

Audit Committee Report

The Audit Committee is responsible to the Board of Commissioners to conduct independent oversight of the financial reporting, assessing the effectiveness of the Company's internal control and risk management, ensuring the compliance with laws and regulations, monitoring the significant legal cases, as well as ensuring the adequacy of independent audit and internal audit in accordance with the Audit Committee Charter.

To assist the implementation of the roles and responsibilities of the Board of Commissioners, the Audit Committee monitors and oversee the implementation of Management's responsibility on internal control and consolidated financial reporting and implementation of independent auditor's responsibilities on audit of the annual consolidated financial statements prepared in accordance with accounting standards generally accepted in Indonesia in order to publish a report containing auditor's opinion on these financial statements.

As part of the oversight process, the Audit Committee held meetings periodically with Management, Independent Auditor and Internal Auditor and reported to the Company's Board of Commissioners.

During 2016, the implementation of the roles and responsibilities of the Audit Committee are conducted in accordance with the Charter of the Audit Committee as follows :

1. Review on Financial Information and Financial Performance

To encourage financial information to be presented and published by the Company in accurate, reliable and trustworthy manner, the Audit Committee has conducted reviews and discussions with the management regarding both the Company's consolidated financial statements as well as other financial information.

2. Supervision of the work of the Independent Auditor

In carrying out the function of oversight of the work of auditors, the Audit Committee conducted several activities, namely:

- a. Reviewing and discussing with the Company's independent auditor regarding the audit plan and its implementation.
- b. Monitoring the financial reporting process by discussing the audit process of the consolidated financial statements of the Company.
- c. Examining the key findings of the external auditors and monitor the implementation of audit recommendations.
- d. Ensuring the Financial Statements of the Company can be published in a timely manner.

3. Evaluation of the effectiveness of internal controls and the implementation of the

Internal Audit function

The Audit Committee has evaluated the effectiveness of internal controls and the implementation of the duties and functions of internal auditors through the following activities:

- a. Reviewing and discussing with the Company's Internal Auditor regarding the audit activities during 2016 and 2017 Internal Audit plan.
- b. Evaluating the implementation of Internal Audit and examine the key findings of the internal audit and monitor the implementation of audit recommendations.
- c. The Audit Committee together with internal auditors had visited several company's plantations to gain a deeper understanding of the business processes that are useful to carry out the activities of the Audit Committee in reviewing the effectiveness of internal control.

4. Review on Risk Management

The Audit Committee periodically has also conducted review on risk management and risk mitigation. The Audit Committee held discussions and in-depth discussion with the Management regarding the key risks faced by the Company and how the risk mitigation strategy undertaken by the Company.

5. Compliance with the Rules and Regulations

The Audit Committee has conducted a review and oversight of the Company's compliance with laws and regulations, including monitoring the laws and regulations related to Company's business as well as any lawsuit / disputes relating to the Company and its operations.

During 2016, the Audit Committee has conducted 7 (seven) meetings with the Management, Internal Auditors and the Independent Auditors, to carry out the work program of the Audit Committee in 2016. The attendance rate of all members of the Audit Committee reached 100%.

In conducting the activities and the implementation of roles and responsibilities, the Audit Committee expressed appreciation for the whole explanations and responses provided by the management during the implementation of these activities and the ability of Management to follow up on audit recommendations.

This report was prepared and signed by the Audit Committee of PT Astra Agro Lestari Tbk.

Jakarta, 31 Desember 2016

Soemadi Djoko Moerdjono Brotodiningrat

Juliani Eliza Syaftari

Ratna Wardhar

Chief

Member

Member

AUDIT COMMITTEE REPORT

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