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses collectively referred to as "Loss" (including any VAT or other taxes payable by Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan, on amounts paid by you under this indemnity) arising for any reason, whether brought or incurred by the Company or any third party which is related to, arises out of, or is in any way associated with our services or this engagement.

In the event of any controversy or claims arising out of or relating to services covered by this letter or hereafter provided by us for the Company or at its request (including any such matter involving any parent, subsidiary, affiliate, successor interest, or agent of the Company or of Paul Hadiwinata, Hidajat, Arsono, Retno, Palilingan & Rekan, or involving any person or entity for whose benefit the services in question are or were provided), shall be submitted first to voluntary mediation, and if mediation is not successful, then to binding arbitration, in accordance with the alternative dispute resolution procedures of BANI (Indonesia Board of Arbitration). Judgment on any arbitration award may be entered in any court having jurisdiction.

Except as instructed otherwise in writing, each party may assume that the other approves of properly addressed faxes, emails and voicemail communication of both sensitive and non-sensitive documents, including third party confirmations, and other communications concerning the engagement hereunder, as well as other means of communication used or accepted by the other party.

If you intend to publish or otherwise reproduce the financial statements together with our report or otherwise make reference to our Firm in a document that contains other information, you agree to provide us with a draft of the printed document for our review and approval before the document is printed and distributed.

During the term of this engagement, and for 12 months after it ends, each party agrees not to knowingly solicit for employment, or to independently contract the service of, any partner or staff member sub-

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contractor of the other party who is involved with performing this engagement. This clause does not apply to a general employment vacancy advertisement issued by a party.

12. Acknowledgment and Acceptance

Please acknowledge receipt of this letter and your agreement to the terms of our engagement as set out herein by signing the enclosed copy of the letter in the space provided and returning it to us.

We appreciate the opportunity to serve as **PT. SEKAR BUMI Tbk and its subsidiaries'** independent auditors and would be pleased to furnish any additional information you may request concerning our responsibilities and functions. We trust that our association will be a long and mutually beneficial one.

Yours very truly,



Adi Santoso, CPA
Partner



PT. SEKAR BUMI Tbk



Freddy Adam.
Signature

Date 15 OKTOBER 2019