gar
agribusiness and food

RESPONSIBLE GROWTH THROUGH INNOVATION

GOLDEN AGRI-RESOURCES LTD

ANNUAL REPORT 2017

CONTENTS

VISION

BE THE BEST, FULLY-INTEGRATED, GLOBAL AGRIBUSINESS AND CONSUMER PRODUCT COMPANY – THE PARTNER OF CHOICE

MISSION

WE EFFICIENTLY PROVIDE SUSTAINABLE AND SUPERIOR QUALITY AGRIBUSINESS AND CONSUMER PRODUCTS, SOLUTIONS AND SERVICES TO CREATE VALUE FOR ALL OUR STAKEHOLDERS

OUR SHARED VALUES

INTEGRITY	POSITIVE ATTITUDE	COMMITMENT	CONTINUOUS IMPROVEMENT	INNOVATION	LOYALTY
To put statements or promises into actions so that one can earn the trust of others	To display encouraging behaviour towards the creation of a mutually appreciative and conducive working environment	To perform our work whole heartedly in order to achieve the best results	To continuously enhance the capability of self, working unit and organisation to obtain the best results	To come up with ideas or to create new products/ tools/systems that can increase productivity and the Company's growth	To cultivate the spirit of knowing, understanding and implementing the Company's core values as part of the GAR family

OUR CULTURE

PERFORMANCE	OWNERSHIP	COLLABORATION	PEOPLE
We deliver outstanding results	We do what is best for the Company	We work as a team	We realise our people's potential

CORPORATE PROFILE

Listed on the Singapore Exchange since 1999, Golden Agri-Resources Ltd and its subsidiaries ("GAR") form one of the leading integrated palm oil plantation companies in the world with total revenue of more than US$7.5 billion and underlying profit of US$254 million in 2017.

GAR's primary activities range from cultivating and harvesting oil palm trees, processing fresh fruit bunches ("FFB") into crude palm oil ("CPO") and palm kernel ("PK"), to refining CPO into industrial and consumer products such as cooking oil, margarine, shortening, biodiesel and oleo-chemicals, as well as merchandising palm products throughout the world.

GAR is focused on sustainable palm oil production. GAR cultivates 502,847 hectares of oil palm plantations in Indonesia, including plasma smallholders. Our 46 mills extract CPO and PK from FFB, with a total capacity of 13.3 million tonnes per annum. Part of our CPO is processed further into value-added bulk, industrial and branded products through our own refineries with a total capacity of 4.7 million tonnes per annum. The PK is crushed in our kernel crushing plants which have an annual capacity of 1.8 million tonnes, producing higher-value palm kernel oil and palm kernel meal.

GAR also has presences in China and India, where it operates a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

GAR's products are sold globally to a diversified customer base by leveraging its extensive distribution network, strong merchandising, branding, and destination marketing. Our shipping and logistics capabilities are bolstered by our ownership of vessels, sea ports, jetties, warehouses and bulking facilities in strategic locations.

FINANCIAL HIGHLIGHTS

	2017	2016	2015	2014
Consolidated Income Statement (US$'000)				
Revenue	**7,507,599**	7,208,849	6,510,051	7,619,309
Gross profit	**1,097,406**	1,014,387	1,004,774	1,178,261
EBITDA [1]	**664,651**	571,660	541,664	565,891
Underlying profit [2]	**253,837**	186,277	179,970	188,006
Net profit [3]	**74,032**	399,619	10,352	84,640
Weighted average number of shares (million shares)	**12,735**	12,735	12,760	12,838
Underlying profit [2] per share (US$ cents)	**1.99**	1.46	1.41	1.46
Earnings per share (US$ cents)	**0.58**	3.14	0.08	0.66
Consolidated Statement of Financial Position (US$'000)				
Total assets	**8,137,780**	8,306,415	8,035,710	8,055,140
Total current assets	**2,874,675**	2,776,057	2,665,435	2,857,023
Total current liabilities	**2,597,794**	2,715,100	2,328,598	2,500,566
Total non-current liabilities	**1,431,433**	1,495,364	1,957,714	1,761,759
Non-controlling interests	**101,570**	42,201	39,544	41,221
Equity attributable to owners of the Company	**4,006,983**	4,053,750	3,709,854	3,751,594
Ratios				
Gross profit margin	**14.6%**	14.1%	15.4%	15.5%
EBITDA [1] margin	**8.9%**	7.9%	8.3%	7.4%
Underlying profit [2] margin	**3.4%**	2.6%	2.8%	2.5%
Net profit [3] margin	**1.0%**	5.5%	0.2%	1.1%
Return on equity [4]	**6.3%**	4.6%	4.9%	5.0%
Return on assets [5]	**3.1%**	2.2%	2.2%	2.3%
Current ratio (times)	**1.11**	1.02	1.14	1.14
Adjusted net debt to equity [6] (times)	**0.42**	0.43	0.51	0.43
Receivable turnover [7] (days)	**25**	26	28	24
Inventory turnover [8] (days)	**56**	50	53	46
Other information				
Average CPO market price – FOB Belawan (US$ per tonne)	**682**	664	574	768

Notes:

1 EBITDA = earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, changes in fair value of biological assets, foreign exchange gain or loss and exceptional items.

2 Underlying profit = net profit attributable to owners of the Company excluding net effect of net gain or loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items and other non-operating items (foreign exchange gain or loss, net tax impact from tax-based asset revaluations, and other deferred tax income or expense).

3 Net profit = net profit attributable to owners of the Company.

4 Return on equity = underlying profit / equity attributable to owners of the Company.

5 Return on assets = underlying profit / total assets.

6 Adjusted net debt to equity = (total borrowings - cash and cash equivalents - short-term investments - liquid working capital) / equity attributable to owners of the Company.

7 Receivable turnover = average trade receivables / revenue x 365.

8 Inventory turnover = average inventory / cost of sales x 365.

2017 MILESTONES

MAR

- Signing of MOU with the French Agricultural Research Centre for International Development (CIRAD) to create a new platform – **Sustainable Agricultural Landscapes in Southeast Asia platform (SALSA)** – in order to build capacity in sustainable production through research and training across plantation economies
- Signing of **MOU with** French ship owner **Louis Dreyfus Armateurs Group** to develop business opportunities in maritime logistics for the next five years

APR

- Two clones of **high-yielding oil palm planting material – Eka 1 and Eka 2** – registered in Indonesia's Catalogue of Seeds and approved for use by the Ministry of Agriculture. They are developed in the Company's research centre through an advanced biotechnology programme, enabling the increase of yields to the highest level in the industry

JUL

- Signing of **MOU with** non-governmental organisation **SNV Netherlands Development** to work together to help palm oil smallholders increase their field productivity and income, and apply for sustainable palm oil certification
- Achieved target of **releasing 100 orangutans** under partnership with Orangutan Foundation International (OFI)

AUG

- PT SMART Tbk, GAR's subsidiary, received **Social Business Innovation Award 2017** in Plantation Category from Warta Ekonomi magazine, while its President Director, **Mr Jo Daud Dharsono** was awarded **Green CEO 2017** in Plantation Category

SEP

- GAR is included in the **2017 Dow Jones Sustainability Indices (DJSI) (Asia-Pacific)** in recognition of its corporate sustainability leadership within its industry

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM

- **Sinar Mas Cepsa inaugurated its oleo-chemicals plant** in Dumai, Indonesia, producing fatty alcohols from sustainably-sourced palm kernel oil

OCT

- Inclusion in latest **SGX Sustainability Index** including Sustainability Leaders Index

NOV

- Signing of conditional agreement for **the sale of Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd.**, which owns oilseeds crushing and refining facilities in Tianjin, PRC

DEC

- **Winner of Sustainable Business Awards Indonesia 2017** in the category of Land Use, Biodiversity and Environment for the second year in a row
- **Capital distribution of The Verdant Fund LP**'s General Partner to consolidate the oil palm plantation assets in Indonesia into GAR
- Signing of **MOU between SOCI Mas and Philips** to carry out "smart lighting" project for its oleo-chemicals factory

CHAIRMAN'S STATEMENT

Franky Oesman Widjaja
Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

For Golden Agri-Resources Ltd (GAR), 2017 was another year of strong performance, demonstrating our distinct and growing competitive edge from an integrated business model with a strategically balanced portfolio of upstream and downstream businesses.

GAR's remarkable performance was contributed by our upstream business as plantation output rebounded after the previous year's decline following the El Niño phenomenon. We were able to extract further value as we continue to streamline our downstream assets. However, crude palm oil (CPO) prices saw a declining trend during 2017, resulting in lower performance from our downstream business.

FOR LONG-TERM GROWTH, GAR HAS DRIVEN AN OPERATIONAL TRANSFORMATION TO REACH NEW HEIGHTS IN PRODUCTIVITY AND EFFICIENCIES THROUGH OUR VERTICALLY INTEGRATED VALUE CHAIN. THIS INCLUDES A MOVE TOWARDS THE NEXT LEVEL OF PRECISION AGRICULTURE BY EMPLOYING LEAPFROG TECHNOLOGY IN COMBINATION WITH NEW WAYS OF WORKING.

We are positioning GAR to be the best, fully-integrated, global agribusiness and consumer product company. To achieve this vision, we are enhancing competitiveness, driving positive change and exploring well research opportunities especially in the areas of innovation, technology and sustainability.

STRONG PERFORMANCE AS PLANTATION OUTPUT RECOVERED

GAR recorded revenue of over US$7.5 billion in the financial year 2017 (FY2017) and an EBITDA increase of 16 percent to US$665 million. The higher EBITDA was primarily contributed by our core upstream business.

After being hit by the severe El Niño conditions in 2015, weather conditions became favourable and production picked up from the fourth quarter of 2016. Our fruit production for the reporting period grew by eight percent with an average yield of 20.5 tonnes per hectare, which continues to be the best amongst our peers. Consistent focus on operational efficiencies contributed to the successful expansion of the plantations and palm oil mills segment EBITDA margin by six percent.

GAR's planted area reached over 500,000 hectares by the end of the year. Our upstream division also achieved its replanting target at almost 10,000 hectares. This accelerated replanting is aligned with our intensification strategy aimed at improving production yields from each hectare of our land. Our strategy involves replanting with new and higher yielding seeds, as well as rolling out infrastructure for mechanisation and precision agriculture.

GAR's Indonesian refineries performed well, achieving much higher utilisation rate and a production volume record due to our focus on higher value-added products. This is an excellent accomplishment against the overcapacity situation in the country.

In our downstream business, we continued to face a competitive market environment and declining CPO prices during the year affected our margin. We remain focused on improving operational efficiencies across the value chain while driving a larger portfolio of value-added products and services at global customers for better margins. We will continue to innovate and be responsive to changing market demands with our product offerings.

We have refocused our strategy for the oilseed business in China. This resulted in a reduction of our China exposure by divesting our oilseed crushing plant in Tianjin. Despite the competitive market environment, China continues to present attractive long-term opportunities being the largest consumer market for edible oils globally. As with our other downstream businesses we will aim to provide higher value added products, leveraging our long experience and established market presence.

We enter the year 2018 in a robust financial position with sound liquidity and improved credit profile for the financial market. More efficient financing and refinancing costs will be our focus in the years ahead.

In view of the solid balance sheet and our consistent commitment to reward our shareholders, the Board has proposed a final dividend of 0.116 Singapore cents per share for FY2017, adding to the interim dividend of 0.693 Singapore cents distributed in November 2017. This brings the total dividend for FY2017 to 0.809 Singapore cents per share, which is equivalent to 30 percent of our underlying profit.

RESPONSIBLE GROWTH THROUGH INNOVATION

GAR has a responsible growth strategy based on the key fundamentals of innovation, technology, and sustainability along the business value chain.

For the last decade, GAR has employed a state-of-the-art proprietary information system supporting its best agricultural management practices. This approach has enabled the Company to maintain its industry-leading position in terms of productivity and efficiency. For long-term growth, GAR has driven an operational transformation to reach new heights in productivity and efficiencies through our vertically integrated value chain. This includes a move towards the next level of precision agriculture by employing leapfrog technology in combination with new ways of working. Our teams have prepared digital and technology-focused pilot projects in several areas of our plantations. Following the successes and experience from these pilots, we will embark on a gradual roll-out across our operations.

In FY2017, we achieved a breakthrough in long-term yield enhancement with two new planting materials – Eka 1 and Eka 2. These non-GMO clonal oil palm seeds, which have a potential CPO yield of more than 10 tonnes per hectare per year, will be rolled out progressively in our plantations. Eka 1 and Eka 2 are the result of our long-held belief in investing in technology and R&D to advance sustainable productivity, whilst reducing the need to open more land for agriculture. This is very much in line with the goals of UN Sustainable Development Goal (SDG) 2, which aims to increase agricultural productivity to relieve global hunger.

TRANSFORMING OUR INDUSTRY, SPREADING RESPONSIBLE PRACTICES

As a leading player in the palm oil industry, our commitment to responsible palm oil involves not just our company's operations but also extends to our supply chain. To meet this commitment, we completed another significant milestone in FY2017 by achieving 100 percent Traceability to the Plantation (TTP) for all GAR mills. This is a continuation of the mapping of our suppliers that began with the achievement of 100 percent Traceability to the Mill in 2015. Our independent

CHAIRMAN'S STATEMENT

suppliers are also mapping their supply chains and we aim to have them report full TTP by end 2020.

With 100 percent TTP, GAR is able to guarantee the provenance of our raw materials. But for us, this achievement has even deeper significance because it is a key part of our wider efforts to help our suppliers change for the better. Through deeper engagement, we reduce supply chain risks while helping our industry become more responsible and resilient.

In parallel with our mapping efforts, we have been carrying out targeted site visits; monitoring our suppliers as part of risk assessment and management; and assessing their needs to help them upgrade their capacity to implement responsible practices. We have an annual event, SMART SEED workshops, to help address our suppliers' most pressing needs. In FY2017, we also held a workshop for our suppliers operating near the Leuser Eco-system to heighten their awareness of the protected status of Leuser, and how to stop sourcing palm oil from growers that may be operating in protected areas. Our efforts are also in line with SDG 12 – Responsible Consumption and Production.

As a company that firmly believes in sustainability, we are honoured to be named in the Dow Jones Sustainability Indices (Asia-Pacific), the longest-established sustainability index in the world. We debuted in the index in FY2017 following a rigorous assessment of our Environmental, Social and Governance policies and practices. We are also proud to be a member of the SGX Sustainability Index, including the Sustainability Leaders Index.

As we continue to work on our various sustainability initiatives, we believe that continued support from developed and progressive markets is crucial to sustain the efforts of the palm oil industry as it transitions towards more responsible practices. This is particularly critical for the millions of smallholder farmers who are dependent on palm oil for their livelihoods and who need external markets that are supportive of responsibly produced palm oil.

WE DEBUTED IN THE DOW JONES SUSTAINABILITY INDICES (ASIA-PACIFIC) IN FY2017 FOLLOWING A RIGOROUS ASSESSMENT OF OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES AND PRACTICES. WE ARE ALSO PROUD TO BE A MEMBER OF THE SGX SUSTAINABILITY INDEX, INCLUDING THE SUSTAINABILITY LEADERS INDEX.

POSITIVE VIEW ON PALM OIL PROSPECTS

We believe that in the short term, CPO price could maintain its position as the increase in production will be absorbed by the robust growth in demand. We are also confident about the long-term prospects of palm oil. As world population and income per capita continue to rise, food production needs to double in order to secure adequate food supplies. With limited agricultural land, the target of producing more food with less area will play a vital part in sustainable agriculture. Palm oil is the best candidate to fulfil this demand, especially with the upcoming industry replanting that is expected to double current yields. Apart from food usage, oleo-chemicals and biodiesel will also continue to provide additional demand for palm oil as a feedstock.

GOVERNANCE AND APPRECIATION

The Board membership has been refreshed with new Independent Directors – Mr. Foo Meng Kee and Mr. William Chung Nien Chin. Mr. Foo also shares his experience in his roles as the Chairman of Nominating Committee and Remuneration Committee as well as a member of the Audit Committee of GAR. In addition, we welcome Mr. Lew Syn Pau into his new positions as Lead Independent Director, Chairman of Audit Committee and a member of Remuneration Committee.

On behalf of the Board, we would like to express our sincere appreciation to Mr. Hong Pian Tee, who has played important roles as Lead Independent Director as well as Chairman of both the Audit Committee and Nominating Committee, and member of the Remuneration Committee of GAR. His invaluable guidance over more than 15 years, especially in the governance area, has enabled GAR to reach its current level of success. Our sincere thanks to Mr. Jacques Desire Laval Elliah, our former Independent Director, for his service and contribution to the Company since 2010.

We further extend our gratitude to all employees, shareholders, creditors and stakeholders. The progress we made this year would not have been realised without their solid hard work, confidence, collaboration and encouragement. Together, we are working towards unleashing our potential value.

Thank you all for investing in Golden Agri-Resources Ltd.

Franky Oesman Widjaja
Chairman and Chief Executive Officer
14 March 2018

BOARD OF DIRECTORS

Sitting (*from left to right*): Franky Oesman Widjaja and Muktar Widjaja Standing (*from left to right*): Lew Syn Pau, Rafael Buhay Concepcion, Jr., Kaneyalall Hawabhay, Foo Meng Kee, William Chung Nien Chin and Frankle (Djafar) Widjaja

FRANKY OESMAN WIDJAJA
Chairman and Chief Executive Officer

Mr. Franky Widjaja is the Chairman and Chief Executive Officer of Golden Agri-Resources Ltd ("GAR") and a member of its Nominating Committee and Remuneration Committee. He has been a Director and Chief Executive Officer of GAR since 1996; and Chairman since 2000.

Mr. Franky Widjaja, aged 60, graduated from Aoyama Gakuin University, Japan with a Bachelor's degree in Commerce in 1979. He has extensive management and operational experience, and since 1982, been involved with different businesses including pulp and paper, property, chemical, telecommunication, financial services and agriculture.

Mr. Franky Widjaja also sits on the board of directors of Sinarmas Land Limited ("SML") and Bund Center Investment Ltd ("BCI"), both listed on the Official List of the Singapore Exchange Securities Trading Limited. He has been a Director of SML since 1997; the Executive Chairman of SML since 2006; and a Director of BCI since 2009.

Mr. Franky Widjaja is a member of the boards of several subsidiaries of GAR, SML and BCI. Since 2003, he has been the President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk, a subsidiary of GAR listed on the Indonesia Stock Exchange.

Currently, Mr. Franky Widjaja is the Co-Chairman of Partnership for Indonesia Sustainable Agriculture ("PISAgro"); Co-Chair of World Economic Forum ("WEF"): Grow Asia, and he is a member of WEF: Global Agenda Trustee for World Food Security and Agriculture Sector; Vice Chairman of the Indonesian Chamber of Commerce and Industry ("KADIN") for Agribusiness, Food and Forestry Sector; and a member of the Advisory Board of the Indonesian Palm Oil Association ("GAPKI").

Previously, from 2007 to 2015, Mr. Franky Widjaja was Vice President Commissioner of PT Bumi Serpong Damai Tbk and PT Duta Pertiwi Tbk; and he was also Vice

President Commissioner of PT Puradelta Lestari Tbk until his resignation in May 2016, all subsidiaries of SML listed on the Indonesia Stock Exchange.

Present directorships in other Singapore listed companies:
- Bund Center Investment Ltd
- Sinarmas Land Limited

Other principal commitments:
Nil

Past directorships in other Singapore listed companies (2015 – 2017):
Nil

MUKTAR WIDJAJA
Executive Director and President

Mr. Muktar Widjaja is an Executive Director and President of GAR. He has been a Director since 1999; President since 2000; and was re-designated as Executive Director and President on 1 March 2018. He was Non-Executive Director from December 2006 to 28 February 2018. His last re-election as a Director was in 2015.

Mr. Muktar Widjaja, aged 63, obtained his Bachelor of Commerce in 1976 from the University Concordia, Canada. Since 1983, Mr. Muktar Widjaja has been actively involved in the management and operations of the property, financial services, agriculture, chemical and pulp and paper businesses.

Mr. Muktar Widjaja is a member of the boards of several subsidiaries of GAR and SML. He is Vice President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk, a subsidiary of GAR listed on the Indonesia Stock Exchange. Mr. Muktar Widjaja is a Director and, since December 2006, the Chief Executive Officer of SML. He is President Commissioner of PT Bumi Serpong Damai Tbk, PT Duta Pertiwi Tbk and PT Puradelta Lestari Tbk, all subsidiaries of SML listed on the Indonesia Stock Exchange.

Present directorships in other Singapore listed companies:
- Sinarmas Land Limited

Other principal commitments:
Nil

Past directorships in other Singapore listed companies (2015 – 2017):
Nil

FRANKLE (DJAFAR) WIDJAJA
Non-Executive Non-Independent Director

Mr. Frankle Widjaja is a Non-Executive Director of GAR since December 2006. He was first appointed as a Director in May 1999 and his last re-election as a Director was in 2016.

Mr. Frankle Widjaja, aged 61, graduated from the University of California, Berkeley, USA, with a degree of Bachelor of Science in 1978. Since 1979, he has been involved in the management and operations of the pulp and paper, financial services, food and agriculture and real estate businesses.

Mr. Frankle Widjaja is the Executive Chairman and Chief Executive Officer of BCI, and presently sits on the boards of several subsidiaries of GAR, BCI and SML.

Present directorships in other Singapore listed companies:
- Bund Center Investment Ltd

Other principal commitments:
Nil

Past directorships in other Singapore listed companies (2015 – 2017):
Nil

RAFAEL BUHAY CONCEPCION, JR.
Executive Director and Chief Financial Officer

Mr. Rafael Buhay Concepcion, Jr. is an Executive Director and the Chief Financial Officer of GAR. He was appointed as a Director of GAR in August 2002 and as its Chief Financial Officer in January 2013. His last re-election as a Director was in 2016.

Mr. Concepcion, aged 51, studied at the University of the Philippines where he obtained a Bachelor of Science in Economics in 1988. He later obtained a Master in Business Management from the Asian Institute of Management, Philippines in 1992 with scholarship from SGV Philippines.

Mr. Concepcion worked on regional projects and has extensive experience in corporate and financial planning. After 5 years with Pilipinas Shell Petroleum Corporation, Mr. Concepcion joined PT Sinar Mas Agro Resources and Technology Tbk, a subsidiary of GAR listed on the Indonesia Stock Exchange, and now holds the position of Commissioner. Mr. Concepcion also sits on the boards of several subsidiaries of GAR.

BOARD OF DIRECTORS

Present directorships in other Singapore listed companies:
Nil

Other principal commitments:
Nil

Past directorships in other Singapore listed companies (2015 – 2017):
Nil

LEW SYN PAU

Non-Executive Lead Independent Director

Mr. Lew Syn Pau is an Independent Director of GAR, Chairman of its Audit Committee, and member of its Nominating Committee and Remuneration Committee. He re-joined GAR's Board of Directors in December 2007. Prior to that, Mr. Lew was a Director of the Company from 1999 to May 2007. His last re-election as a Director was in 2017.

Mr. Lew, aged 64, obtained a Master in Engineering from Cambridge University, UK and a Master of Business Administration from Stanford University, USA. Mr. Lew was a Singapore Government scholar.

Mr. Lew is a Director of Capital Connections Pte Ltd and Poh Tiong Choon Logistics Limited (delisted on 4 January 2018). He also sits on the boards of several companies listed on the Official List of the Singapore Exchange Securities Trading Limited, namely, SUTL Enterprise Limited (formerly known as Achieva Ltd), Food Empire Holdings Ltd, Broadway Industrial Group Ltd and Golden Energy and Resources Limited.

Mr. Lew was Senior Country Officer and General Manager for Banque Indosuez Singapore, where he worked from 1994 to 1997. He was General Manager and subsequently, Managing Director of NTUC Comfort from 1987 to 1993 and Executive Director of NTUC Fairprice from 1993 to 1994. Mr. Lew served as a Member of Parliament from 1988 to 2001. He was President of The Singapore Manufacturers' Federation from July 2002 to June 2006.

Present directorships in other Singapore listed companies:
- Broadway Industrial Group Ltd
- Food Empire Holdings Ltd
- Golden Energy and Resources Limited
- SUTL Enterprise Limited

Other principal commitments:
Nil

Past directorships in other Singapore listed companies (2015 – 2017):
Nil

FOO MENG KEE

Non-Executive Independent Director

Mr. Foo Meng Kee is an Independent Director of GAR, Chairman of its Nominating Committee and Remuneration Committee and a member of its Audit Committee. Mr. Foo joined the Board of Directors of GAR in April 2017.

Mr. Foo, aged 68, holds an MBA from the University of Dubuque, USA; Graduate Diploma in Marketing Management from the Singapore Institute of Management; and Bachelor of Commerce (Honours) from the Nanyang University of Singapore.

Mr. Foo also sits on the board of Lee Metal Group Ltd, listed on the Official List of the Singapore Exchange Securities Trading Limited. Currently, he is the principal owner of M K Capital Pte Ltd and M K Marine Pte Ltd.

Mr. Foo was an independent director of several companies listed on the Official List of the Singapore Exchange Securities Trading Limited, namely, Courage Investment Group Limited (formerly known as Courage Marine Group Limited), Jiutian Chemical Group Limited and Sinarmas Land Limited, until his resignation in May 2016, February 2017, and April 2017 respectively. He was also an independent director of Titan Petrochemicals Group Limited, a public listed company in Hong Kong, from December 2013 to September 2015. Mr. Foo was with Hitachi Zosen Singapore Limited (now known as Keppel Shipyard Limited) from 1976 to 1998. When he was the Managing Director of Hitachi Zosen Singapore Limited, he led in the listing of the company on the main board of the Singapore Stock Exchange.

Mr. Foo has also previously served on the Committees of the Association of Singapore Marine Industries and the Singapore Armed Forces Reservists' Association.

Present directorships in other Singapore listed companies:
- Lee Metal Group Ltd

Other principal commitments:
- M K Capital Pte Ltd (Principal owner)
- M K Marine Pte Ltd (Principal owner)

Past directorships in other Singapore listed companies (2015 – 2017):
- Courage Investment Group Limited (formerly known as Courage Marine Group Limited)
- Jiutian Chemical Group Limited
- Sinarmas Land Limited

KANEYALALL HAWABHAY
Non-Executive Independent Director

Mr. Kaneyalall Hawabhay is an Independent Director of GAR and member of its Audit Committee. He was appointed as a Director of GAR in May 2003 and his last re-election as a Director was in 2015.

Mr. Hawabhay, aged 70, is a Fellow of the Institute of Chartered Accountants in England and Wales.

Presently, Mr. Hawabhay is Partner (ABAS) of BDO & Co, Mauritius.

He has been a Partner (Assurance and Business Advisory Services ("ABAS")) of De Chazal du Mée & Co, Mauritius from 1987 to June 2002, and a Director of Multiconsult Limited from July 2002 to 2005.

Present directorships in other Singapore listed companies:
Nil

Other principal commitments:
- BDO & Co, Mauritius (Partner (ABAS))

Past directorships in other Singapore listed companies (2015 – 2017):
Nil

WILLIAM CHUNG NIEN CHIN
Non-Executive Independent Director

Mr. William Chung Nien Chin is an Independent Director of GAR. Mr. Chung joined the Board of Directors of GAR in April 2017.

Mr. Chung, aged 61, is a Member of the Institute of Chartered Accountants in England and Wales since 1980.

Currently, he is a Tax Partner of Kemp Chatteris Chartered Accountants, Mauritius, a position he has held since July 2012. Prior to that, Mr. Chung was Tax Partner of Deloitte from July 2002 to June 2012, and Tax Partner of De Chazal du Mee from 1987 to 2002.

He is currently a director of Mauritian Eagle Leasing Co Ltd, which forms part of the IBL Group, a major conglomerate listed on the Stock Exchange of Mauritius.

Present directorships in other Singapore listed companies:
Nil

Other principal commitments:
- Kemp Chatteris Chartered Accountants, Mauritius (Tax Partner)

Past directorships in other Singapore listed companies (2015 – 2017):
Nil

SENIOR MANAGEMENT

FRANKY OESMAN WIDJAJA
Chairman and Chief Executive Officer

RAFAEL BUHAY CONCEPCION, JR.
Chief Financial Officer

JO DAUD DHARSONO
Head of Upstream Operations

THE BIAO LING
Managing Director,
Upstream Operations I

EDY SAPUTRA SURADJA
Managing Director,
Upstream Operations II

HEMANT K. BHATT
Head of Downstream and Commercial

PAUL JOHN HICKMAN
Head of Global Vegetable Oils and Oilseeds

JESSLYNE WIDJAJA
Director, Corporate Strategy and Business Development

HARJANTO TANUWIDJAJA
Chief Human Resources Officer

AGUS PURNOMO
Managing Director, Sustainability and Strategic Stakeholder Engagement

CHEN SAU HUA
Deputy Chief Financial Officer

PEDY HARIANTO
Head of Controllership and Compliance

KHOO KOK YEOW
Chief Information Officer

BUILDING ON OUR STRENGTHS
INNOVATION AND RESPONSIBILITY

OPERATIONS REVIEW

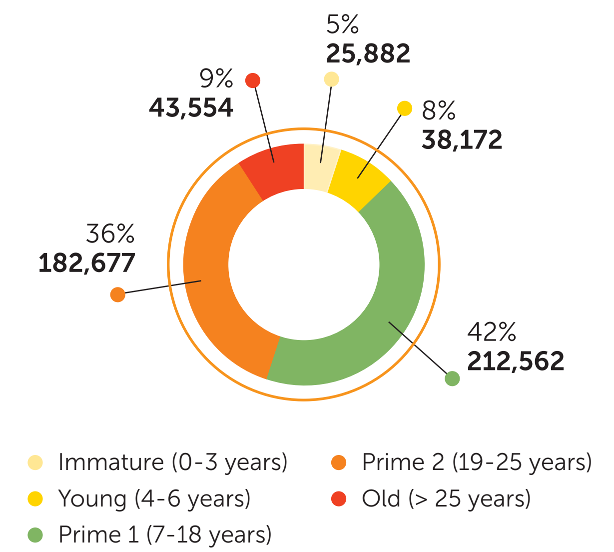
PLANTATIONS AND PALM OIL MILLS

2017 Operational Performance

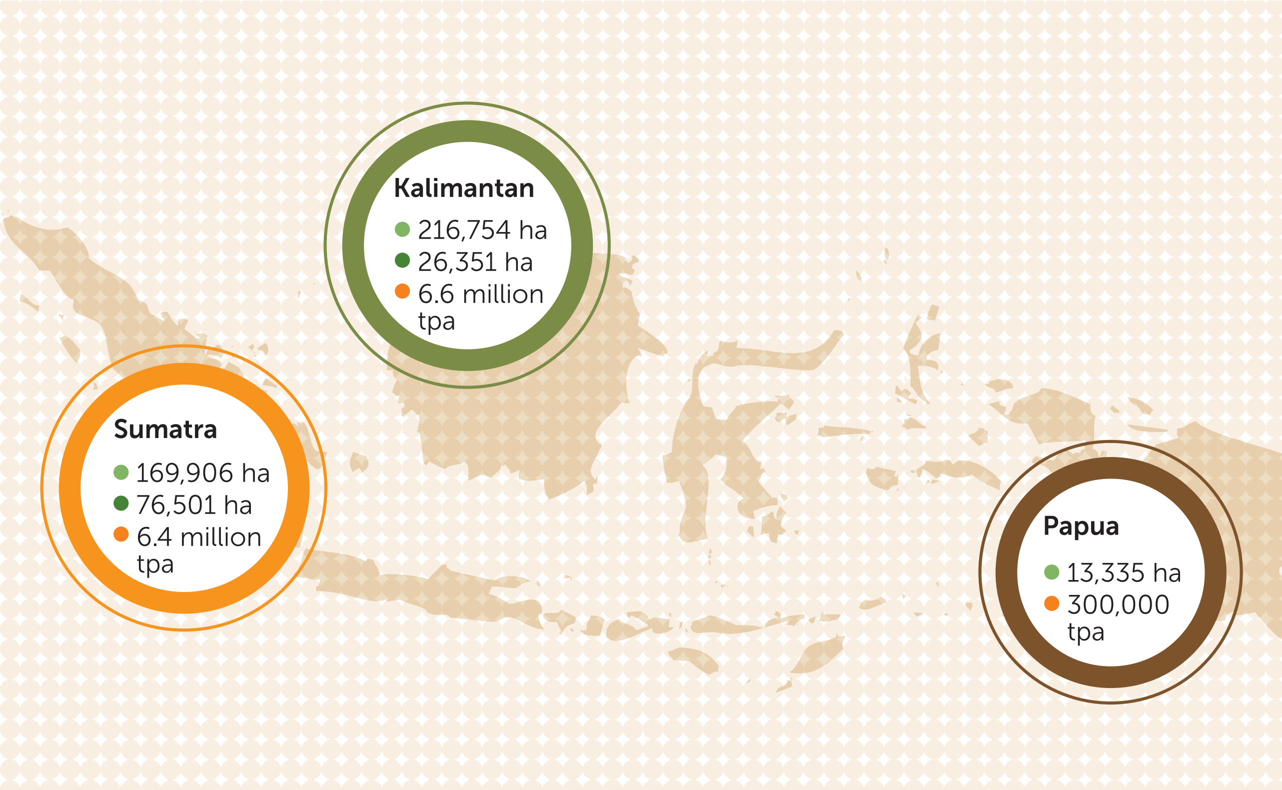
Leading oil palm plantation group in Indonesia with continuous improvement in operational excellence

Golden Agri-Resources Ltd and its subsidiaries ("GAR" or the "Company") maintains its position as the leading oil palm plantation group in Indonesia with its estates spanning from east to west across the archipelago. The Company manages 172 oil palm estates with a planted area that was further expanded to a total of 502,847 hectares, mainly due to the consolidation of Indonesian plantation assets from the investment in The Verdant Fund LP with GAR. As at end 2017, the composition of estates owned by GAR (called 'nucleus') and estates owned by smallholders (called 'plasma') was 80 percent and 20 percent, respectively.

OIL PALM PLANTATION AGE PROFILE



OUR PLANTATIONS AND MILLS IN INDONESIA



- Nucleus Planted Area – in hectares
- Plasma Planted Area – in hectares
- CPO mills capacity – in tonnes per annum

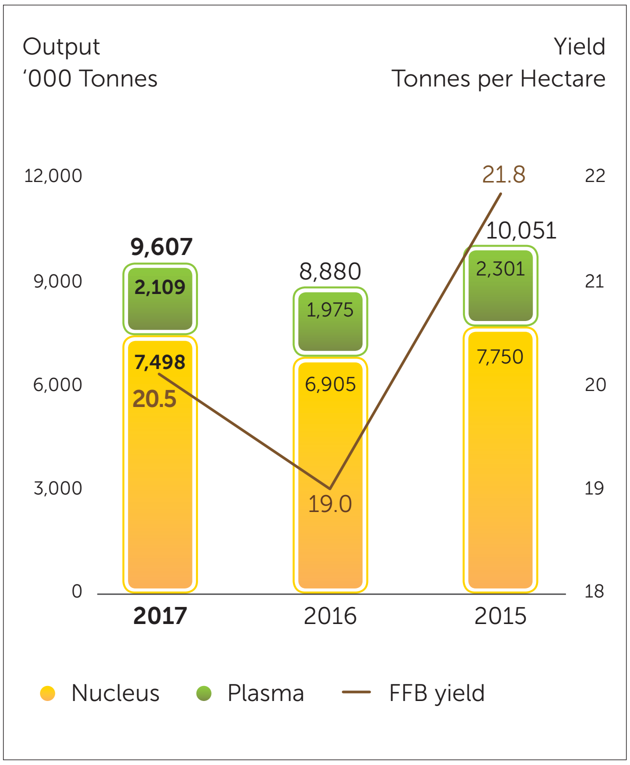
The age profile of our estates remains favourable, averaging approximately 16 years and providing a solid foundation for GAR's near to medium term growth. Of the 502,847 hectares, 78 percent is at the prime age segments of 7 to 25 years that produces the highest yields, whilst 8 percent is still at the young age of 4 to 6 years, securing production growth in the coming years. Our immature estates contributed 5 percent to total area, of which 9,900 hectares newly developed from the replanting activity of old estates during the year. The replanted and younger estates use newer-generation, higher-yielding planting materials that will further boost the growth of GAR's production in the future.

GAR's leading productivity and cost efficiency result from having among the largest and best managed plantations in the industry. Our large-scale operations are well supported by our advanced information technology system and world-class oil palm research and development centre (SMART Research Institute or "SMARTRI"). Our state-of-the-art information technology system enables management to make decisions with complete factual input in a timely manner and to gather information in great detail as if on-site at each of our plantations. SMARTRI plays an essential role in sustaining our high productivity, searching for innovative solutions and providing recommendations for continual improvement in productivity, efficiency and environmental sustainability. SMARTRI has been accredited with ISO 9001 for quality management and ISO 17025 for excellent implementation of general requirements for testing and calibrating laboratories.

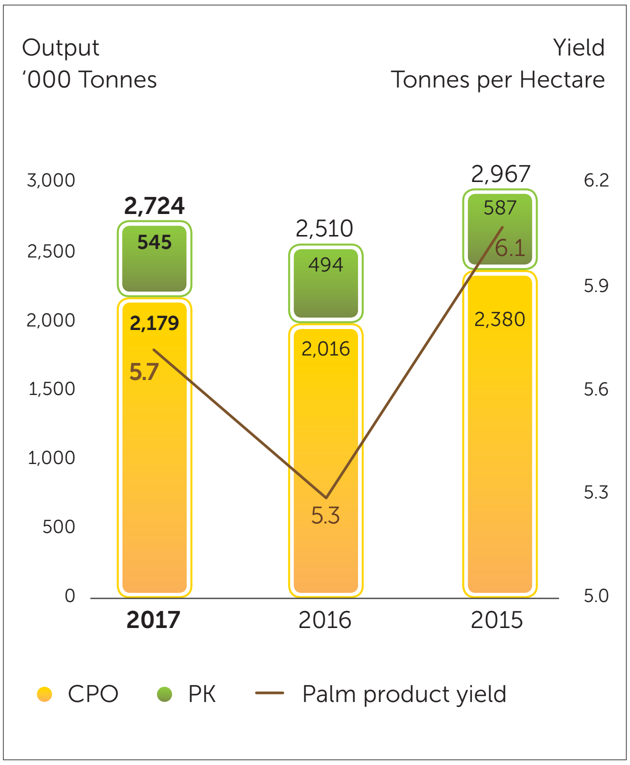
In 2017, our biotechnology centre announced a breakthrough in cultivating exceptionally high-yielding oil palm planting materials, developed through an advanced biotechnology programme. These planting materials – Eka 1 and Eka 2 – are registered in Indonesia's Catalogue of Seeds and were approved for cultivation on 21 April 2017 by the Directorate General of Plantation, Ministry of Agriculture. At its prime maturity, the Eka 1 seedlings have shown to yield 10.8 tonnes of crude palm oil ("CPO") per hectare, with oil extraction levels of 32 percent due to exceptionally high ratio of oil in the fruit. The Eka 2 seedlings are expected to produce even higher productivity with potential yields of 13.0 tonnes per hectare and oil extraction levels of 36 percent. In addition, Eka 1 and Eka 2's expected time to harvest is 24 months, compared to the current industry average of 30 months. Eka 1 and Eka 2 will enable us to increase yields and production to the highest levels in the industry, without increasing land under cultivation.

OPERATIONS REVIEW

FRESH FRUIT BUNCH OUTPUT



PALM PRODUCT OUTPUT



Favourable weather conditions supported the rebound in plantation output

2017 saw a recovery in fresh fruit bunches ("FFB") production post severe El Ninõ condition in 2015. FFB production increased to 9.61 million tonnes from 8.88 million tonnes last year with average yield of 20.5 tonnes per hectare. Our mills produced more palm products comprising 2.18 million tonnes of CPO and 545 thousand tonnes of palm kernel ("PK"). Average palm products yield increased from 5.3 tonnes per hectare in 2016 to 5.7 tonnes per hectare in 2017, with oil extraction and kernel extraction rates standing at 22.2 percent and 5.6 percent, respectively. This high productivity bodes well for maintaining our leading position in the global palm oil industry.

Business Strategy

Achieving sustainable growth through operational excellence, yield improvement and cost efficiency

We continuously add value to our operations, by relentlessly enhancing operational excellence to remain at the cutting edge of the palm oil industry. Our research and development division plays a vital role in supporting the sustainable growth of GAR, through innovation, developing best practices, and an enhanced oil palm breeding programme. We constantly invest in research and development to invent new technologies that will improve productivity of our oil palm operations in a sustainable way. Our research institute has integrated research activities in developing practical field applications with the latest technology.

The institute also undertakes research in plant breeding and biotechnology, and producing tissue culture planting materials besides the existing high-yielding Dami Mas DxP seeds. Over the next five years, we will speed up the multiplication of Eka 1 and Eka 2 planting materials through tissue culture, to cultivate a sufficient quantity to plant over a larger commercial area. This is to support our endeavours in replanting old estates in order to maintain a favourable age profile and further enhance long-term yields.

We consistently seek to sustain our cost leadership through continuous improvement by relentlessly exploring options in the areas of precision agriculture and other technology and science driven solutions to further enhance the efficiency of our operations. We will take our operational excellence to the next level by creating best-in-class plantations that integrate technologies through digitalisation, mechanisation and automation. Newer estates from replanting are developed using the latest techniques and higher yielding planting materials, and designed to accommodate infrastructure necessary for in-field fertilising and harvesting mechanisation. The main objective is to increase labour productivity. Above all, micro supervision is essential to ensure that high level breakthroughs are put into operation meticulously, thereby resulting in the highest outcomes.

Exploring any strategic opportunities for growth

Whilst we are mindful of sustainable utilisation of our land resources, at the same time, we will keep exploring any strategic opportunities to acquire well-positioned and high quality oil palm estates and landbank, both within and outside Indonesia.

To further sustain our long-term growth, we continue to study the potential for oil palm plantations in other countries. We have invested in Africa through The Verdant Fund LP, a private equity fund that owns Golden Veroleum (Liberia) Inc ("GVL"). The Liberian government has granted GVL a concession for development of oil palm plantations in Liberia. As of 31 December 2017, GVL's planted area stood at approximately 16,800 hectares. We closely monitor the development of this project as well as provide technical expertise to ensure the quality and sustainability of the estates being developed. GVL follows sustainable development practices and is a member of the Roundtable of Sustainable Palm oil ("RSPO"). It also adheres to the High Carbon Stock approach to environmental protection. GVL will be a supplier of RSPO-certified sustainable palm oil.

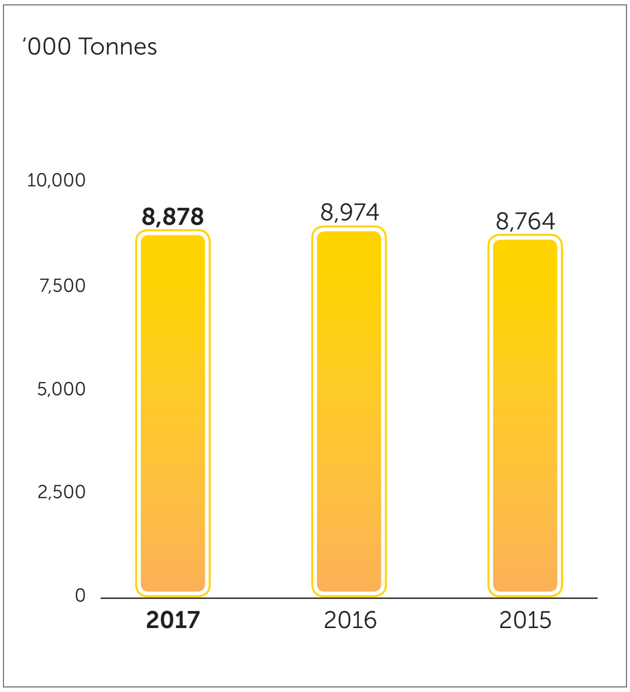
PALM AND LAURICS

2017 Operational Performance

Well-established downstream operations with efficient large-volume sourcing and end-to-end processing and distribution facilities

GAR has been able to meet the various requirements of customers by offering an extensive portfolio of refined products in terms of specifications, quality and sustainability certifications. This capability is supported by well-established downstream operations starting with efficient large-volume sourcing of raw materials from our own plantations and third parties. Our end-to-end processing facilities are strategically located in Indonesia, China and India; close to our ports, consumer markets,

SALES VOLUME OF PALM AND LAURICS SEGMENT



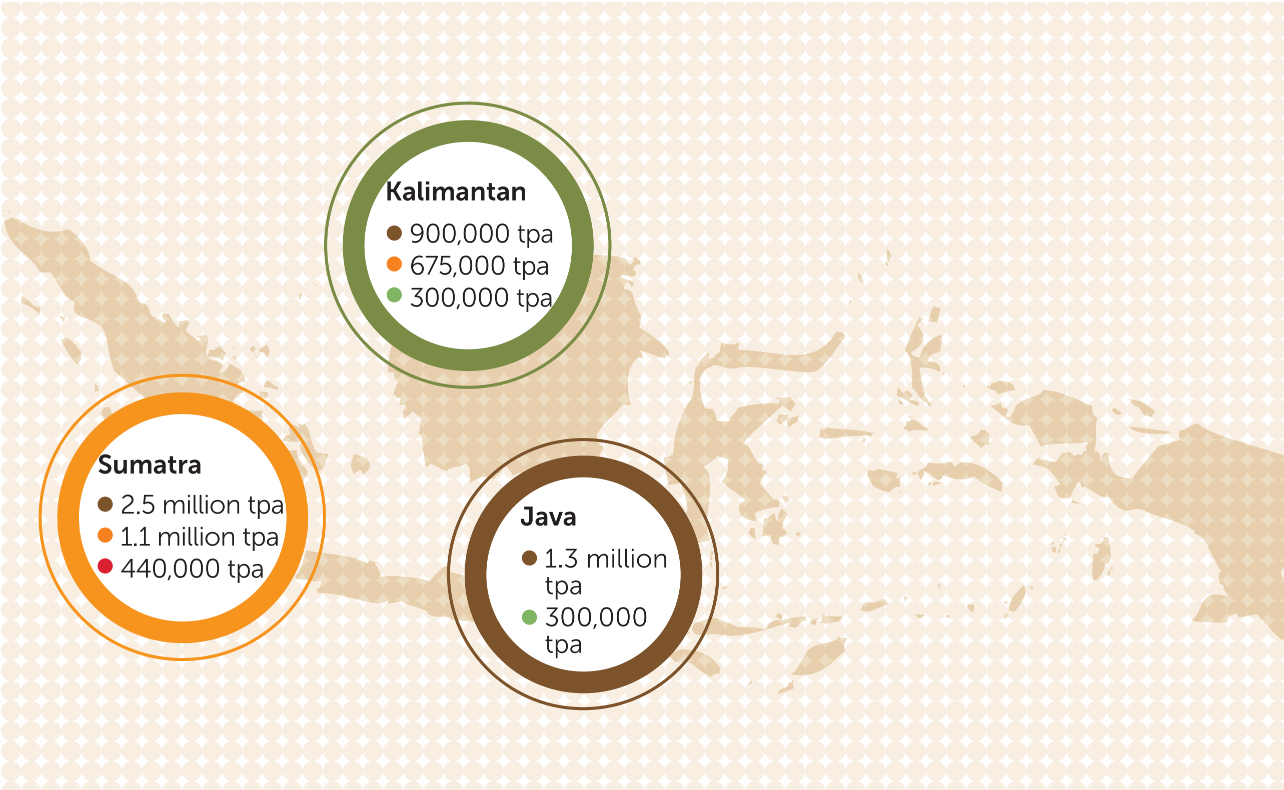
and the plantations. Most of these facilities have been acknowledged for their quality both domestically and internationally, and accredited by many certifications such as ISO 22000, OHSAS 18001, KOSHER, GMP+B2, FDA registration, RSPO, and many others.

Despite of overcapacity situation in Indonesia, most of our refineries run at full capacity throughout the year. They processed a 19 percent larger volume in total compared to the previous year.

In the second quarter of 2017, our second biodiesel plant near Jakarta commenced its operations with an annual capacity of 300 thousand tonnes. Soon after, this plant participated in the biodiesel allocation from the government. We also completed a 330 thousand tonnes kernel crushing plant in Kalimantan with more advanced technology enabling us to extract higher value palm kernel oil more effectively. Our joint venture with CEPSA Quimica, S.A. also achieved significant milestones in 2017. The backward integrated and fully self-sufficient world scale fatty alcohol plant in Riau was inaugurated in the third quarter 2017 and has since begun commercial production of fatty alcohols from sustainably-sourced palm kernel oil. It has also received various domestic and international certifications and accreditations such as National Vital Object, Halal, Kosher, ISO 9001, ISO 22000 and RSPO.

OPERATIONS REVIEW

DOWNSTREAM CAPACITIES IN INDONESIA



- Refinery – in tonnes per annum
- Kernel crushing plant – in tonnes per annum
- Oleo-chemicals plant, including operations under JV – in tonnes per annum
- Biodiesel plant – in tonnes per annum

Offering customer solutions through broad product portfolio and destination shipments

Our research and development plays an important role in developing new product alternatives to meet increasing customer demands. We are extending our capabilities and shifting the product mix to higher value-added products including specialty fats and oleo-chemicals. We market our products in bulk, industrial and branded form, domestically as well as in international markets. During 2017, total volume handled maintained at 8.9 million tonnes, similar to our achievement in the previous year.

In the local Indonesia market, we are consolidating our efforts to better position our branded products; predominantly cooking oil and margarine. We have focused on key drivers such as rearranging product portfolio, determining strategic pricing, and expanding distribution coverage with a view towards enhancing profitability.

In the international markets, we have brought our products to more than 70 countries with particular emphasis on the growing markets in Europe, China, India, Pakistan, the Middle East, Africa, and the United States. We mostly sold in bulk, in addition to industrial and branded products.

Golden Stena, our joint venture in global transportation, has played a significant role in extending our distribution and logistics capabilities to supply our products to consumers worldwide. We have sufficient owned fleet and efficient logistic and distribution infrastructure, including strategically-located bulking stations, warehouses as well as owned jetty and port facilities. During 2017, our destination sales contributed 73 percent of our export volume.

We also have destination processing in China and India, the two largest consumers of edible oils. In China, our 676 thousand tonnes refineries produce refined vegetable oils by blending palm oil with soybean oil to accommodate market demand. The plants also produce value-added products such as margarine, shortening and butter oil substitute. In India, we own refinery plants with a total annual capacity of 345 thousand tonnes and established brands in the eastern part of India, supported by an extensive distribution system.

Business Strategy

Accelerating presence as leading global merchandiser for Indonesia palm oil products

Our downstream capacity has enabled us to cover our upstream production and capture the merchandising opportunity that is unique to GAR given our close access to third party plantations, and growing our global diversified customer base. We will enhance our vertically integrated operation capability to become a world class producer of diversified value-added, quality and sustainable products. We are also expanding our geographical mix by constantly exploring growth opportunities in other underserved destination countries. Our strategy in the short term is to enhance our facilities' capability to produce a broader product portfolio, accelerate marketing presence, and to serve and focus on the most profitable market segments.

We are strengthening our penetration in existing markets and broadening it to other potential domestic and international markets by leveraging available distribution channels and transportation options as well as extending our logistics and processing reach to key consuming countries. With our own shipping capacity, we are able to secure shipping requirements, better control costs and service level, and deliver value-added services to our customers by providing holistic solutions in international transportation. This has supported us to independently secure and widen our market reach as well as realise cost efficiencies in distribution by leveraging operational scale and synergies.

Our downstream operations are judiciously managed through a centralised and independent risk management team supporting clear governance. The risk management

OPERATIONS REVIEW

team follows a prudent and systematic approach to market risk management in line with industry best practices.

Meanwhile for biodiesel, we are extending our network with logistic partners to aim for non PSO biodiesel buyers in order to increase the utilisation of our biodiesel plants. Our further expansion will be subject to the growth of the biodiesel industry in Indonesia, which depends on the biodiesel policy and mandate realisation, especially for the non PSO portion.

Focus on operational excellence to manage costs and enhance margin

GAR's initiatives to manage costs in downstream operations include increasing utilisation rate of all its processing facilities, capitalising on various distribution channels and transportation options, diversifying supply sources for materials, as well as implementing prudent and effective merchandising strategies to obtain the highest quality input materials at the lowest price.

Moving forward, we are focusing our efforts on optimising our integrated business model by extracting value throughout the downstream value chain. As the integration progresses, we expect to maximise our refining activity given GAR's competitive advantage with our vertically integrated business model, the new technology employed in our refineries, and the close access to third party plantations.

OILSEEDS AND OTHERS

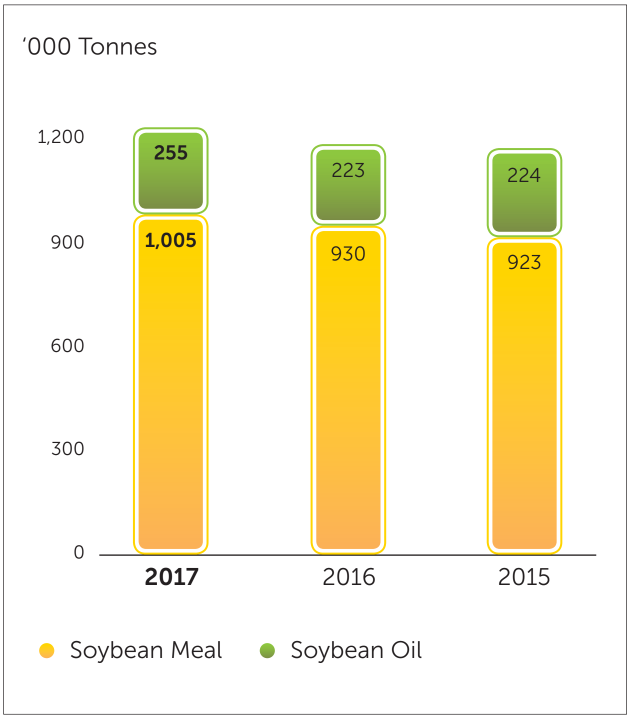
2017 Operational Performance

Strategically located and fully integrated vegetable oil facilities capitalise on China's position as the largest consumer of vegetable oils

GAR owns integrated vegetable oil facilities comprising oilseed storage, crushing and refining facilities, and one of the largest deep-sea ports in China. The strategic location of our operations provides the key advantage of easy access to our target markets, enabling us to achieve better cost efficiency and shorter delivery lead times.

In Ningbo, Zhejiang Province, GAR operates a deep-sea port and storage facility for oils and grains. GAR also has a crushing facility in the same location with an annual capacity of 2.3 million tonnes. The oilseed crushing operations produce soybean meal that is sold domestically under an in-house brand and crude soybean oil that is, in turn, processed by the refineries together with other edible oils including palm oil.

SOYBEAN-BASED PRODUCT OUTPUT



In terms of production, 1.3 million tonnes of soybeans were processed by our crushing operations during 2017, nine percent higher than last year's processed volume. This resulted in 1 million tonnes of soybean meal with a yield of 80 percent and 255 thousand tonnes of crude soybean oil with a yield of 20 percent.

In November 2017, we entered into a conditional agreement to divest our subsidiary, Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd.

that owns and operates oilseeds crushing and refining facilities in Tianjin. This initiative is part of GAR's strategy of refocusing its business model for its China oilseed division. The completion of the transaction is dependent on satisfaction of the conditions precedent, which include, inter alia, governmental approvals.

GAR also operates a food business in China through Florentina International Holdings Limited ("FIH"), which manufactures and distributes a variety of economy and premium grade snack noodle and instant noodle products, and other snack products in the country. FIH is one of the leading snack noodle producers in China in terms of market share. The food products are produced through six strategically located plants with a total annual capacity of approximately 4.3 billion packets of noodle. In addition to noodle products, FIH also produces and markets higher value snack products that include health and nutrition products. All of these are distributed via a strong integrated network of distributors, traditional retail outlets, supermarkets, chain stores and hypermarkets, convenience stores as well as e-commerce throughout the country. These extensive distribution channels together with FIH's market knowledge provide opportunity for GAR to grow its presence in the consumer product business in China, including the edible oils and specialty fats markets.

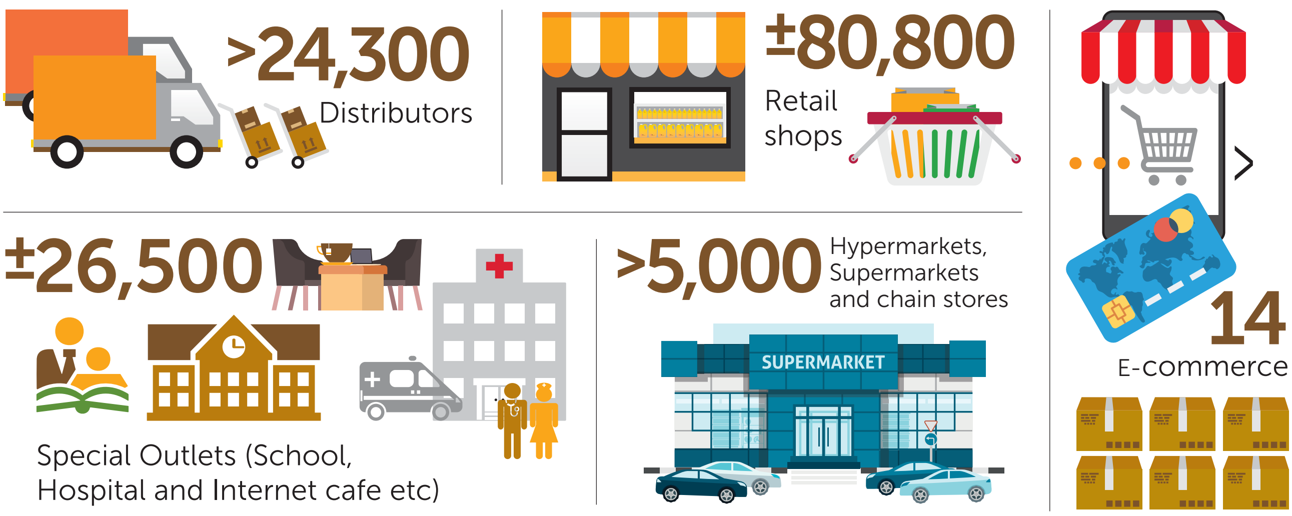
Business Strategy

Refocusing oilseed business model and strategy in China

We intend to maintain our presence in China as the largest edible oil market in the world. To overcome challenges posed by the intense competition, our strategy is to strengthen our position in targeted markets by increasing the capability of our sales distribution channels and strengthening business relationships with reputable customers by pursuing additional value-added services. We will also consolidate and simplify our brand structure. GAR implements a niche strategy by focusing on the smaller cities inland while major players focus their operations on the larger coastal cities.

We expect China's commodity market environment to remain competitive in the future. Therefore, we will continue to actively manage flexible production in all existing facilities in order to manage cost and stabilise performance. We are also leveraging on our long experience and established market presence by aiming for higher value-added products.

INTEGRATED NETWORK OF DISTRIBUTION CHANNELS FROM NOODLE BUSINESS IN CHINA



FINANCIAL REVIEW

Golden Agri-Resources Ltd. and its subsidiaries ("GAR") recorded revenue of over US$7.5 billion for the financial year 2017 ("FY2017"). EBITDA grew by 16 percent to US$665 million whilst underlying profit increased by 36 percent to reach US$254 million. This strong performance was contributed primarily by the plantations and palm oil mills segment. Amidst the recovery in plantation output after the 2015 El Niño, crude palm oil ("CPO") market prices maintained their resiliency with a tight stock position globally.

With adjusted gearing ratio (adjusted net debt to equity ratio) of 0.42 times and total consolidated assets of US$8.1 billion as at 31 December 2017, GAR's financial position continues to strengthen.

PLANTATIONS AND PALM OIL MILLS

The plantation and palm oil mills segment posted a seven percent growth in revenue, reaching approximately US$1.7 billion mainly attributable to the recovery in palm product output. This segment delivered EBITDA of US$499 million, a significant increase of 32 percent compared to FY2016, while EBITDA margin expanded to 30 percent.

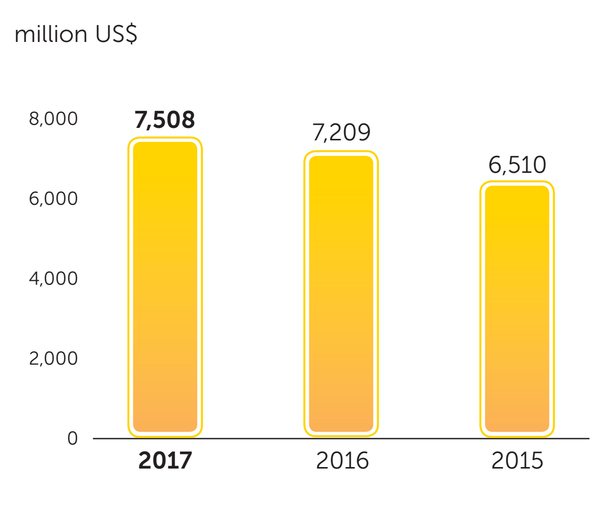
PALM AND LAURICS

Revenue from the palm and laurics segment increased by five percent to US$6.6 billion primarily attributable to higher average net realised prices in line with higher commodities prices. However, EBITDA was lower at US$158 million with a margin of 2.4 percent mainly affected by a declining trend in prices.

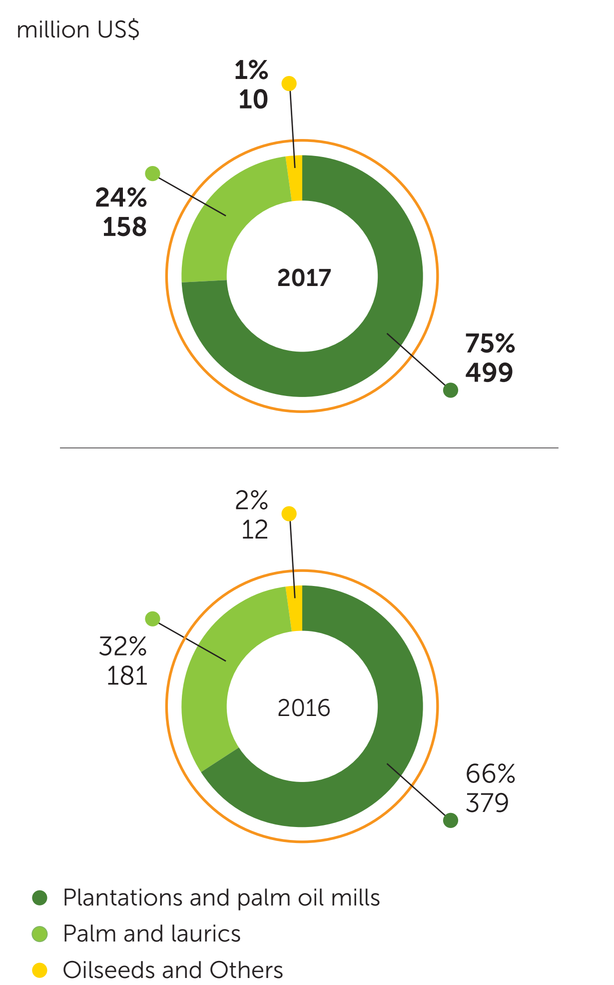
OILSEEDS AND OTHERS

Revenue from the oilseeds and others segments decreased by nine percent to US$854 million in FY2017 mostly due to lower sales volume of oilseeds business. While the oilseeds and food business in China remains competitive, these segments reached a combined EBITDA of US$10 million with an average margin of 1.2 percent.

REVENUE

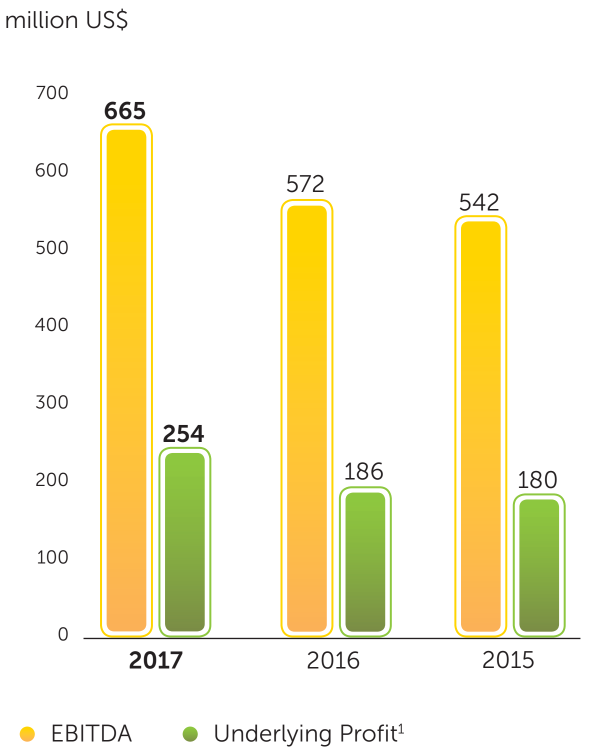


EBITDA BY SEGMENT



Note:
EBITDA segmental breakdown excludes inter-segment eliminations

EBITDA AND UNDERLYING PROFIT[1]



Note:

1 Net profit atributable to owners of the Company excluding net effect of net gain/loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, and other non-operating items (foreign exchange gain/loss, net tax impact from tax-based asset revaluations, and other deferred tax income/expense).

OPERATING EXPENSES

Operating expenses were slightly higher than the prior year at US$857 million. The increase was attributable to higher selling expenses as well as general and administrative expenses.

Selling expenses experienced a two percent increase to US$545 million largely due to higher export duty and levy, which was partly offset by lower advertising and promotion expenses as well as transportation expenses. General and administrative expenses were also higher by two percent to US$312 million, which primarily came from higher salaries and related expenses.

FINANCIAL EXPENSES, NET

As compared to the prior year, net financial expenses were slightly higher by four percent at US$106 million mainly due to higher interest rates on borrowings as FED and LIBOR rates increased.

FOREIGN EXCHANGE LOSS, NET

GAR recorded a net foreign exchange loss of US$21 million in the current year as compared to a net gain of US$47 million in the previous year. The current year's loss was mainly due to translation loss on our Indonesian Rupiah denominated monetary assets following the weakening of Indonesian Rupiah against US Dollar in the current year.

OTHER OPERATING INCOME, NET

Net other operating income decreased by five percent to US$44 million, mostly due to a net loss from changes in fair value of biological assets of US$2 million recorded in the current year as compared to a gain of US$34 million in the previous year. The decline was partly offset by the increases in insurance and product claim, investment income, gain from changes in fair value of financial assets, and gain on disposal of property, plant and equipment.

EXCEPTIONAL ITEMS

Current year's exceptional items of US$46 million consisted of impairment loss for write-downs of the Tianjin assets held for sale to their fair value less costs, as well as allowance for impairment loss made on certain fixed assets in China.

INCOME TAX

GAR recorded a net tax expense of US$35 million in the current year in view of the taxable profit recorded. In FY2016 a substantial net tax credit of US$263 million was recorded mainly due to recognition of deferred income tax assets as GAR revalued some of its plantation assets in Indonesia.

NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY

GAR recorded US$254 million of underlying profit in FY2017, 36 percent higher than in FY2016. After including net loss

FINANCIAL REVIEW

from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange loss, and deferred tax income or expense, GAR posted a net income attributable to owners of the Company of US$74 million for the current year, lower than US$400 million recorded in FY2016. The decrease was primarily because of the absence of deferred tax income on revaluation recorded in FY2016, foreign exchange loss and impairment loss on China assets recognised in the fourth quarter 2017.

ASSETS

Total assets were slightly lower at US$8.1 billion as at end of 2017 from US$8.3 billion in the previous year. The decrease was mainly attributable to decreases in property, plant and equipment, trade receivables and other current assets.

Lower net book value of property, plant and equipment of US$198 million was mainly due to depreciation expenses recorded for the current year, as well as reclassification of fixed assets to assets of disposal group held for sale.

Trade receivables decreased by US$75 million to US$486 million mainly due to payment received during the current year, as well as timing of sales made.

Other current assets decreased by US$80 million to US$813 million mainly due to lower deposits and advances to suppliers, and reclassification of certain assets to assets of disposal group held for sale.

LIABILITIES

As at 31 December 2017, total liabilities decreased marginally to US$4.0 billion. The decrease in total liabilities was mainly attributable to lower total borrowings, other payables, and trade payables.

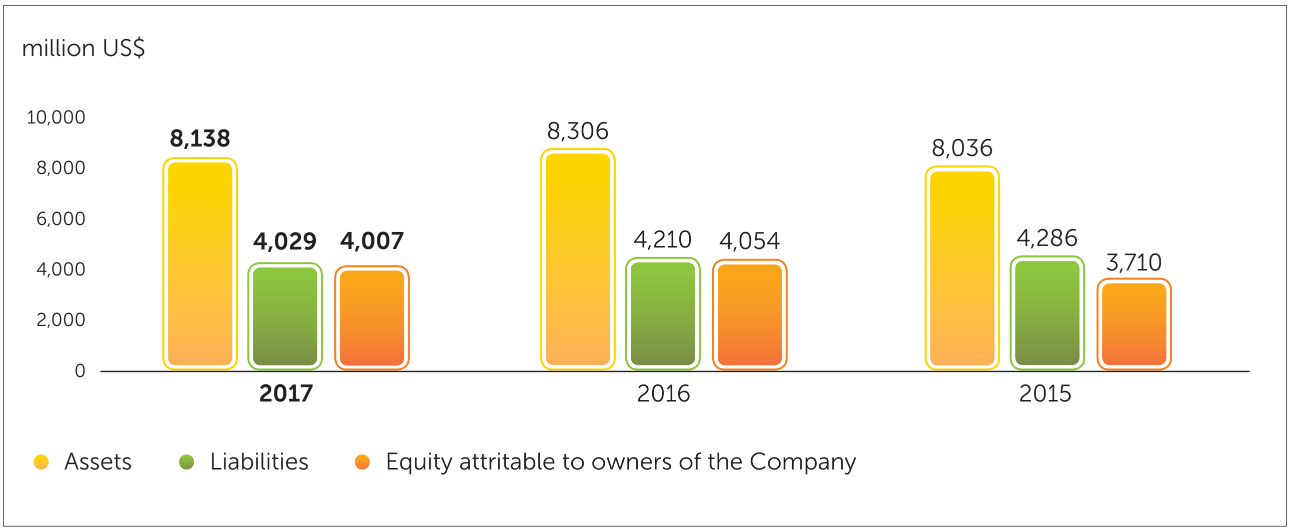
Total borrowings at the end of 2017 stood at US$3.0 billion compared to US$3.1 billion at the end of 2016, following repayments made during the current year. During the current year, GAR has complied with all borrowing covenants such as, among others, certain financial ratios; not to sell and/or transfer collateral to other parties; not to change general nature of business; and other administrative requirements. There was also no event of late payments both for interest and principal repayments during FY2017.

Other payables decreased by US$108 million to US$241 million following the settlement of payables made during the current year, as well as lower advances received from customers.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Total equity attributable to owners of the Company at the end of 2017 was US$4.0 billion, slightly lower than end of 2016. The decrease was mainly due to dividends paid during the year, offset by FY2017 recorded net profit.

ASSETS, LIABILITIES AND EQUITY



UPHOLDING
THE HIGHEST GOVERNANCE STANDARDS

CORPORATE GOVERNANCE REPORT

Golden Agri-Resources Ltd (the "Company" or "GAR" and together with its subsidiaries the "Group") remains committed to observing high standards of corporate governance, to promote corporate transparency and to enhance shareholder value. The Company has complied substantively with the principles and guidelines set out in the Code of Corporate Governance 2012 ("2012 Code") through effective self-regulatory corporate practices.

In compliance with Rule 710 of the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this report sets out the Company's corporate governance practices for the financial year ("FY") 2017, with specific reference to the principles and guidelines of the 2012 Code. Deviations from the guidelines of the 2012 Code are explained in this report. For easy reference, the principles of the 2012 Code are set out in italics in this report.

A. BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

1.1 The Board's Role

The primary function of the Board of Directors of the Company ("Board") is to provide effective leadership and direction to enhance the long-term value of the Group to its shareholders and other stakeholders. The Board has the responsibility to fulfil its role which includes the following:

(a) ensuring that the long-term interests of the shareholders are being served and safeguarding the Company's assets;

(b) assessing major risk factors relating to the Company and its performance, and reviewing measures, including internal controls, to address and mitigate such risks;

(c) reviewing and approving Management's strategic and business plans, including developing a depth of knowledge of the business being served, understanding and questioning the assumptions upon which plans are based, and reaching an independent judgement as to the probability that the plans can be realised;

(d) monitoring the performance of Management against plans and goals;

(e) reviewing and approving significant corporate actions and major transactions;

(f) assessing the effectiveness of the Board;

(g) ensuring ethical behaviour (including ethical standards) and compliance with laws and regulations, auditing and accounting principles and the Company's own governing documents;

(h) identifying key stakeholder groups and recognize that their perceptions affect the Company's reputation;

(i) considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and

(j) performing such other functions as are prescribed by law, or assigned to the Board in the Company's governing documents.

1.2 Independent Judgement

The Board currently consists of 8 members, as shown below together with their membership on the Board committees of the Company ("Board Committee"):

Name	Board Appointment	Board Committee Appointment
Franky Oesman Widjaja, *Chairman & CEO*	Executive, Non-independent Director	Member of NC and RC
Muktar Widjaja[1], *President*	Executive, Non-independent Director	–
Frankle (Djafar) Widjaja[2]	Non-executive, Non-independent Director	–
Rafael Buhay Concepcion, Jr., *CFO*	Executive, Non-independent Director	–
Lew Syn Pau[3]	Non-executive, Lead Independent Director	Chairman of AC, Member of NC and RC
Foo Meng Kee[4]	Non-executive, Independent Director	Chairman of NC and RC, Member of AC
Kaneyalall Hawabhay	Non-executive, Independent Director	Member of AC
William Chung Nien Chin[5]	Non-executive, Independent Director	–

Notes:

1. Mr. Muktar Widjaja was re-designated as Executive Director on 1 March 2018.
2. Mr. Frankle (Djafar) Widjaja will not be seeking re-election at the 2018 AM, and will retire at the meeting conclusion.
3. Mr. Lew Syn Pau was appointed as AC Chairman and Lead Independent Director on 1 May 2017. He stepped down as RC Chairman on 1 May 2017.
4. Mr. Foo Meng Kee was appointed as a Non-executive Independent Director on 25 April 2017, and a member of AC, NC and RC on 1 May 2017. He was appointed as NC Chairman and RC Chairman on 1 May 2017.
5. Mr. William Chung Nien Chin was appointed as a Non-executive Independent Director on 25 April 2017.

Abbreviation:

AC: Audit Committee
CEO: Chief Executive Officer
CFO: Chief Financial Officer
NC: Nominating Committee
RC: Remuneration Committee
AM: Annual Meeting

Save for the Chairman/CEO, President and CFO, the other 5 Board members are non-executive. Half of the composition of the Board are Independent Directors, thereby providing a strong and independent element on the Board. This is fundamental to good corporate governance as it facilitates the exercise of independent and objective judgement on corporate affairs. It also ensures discussion and review of key issues and strategies in a critical yet constructive manner.

1.3 Delegation of Duties by the Board

To assist the Board in the execution of its duties, the Board has delegated certain functions to the 3 Board Committees, namely, the AC, the NC and the RC. Each of these Board Committees has its own written terms of reference approved by the Board. All Board Committees are chaired by a Non-executive Independent Director. Please refer to pages 34 to 43 of this report for further information on these Board Committees.

While the Board Committees have been delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

CORPORATE GOVERNANCE REPORT

1.4 Key Features of Board Processes

To assist Directors in planning their attendance at meetings, the dates of Board meetings, Board Committee meetings and shareholders' meetings together with agenda items, for each new calendar year are notified to all Board members before the start of that calendar year. In addition to regularly scheduled meetings, ad-hoc meetings are convened, if requested or if warranted by circumstances deemed appropriate by the Board. In between regularly scheduled meetings, matters that require the Board's approval and/or approval of the Board Committees are circulated to all Directors and/or respective Board Committee members, as the case may be, for their consideration and decision by way of circular resolutions, as provided in the Company's Constitution and the terms of reference of the respective Board Committees.

Board meetings are chaired in Mauritius where participation by Board members by means of teleconference or similar communication equipment is permitted under the Company's Constitution. In 2017, the Board met 5 times, with the year-end meeting focusing on annual budget and strategic issues; the Board Committees met a total of 9 times; and 2 shareholders' meetings were held.

1.5 Attendance at Meetings in 2017

The attendance of the Directors at Board and Board Committee meetings and shareholders' meetings, as well as the frequency of such meetings in 2017, is disclosed below:

	No. of Meetings Attended by Members					
Name	**Board Meetings**	**AC Meetings**	**NC Meetings**	**RC Meetings**	**AM & SM**	**Total Attendance at Meetings**
EXECUTIVE DIRECTORS						
Franky Oesman Widjaja, *Chairman & CEO*	5/5	–	2/2	2/2	2/2	11/11
Muktar Widjaja, *President*	5/5	–	–	–	2/2	7/7
Rafael Buhay Concepcion, Jr., *CFO*	5/5	–	–	–	2/2	7/7
NON-EXECUTIVE DIRECTOR						
Frankle (Djafar) Widjaja	5/5	–	–	–	2/2	7/7
NON-EXECUTIVE INDEPENDENT DIRECTORS						
Lew Syn Pau, *Lead Independent Director*	5/5	5/5	2/2	2/2	2/2	16/16
Foo Meng Kee	4/4	3/3	1/1	1/1	–	9/9
Kaneyalall Hawabhay	5/5	5/5	–	–	0/2	10/12
William Chung Nien Chin	4/4	–	–	–	–	4/4
Hong Pian Tee[6]	1/1	2/2	1/1	1/1	1/1	6/6
Jacques Desire Laval Elliah[7]	1/1	–	–	–	0/1	1/2
NUMBER OF MEETINGS HELD	**5**	**5**	**2**	**2**	**2**	**16**

Notes:

6. Mr. Hong Pian Tee did not seek re-appointment and retired at the conclusion of the AM held on 25 April 2017.
7. Mr. Jacques Desire Laval Elliah did not seek re-election and retired at the conclusion of the AM held on 25 April 2017.

Abbreviation:

SM: Special Meeting

1.6 Matters Requiring Board Approval

Matters specifically requiring the Board's approval are set out in the Company's Internal Guidelines, which include the following corporate events and actions:

- approval of results announcements
- approval of the annual report and financial statements
- dividend declaration/proposal
- convening of members' meetings
- shares issuance
- material acquisitions and disposal of assets
- annual budgets
- interested person transactions
- corporate governance

All Directors are expected to objectively discharge their duties and responsibilities, in the interests of the Company. Directors are required to refrain from discussion and decision-making on any agenda item in which they have conflict of interest.

1.7 Board Orientation and Training for New Directors

Procedures are in place whereby newly appointed Directors will be provided with a formal appointment letter setting out the terms of appointment, general duties and obligations of a Director pursuant to the relevant legislations and regulations. They will also be given the relevant governing documents of the Company and contact particulars of senior Management. Those who do not have prior experience as a director of a Singapore listed company, will be required to attend externally conducted training on the roles and responsibilities as a director of a listed company in Singapore.

Newly appointed Non-executive Directors who are not familiar with the Group's business may, upon recommendation of the Chairman or the NC, be provided with orientation through overseas trips to familiarise them with the Group's operations. Management will brief new Directors on the Group's business as well as governance practices.

Each of Mr. Foo Meng Kee and Mr. William Chung Nien Chin, who were both appointed as Non-executive Independent Directors of the Company during 2017, has been furnished with a director's kit comprising, among others, a letter of appointment, meeting schedules of Board and Board Committee meetings and relevant governing documents of the Company. Management also briefed Mr. Foo on the Group's business and operations.

1.8 2017 Director Training Programme

The NC reviews and makes recommendations on Directors' training which are arranged and funded by the Company. The Company has an annual training budget to fund any Director's participation/attendance at seminars and training programmes that are relevant to his duties as a Director.

In conformity with the framework for Directors' Training as approved by the Board, the 2017 Director Training Programme provided a 3-step approach to training as follows, through:

(1) Externally conducted courses on audit / financial reporting matters, risk management / sustainability reporting and other relevant topics subject to course availability

(2) Quarterly management updates on operations and industry-specific trends and development

(3) Quarterly continuing education on regulatory changes and updates, including extraction of case studies on corporate governance, and External Auditors briefings to AC members on changes to accounting standards and issues

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Directors having attended external courses/seminars, in turn shared their take-aways and knowledge with fellow Directors at the next Board meeting. Seminars attended in 2017 include the following:

- Audit Committee Seminar 2017: Rising Above Complexities – What Audit Committees Should Consider
- Executive & Directors Remuneration
- Singapore Board of Directors Survey 2017

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

2.1 Board Size and Composition

Each year, the Board examines its size, composition, skills and core competencies of its members to ensure an appropriate balance and diversity of skills, experience and knowledge. The Board comprises Directors from different industries and background, with business and management experience, knowledge and expertise who, collectively as a group provides the core competencies for the leadership of the Company. The Company has no alternate Directors on its Board.

Taking into account the scope and nature of operations of the Group, the Board considers that the current composition mix and board size is appropriate to facilitate effective decision making at meetings of the Board and Board committees.

Please refer to pages 10 to 13 of this Annual Report for key information, including qualifications, on the Directors of the Company.

2.2 Directors' Independence Review

The ensuing paragraphs set out the criteria and processes to determine a Director's independence.

The Board has adopted guidelines set out in the 2012 Code on relationships, the existence of which, would deem a Director not to be independent. A Director who has no relationship with the Company, its related corporations, officers or its shareholders with shareholdings of 10% or more in the voting shares of the Company, that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company, is considered to be independent.

The NC is tasked to determine on an annual basis and, as and when the circumstances require, whether or not a Director is independent, bearing in mind the 2012 Code and any other salient factors which would render a Director to be deemed not independent. In addition, consideration is given to Guideline 2.4 of the 2012 Code which requires that the independence of any Director who has served on the Board beyond 9 years, be subject to particularly rigorous review. For the purpose of determining independence, each Director is required to complete a self-declaration checklist at the time of appointment, and annually, based on these guidelines.

Having conducted the relevant reviews, the NC/Board has considered that the following Directors are regarded as Independent Directors of the Company:

	Length of Service as Independent Director
Mr. Lew Syn Pau	> 9 years
Mr. Kaneyalall Hawabhay	> 9 years
Mr. Foo Meng Kee	1 year
Mr. William Chung Nien Chin	1 year

During the year, an Independent Director, Mr. Hong Pian Tee, who had served for over 15 years, did not seek re-appointment at the 2017 AM and retired at the meeting's conclusion.

The Board recognises that Independent Directors may over time develop significant insights into the Group's business and operations, and can continue to objectively provide significant and valuable contribution to the Board as a whole. Where there are such Directors serving as an Independent Director for more than 9 years, the Board will do a rigorous review of their continuing contribution and independence.

The NC takes the view that a Director's independence cannot be determined solely and arbitrarily on the basis of the length of time. A Director's contribution in terms of experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging the Management in the interests of the Group as he performs his duties in good faith, are more critical measures in ascertaining a Director's independence than the number of years served on the Board.

During its review, the NC considered that Mr. Kaneyalall Hawabhay who is resident in Mauritius, has continued to demonstrate a strong spirit of professionalism and independence in character and judgement in the discharge of his duties as a Director of the Company which did not diminish with time.

In reviewing the independence of Mr. Lew Syn Pau, the NC considered that although Mr. Lew has served more than 9 years, he has demonstrated independence in character and judgment in the discharge of his responsibilities as a Director of the Company, and has been forthcoming in expressing his independent views at Board and Board Committee meetings.

After taking into account these factors, the NC's views and having weighed the need for Board refreshment against tenure, the Board has considered and determined that Mr. Kaneyalall Hawabhay and Mr. Lew Syn Pau continue to be regarded as Independent Directors of the Company, notwithstanding having served more than 9 years.

Each Independent Director duly abstained from the NC/Board's determination of his independence.

2.3 Non-executive Directors

Non-executive Directors are encouraged, in line with corporate governance practice, to participate actively at Board meetings and constructively challenge and help develop proposals on strategy; to review the performance of Management in meeting agreed goals and objectives; to monitor the reporting of performance; and to meet regularly without the presence of Management.

The Non-executive Independent Directors, including the Lead Independent Director, meet and/or hold discussions at least annually without the presence of other Executive Directors, Non-independent Directors and Management.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

3.1 Chairman and Chief Executive Officer

Our Chairman and CEO is Mr. Franky Oesman Widjaja. We believe that the Independent Directors have demonstrated a high commitment in their roles as Directors and have ensured that there is a good balance of power and authority within the Company.

The Chairman is responsible for:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

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(b) setting the agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues;

(c) ensuring that the Directors receive complete, adequate and timely information;

(d) ensuring effective communication with shareholders;

(e) encouraging constructive relations within the Board and between the Board and Management;

(f) facilitating the effective contribution of non-executive Directors in particular; and

(g) promoting high standards of corporate governance.

The Board notes that the Chairman plays an instrumental role in developing the business of the Group and provides the Group with strong leadership and vision.

3.2 Lead Independent Director

To address the issue of the Chairman and CEO positions being held by the same person, the AC Chairman, Mr. Lew Syn Pau, acts as the Lead Independent Director. Shareholders with issues and concerns which cannot be resolved with Management can raise them with him. In addition, half of the Board are Independent Directors, in accordance with the corporate governance guidelines.

Principle 4: Board Membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

4.1 Nominating Committee Composition and Role

The NC comprises the following 3 Directors, 2 of whom, including the NC Chairman, are Non-executive Independent Directors:

Foo Meng Kee	(appointed as NC member and NC Chairman on 1 May 2017)
Lew Syn Pau	
Franky Oesman Widjaja	
Hong Pian Tee	(ceased as NC member and NC Chairman on 25 April 2017)

The NC's terms of reference sets out its roles and responsibilities. The NC is primarily responsible for:

(a) identifying and nominating for the approval of the Board, all Board appointments including candidates to fill Board vacancies as and when they arise;

(b) reviewing the independence element on the Board annually; and

(c) deciding how the Board's performance may be evaluated.

The NC is also responsible for making recommendations to the Board:

(a) as regards the re-appointment, re-election and re-nomination of any Director;

(b) concerning the Board having a strong and independent element;

(c) concerning the re-appointment of any Director having multiple board representations;

(d) concerning the Board's performance criteria;

(e) regarding training and professional development programmes for Board members; and

(f) concerning any matters relating to the continuation in office of any Director at any time.

4.2 Process for Selection and Appointment, Re-appointment of Directors

All new Board appointments are considered, reviewed and recommended by the NC first, before being brought up to the Board for approval. Potential candidates to fill casual vacancies are sourced with recommendations from Directors, Management or external consultants. The NC then evaluates the suitability of potential candidates for the position taking into account, inter alia, the candidate's age, gender, knowledge, skills, experience and ability to contribute to the Board's effectiveness. Upon the NC's recommendation, the Board approves the new appointment. In the event that the membership of the NC falls below the minimum number of 3 members, the NC shall be dissolved, and any new nominations are channeled directly to the Board for approval after which the NC is reconstituted with the requisite number of members.

During 2017, Mr. Foo Meng Kee and Mr. William Chung Nien Chin were appointed as Non-executive Independent Directors of the Company. After due consideration of the relevant factors, including depth of experience, qualifications, independence, level of commitment and contribution in the role, the Board satisfied itself that each of Mr. Foo and Mr. Chung is suitably qualified to be appointed, and approved the appointments of Mr. Foo and Mr. Chung, who were approached by Management to consider directorship in the Company.

Pursuant to the Constitution of the Company, save for the position of CEO, all Directors are to submit themselves for re-election at regular intervals. The Board is satisfied with the current practice. In particular, pursuant to Article 90 of the Constitution, one-third of the Directors retire from office by rotation at the AM. The Directors retiring under Article 90 at the upcoming 2018 AM are Mr. Muktar Widjaja and Mr. Frankle (Djafar) Widjaja.

Mr. Muktar Widjaja, being eligible, has offered himself for re-election as a Director at the 2018 AM, and the NC has recommended his re-election.

Mr. Frankle (Djafar) Widjaja will not be seeking re-election as a Director at the 2018 AM, and the NC has accepted his decision. Accordingly, pursuant to Article 92 of the Constitution, he shall retire as a Director at the conclusion of the 2018 AM.

Newly appointed Directors must submit themselves for re-election at the AM immediately following their appointment, pursuant to Article 96 of the Constitution. Mr. Foo Meng Kee and Mr. William Chung Nien Chin, being Directors appointed by the Board during 2017, will retire under Article 96, and, being eligible, have each offered himself for election at the 2018 AM. The NC has recommended each of their re-election.

Under Section 138 of the Companies Act 2001 of Mauritius, the office of a Director shall become vacant at the conclusion of the AM commencing next after the Director attains the age of 70 years, and he shall be subject to yearly re-appointment.

Mr. Kaneyalall Hawabhay retires at the 2018 AM under Section 138 and, being eligible, has offered himself for re-appointment at the 2018 AM. The NC has recommended his re-appointment.

In its deliberation on the re-election/re-appointment of retiring Directors who, being eligible, have offered themselves for re-election / re-appointment, the NC takes into consideration the Director's attendance, participation, contribution and performance during the past year.

Each member of the NC has abstained from participating in deliberations and voting on any resolutions in respect of his re-election/re-appointment as Director.

4.3 Directors' Time Commitments and Multiple Directorships

It is recommended under the 2012 Code that the Directors consider providing guidance on the maximum number of listed company board representations which each Director of the Company may hold in order to address competing time commitments faced by Directors serving on multiple boards. The Board believes that each Director, when accepting new appointments or who already sit on multiple boards, has the individual responsibility to personally determine the demands of his competing directorships and obligations, and ensure that he can allocate sufficient time and attention to the affairs of each company. The Board is of the view that setting a numerical limit on the number of listed company directorships that a Director may hold is arbitrary, given that time requirements for each person vary, and therefore prefers not to be prescriptive, currently. As a safeguard, the NC reviews each Director's ability to devote sufficient time and attention to the affairs of the Company during the NC's annual assessment process. The NC is satisfied with the time committed by each Director to attend meetings.

Currently, the maximum number of directorships in other Singapore listed company(ies) held by an Independent Director is 4, and of that held by an Executive Director is 2 (excluding the Company).

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Principle 5: Board performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

5.1 Board Evaluation Process

The NC is tasked to carry out the processes as implemented by the Board for assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board on an annual basis.

The Company has in place a system to assess the effectiveness/performance of the Board and acts, where appropriate, on feedback from Board members, on improvements.

During the annual evaluation process, each Director is required to complete the respective forms for self-assessment as well as for assessment of the performance of the Board, based on pre-determined approved performance criteria.

The Board considers the current assessment of the Board and individual Director as being sufficient for the Company, and to be excessive if additional assessments of 3 Board Committees and Chairman are introduced.

Principle 6: Access to Information

In order to fulfil their responsibilities, Directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

6.1 Complete, Adequate and Timely Information

In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board with complete and adequate information in a timely manner. Such information extends to documents on matters to be brought up at Board and Board Committee meetings which, as a standard procedure, are circulated and posted on a Board portal for Board and Board Committee members, as the case may be, in advance for their review and consideration. Senior Management, the Company's auditors and other professionals who can provide additional insights into the matters to be discussed at Board and/or Board Committee meetings are also invited to be present at these meetings, where necessary. As Directors may have further queries on the information provided, they have separate and independent access to the Company's senior Management who accordingly addresses individual Directors' request for additional information/documents.

Management provides the Board with financial statements and management reports of the Group on a quarterly basis, and upon request as and when required. Explanations are given by Management for material variance (if any) between any projections in the budget and actual results.

6.2 Company Secretary

The Directors may separately and independently contact the company secretary or its nominee who attends and prepares minutes for all Board meetings. The company secretary's role is defined which includes responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with.

The appointment and removal of the company secretary are matters requiring Board approval.

6.3 Independent Professional Advice

The process is in place whereby Directors, either individually or as a group, in the furtherance of their duties, require professional advice, the company secretary or its nominee can assist them in obtaining independent professional advice, at the Company's expense.

B. REMUNERATION MATTERS

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

7.1 Remuneration Committee Composition and Role

The RC comprises the following 3 Directors, 2 of whom, including the RC Chairman, are Non-executive Independent Directors:

Foo Meng Kee	(appointed as RC member and RC Chairman on 1 May 2017)
Lew Syn Pau	(resigned as RC Chairman on 1 May 2017)
Franky Oesman Widjaja	
Hong Pian Tee	(ceased as RC member on 25 April 2017)

The Board views that the current RC composition is adequate as a majority of its members are independent, and the RC Chairman is non-executive and independent.

The RC's roles and responsibilities are described in its terms of reference. The duties of the RC include reviewing and recommending to the Board for approval, the following:

(a) a general framework of remuneration for the Board and key management personnel;

(b) the specific remuneration packages for each Director and key management personnel; and

(c) the Company's obligations arising in the event of termination of Executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC may, during its annual review of remuneration of Directors and key management personnel, seek advice from external remuneration consultants as and when it deems necessary.

None of the members of the RC is involved in deliberations in respect of any remuneration, fee, compensation, incentives or any form of benefits to be granted to him.

7.2 Share Scheme

The GAR Restricted Share Plan ("RSP") was approved by shareholders at the Special Meeting of the Company held on 24 October 2008.

The RSP is intended to align the interests of key management and executives with the interests of shareholders. It is also expected to enhance the Company's competitiveness in attracting and retaining talented key senior management and executives. The RSP contemplates the award of fully paid shares of the Company free of charge, upon meeting prescribed performance target(s) and/or service condition(s).

Non-executive Directors and controlling shareholders and their associates are not eligible to participate in the RSP.

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Awards granted under the RSP will vest upon the satisfactory achievement of pre-determined operational and financial performance targets.

The selection of participants and determination of the number of shares to be awarded under the RSP shall be undertaken by a committee (comprising Directors of the Company) ("RSP Committee") to be established by the Board at the appropriate time for administration of the RSP. In the selection process, the RSP Committee shall take into account criteria such as, inter alia, the participant's capability, scope of responsibility, skill, vulnerability to leaving the employment of the Company, job performance, years of service, potential for future development, contribution to the success and development of the Company and the extent of effort and resourcefulness required to achieve the service conditions and/or performance targets within the performance and/or service periods (as the case may be).

The total number of new shares which may be issued pursuant to awards granted under the RSP shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares) on the day preceding the relevant date of an award. Subject to prevailing rules and legislation, the Company may deliver shares to participants upon vesting of their awards by way of issue of new shares; and/or transfer of existing shares (by way of purchase of existing shares) for delivery to participants.

As at 31 December 2017, the RSP Committee has not been formed and no award has been granted by the Company under the RSP.

The RSP has a maximum tenure of 10 years and will discontinue in 2018 unless shareholders and other relevant authority approval is obtained for its continuance beyond the time frame. GAR has no plan to renew it.

8.1 Remuneration of Executive Directors and Key Management Personnel

In designing the compensation structure, the Company seeks to ensure that the level and mix of remuneration is competitive, relevant and appropriate.

The remuneration structure for Executive Directors and key management personnel consists of (a) fixed remuneration, (b) variable bonus and/or (c) other benefits. Executive Directors do not receive Directors' Fees.

The level of remuneration is determined by various factors including performance of the group, industry practices and the individual's performance and contributions towards achievement of corporate objectives and targets.

Payments are made based on the extent of the individual's achievement of performance conditions for the year under review.

8.1.1 The use and application of clawback provisions in remuneration contracts of Executive Directors and key management personnel is subject to further consideration by the Company.

8.2 Remuneration of Non-Executive Directors

8.2.1 Non-Executive Independent Directors

Non-executive Independent Directors receive Directors' fees, which are subject to shareholders' approval at AMs ("Directors' Fees").

Directors' Fees are based on appointment to the Board Committee(s) and determined on a scale of fees comprising a base fee, and fee as AC Chairman, AC member, RC Chairman, RC member, NC Chairman and NC member.

The level of Directors' Fees is reviewed annually by the RC and/or the Board, during which factors such as contributions, regulatory changes and responsibilities and market benchmarks are taken into consideration.

The RC, with the concurrence of the Board, has recommended that an aggregate amount of S$370,033 as Directors' Fees be paid to the Non-executive Independent Directors for the financial year ended 31 December 2017. These fees will be tabled for shareholders' approval at the 2018 AM.

8.2.2 Non-Executive Directors

During his tenure as a Non-executive Director in 2017 before his re-designation as Executive Director on 1 March 2018, Mr. Muktar Widjaja was paid consultancy fee pursuant to an advisor's agreement with the Company in consideration of providing business advisory services for the Group's Indonesia agri-business. The agreement is for a period of 2 years from 1 January 2016 to 31 December 2017 and renewable upon review and approval by the AC. The payment is in compliance with the SGX-ST rules on Interested Person Transactions ("IPT"), and was reported in the IPTs for FY2016.

He does not receive Directors' Fees.

No remuneration was paid to the Non-executive Director, Mr. Frankle (Djafar) Widjaja, during the year. He also does not receive Directors' Fees.

Principle 9: Disclosure on Remuneration

Every company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

9.1 Directors' Remuneration

The Directors' remuneration for the year ended 31 December 2017 in bands of S$250,000 is set out in the table below:

Name of Directors	Fixed Salary	Bonus paid or payable/Benefit	Directors' Fees	Total
EXECUTIVE DIRECTORS				
S$4,750,000 to below S$5,000,000				
Franky Oesman Widjaja	23.4%	76.6%	–	100%
S$1,500,000 to below S$1,750,000				
Rafael Buhay Concepcion, Jr.	63.4%	36.6%	–	100%
NON-EXECUTIVE INDEPENDENT DIRECTORS				
Below S$250,000				
Lew Syn Pau	–	–	100%	100%
Foo Meng Kee[1]	–	–	100%	100%
Kaneyalall Hawabhay	–	–	100%	100%
William Chung Nien Chin[1]	–	–	100%	100%
Hong Pian Tee[2]	–	–	100%	100%
Jacques Desire Laval Elliah[2]	–	–	100%	100%
NON-EXECUTIVE DIRECTORS				
S$250,000 to below S$500,000				
Muktar Widjaja[3]	–	100%[4]	–	100%
Nil				
Frankle (Djafar) Widjaja	–	–	–	–

Notes:

1. Mr. Foo Meng Kee and Mr. William Chung Nien Chin were appointed on 25 April 2017
2. Mr. Hong Pian Tee and Mr. Jacques Desire Laval Elliah retired on 25 April 2017
3. Mr. Muktar Widjaja was Non-executive Director for FY2017 before his re-designation as Executive Director on 1 March 2018
4. Consultancy fee per advisor's agreement from 1 January 2016 to 31 December 2017. See also 8.2.2

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Variable bonus is based on performance in the same financial year.

Each Director's remuneration is expressed in bands of S$250,000 rather than to the nearest dollar, due to continuing sensitivity surrounding the issue of remuneration. The Company believes that the current format of disclosure in bands of S$250,000 with a percentage breakdown, is sufficient indication of each Director's remuneration package.

9.2 Remuneration of Top 6 Key Management Personnel

The top 6 key management personnel who are not Directors of the Company ("KMP") for the year ended 31 December 2017 are as follows:

Jo Daud Dharsono
Edy Saputra Suradja
The Biao Ling
Hemant K. Bhatt
Paul John Hickman
Jesslyne Widjaja

The remuneration of a KMP who is also an IFM is disclosed in 9.3 below. Save for this, the Company, having taken into account that some of the above KMPs are employed and remunerated by the Company's Indonesian subsidiaries; the relevant personnel's comments; and the size of the Company and the Group's scope of business, does not believe it to be in its interest to disclose the KMPs' remuneration, due to the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business. In addition, such disclosure of specific remuneration information may encourage inappropriate peer comparisons and discontent, and may, in certain cases, give rise to recruitment and talent retention issues.

In view of the abovementioned reasons, the Company believes that the interests of shareholders will not be prejudiced as a result of such non-disclosure of the above KMPs' remuneration.

9.3 Remuneration of Employees who are Immediate Family Members of a Director/CEO ("IFM")

The remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 for the year ended 31 December 2017, being two, Ms. Jesslyne Widjaja and Ms. Emmeline Widjaja, the daughters of the CEO, is as follows:

Remuneration Band	**Number**
S$1,000,000 to S$1,250,000	1
S$250,000 to S$500,000	1

Mr. Franky Oesman Widjaja, Mr. Muktar Widjaja and Mr. Frankle (Djafar) Widjaja are brothers.

Other than disclosed above, none of the Directors had immediate family members who were employees and whose remuneration exceeded S$50,000 for the year ended 31 December 2017.

IFM remuneration is disclosed in applicable bands of S$250,000, instead of bands of S$50,000, due to continuing sensitivity surrounding the issue of remuneration. The Company believes that the current format of disclosure in bands of S$250,000, is sufficient indication of each IFM's remuneration package.

C. ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

10.1 Accountability

The Board reviews and approves the results announcements before each release. In presenting the annual and quarterly financial statements to shareholders, the Board aims to provide shareholders with a balanced and clear assessment of GAR's performance, position and prospects.

For the financial year under review, the CEO and the CFO have provided assurance to the Board on the integrity of the financial statements of GAR and its subsidiaries. For the interim financial statements, the Board provided a negative assurance confirmation in accordance with regulatory requirements.

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

13.1 Internal Audit

The Company has established an in-house internal audit function headed by the Chief Internal Auditor ("CIA"), Mr. Ma Joe De Castro Perucho, who reports to the AC Chairman. On administrative matters, he reports to the CEO. The CIA has met the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls.

The AC approves the hiring and removal of the CIA and ensures that the internal audit function is adequately staffed and has appropriate standing within the Company. It also ensures the adequacy and effectiveness of the internal audit function.

The annual internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the AC. Every quarter, the AC and Management review and discuss internal audit findings, recommendations and status of remediation, at AC meetings.

The internal auditors have unfettered access to the Group's documents, records, properties and personnel, including access to the AC.

Principle 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

12.1 Audit Committee Composition and Role

The AC comprises the following 3 Directors, all of whom, including the AC Chairman, are Non-executive Independent Directors:

Lew Syn Pau	(appointed as AC Chairman on 1 May 2017)
Foo Meng Kee	(appointed as AC member on 1 May 2017)
Kaneyalall Hawabhay	
Hong Pian Tee	(ceased as AC member and AC Chairman on 25 April 2017)

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The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC. None of the members of the AC were previous partners or directors of our external auditors, Moore Stephens LLP, and none of the members of the AC hold any financial interest in Moore Stephens LLP.

The AC's roles and responsibilities are described in its terms of reference. The AC has the explicit authority to investigate any matter within its terms of reference. In addition, the AC has full access to and co-operation of Management and full discretion to invite any Director or executive officer to attend its meetings. Reasonable resources are made available to enable the AC to discharge its functions properly.

In addition to its statutory functions, the AC considers and reviews any other matters as may be agreed to by the AC and the Board. In particular, the duties of the AC include:

(a) Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance.

(b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.

(c) Reviewing the adequacy and effectiveness of the Group's internal audit function.

(d) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.

(e) Making recommendations to the Board on the proposals to the shareholders on appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors. In this regard, the AC is primarily responsible for proposing the appointment and removal of the external auditors.

The AC reviews with Management, and where relevant, the auditors, the results announcements, annual report and financial statements, interested person transactions and corporate governance, before submission to the Board for approval and adoption.

In performing its functions, the AC meets with the internal and external auditors, and reviews the audit plans and overall scope of both internal and external audits, and the co-operation and assistance given by Management to the respective auditors. Where necessary, the AC also meets separately with the internal and external auditors whereby any issues may be raised directly to the AC, without the presence of Management. The internal and external auditors have unfettered access to the AC.

In its review of the financial statements of the Group for the financial year ended 31 December 2017 ("FY2017 Financial Statements"), the AC has discussed with the external auditors and Management on matters of significance which are included under "Key Audit Matters" in the Independent Auditor's Report. The AC is satisfied that those matters ie. valuation of investments in financial assets and valuation of property, plant and equipment (including bearer plants) have been appropriately addressed. The AC recommended to the Board to approve the audited FY2017 Financial Statements. The Board has on 14 March 2018 approved the FY2017 Financial Statements.

12.5 Auditors Independence

Taking cognizance that the external auditors should be free from any business or other relationships with the Group that could materially interfere with their ability to act with integrity and objectivity, the AC undertook a review of the independence of the external auditors. During this process, the AC also reviews all non-audit services provided by the external auditors to satisfy itself that the nature and extent of such non-audit services would not affect their independence. The AC confirms that after reviewing all non-audit services by the external auditors during the financial year, they would not, in the AC's opinion, affect the external auditors' independence.

The AC has recommended to the Board that the external auditors be nominated for re-appointment at the 2018 AM.

In appointing the audit firms for the Group, the AC is satisfied that the Company has complied with Rules 712 and 715 of the Listing Manual.

12.3 Whistle-Blowing Procedures

The Board is committed to uphold the Company's values and standards, and has put in place whistle-blowing procedures by which employees may, in confidence and without fear of retaliation, bring to the AC's attention, concerns or complaints about possible improprieties relating to matters of financial reporting or other matters.

Under these procedures, the AC may, if it deems appropriate, engage appropriate external independent advisors, at the Company's expense.

The Company is committed to treat all complaints as confidential, and the anonymity of the whistle-blower concerned will be maintained until the whistle-blower indicates that he or she does not wish to remain anonymous.

12.4 Interested Person Transactions

Particulars of interested person transactions required to be disclosed under Rule 907 of the Listing Manual are as follows:

Name of interested person ("IP")@	Aggregate value of all interested person transactions during the year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate* pursuant to Rule 920) FY2017 US$	Aggregate value of all interested person transactions conducted under shareholders' mandate* pursuant to Rule 920 (excluding transactions less than S$100,000) FY2017 US$
PT Asuransi Sinar Mas	–	7,467,168
PT Bank Sinarmas Tbk ("BSM")	–	21,603,178[#1]
PT Cakrawala Mega Indah ("CMI")	–	32,544,480[#2]
PT Duta Cakra Pesona ("DCP")	107,500,000[#3]	–
PT Maritim Sinar Utama	–	1,805,896
PT Rolimex Kimia Nusamas ("RKN")	15,000,000[#4]	80,420,088[#5]
PT Roundhill Capital Indonesia	–	10,260,668
PT Royal Oriental	–	9,746,196
PT Sinar Jati Mitra	–	1,988,187
Ningbo Asia Pulp & Paper Co., Ltd	–	77,819
Total	**122,500,000**	**165,913,680**

Notes:

@ These IPs are regarded as associates of GAR's controlling shareholder under Chapter 9 of the Listing Manual on interested person transactions.

* Renewed at GAR's AM on 25 April 2017 pursuant to Rule 920 of the Listing Manual.

#1 Time deposits and current account placements with BSM during the year. Principal amount of placements as at 31 December 2017 is approximately US$6.31 million.

#2 Purchase of paper products from CMI for own consumption and/or as distributor.

#3 Transfer of property units in Sinarmas MSIG Tower to DCP per announcement on 11 September 2017.

#4 Security deposit with RKN for purchase of fertilizers.

#5 Purchase of fertilizers and chemicals from RKN.

CORPORATE GOVERNANCE REPORT

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives

11.1 Responsibilities for Risk Management and Internal Controls

The Board, with assistance from the enterprise risk management ("ERM") committee ("ERMC") and the AC, is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls, including financial, operational, compliance and information technology controls, to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives. Further details on the Group's ERM activities including its key risk exposures are discussed in a separate section under "Enterprise Risk Management" on pages 49 to 51 of this Annual Report.

11.2 The ERMC

The ERMC was formed in 2013 to assist Management in its role of managing risks, as part of the Group's efforts to strengthen its risk management processes and enable accountability for its adequacy and effectiveness. The ERMC currently comprises the following senior Management:

Franky Oesman Widjaja	-	Chairman and CEO
Rafael Buhay Concepcion, Jr.	-	CFO
Jo Daud Dharsono	-	Head of Upstream Operations
Hemant K. Bhatt	-	Head of Downstream and Commercial
Pedy Harianto	-	Head of Controllership and Compliance

The ERMC reports to the AC which, in turn, reports to the Board.

11.3 ERM Processes

The Board has ultimate responsibility for the governance and oversight of the risk management process. The AC assists the Board in their oversight of the process as well as to that of financial reporting risk and the effectiveness of the Company's internal control and compliance systems. The Management is responsible for assuring the Board as to the adequacy and effectiveness of the risk management lifecycle and ensuring the quality and timeliness of information.

The Company's risk management process comprises of a disciplined and repeatable interaction structure that facilitates active involvement by the Board in risk evaluation of strategic alternatives and operational decisions. These structures serve as a forum for the Management to highlight both favorable and adverse factors affecting the business and its performance and associated risks, and in turn creates visibility for the Board and relevant stakeholders. The Board members and Management collectively determine the materiality of the risks and appropriate strategies to address them following which appropriate risk governance structures are constituted. Governance policies are reviewed and approved by at least one Board member and one or more members of the senior Management team.

11.4 Assurance from the CEO and CFO

The Board has received assurance from the CEO and the CFO that:

(a) the financial records of the Group for the financial year ended 31 December 2017 have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances in accordance with the applicable financial reporting framework that are free from material misstatement; and

(b) the internal controls, including financial, operational and information technology controls, and risk management systems in place within the Group is adequate and effective in addressing the material risks in the Group in its current business environment.

The CEO and the CFO have in turn obtained relevant assurance from the business heads in the Group.

11.5 Assurance from the CEO and CFO

The AC is responsible for making the necessary recommendations to the Board such that the Board may make an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. In this regard, the AC is assisted by the external auditors, internal auditors and the ERMC.

The Board is satisfied that there is appropriate and adequate review by the AC of the adequacy of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management policies and systems established by Management. In its review, the AC had been assisted by both the external auditors and the internal auditors, and this review is conducted at least once every year.

During the course of the audit, the external auditors carried out a review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during the audit are reported to the AC together with the recommendations of the external auditors.

In addition, based on the ERM framework established and maintained, the work performed by the ERMC and the internal audit function as well as the assurance received from the CEO and the CFO, the Board with the concurrence of the AC, is of the opinion that the Group's internal controls including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective to meet the needs of the Group in its current business environment.

The Board notes that the Company's systems of internal controls and risk management provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen. Furthermore, the Board also acknowledge that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

CORPORATE GOVERNANCE REPORT

D. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

14.1 Shareholder Rights

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that the Company's shareholders are treated fairly and equitably, and their rights are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information pertaining to the Group's business which could have a material impact on the Company's share price.

All shareholders of the Company are entitled to attend and vote at general meetings in person or by proxy. Shareholders also receive the annual reports of the Company and the notice of AMs, which notice is also advertised in the newspapers and released via SGXNET.

Principle 15: Communication with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders

15.1 Communication with Shareholders

Transparency and communication are the heart of our Investor Relations activities. We aim to timely deliver thorough and up-to-date material information to the global investing community, to support informed investment decisions. The Company does not practice selective disclosure of material information. GAR conveys material information and its quarterly results through announcements made on SGXNET, and is required to comply with the Listing Manual on the continuous disclosure obligations. Results and annual reports are announced and issued within the specified/stipulated period. All announcements are posted immediately on the Company's website www.goldenagri.com.sg, upon release via SGXNET.

The Company has been announcing its quarterly results since 2003 and starting from 2007, conducts regular briefings and/or conference calls with analysts and media. For the results announcements, we generate materials, including financial statements as well as management discussion and analysis in presentation slides and press releases. During these briefings, senior Management reviews the most recent performance, analysis, business key-value drivers and metrics, and shares the Company's insights and business strategy. The materials used in the briefing are disseminated via SGXNET and are also available on the Company's website. On this occasion, analysts, fund managers and reporters have the opportunity to raise questions to our Management. While these meetings are largely undertaken by the Company's senior Management, the Chairman and CEO also meets analysts every year.

We offer direct and frequent access to our senior Management through one-on-one or group meetings, conferences, roadshows, calls and emails. Throughout 2017, we met with approximately 130 equity and fixed income investors and analysts domestically and internationally. The Company participated in investor conferences and roadshows in Singapore, Hong Kong, Indonesia, Thailand and Malaysia. These facilitate us to strengthen existing relationships with long-term investors, understand their views and expectations of the Company as well as to tap new potential investors. We develop and maintain strong relationships with sell-side research analysts as they play an important role in informing and educating the investment community. More than fifteen analysts based in Singapore, Hong Kong and Malaysia currently cover GAR. We also arrange site visits to our plantations and refineries to provide investors and analysts with better understanding of our day-to-day operations; including sustainability initiatives.

15.2 Dividend Policy

The Company currently aims to declare future dividends of up to 30% of its underlying profit, i.e. profit attributable to owners of the Company after excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items and other non-operating items. The declaration, amount and payment of future dividends will depend on many factors, including results of operations; cash flow and financial condition; expansion and working capital requirements; cash dividends received from subsidiaries; future prospects; and other factors deemed relevant by the Board and our shareholders.

In addition to the interim dividend of S$0.00693 per ordinary share for the financial year ended 31 December 2017 distributed on 29 November 2017, the Board has recommended a final dividend of S$0.00116 per ordinary share for the financial year ended 31 December 2017, subject to shareholders' approval at the 2018 AM.

15.3 Financial Calendar 2018

27 February	Announcement of Full Year 2017 results
2 April	Release of Annual Report 2017
23 April	Annual Meeting 2018
	Proposed 2017 final dividend*
24 April	Last day for trading for cum dividend (scrip-less holders)
27 April 5:00 PM	Record date and time
30 April	Books closure date
8 May	Dividend payment date
May**	Announcement of First Quarter 2018 results
August**	Announcement of Second Quarter 2018 results
November**	Announcement of Third Quarter 2018 results
February 2019**	Announcement of Full Year 2018 results

Notes:
The above calendar may not list every corporate event.

* Subject to shareholders' approval at the 2018 AM
** Indicative timeline

CORPORATE GOVERNANCE REPORT

Principle 16: Conduct of Shareholder Meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

16.1 Conduct of Shareholder Meetings

During the AMs which are held in Singapore, shareholders are given the opportunity to communicate their views and to engage the Board and Management on the Group's business activities and financial performance. Directors are encouraged to attend shareholders' meetings. In particular, members of the AC, NC and RC and the external auditors are asked to be present to address questions at such meetings.

In 2017, the Constitution was amended to allow relevant intermediaries to appoint more than two proxies to attend, speak and vote at shareholders' meetings.

At shareholders' meetings, each distinct issue is proposed as a separate resolution. Absentia voting methods are currently not permitted, as the authentication of shareholder identity information and other related integrity issue still remain a concern.

In support of greater transparency and to allow for a more efficient voting process, the Company has been conducting electronic poll voting instead of voting by show of hands since the 2013 AM. With electronic poll voting, shareholders present in person or represented by proxy at the meeting will be entitled to vote on a "one-share, one-vote' basis. The voting results of all votes cast for and against and the respective percentages, in respect of each resolution, will be instantly displayed on-screen at the meeting. The detailed breakdown of results showing the total number of votes cast for and against each resolution and the respective percentages would be announced after the AM via SGXNET.

DEALINGS IN SECURITIES

The Company complies with Rule 1207(19) of the Listing Manual on dealings in securities, and has devised and adopted its own internal compliance code to provide guidance with regard to dealings in the Company's securities by the Company, its Directors and officers, including prohibition on dealing in the Company's securities on short-term considerations.

Dealings in the Company's securities are prohibited during the period commencing (i) two weeks before announcement of the Company's first, second and third quarter results and (ii) one month before the announcement of the Company's full year results, and ending on the date of the announcement of the results. Such dealings in the Company as well as other listed companies' securities are also prohibited whilst in possession of unpublished material price-sensitive information in relation to those securities.

ENTERPRISE RISK MANAGEMENT

Risk management is one of the important parts in the Company's decision making process in a changing business environment. Enterprise risk management ("ERM") enables the Company to build resiliency and sustainability. It is an envolving process that requires constant monitoring as the Company grows. Nonetheless, a sound system of risk management and internal controls does not eliminate risk, but optimises risk-taking such that the Company understands the risk-reward trade-off and makes a decision that commensurates with its risk tolerance.

The Board of Directors of the Company ("Board") is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

In performing this responsibility, the Board is assisted by the ERM Committee ("ERMC"), which was formed in 2013, and the Audit Committee. The role of the ERMC is to manage risks, as part of the Company's efforts to strengthen the risk management processes and enable accountability for its adequacy and effectiveness.

The ERMC currently comprises of five senior Management. They are the Chairman and CEO, CFO, Head of Upstream, Head of Downstream, and Head of Controllership & Compliance.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Company operates an integrated business model that includes production, processing and marketing and sales of palm oil and its related products in its business segments. The integrated nature of our business model enables an enterprise-wide approach towards its management of risk. All of the activities that take place along the value chain are subject to a variety of risk factors. These risk factors affect not only our businesses, but may have an impact beyond the palm oil and agriculture industry as a whole.

The ERMC oversees risk management activities across the business segments and directs the efforts of the risk management teams to continually identify, evaluate and mitigate risks together with a focus on operational improvements appropriate for the business and external environment. Our activities are exposed to a baseline of business and strategic, market, credit and operational risk factors. For each of these risk exposures, appropriate risk management strategies and internal controls are put in place to mitigate against such risk.

The Company's operations are prudently managed through a seasoned and commercially-focused management team that is supported by a risk management function with clear governance. Business and strategic, market, credit and operational risk management functions operate independently and centrally with a systematic approach to ERM and are aligned with industry best practices. The overall risk management framework provides senior Management and the ERMC with the ability to review these risks holistically and assess the balance between risk appetite and appropriate rewards in order to maximize shareholder returns.

The ERM Framework is managed through a disciplined structure of Steering Committees ("SC") and operational reviews at executive meetings ("EM") at the business unit levels. These meetings serve as forums for senior Management to review with the Executive Directors, matters concerning the discovery of new risks, analysis and evaluation of risks determined as material and appropriate metrics. The need for additional work streams is determined during these forums which may subsequently be managed under separate governance structures; however, progress is usually reported at the SC or EM and guidance/direction from the Executive Directors is sought.

Metrics that track key risks and mitigation measures are reported as part of operational performance reviews to ensure effectiveness of risk management processes. EM and SC meetings are held at least quarterly or more frequently, as required, during which the Executive Directors evaluate strategic opportunities and review the performance of various business units through a series of reports which contain quantified metrics and qualitative discussions.

KEY RISK EXPOSURES

The Company's business is exposed to the following types of key risks:

Business and Strategic Risk

Business and strategic risks relate to information utilised to make investment decisions that impact the Company's purpose and strategy leading to inability to generate expected returns from capital expenditure. Factors include macroeconomics, condition of financial markets, competitive pressure, commercial regulations in domestic and foreign jurisdictions, environmental regulations and geopolitics.

ENTERPRISE RISK MANAGEMENT

Market Risk

Market risk is risk to the Company's financial performance arising from uncertainty of movements in commodity prices and foreign exchange rates.

Fluctuations in commodity prices

Global prices of our products tend to fluctuate. They are affected by the availability of agricultural commodities that are subject to uncontrollable factors affecting supply such as global weather conditions, and factors affecting demand such as changes in population growth, standards of living, global production of substitute and competitive crops, as well as crude oil prices. Other aspects like environmental and conservation regulations, tariffs, and natural disasters also play a part in the price determination.

The Company's market risk framework provides controls and ongoing management of key market risks inherent in its business activities. Risk limits are established centrally at the corporate level in accordance with the Company's risk appetite and allocated across business units. These limits are tracked on a daily basis using a risk measure called Value-at Risk (VaR) to estimate the potential loss from adverse market moves in a normal market environment over a one-day holding period. We also constantly analyse and monitor the global demand and supply patterns for crude palm oil ("CPO") and other agricultural products to make prompt and informed decisions regarding our production and sales levels.

Fluctuations in foreign currency

As a group with multiple subsidiaries located in different countries, GAR is exposed to foreign exchange fluctuation risk. We seek to manage our foreign currency exposure by constructing a natural hedge where it matches revenue and expenses in any single currency or through financial instruments, such as forward exchange contracts and cross currency swap contracts.

Our financial statements which are presented in US dollars, requires accounts of our subsidiaries to be converted to US dollars for consolidation purposes. Any fluctuations in currency exchange rates will result in exchange translation gains or losses.

Credit Risk

Credit risk is risk of financial loss arising from the failure of a counterparty's ability and willingness to meet its contractual obligations.

With the nature of changes in the commodity prices, the task of monitoring the continued and consistent interest of GAR's counterparties in performing their buying commitment has been of utmost priority. Global macroeconomic conditions play a significant part in the continued volatility in the commodity and financial markets that accompany the changing conditions of counterparties we conduct business with.

The Company has a separate Credit Risk Team which is involved in the credit portfolio review. The team has implemented a process to periodically and regularly evaluate counterparties and review assigned limits.

Operating Risk

Operating risk is risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Poor weather conditions

Our fresh fruit bunch yield is very dependent on weather conditions in Indonesia. Excessive rainfall or extensive period of dry weather will lead to a decrease in the overall yield. Excessive rainfall generally leads to poor pollination of palms and reduces the effectiveness of fertilisers, while drought results in less fruit bunches and lower oil extraction rate. High levels of drought might also trigger fire outbreaks in the plantations.

We have implemented various measures at our plantations to reduce the impact of weather conditions on our plantations, including the construction of drainage and irrigation systems and roads and the establishment of certain planting patterns. Historically, CPO prices typically increase when supply is adversely affected by weather conditions, thereby reducing the impact of the decrease in supply. We also extend our efforts around long term fire prevention (see page 56 – "*Spreading Responsible Palm Practices*").

Pest outbreak

Pest outbreak in our plantations may reduce production level, which may ultimately impact the Company's revenue and profitability. Generally, pests that attack oil palm trees are nettle caterpillar, rat, wild boar and ganoderma fungus.

We closely control and protect our plantations from pests. To specifically handle pest attack, we apply integrated pest management approach that prioritises the use of biological controls over pesticide. Our agronomists from SMARTRI immediately give additional protective care to the trees that are attacked by pest to prevent dissemination.

Revocation or restriction of land rights granted by the Indonesian Government

Our plantations have been granted Hak Guna Usaha land rights (rights to cultivate land for agricultural purposes) by the Indonesian Government. Depending on the plantation, these rights could be extended for up to 95 years, and most will expire after year 2045. We also hold land rights in the form of Ijin Lokasi and Panitia B. These are intermediate land rights granted by the Indonesian Government during the initial stages of the land rights approval process. These rights are less than the full rights over the use of the lands represented by Hak Guna Usaha land rights.

We believe that we have complied with all relevant requirements in relation to the plantations and will take all necessary steps to ensure that our land rights for such plantations are extended.

Disruptions in transportation infrastructure

We depend on transportation services that are partly provided by external parties to transport raw materials to the processing and storage facilities as well as to deliver our products to customers. Disruption of transportation services arising from factors such as unfavourable weather conditions, labour unrest, significant downtime arising from major and unexpected repairs or any other events might impair our production process and affect the quality of its products and our ability to supply products to customers on time.

We continuously strengthen our internal transportation infrastructures in order to minimise dependence on external parties.

Commercial availability

Our business may be impacted by disruptions in the commercial availability of our internal (refining, crushing and processing facilities) and external assets (access to shipping, storage and pipeline facilities).

We implement key operational controls across our assets and facilities to ensure maximum commercial availability.

Changes in regulations by the Indonesian Government and/or importing countries

Regulations relating to palm oil in Indonesia such as export tax and levy as well as import tariffs, taxes and other restrictions imposed by importing countries might impact the Company. In line with social and economic policies, from time to time, the Indonesian government may impose new policies on the palm oil industry.

Import tariffs and taxes and other import restrictions imposed by importing countries will affect the demand for CPO and its derivative products, and can encourage substitution by other vegetable oils. If importing countries ban imports of CPO from Indonesia, tax competing substitute products, such as soybean oil, at a lesser tax rate, the competitiveness of imported CPO and derivative products can be adversely affected, which can affect the demand for and the price of our products.

We are actively involved in oil palm-related organisations and collaborate with industry stakeholders in providing positive inputs to the Indonesian government in order to create conducive regulations for the palm oil industry, and to other stakeholders both domestic and international.

The imposition and enforcement of more stringent environmental regulations

Our business is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. These regulations could become more stringent in the future. The government environmental agencies have the power to take action against us for failure to comply with applicable environmental regulations, including imposing fines and revoking licenses.

We are fully aware of the greater importance on environmental measures and regulations. We have a separate department that closely monitor and update current requirements of relevant regulations. We will ensure our compliance to relevant regulations to avoid any liabilities that may incur in the future.

Dependency on retaining key personnel and attracting additional qualified persons

Our continued success relies on the capabilities and experience of our Directors and senior Management. Competition for such key personnel is intense in the industry and the loss of any of our key personnel is a possibility.

In particular, senior Management play an important role in maintaining relationships with our key employees as well as outlining and executing our overall business strategy.

COMMITMENT IN MANAGING GLOBAL TALENT

We aim to build a world class organisation, and managing our global talents is critical to achieving this. To enable our employees to consistently deliver high performance and to achieve business goals, we strive to create a supportive environment to nurture their talents.

IMPLEMENTATION OF TALENT MANAGEMENT

Our people are critical assets who make significant contributions to the business in the long run. We are aware that there is unprecendented competition for talent globally and we are strengthening our talent pool management. In 2017, we introduced the GAR Leadership and Core Competency Model which serves as our guidance for talent review and other key HR strategies such as talent acquisition, performance management, development and retention.

In talent acquisition, we emphasise competence and ability to fit in with the company's culture. Competence means we only trust the best to run our business and we use the GAR Leadership and Core Competency Model as guidance. The ability to fit in with the company's culture means that new hires must understand the culture, i.e:

- delivering outstanding results (Performance)
- doing what is best for the company (Ownership)
- working as a team (Collaboration)
- realising other people's potential (People)

We balance talent acquisition between growing people within the Company to give us stability and opportunity for growth and new hiring to bring fresh perspectives and best practices.

We established the Talent Review Council to manage talent, plan and monitor their development as well as plan the organisation's succession, especially for key positions.

To continuously develop our talent, we provide both technical and soft skills development programmes to enhance our employee's capability to adapt to the changing business environment. We run training programmes for various levels of employees:

- Basic Management Development Program for Officer Level
- Supervisory Management Development Program for Supervisor Level
- Middle Management Development Program for Manager Level

All of GAR employees also undergo a performance and career development review at least once a year.

2018: MOVING TOWARDS DIGITAL HR

In 2018, we will focus on improving talent management by determining the right development platform, building future leaders through graduate programmes and enhancing performance management to link with talent management.

Human Resources is pursuing a more strategic role as a business enabler and will increasingly adopt digital platforms and solutions. This is in line with GAR's commitment to continuous improvement and innovation through Management by Olympic System (MBOS) platform.

SPREADING
RESPONSIBLE
PALM PRACTICES

SPREADING RESPONSIBLE PALM PRACTICES

DEEPENING THE TRANSFORMATION OF OUR SUPPLY CHAIN

One of our main commitments under the GAR Social and Environmental Policy ("GSEP")[1] is to bring our supply chain along on our journey towards responsible palm oil. We believe we can help create a better industry overall as we continue improving our own implementation of responsible palm oil practices.

Our key supply chain which accounts for the bulk of our procurement spend, comprises crude palm oil ("CPO") and palm kernel suppliers. In 2017, we sourced from 427 third-party mills and 44[2] GAR mills. These in turn sourced from estates, dealers/brokers and thousands of smallholders.

In 2017, we reached a significant milestone when we achieved 100 percent Traceability to the Plantation ("TTP") for all GAR mills. This means 39 percent of our palm supply chain is now fully traceable. This achievement builds on our mapping and engagement efforts which began in 2014 when we extended our sustainability policy to cover all our suppliers and achieved full Traceability to the Mill in 2015.

Our experience in attaining TTP for our own mills will help us assist our third-party suppliers implement TTP processes of their own and report TTP by end 2020.

TTP enables us to guarantee the provenance of our raw materials to our customers which helps minimise supply chain risks. But beyond this, we see TTP as a key component in helping us to deepen knowledge, awareness, trust and engagement with our suppliers, while helping them improve their responsible practices.

Full TTP for GAR mills means that in addition to our own nucleus estates and plasma smallholders, we mapped and can now reach out to more than 70 dealers/brokers who buy from 11,000 smallholders managing over 40,000 hectares of plantations. As TTP progresses for our third-party supplier mills, we will be able to extend our engagement to more dealers and smallholders in the industry.

Our engagement and supplier support process includes site visits, special training and workshops as well as specifically designed remedial action plans where needed. We have continued with our systematic programme of site visits to our suppliers. Since 2015, we have conducted 79 visits to 73 supplier mills (with some visited more than once for different compliance assessments). These visits help us gauge how well aligned they are with responsible palm practices spelled out in the GSEP. Reports on site visits are published on our Sustainability Dashboard[3].

The resulting analyses of our suppliers' situations enables us to design appropriate support and intervention strategies. Key findings from these visits include the need to tackle the lack of understanding of responsible practices and the need to build capacity to adopt those practices.

Aside from scheduled visits, we also carry out ad hoc site visits as part of our grievance handling process when an issue is raised by an external stakeholder or discovered through our own issues monitoring. Our engagement is reported in our Grievance List and case studies which highlight action plans for our suppliers are published on our website[4] and Sustainability Dashboard[3].

1 Visit this page to see the details of our GSEP: https://goldenagri.com.sg/wp-content/uploads/2016/09/GAR_Social_and_Environmental_Policy-2.pdf
2 Excluding two mills which have just been acquired or in operation at the end of 2017
3 https://goldenagri.com.sg/sustainability-dashboard/traceability
4 https://goldenagri.com.sg/sustainability/supply-chain/

Additionally, we organise SMART SEED (Social and Environmental Excellence Development) workshops annually for our suppliers. These workshops allow us to share best practices and facilitate exchanges with other key stakeholders such as government agencies and NGOs. The themes for the workshop are based on feedback and input from our suppliers. Key themes have included labour practices, traceability and achieving Indonesian Sustainable Palm Oil ("ISPO") certification. The 2017 workshop was attended by 200 participants. We also held a workshop for our suppliers operating near the Leuser Eco-system to heighten their awareness of the protected status of Leuser, and how to stop sourcing palm oil from growers which may be operating in protected areas.

SUPPORTING SMALLHOLDERS

Smallholders are an essential part of our supply chain and crucial stakeholders in our sustainability journey as there are an estimated two million small farmers controlling over 44 percent of palm oil estates in Indonesia.

At GAR, we have a policy of supporting all (100 percent) of our plasma smallholders – we manage their estates and provide them with our high-yielding seeds. This enables them to achieve yields similar to our own main estates.

At the same time, we recognise the importance of supporting independent small farmers. These independent farmers with small plots generally achieve very low yields and have lower incomes as they do not use good quality seeds or have knowledge of best agronomic practices. This also curtails their ability to fully adopt responsible palm practices.

With the achievement of TTP, we now have the ability to spread responsible practices to thousands of smallholders in our supply chain.

We continue to support the Innovative Financing scheme for independent smallholders. The programme aims to encourage more independent smallholders to replant with better quality, higher-yielding seed by giving them access to financing and helping them sustain their livelihoods during the four years it takes for the new seedlings to mature.

Since the scheme began in 2014, GAR has helped independent farmers in Riau and Jambi secure loans of approximately IDR167.5 billion from state-owned banks. As at end 2017, over 730 farmers are participating in the scheme.

SPREADING RESPONSIBLE PALM PRACTICES

We also run other finance and support programmes for independent smallholders. Through the Smallholders Development Programme, GAR has provided technical assistance and long tenure interest-free credit to more than 3,800 independent farmers in East Kalimantan since 2013 in an area covering over 7,700 hectares. They also have access to high-yielding seeds, fertiliser, herbicides and can rent heavy equipment, all at below market rates. To date, we have disbursed more than IDR19 billion in interest-free loans.

Our efforts to help our supply chain including smallholders adopt more sustainable production practices supports the goals of sustainable consumption and production under UN Sustainable Development Goal ("SDG") 12 which aims to increase net welfare gains from economic activities by reducing resource use, degradation and pollution along the whole lifecycle, while increasing quality of life.

CONTINUING COMMUNITY CONSERVATION PARTNERSHIPS

We continue to implement our innovative community conservation partnerships to ensure that forest conservation areas are effectively protected.

At GAR, we have been working on these partnerships since 2015, when we began collaborating with local communities to formally map their villages through Participatory Mapping. We help the villages map out critical areas such as customary boundaries and land necessary for food security. This map is lodged with and formally recognised by the authorities, serving amongst other things to clarify land tenure rights and enabling villages to gain access to government development funds for the first time.

The mapping lays the foundation for further dialogue on conservation through our Participatory Conservation Planning process.

We have rolled out mapping in over 80 villages across our concessions to date, and secured agreement with local communities in 13 villages to set aside over 7,700 hectares of High Carbon Stock ("HCS") forests for conservation. This is in addition to the 72,000 hectares of conservation area in our concessions which is approximately the size of Singapore, consisting of HCS forests and High Conservation Value ("HCV") areas.

In tandem with these efforts we continue to roll out development programmes for the local communities which participate in the conservation partnership. Integrated Ecological Farming projects have been launched in eleven villages in West Kalimantan and Riau to date. These aim to help the local community achieve food self-sufficiency, earn extra income as well as raise awareness about alternative farming methods without the use of fire.

FIRE PREVENTION

We remain vigilant on fire prevention and in 2017 we had virtually zero fires in our area (less than 0.01% of total area affected by fires). Our fire incident reports are updated and published weekly on our Sustainability Dashboard[5] and we continue our long-term community collaboration on fire prevention with local villages through the Desa Makmur Peduli Api ("DMPA") programme in Ketapang, Kalimantan and Jambi, Sumatra.

The DMPA programme has generally helped to reduce hotspots and firespots since it was launched in 2016 as seen in the table below.

THE DMPA PROGRAMME

	TOTAL DMPA VILLAGES		JAMBI		KETAPANG	
	Hotspots	Firespots	Hotspots	Firespots	Hotspots	Firespots
2017	13	9	1	2	12	7
2016	25	7	2	2	23	5
2015	423	271	210	113	213	158

5 https://goldenagri.com.sg/sustainability-dashboard/fire-management

PROTECTING RARE AND ENDANGERED SPECIES

Operating in Indonesia places us in or near areas of rich and varied biodiversity and we want to preserve and protect this biodiversity. This is achieved through our identification and protection of HCV areas backed up by our Zero Tolerance Policy towards hunting, injuring, possessing and killing of rare and endangered wildlife.

We continuously educate our employees, local communities and related stakeholders on the importance of protecting rare and endangered species.

Protection of orangutans[6] is a special focus for GAR. Since 2011, we have partnered with Orangutan Foundation International (OFI) to rehabilitate and release wild-born, formerly captive primates. To date, our partnership has resulted in the release of 100 orangutans into their natural habitat in Seruyan Forest in Central Kalimantan, Indonesia.

In addition, more than 1,000 staff have been trained in orangutan conservation. They are mainly involved in field operations in Kalimantan with some overseeing our biodiversity and conservation efforts. GAR also maintains 1,400 hectares of HCV area in Sungai Rungau, Central Kalimantan as an orangutan sanctuary.

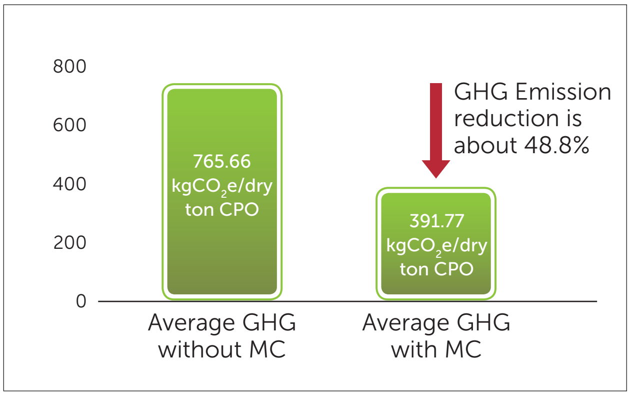
REDUCING GHG EMISSIONS

Successful conservation of HCS forests is the key means by which we avoid greenhouse gas ("GHG") emissions.

We are also looking into how we can reduce our operational emissions, and in 2017, we completed our baseline studies of our GHG emissions in our upstream operations and we aim to devise a GHG reduction strategy by the end of 2018.

Meanwhile, we continued to reduce GHG emissions in our operations through our methane capture facilities at some of our mills in Central Kalimantan, Jambi and Riau. The facilities capture methane gas which is then used as an alternative energy source, generating electricity for our palm oil mills. These facilities can reduce between 40-55 percent of operational emissions on site.

GHG EMISSION REDUCTION VIA METHANE CAPTURE



EMISSION REDUCTION FROM METHANE CAPTURE FACILITIES IN 2017

No	Biogas Plant	ER(tCO_2eq)
1	Sungai Rungau Biogas Plant (SRUF)	89,737
2	Semilar Biogas Plant (SMLF)	96,793
3	Rama – Rama Biogas Plant (RRMF)	70,986
4	Perdana Biogas Plant (PRDF)	101,001
5	Pelakar Biogas Plant (PLKF)	23,734
6	Libo Biogas Plant (LIBF)	48,910
Total		**431,161**

6 Visit this page to see the details of our activities: https://goldenagri.com.sg/preserving-orangutan-populations-ofi/

SPREADING RESPONSIBLE PALM PRACTICES

SUSTAINABILITY THROUGH R&D

Our dedicated research arm – SMART Research Institute ("SMARTRI")[7] in Libo, Riau, plays a key role in improving yields, tackling negative impacts on palm productivity due to climate change such as severe drought, as well as finding ways to combat disease and pests. These R&D efforts support the goals of UN SDG 2[8] which aims to promote sustainable agriculture and improve agricultural productivity.

Following years of research SMARTRI and SMART Biotechnology Centre[9] officially launched two new non-GMO, extremely high-yielding planting materials in 2017. Eka 1 and Eka 2[10] are potentially capable of yielding more than 10 tonnes/ha/year of CPO, making them the highest-yielding plant materials in the industry. These will be gradually rolled out throughout our concessions through replanting programmes.

SMARTRI also leads research on Integrated Pest Management, minimising use of chemical pesticides through increased use of bio pesticides and other natural controls, such as barn owls and leopard cats to control the rat population.

Since 2016 we have stopped using the herbicide paraquat in order to safeguard the health of our employees. Under our commitments in the GSEP, GAR does not use pesticides categorised as World Health Organization Class 1A or 1B under the Stockholm or Rotterdam Conventions, except in very specific situations such as an extreme pest infestation.

SAFEGUARDING CONSUMER HEALTH THROUGH R&D

We are committed to safeguarding the health of consumers using processed palm oil.

7 Visit this page to see activities of SMARTRI: https://goldenagri.com.sg/sustainability/research-development/smart-research-institute/
8 Visit this page to see the details of UN SDG 2: http://www.un.org/sustainabledevelopment/sustainable-development-goals/
9 Visit this page to see the details of SMART Biotechnology Centre: https://goldenagri.com.sg/sustainability/research-development/smart-biotechnology-centre/
10 Visit this page to download the related press release: http://goldenagri.com.sg/wp-content/uploads/2017/05/GAR25-22-05-2017-Joint-Statement-from-GAR-and-SMART.pdf

This includes addressing consumer concerns about trans fatty acids[11], which are generated through a process called hydrogenation. Our downstream R&D department has been reformulating many of our processed products to eliminate all trans fatty acids, without compromising on quality for the consumer or technical manufacturer. This continued to be a priority throughout 2017 and into 2018.

We are also actively working to reduce certain co-contaminants found in processed palm oil. These co-contaminants include 2-monochloropropane-1, 3-diol and 3-monochloropropane-1, 2-diol ("3-MCPD") and Glycidol / Glycidyl esters ("GE"), and are formed during food production and preparation at high temperatures. During refining of palm oil, they can occur during the deodorisation step. This processing step aims to remove unwanted taste and odour to meet customer quality and safety specifications.

In 2016, the European Food Standards Authority ("EFSA") issued a report warning about the health consequences of co-contaminants such as 3-MCPD and from 2018, EFSA has revised acceptable 3-MCPD and GE ester levels.

We are focusing on minimising the occurrence of 3-MCPD precursors. Our business is tackling the issue holistically, for example by minimising Free Fatty Acids (FFA) in CPO. Throughout 2017, R&D continued to optimise identification methods for 3-MCPD and GE esters, in order to produce safe and healthy edible oil.

We continued to reduce packaging materials and in 2017, we saved 256 tonnes of packaging which equals a further 12.7 percent of total packaging reduction compared to 2016.

CERTIFICATION AND INDUSTRY STANDARDS

Industry certification is a key part of GAR's ongoing commitment to adopt best global practices and standards in responsible palm oil production.

Roundtable on Sustainable Palm Oil (RSPO) Certification

To date, 259,473 hectares of plantations including 51,149 hectares of smallholder estates, 29 mills, nine kernel crushing plants, five refineries, seven bulking stations and one oleo-chemicals plant have received RSPO certification. We have extended the time frame for completion of RSPO certification until 2020 for the remaining operations which include 213,415 hectares of plantations and encompasses 49,233 hectares of plasma estates and 16 mills. This extension reflects our conservative estimate for the time needed to acquire the HGU or Land Cultivation Right and the liability data as required by RSPO.

GAR continues to play an active role in the RSPO. In 2017, Mr Agus Purnomo, GAR's Managing Director of Sustainability and Strategic Stakeholder Engagement was elected to the RSPO Board of Governors. He is also the Chair of Indonesian Growers Caucus (IGC) representing Indonesian Palm Oil Members within RSPO. GAR also participates in the Dispute Settlement Facility Advisory Group, the Biodiversity and HCV Working Group, Innovation Lab, and other RSPO's working groups and task forces.

International Sustainability & Carbon Certification (ISCC)

GAR maintains ISCC certification, a global leading certification which aims to ensure environmentally, socially and economically sustainable production and use of all kinds of biomass in global supply chains. ISCC is based on the implementation of the highest sustainability requirements in ecological sustainability, social sustainability, compliance with laws and international treaties, monitoring of GHG emissions and good management practices.

To date, 291,351 hectares of plantations including smallholder plantations of 57,755 hectares, 29 mills, two kernel crushing plants, five refineries and 14 bulking stations have received ISCC certification. The audit was conducted by GUTcert, the German partner of AFNOR Group DQS-UL CFS GmBH, Intertek Certification GmbH, SGS Germany GmbH and Mutu Certification International.

All biomass intended for biofuels in destinations like Europe is ISCC certified, ensuring that our products meet the highest responsible palm oil standards in the international market.

Indonesian Sustainable Palm Oil (ISPO)

GAR also supports the ISPO Scheme developed by the Indonesian Ministry of Agriculture to improve the competitiveness of Indonesian palm oil in world markets and to meet Indonesia's commitment to reduce greenhouse gases and focus on environmental issues.

11 Visit this page to see the details of our activity in this area: https://goldenagri.com.sg/food-safety/

SPREADING RESPONSIBLE PALM PRACTICES

To date, 205,721 hectares of plantations and 32 mills have received ISPO certification.

MONITORING ENVIRONMENTAL IMPACT

We manage and regularly monitor every aspect of our operations in order to minimise adverse impact on the natural environment. The monitoring is in accordance with the Environment Management Plan (*Rencana Pengelolaan Lingkungan*) and the Environment Monitoring Plan (*Rencana Pemantauan Lingkungan*), as set out in the Environmental Impact Assessment (*Analisa Mengenai Dampak Lingkungan*) documents submitted to the Government of Indonesia.

Assessment of the environmental parameters is conducted by SMARTRI, our ISO 9001:2008 and ISO 17025 accredited internal laboratory, as well as external laboratories referred by the Indonesian authorities.

There were no violations of environmental regulations in 2017 and GAR did not incur any fines or penalties.

OUR PEOPLE

The palm oil industry is a powerful job generator especially in rural areas, helping to lift incomes and living standards of farming communities. We create employment for about 173,700 people in Indonesia including 51,000 permanent employees, 53,600 fixed-term employees and 69,100 plasma scheme smallholders.

Creating a Safe and Healthy Workplace

With thousands of people working for us, we take our responsibility in providing a safe and healthy workplace very seriously and our Occupational Health and Safety ("OHS") management is aimed at minimising workplace accidents, fatalities and other negative health impacts. We also provide access to healthcare and medical check-ups at over 150 clinics across our plantations.

Our updated Health and Safety policy promotes OHS through:

- Creating awareness on health and safety management amongst our staff and related stakeholders
- Ensuring compliance with government regulations and related guidelines
- Adopting health and safety practices as part of GAR's operating procedures
- Identifying and managing operational risks to prevent and reduce work-related accidents or illness
- Provision of personal protective equipment to all workers in line with regulations and best practices
- Regular monitoring and evaluation to continuously improve our OHS performance

Each of our units has an OHS Supervisory Committee, which promotes co-operation between management and employees on OHS and complies with Law No. 1 of 1970 on Occupational Safety. On average, the committees for our plantations and mills have 40 members, with 60 percent worker representation.

Additionally, our Indonesian operations under SMART are certified under the SMK3 (*Sistem Manajemen Keselamatan dan Kesehatan Kerja*) OHS management system, in recognition of good OHS management and implementation. Fifteen mills and one estate have been reviewed and certified under SMK3. These certifications are valid for three years and a fresh audit is carried out prior to renewal.

Accidents

We regret to report that there were work-related accidents resulting in six fatalities involving our employees during 2017. These accidents included three road and vehicular accidents, two incidents of drowning during floods and a fall into a pit.

We investigated each accident thoroughly and implemented action plans to safeguard against future occurrences which included reinforcement of road safety training and identification, mapping of and prohibiting entry into flood-prone zones as well as increasing on-the-job safety training, in addition to implementing other safety features as appropriate. We have also reinforced the targets of zero accidents and fatalities in the Key Performance Indictors (KPIs) for all levels of management.

We assisted the bereaved families by providing the appropriate financial assistance and support, including helping them to submit Indonesian Health, Accident Insurance and Pension Fund (JAMSOSTEK) claims and covering burial costs.

Ethics and Compliance

We are committed to pursuing our business objectives with integrity and in compliance with the law, no matter where we operate. We comply with applicable laws in countries in which we do business, including all anti-bribery and corruption regulations. No incidents of bribery or corruption were recorded in 2017.

We expect all our employees, contractors and business partners to adhere to the Code of Conduct[12] which is available on our website. The Code serves as a guide for conducting ourselves ethically and in compliance with the law as we perform our work. It is purposefully designed to be practically applicable to our day-to-day business, with definite guidelines on acceptable and unacceptable behaviour. Our Code also applies to the Board members with respect to all activities they engage on behalf of the Company.

The Code emphasises the Company's commitment to fair employment practices; diversity; and its stand against discrimination and zero tolerance for harassment or abuse. No cases of harassment and abuse were recorded in 2017.

The Code also details avenues for raising concerns and whistleblowing procedures, encouraging employees to report any possible improprieties in confidence and without fear of retaliation. Since the launch of the updated Code in 2015, we have been conducting training and socialisation for our employees as well as new hires.

We require our suppliers to comply with the Supplier Code of Conduct[13] which obligates suppliers to comply with our policies including the GSEP.

GAR AND THE COMMUNITY

The palm oil industry has a profound impact on the communities who live and work on our concessions. As one of the largest palm oil companies in Indonesia, we have created thousands of jobs in rural areas, helping to tackle poverty by lifting incomes and standards of living. We believe our business continues to have the potential to further empower local communities in their pursuit of better lives for themselves and their children.

We collaborate with a wide range of stakeholders to carry out our comprehensive community programmes, which range from providing educational and healthcare facilities to improving energy self-sufficiency and disaster relief.

Aside from government agencies and local communities, we work with the Eka Tjipta Foundation (a non-profit social organisation founded by the family of Eka Tjipta Widjaja in 2006) and the Tzu Chi Foundation in Indonesia (affiliated with the non-denominational global Tzu Chi organisation established in Taiwan) on some of these programmes.

12 Visit this page to download GAR Code of Conduct: http://goldenagri.com.sg/wp-content/uploads/2016/01/Code_of_Conduct_-_English_final2.pdf

13 Visit this page to download our Supplier Code of Conduct: https://www.smart-tbk.com/en/tentang/tata-kelola-perusahaan/kode-etik-pemasok/

SPREADING RESPONSIBLE PALM PRACTICES

As illustrated in the diagram below, our main focus in community programmes is to ensure access to education and proper healthcare. We provide free or heavily subsidised education for all our workers' children and the children of local communities. We also help many pursue higher education by providing international and local scholarships. In addition, we provide clinics and medical personnel for our workers and local communities as well as additional programmes such as vaccination and nutritional improvement.

Promoting Small and Micro Enterprises

Our operations and plantations play an important role as an economic driver and have led to the development of various businesses in the remote areas of Indonesia.

We actively help promote small and micro enterprises that contribute to increase income for the community. Our goat breeding programme is one of these projects. To date, GAR has donated 160 goats in eight villages in

Riau as well as helping to construct goat pens and water pumps. The plan is to help the local communities earn extra income through the sale of goat meat and milk.

Providing Infrastructure and Facilities

GAR seeks to meet the needs of our employees and the people living near our operations, by: building and maintaining public infrastructure including roads, bridges, community hall (for cultural activities) and places of worship such as mosques and churches; providing the facilities and know-how to run cooperatives that ensure basic necessities are available at affordable prices; construction and rehabilitation of well-built accommodation and health, education and sporting facilities; and providing financial help for communities to celebrate festive and religious events.

GAR's Employees in the Community

In addition to developing our people (see page 52 – Commitment in Managing Global Talent), we involve and mobilise our staff for various causes. For example, we urge employees and tenants at our corporate headquarters in Jakarta and our operations units in Central Kalimantan, East Kalimantan, Lampung, Riau, South Kalimantan and West Kalimantan to participate in regular blood donation drives for the Indonesian Red Cross. More than 3,300 blood donors comprising employees and members of local community participated in 2017.

We also encourage our employees to contribute funds regularly to the Tzu Chi Foundation. A dedicated team oversees the distribution and responsible use of these donations.

EXTERNAL REVIEW OF OUR GSEP IMPLEMENTATION

In 2017, the Rainforest Alliance ("RA") completed an assessment of our GSEP implementation. The assessment was carried out in three estates in West Kalimantan which represented areas where the most GSEP initiatives were underway. The RA reported that progress to meet commitments has been made, while noting that important work remains to be done. In response GAR has formulated an action plan to address the gaps that were identified by RA.

Their key findings are that:

- GAR has developed a series of Standard Operating Procedures ("SOPs") and concession managers are consistently working to implement them
- GAR has halted forest clearance; is working with affected communities both inside and outside the concessions to control fires; carried out HCV and HCS assessments; and conserved both HCVs and HCS in the three concessions
- GAR has identified social conflicts and is using existing SOPs and related processes for achieving resolution. Continuous improvement in Free, Prior and Informed Consent (FPIC) implementation is critical
- GAR has created a functioning supply chain traceability approach

The full report and evaluation details can be found here: https://www.rainforest-alliance.org/business/forestry/verification/transparency/assurance-projects-assesment

And the GAR Action Plan can be found here: https://goldenagri.com.sg/sustainability-dashboard/files/file_docs/2kz4xgar_action_plan_on_rainforest_alliance_evaluation_of_gsep_implementation.pdf

INCLUSION IN GLOBAL SUSTAINABILITY INDICES

GAR debuted on the Dow Jones Sustainability Index ("DJSI") (Asia-Pacific) in 2017. The DJSI is the longest-established global sustainability index and recognises Environmental, Social and Governance (ESG) achievements. GAR is one of amongst only five Singapore-listed companies to be included in the index.

GAR is also a member of the SGX Sustainability Index including the Sustainability Leaders Index.

GAR IN THE UNITED NATIONS GLOBAL COMPACT (UNGC)

The UNGC is the world's largest voluntary corporate citizenship initiative. Companies join the Global Compact because they share the conviction that business practices rooted in universal principles contribute to a more stable and inclusive global market and help build prosperous and thriving societies.

GAR's subsidiary, SMART has been a signatory of the UNGC since 2006. From 2018, GAR will be the main signatory of the UNGC and commits to continuing to support the ten principles of the UNGC and to reporting company-wide progress in the GAR Sustainability Report.

CORPORATE DIRECTORY

BOARD OF DIRECTORS
Franky Oesman Widjaja (Chairman)
Muktar Widjaja
Frankle (Djafar) Widjaja
Rafael Buhay Concepcion, Jr.
Lew Syn Pau
Foo Meng Kee
Kaneyalall Hawabhay
William Chung Nien Chin

AUDIT COMMITTEE
Lew Syn Pau (Chairman)
Foo Meng Kee
Kaneyalall Hawabhay

NOMINATING COMMITTEE
Foo Meng Kee (Chairman)
Lew Syn Pau
Franky Oesman Widjaja

REMUNERATION COMMITTEE
Foo Meng Kee (Chairman)
Lew Syn Pau
Franky Oesman Widjaja

SECRETARY
SGG Corporate Services (Mauritius) Ltd

REGISTERED OFFICE
c/o SGG Corporate Services (Mauritius) Ltd
33 Edith Cavell Street
Port Louis, 11324
Republic of Mauritius
Tel: (230) 212 9800
Fax: (230) 212 9833

CORRESPONDENCE ADDRESS
108 Pasir Panjang Road
#06-00 Golden Agri Plaza
Singapore 118535
Tel: (65) 6590 0800
Fax: (65) 6590 0887

SHARE REGISTRAR AND TRANSFER OFFICE
B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: (65) 6593 4848
Fax: (65) 6593 4847

AUDITORS
Moore Stephens LLP
Chartered Accountants of Singapore
10 Anson Road #29-15
International Plaza
Singapore 079903
Tel: (65) 6221 3771
Fax: (65) 6221 3815
Partner-in-charge:
Christopher Bruce Johnson
(Appointed during the financial year ended 31 December 2016)

Moore Stephens (Mauritius)
Chartered Accountants
6th Floor, Newton Tower
Sir William Newton Street
Port Louis
Republic of Mauritius
Tel: (230) 211 6535
Fax: (230) 211 6964
Partner-in-charge:
Arvin Rogbeer, FCA, FCCA
(Appointed during the financial year ended 31 December 2017)

DATE AND COUNTRY OF INCORPORATION
15 October 1996
Republic of Mauritius

SHARE LISTING
The Company's shares are listed on the Singapore Exchange Securities Trading Limited

DATE OF LISTING
9 July 1999

FINANCIAL REPORTS

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GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)
AND ITS SUBSIDIARIES

REPORT OF THE DIRECTORS AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

REPORT OF THE DIRECTORS

31 DECEMBER 2017

The directors are pleased to present their report to the members together with the audited financial statements of Golden Agri-Resources Ltd ("GAR" or the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2017.

1 Directors

The directors of the Company in office at the date of this report are:

Franky Oesman Widjaja	
Muktar Widjaja	
Frankle (Djafar) Widjaja	
Rafael Buhay Concepcion, Jr.	
Lew Syn Pau	
Foo Meng Kee	(Appointed on 25 April 2017)
Kaneyalall Hawabhay	
William Chung Nien Chin	(Appointed on 25 April 2017)
Hong Pian Tee	(Retired on 25 April 2017)
Jacques Desire Laval Elliah	(Retired on 25 April 2017)

2 Arrangements to Enable Directors to Acquire Benefits by Means of the Acquisition of Shares and Debentures

Except as disclosed in the consolidated financial statements, neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object was to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3 Directors' Interests in Shares and Debentures

The directors of the Company holding office at 31 December 2017 had no interests in the shares, share awards, convertible securities or debentures of the Company and related corporations as recorded in the Register of Directors' Interests as at 31 December 2017 and 21 January 2018, except as follows:

	Shareholdings registered in the name of directors or their spouse or their nominees		Shareholdings in which directors are deemed to have an interest	
Name of directors in which interests are held	At the beginning of the year	At the end of the year	At the beginning of the year	At the end of the year
The Company	Shares of US$0.025 each			
Lew Syn Pau	1,000,000	1,000,000	-	-

There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2018.

4 Directors' Receipt and Entitlement to Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest except that certain directors have received remuneration from related corporations in their capacity as directors and/or executives of those related corporations and except as disclosed in the notes to the consolidated financial statements.

There were certain transactions (shown in the consolidated financial statements) with corporations in which certain directors have an interest.

5 Share Plan

The GAR Restricted Share Plan ("RSP") was approved and adopted by shareholders at the Special Meeting of the Company held on 24 October 2008. Please refer to pages 37 and 38 of the Corporate Governance Report in the Annual Report for details of the RSP.

6 Audit Committee

At the date of this report, the Audit Committee ("AC") comprises the following 3 directors, all of whom, including the AC Chairman, are non-executive independent Directors:

Lew Syn Pau	(appointed as AC Chairman on 1 May 2017)
Foo Meng Kee	(appointed as AC member on 1 May 2017)
Kaneyalall Hawabhay	
Hong Pian Tee	(ceased as AC member and AC Chairman on 25 April 2017)

The AC has the explicit authority to investigate any matter within its terms of reference.

In addition to its statutory functions, the AC considers and reviews any other matters as may be agreed to by the AC and the Board. In particular, the duties of the AC include:

(a) Reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance.

(b) Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.

(c) Reviewing the adequacy and effectiveness of the Group's internal audit function.

(d) Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.

(e) Making recommendations to the Board on the proposals to the shareholders on appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors. In this regard, the AC is primarily responsible for proposing the appointment and removal of the external auditors.

The AC reviews with Management, and where relevant, the auditors, the results announcements, annual report and financial statements, interested person transactions and corporate governance, before submission to the Board for approval and adoption.

In performing its functions, the AC meets with the internal and external auditors, and reviews the audit plans and overall scope of both internal and external audits, and the co-operation and assistance given by Management to the respective auditors. Where necessary, the AC also meets separately with the internal and external auditors whereby any issues may be raised directly to the AC, without the presence of Management.

REPORT OF THE DIRECTORS

31 DECEMBER 2017

6 Audit Committee (cont'd)

The AC has recommended to the Board that Moore Stephens LLP, Public Accountants and Chartered Accountants, be nominated for re-appointment at the forthcoming annual meeting.

7 Independent Auditors

The independent auditors, Moore Stephens LLP, Public Accountants and Chartered Accountants, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors,

FRANKY OESMAN WIDJAJA
Director

RAFAEL BUHAY CONCEPCION, JR.
Director

Date: 14 March 2018

STATEMENT BY THE DIRECTORS

31 DECEMBER 2017

In the opinion of the directors, the consolidated financial statements set out on pages 76 to 157 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2017 and of the results of the business, changes in equity and cash flows of the Group for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

FRANKY OESMAN WIDJAJA
Director

RAFAEL BUHAY CONCEPCION, JR.
Director

Date: 14 March 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD
(INCORPORATED IN MAURITIUS)

Opinion

We have audited the consolidated financial statements of Golden Agri-Resources Ltd (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group as at 31 December 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	**How our audit addressed the key audit matters**
Valuation of investments in financial assets We refer to Note 3(k), Note 4(b)(ii), Note 14 and Note 20 to the consolidated financial statements. The carrying value of the financial assets, available-for-sale, amounted to US$664.0 million and financial assets, at fair value through profit or loss amounted to US$317.5 million. These accounted for more than 12% of the Group's total assets as at 31 December 2017. The Group reviews its investments in equity and debt securities at the end of each reporting period to assess whether they are impaired. In making this judgement, the Group evaluated, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. Changes to these factors will result in changes in the carrying values of investments in financial assets recognised at the reporting period end.	Our response: We have reviewed the Group's investments in equity and debt securities and determined if they are measured at fair value or at cost less any impairment losses. We conducted a detailed discussion with the Group's key management and considered their views to derive the measurement of the investments in financial assets. We have reviewed the financial information and other external data sources provided by the Group and where available to corroborate with supporting documentation obtained independently. In determining whether there are any impairment losses to the financial assets, we further challenged management's judgement, which included comparing to historical results. Our findings: We found that management's assessment of the fair value of investments in financial assets to be reasonable.

(cont'd)

Key Audit Matters	How our audit addressed the key audit matters
Valuation of Property, plant and equipment (including bearer plants) We refer to Note 3(g), Note 3(h), Note 4(b)(iii), Note 24 and Note 26 to the consolidated financial statements. The carrying value of the Group's property, plant and equipment amounted to US$2,590.2 million and bearer plants amounted to US$1,101.5 million at 31 December 2017. The valuation of property, plant and equipment, including bearer plants, was identified as a key audit matter due to the significance of these balances to the consolidated financial statements, as well as the significance of management's judgements in determining the recoverable amount of these assets. Management are required at the end of each reporting period to assess whether there is any indication that an asset may be impaired. If any such indication exists, management is required to estimate the recoverable amount of the asset. Management identified indicators of impairment in relation to certain property, plant and equipment held in China and have carried out an impairment review for these assets by calculating the fair value less costs to sell. If fair value less costs to sell indicates an impairment, management have calculated the value in use of the applicable assets to ensure the recoverable amount is the higher of the two calculations. Management exercises significant judgement in determining the underlying assumptions used in both calculations. As a result of this impairment review, management has determined that the recoverable amount of certain property, plant and equipment in China is less than their carrying amount. Accordingly an impairment loss of US$25.9 million has been recognised in the income statement for the year ended 31 December 2017.	Our response: Based on our knowledge of the business and industry, we assessed whether there were indicators of impairment in relation to the Group's property, plant and equipment, including bearer plants, other than those already identified by management. We challenged the appropriateness of management's impairment model, by comparing it to the principles of IAS 36: Impairment of Assets, including an assessment of the reasonableness of the significant assumptions and inputs used in the model. We also performed a sensitivity analysis, to assess the impact of the key assumptions used in the impairment model and their effect on the recoverable amounts of property, plant and equipment, including bearer plants. Our findings: Based on available evidence, we found management's assessment of the recoverable amount of property, plant and equipment, including bearer plants, to be appropriate and reasonable.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD
(INCORPORATED IN MAURITIUS)

(cont'd)

Responsibilities of Management and Directors for the Consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Bruce Johnson.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
Date: 14 March 2018

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Revenue	5	7,507,599	7,208,849
Cost of sales	6	(6,410,193)	(6,194,462)
Gross profit		1,097,406	1,014,387
Operating expenses			
Selling expenses	7	(544,561)	(533,479)
General and administrative expenses	7	(312,091)	(305,305)
		(856,652)	(838,784)
Operating Profit		240,754	175,603
Other income/(expenses)			
Financial income	8	33,267	28,906
Financial expenses	8	(139,329)	(131,346)
Share of results of associated companies		2,195	794
Share of results of joint ventures		409	7,101
Foreign exchange (loss)/gain		(21,495)	47,188
Other operating income	9	43,885	46,325
		(81,068)	(1,032)
Exceptional items			
Allowance for impairment loss on property, plant and equipment	24	(25,880)	(34,296)
Allowance for impairment loss on disposal group held for sale	18	(19,699)	-
		(45,579)	(34,296)
Profit before income tax	10	114,107	140,275
Income tax	11	(35,042)	262,544
Profit for the year		79,065	402,819
Attributable to:			
Owners of the Company		74,032	399,619
Non-controlling interests		5,033	3,200
		79,065	402,819
Earnings per ordinary share (cents)			
Basic and diluted	12a	0.58	3.14

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Profit for the year		79,065	402,819
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial loss on post-employment benefits	39	(3,664)	(2,440)
Share of other comprehensive income of a joint venture		-	12
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on consolidation		19,377	(11,108)
Share of other comprehensive income of a joint venture		61	434
Changes in fair value of cash flow hedges		(146)	1,740
Changes in fair value of cash flow hedges transferred to income statement		(222)	-
Changes in fair value of available-for-sale financial assets	40	(1,698)	2,527
Other comprehensive income/(loss), net of income tax		13,708	(8,835)
Total comprehensive income for the year		92,773	393,984
Total comprehensive income attributable to:			
Owners of the Company		86,495	391,358
Non-controlling interests		6,278	2,626
		92,773	393,984

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Assets			
Current Assets			
Cash and cash equivalents	13	159,189	153,007
Short-term investments	14	234,370	201,972
Trade receivables	15	486,045	561,411
Other current assets	16	812,739	892,529
Inventories	17	992,418	967,138
Assets of disposal group held for sale	18	189,914	-
		2,874,675	2,776,057
Non-Current Assets			
Long-term receivables and assets	19	260,745	253,008
Long-term investments	20	756,725	847,370
Investment in associated companies	21	12,352	10,158
Investment in joint ventures	22	69,595	62,112
Investment properties	23	124	986
Property, plant and equipment	24	2,590,159	2,788,483
Bearer plants	26	1,101,513	1,101,374
Deferred tax assets	27	299,134	301,860
Intangible assets	28	172,758	165,007
		5,263,105	5,530,358
Total Assets		**8,137,780**	**8,306,415**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Liabilities and Equity			
Current Liabilities			
Short-term borrowings	29	1,435,561	1,112,377
Bonds and notes payable	33	306,224	661,379
Trade payables	30	544,432	575,940
Other payables	31	240,910	348,945
Taxes payable	11	32,888	16,375
Obligations under finance lease	32	-	84
Liabilities directly associated with disposal group held for sale	18	37,779	-
		2,597,794	2,715,100
Non-Current Liabilities			
Bonds and notes payable	33	125,106	420,158
Long-term borrowings	34	1,125,248	872,373
Deferred tax liabilities	27	78,243	117,627
Long-term payables and liabilities	35	102,836	85,206
		1,431,433	1,495,364
Total Liabilities		4,029,227	4,210,464
Equity Attributable to Owners of the Company			
Issued capital	37	320,939	320,939
Share premium		1,216,095	1,216,095
Treasury shares	37	(31,726)	(31,726)
Other paid-in capital		184,318	184,318
Other reserves			
Option reserve		31,471	31,471
Currency translation reserve		2,866	(12,909)
Reserve of disposal group held for sale	18	2,502	-
Fair value reserve		3,121	4,819
PRC statutory reserve		3,820	3,820
Hedging reserve		-	368
Other reserve		13,145	27,656
		56,925	55,225
Retained earnings		2,260,432	2,308,899
		4,006,983	4,053,750
Non-Controlling Interests		101,570	42,201
Total Equity		4,108,553	4,095,951
Total Liabilities and Equity		**8,137,780**	**8,306,415**

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Attributable to Owners of the Company								
	Issued Capital	Share Premium	Treasury Shares	Other Paid-in Capital	Other Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1.1.2017	320,939	1,216,095	(31,726)	184,318	55,225	2,308,899	4,053,750	42,201	4,095,951
Profit for the year	-	-	-	-	-	74,032	74,032	5,033	79,065
Other comprehensive income	-	-	-	-	12,463	-	12,463	1,245	13,708
Total comprehensive income for the year	-	-	-	-	12,463	74,032	86,495	6,278	92,773
Dividends (Note 38)	-	-	-	-	-	(122,499)	(122,499)	-	(122,499)
Transaction with non-controlling interests (Note 46e)	-	-	-	-	(10,763)	-	(10,763)	53,349	42,586
Non-controlling interests for incorporation of a subsidiary (Note 46c)	-	-	-	-	-	-	-	23	23
Acquisition of subsidiaries (Note 41a)	-	-	-	-	-	-	-	(226)	(226)
Liquidation of subsidiaries (Note 41b)	-	-	-	-	-	-	-	(55)	(55)
Balance at 31.12.2017	320,939	1,216,095	(31,726)	184,318	56,925	2,260,432	4,006,983	101,570	4,108,553
Balance at 1.1.2016	320,939	1,216,095	(31,726)	184,318	63,486	1,956,742	3,709,854	39,544	3,749,398
Profit for the year	-	-	-	-	-	399,619	399,619	3,200	402,819
Other comprehensive loss	-	-	-	-	(8,261)	-	(8,261)	(574)	(8,835)
Total comprehensive income for the year	-	-	-	-	(8,261)	399,619	391,358	2,626	393,984
Dividends (Note 38)	-	-	-	-	-	(47,462)	(47,462)	-	(47,462)
Non-controlling interests for incorporation of subsidiaries (Note 46c)	-	-	-	-	-	-	-	31	31
Balance at 31.12.2016	320,939	1,216,095	(31,726)	184,318	55,225	2,308,899	4,053,750	42,201	4,095,951

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Cash flows from operating activities			
Profit before income tax		114,107	140,275
Adjustments for:			
Depreciation of investment properties	23	48	57
Depreciation of property, plant and equipment	24	188,198	187,460
Depreciation of bearer plants	26	153,129	159,447
Amortisation of intangible assets		2,589	2,211
Net loss/(gain) from changes in fair value of biological assets	25	2,045	(33,791)
Unrealised net foreign exchange loss/(gain)		25,558	(7,439)
Share of results of associated companies		(2,195)	(794)
Share of results of joint ventures		(409)	(7,101)
Gain on disposal of property, plant and equipment	9	(9,265)	(1,467)
Property, plant and equipment written off	9	1,486	980
Bearer plants written off	9	870	355
Allowance for/(Write-back of) impairment loss on:			
Trade receivables, net		307	-
Other receivables, net		166	(63)
Inventories, net		7,504	141
Property, plant and equipment	24	25,880	34,296
Disposal group held for sale	18	19,699	-
Gain on disposal/deconsolidation of subsidiaries, net	41b	-	(655)
Changes in fair value of financial assets at fair value through profit or loss	9	(3,129)	4,745
Other receivables written off	9	1,308	-
Gain on liquidation of subsidiaries	41b	(55)	-
Loss on disposal of a joint venture	46d	1,309	-
Interest income	8	(33,267)	(28,906)
Interest expense	8	137,461	128,893
Operating cash flows before working capital changes		633,344	578,644
Changes in operating assets and liabilities:			
Trade receivables		74,244	(97,778)
Other receivables		103,219	(52,749)
Inventories		(103,722)	(225,739)
Trade payables		(31,365)	(36,764)
Other payables		(17,955)	44,456
Cash generated from operations		657,765	210,070
Interest paid		(131,110)	(122,032)
Interest received		25,612	23,410
Tax paid		(19,671)	(9,385)
Net cash generated from operating activities		532,596	102,063

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		26,566	17,795
Proceeds from disposal of bearer plants		1,108	603
Capital expenditure on property, plant and equipment	24	(187,201)	(201,749)
Capital expenditure on bearer plants	26	(30,687)	(13,176)
(Investment in)/Proceeds from financial assets, net		(119,411)	23,768
Proceeds from disposal of a joint venture	46d	1,076	-
Investment in joint ventures		-	(2,000)
Proceeds from/(Investment in) Plasma/KKPA program plantations, net		8,620	(1,185)
Acquisition of subsidiaries, included cash acquired	41a	1,198	(10,473)
Cash inflow from non-controlling interest for incorporation of subsidiaries	46c	23	31
Net cash outflow from disposal/deconsolidation of subsidiaries	41b	-	(216)
Dividend received from a joint venture		785	2,750
Payments for intangible assets	28	(8,913)	(8,049)
Net (increase)/decrease in long-term receivables and assets		(8,274)	22,840
Net cash used in investing activities		(315,110)	(169,061)
Cash flows from financing activities			
Proceeds from short-term borrowings		4,495,024	4,016,444
Proceeds from long-term borrowings		565,000	613,941
Payments of dividends		(122,499)	(47,462)
Payments of short-term borrowings		(4,273,492)	(4,240,350)
Payments of long-term borrowings		(193,388)	(276,113)
Payments of obligations under finance lease		(84)	(129)
Payments of bonds and notes payable		(674,719)	(81,378)
Payments of deferred loan charges and bank loan administration costs	34	(5,884)	(8,564)
Increase in cash in banks and time deposits pledged		(2,936)	(13,589)
Net cash used in financing activities		(212,978)	(37,200)
Net increase/(decrease) in cash and cash equivalents		4,508	(104,198)
Cash and cash equivalents at the beginning of the year		122,690	226,888
Cash and cash equivalents at the end of the year	13	127,198	122,690

The accompanying notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

These notes form an integral part of and should be read in conjunction with the accompanying consolidated financial statements.

1 General

Golden Agri-Resources Ltd (the "Company" or "GAR") is a public limited company incorporated in Mauritius. The registered office is c/o SGG Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, Mauritius.

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries, associated companies and joint ventures are described in Note 46 to the consolidated financial statements. The controlling shareholders of the Company comprise certain members of the Widjaja Family.

The consolidated financial statements as at and for the year ended 31 December 2017 were authorised for issue by the Board of Directors on 14 March 2018.

2 New and Revised International Financial Reporting Standards ("IFRSs")

(a) Adoption of New and Revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 January 2017. The adoption of these new and revised IFRSs has had no material financial impact on the financial statements of the Group. The disclosure of the adoption of Amendments to IAS 7, *Disclosure Initiative* is provided in Notes 13 and 36 to the consolidated financial statements.

(b) New and Revised IFRSs issued but not yet effective

As at the date of these financial statements, the Group has not adopted the following standards that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 9, *Financial Instruments*	1 January 2018
IFRS 15, *Revenue from Contracts with Customers*	1 January 2018
IFRS 16, *Leases*	1 January 2019
Amendments to IFRS 9, *Prepayment Features with Negative Compensation and Modifications of Financial Liabilities*	1 January 2019
Amendments to IAS 19*, Employee Benefits - Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to IAS 28, *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to IAS 40, *Investment Property*	1 January 2018
Improvements to IFRSs (2016)	
• IAS 28, *Investments in Associates and Joint Ventures*	1 January 2018

Except as disclosed below, the directors of the Company expect the adoption of the other standards above will have no material financial impact on the consolidated financial statements in the period of initial application.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

2 New and Revised International Financial Reporting Standards ("IFRSs") (cont'd)

(b) New and Revised IFRSs issued but not yet effective (cont'd)

IFRS 9, *Financial Instruments*

IFRS 9 sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. This standard replaces IAS 39, *Financial Instruments: Recognition and Measurement*.

IFRS 9 changes the classification and measurement approach for financial assets to reflect the business model in which assets are managed and their cash flow characteristics. It contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL") and eliminates the existing IAS 39 categories of held to maturity, loan and receivables and available-for-sale. Based on its preliminary assessment, the available-for-sale equity instruments are expected to be reclassified as financial assets subsequently measured at FVOCI. For equity instruments that have been designated at FVTPL, the Group expects to continue measuring these assets at FVTPL.

IFRS 9 also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. The Group plans to apply the simplified approach and record lifetime expected credit loss on all trade receivables and is currently finalising the testing of its expected loss model and the quantum of the final transition adjustments.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. It also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies.

Changes in the above accounting policies resulting from the adoption will generally be applied retrospectively, except for certain exemptions allowed under the transition provision of IFRS 9.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous revenue standards, IAS 8, *Revenue* and the relevant interpretations on revenue recognition, IFRIC 18 *Transfers of Assets from Customers*, and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

IFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer, i.e. when performance obligations are satisfied. Key issues include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress towards satisfaction of a performance obligation, recognising contract cost assets and addressing disclosures requirements.

The Group plans to adopt IFRS 15 using the cumulative effect method, with the effect of initially applying this standard, if any, recognised at the date of initial application.

2 New and Revised International Financial Reporting Standards ("IFRSs") (cont'd)

(b) New and Revised IFRSs issued but not yet effective (cont'd)

IFRS 15, *Revenue from Contracts with Customers* (cont'd)

Revenue from sales arising from physical delivery of products is currently recognised when delivery takes place and transfer of risks and rewards has been completed. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognised when a customer obtains control of the goods.

Based on the Group's assessment, the adoption of IFRS 15 is expected to have no material financial impact on the consolidated financial statements.

IFRS 16, *Leases*

IFRS 16 sets out a revised framework for the recognition, measurement, presentation and disclosure of leases, and replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives*; and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

The Group is currently assessing the impact of IFRS 16 on its financial statements and plans to adopt this standard on the required effective date.

3 Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements are prepared on the historical cost basis, except as disclosed in the accounting policies below. The consolidated financial statements are drawn up in accordance with IFRSs.

The preparation of financial statements requires the use of estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the disclosures of contingent assets and liabilities. Although these estimates are based on management's best knowledge of current events and actions, actual results may actually differ from these estimates. Critical accounting estimates and assumptions used that are significant to the consolidated financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 4 to the consolidated financial statements.

3 Summary of Significant Accounting Policies (cont'd)

(b) Functional and Presentation Currency

The functional currency of the Company, its Indonesian subsidiaries and a number of its other subsidiaries is the United States dollar. Because of the international nature of the crude palm oil and soybean products that the Group is principally engaged in and the fact that the transactions are usually denominated in or derived from United States dollar, the directors are of the opinion that the United States dollar reflects the primary economic environment in which the entities operate.

The consolidated financial statements are presented in United States dollar, which is the Company's functional currency and presentation currency. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

(c) Foreign Currencies

Foreign currency transactions are translated into the respective functional currencies of the companies in the Group at the exchange rates prevailing at the time the transactions are entered into. Currency translation differences arising from settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange rates prevailing at the end of the reporting period are recognised in the income statement.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates prevailing at the date of transactions. Non-monetary items that are measured at fair value in foreign currency are translated using the exchange rate at the date that the fair value was determined.

Currency translation differences on financial assets at fair value through profit or loss are recognised as part of the fair value gain or loss in the income statement while the translation differences on available-for-sale financial assets are recognised in other comprehensive income.

In the preparation of the consolidated financial statements, the financial statements of those subsidiaries whose functional currency is not the United States dollar (i.e. "foreign entities") have been translated to United States dollar, the presentation currency of the Company, as follows:

- assets and liabilities are translated at the exchange rates approximating those prevailing at the end of the reporting period;
- share capital and reserves are translated at historical exchange rate; and
- income and expenses are translated at the average exchange rates for the period (unless the average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions).

Exchange differences arising from the above translations are recognised in other comprehensive income and these are accumulated in currency translation reserve within equity. Such cumulative translation differences are reclassified from equity to the income statement in the period in which the foreign entity is disposed of.

On consolidation, exchange differences arising from the translation of the net investments in foreign entities (including monetary items that in substance form part of the net investments in foreign entities) are recognised in other comprehensive income.

3 Summary of Significant Accounting Policies (cont'd)

(d) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") made up to 31 December.

Subsidiaries are entities over which any of the Group companies have control. The Group companies control an entity if and only if they have power over the entity and when they are exposed to, or have rights to variable returns from their involvement with the entity, and have the ability to use their power over the entity to affect those returns. The Group will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group companies and are deconsolidated from the date that control ceases.

In preparing the consolidated financial statements, material inter-company transactions between Group entities are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent 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.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as transactions with equity owners of the Company. Any difference between the change in carrying amounts of the non-controlling interest and the value of consideration paid or received is recognised in other reserves, within equity attributable to the owners of the Company.

Business combinations which involve the transfer of net assets or the exchange of shares between entities under common control are accounted for as a uniting of interests. The financial information included in the consolidated financial statements reflects the combined results of the entities concerned as if the merger had been in effect for all periods presented.

(e) Associated Companies and Joint Ventures

Associated companies are entities in which the Group has significant influence but not control, which generally occurs when the Group holds, directly or indirectly, 20% or more of the voting power of the investee, or is in a position to exercise significant influence on the financial and operating policy decisions.

Joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties and have rights to the net assets of the arrangements.

The Group accounts for its investment in associated companies and joint ventures using the equity method from the date on which it becomes an associated company or joint venture.

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3 Summary of Significant Accounting Policies (cont'd)

(e) Associated Companies and Joint Ventures (cont'd)

On acquisition of the investment, the cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Any excess of the cost of investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is included in the carrying amount of the investments. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment, the Group will reassess whether it has correctly identified all of the assets acquired and liabilities assumed, and any excess thereafter is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associated companies or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated companies or joint ventures. The Group's share of post-acquisition profit or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures are adjusted against the carrying amount of the investments. Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless transactions provide evidence of impairment of the assets transferred.

When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

The financial statements of the associated companies and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(f) Investment Properties

Investment properties are properties held either to earn rental income or for capital appreciation or both.

Investment properties are carried at cost less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful lives, or where shorter, the terms of the relevant leases, of 20 to 45 years.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfer are made to or from investment property only when there is a change in use.

The residual values and useful lives of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period.

3 **Summary of Significant Accounting Policies** (cont'd)

(g) Property, Plant and Equipment

Property, plant and equipment are carried at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Freehold land is not depreciated. Depreciation is calculated using the straight-line method to allocate the depreciable amount over the following estimated useful lives:

	No. of years
Storage tanks, land improvements and bridges	- 5 to 50
Buildings	- 10 to 50
Machinery and equipment	- 4 to 25
Leasehold improvements, furniture and fixtures	- 3 to 10
Transportation equipment	- 5 to 16

Land rights are carried at cost less any impairment losses and not subject to amortisation except for those which have finite economic lives are amortised over the terms of the land rights, which range from 46 to 50 years. Amortisation commences upon obtaining regulatory approval from the relevant authorities.

Assets held under finance leases are depreciated over their estimated useful lives on the same basis as owned assets or, where shorter, the term of the relevant leases.

The residual values and estimated useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of property, plant and equipment are recognised in the income statement in the year of disposal.

Subsequent costs are included in the asset's carrying amount only when 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.

The cost of maintenance and repairs is charged to the income statement as incurred; significant renewals and improvements are capitalised. When assets are retired or otherwise disposed of, their carrying amounts are derecognised and any resulting gains or losses are recognised in the income statement.

The cost of construction in progress represents all costs (including borrowing costs on such borrowings) attributable to bringing the constructed asset to its working condition and getting it ready for its intended use. The accumulated costs will be reclassified to the appropriate asset class when the construction is completed. No depreciation charge is provided for construction in progress until the assets are transferred and used in operations.

(h) Bearer Plants

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period. Bearer plants (oil palm trees) include mature plantations (fresh fruit bunches), immature plantations and nursery that are established or acquired by the Group.

Mature plantations are stated at cost, less accumulated depreciation and any impairment losses where the recoverable amount of the asset is estimated to be lower than its carrying amount. Depreciation is charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 25 years.

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3 Summary of Significant Accounting Policies (cont'd)

(h) Bearer Plants (cont'd)

Costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance are stated at cost. The accumulated costs will be transferred to immature plantations account at the time of planting.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the beginning of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of bearer plants are recognised in the income statement in the year of disposal.

The residual values and useful lives of bearer plants are reviewed, and adjusted as appropriate, at the end of each reporting period.

(i) Goodwill

The excess of the aggregation of consideration transferred, the amount of any non-controlling interest in the acquiree, and fair value at the date of acquisition of any previous equity interest in the acquiree, over the fair value of the net identifiable assets acquired is initially recognised as goodwill in the consolidated financial statements. Subsequently, goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or when circumstances change, indicating that goodwill might be impaired. If the Group's interest in the net fair value of the identifiable assets and liabilities exceeds the consideration transferred and the non-controlling interest in the acquiree, the Group will reassess whether it has correctly identified all of the assets acquired and liabilities assumed, and any excess thereafter is recognised as an income in the income statement immediately.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units. If the recoverable amount of a cash-generating unit is estimated to be less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

(j) Intangible Assets Excluding Goodwill

All incidental costs, incurred in connection with the renewal of land rights, are capitalised and amortised over the term of the related land rights less any impairment loss.

Costs incurred for acquisition of computer software, whose benefits extend over a period of more than one year, are being capitalised and amortised, over the periods benefited using the straight-line method less any impairment loss.

Brands and trademarks are initially stated at acquisition cost and subsequently carried at cost less accumulated amortisation and any impairment loss. The cost is amortised through the income statement over their estimated useful lives of 20 years using the straight-line method.

3 Summary of Significant Accounting Policies (cont'd)

(k) Financial Assets

The Group classifies its non-derivative financial assets in the following categories: loans and receivables, fair value through profit or loss and available-for-sale. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition. Financial assets are recognised initially on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when, and only when, the contractual rights to the cash flows from the financial assets have expired, or have been transferred and transferred substantially all the risks and rewards of ownership of the financial assets to another entity.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents. Loans and receivables are recognised initially at fair value which is normally the original invoiced amount plus any directly attributable transaction costs, and subsequently carried at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the income statement when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired. Where risks associated with trade receivables are transferred out of the Group under receivable purchase arrangements, such receivables are derecognised from the statement of financial position, except to the extent of the Group's continuing involvement or exposure.

Financial assets at fair value through profit or loss are financial assets held for trading and those designated at fair value through profit or loss at inception. Financial assets at fair value through profit or loss are initially recognised at fair value with subsequent changes in fair value recognised in the income statement. Financial assets at fair value through profit or loss arising from derivatives that are linked to and must be settled by delivery of such unquoted equity instruments whose fair value cannot be reliably measured, are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs, and subsequently carried at fair value with gains and losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the previous gain or loss that has been recognised in other comprehensive income is reclassified from equity to the income statement. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition. Impairment losses recognised in the income statement for investments in equity instruments classified as available-for-sale are not subsequently reversed through the income statement.

If the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the instrument at fair value.

(l) Biological Assets

The fresh fruit bunches ("FFB") that are growing on the bearer plants (oil palm trees) are accounted for as biological assets until the point of harvest. Biological assets are measured at fair value less estimated point-of-sale costs at the point of harvest. The fair values of FFB were determined with reference to their market prices. Any resultant gains or losses arising from changes in fair value are recognised in the income statement.

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3 Summary of Significant Accounting Policies (cont'd)

(m) Cash and Bank Balances

Cash and cash equivalents comprise cash on hand, cash in banks and time deposits with maturities of three months or less which are highly liquid assets that are readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Short-term time deposits with maturities of more than three months but less than one year are carried at cost and classified under short-term investments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of cash in banks and time deposits with maturities of less than three months pledged as security.

(n) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the weighted average method for raw materials and finished goods and by the moving average method for other inventories, such as fuel, chemical and packing supplies and others. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and costs necessary to make the sale.

(o) Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets for a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

(p) Financial Instruments and Hedge Accounting

Derivative financial instruments are used to manage exposures to foreign exchange and commodity price risks arising from operational activities.

Derivative financial instruments are recognised initially at cost and are subsequently remeasured at fair value. The changes in the fair value of the derivative are recognised immediately in the income statement unless the derivative qualifies for hedge accounting where the recognition of any changes in the fair value depends on the nature of the item being hedged.

3 Summary of Significant Accounting Policies (cont'd)

(p) Financial Instruments and Hedge Accounting (cont'd)

When a derivative is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective portion is recognised in other comprehensive income. When the forecast transaction subsequently results in a recognition of a non-financial asset or non-financial liability, or the forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which the fair value hedge accounting is applied, the associated cumulative gain or loss previously recognised in other comprehensive income is transferred to the carrying amount of the non-financial asset or non-financial liability. For other cash flow hedges, the associated cumulative gain or loss previously recognised in other comprehensive income is transferred to the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective portion of any changes in the fair value of the derivative is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss previously recognised in other comprehensive income remains there and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative gain or loss previously recognised in other comprehensive income is transferred to the income statement.

(q) Impairment of Non-Financial Assets excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss or whether there is any indication that an impairment loss recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An asset's recoverable amount is calculated as the higher of the asset's value in use and its fair value less costs of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that it does not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised. A reversal of an impairment loss is recognised as an income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(r) Trade and Other Payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received. Interest-bearing payables are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing payables are stated at amortised cost using the effective interest method.

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3 Summary of Significant Accounting Policies (cont'd)

(s) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

(t) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases and the related lease obligations are recognised in the statement of financial position at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations is treated as a financial expense which is amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Payments made under operating leases are charged to the income statement in equal annual amounts over the period of the lease.

(u) Interest-Bearing Borrowings

Interest-bearing borrowings are recorded at the proceeds received, net of direct issue costs. Direct issue costs are amortised over the term of each borrowing. Finance charges are accounted for on an accrual basis in the income statement using the effective interest method.

(v) Share Capital and Share Premium

Ordinary shares are classified as equity. Share capital is determined using the par value of shares that have been issued. Share premium includes any excess received on the issuance of shares over the par value, net of any direct issue costs. The share premium amount may be applied only for the purpose specified in the Companies Act 2001.

The Company's own ordinary shares, which are re-acquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, re-issuance or cancellation of equity shares. Any difference between the carrying amount of treasury shares and the consideration received, if re-issued, is recognised directly in equity as gain or loss on re-issuance of treasury shares.

(w) Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved for payment.

3 Summary of Significant Accounting Policies (cont'd)

(x) Related Party Transactions

A related party is a person or entity that is related to the reporting entity. A person is considered to be related if that person has the ability to control or jointly control the reporting entity, exercise significant influence over the reporting entity in making financial and operating decisions, or is a member of the key management personnel of the reporting entity or its parent. An entity is related to the reporting entity if they are members of the same group, an associate, a joint venture or provides key management personnel services to the reporting entity or to the parent of the reporting entity. An entity is also considered to be related if it is controlled or jointly controlled by the same person who has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity.

(y) Borrowing Costs

Interest expense and similar charges are expensed in the income statement in the period in which they are incurred, except to the extent they are capitalised as being directly attributable to the acquisition and construction of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Certain subsidiaries capitalise borrowing costs, including interest and other financial charges on borrowings used to finance the construction of factories, expansion of plantations, construction of fixed assets and development of properties. Capitalisation ceases when substantially all the activities necessary to prepare the related assets for their intended use or sale are completed. The capitalised costs are depreciated over the same periods and on the same basis as the underlying assets.

(z) Employee Benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions made into separate stated managed entities, such as the Central Provident Fund in Singapore under a defined contribution plan, on a mandatory, contractual or voluntary basis with no further payment obligation once the contributions have been paid are recognised in the income statement in the period in which the related service is performed.

Certain subsidiaries in Indonesia have defined contribution retirement plans covering substantially all of their eligible permanent employees. The Group's contributions to the funds are computed at a certain percentage of the basic income for its employees.

Certain subsidiaries also recognise additional provisions for employee service entitlements in accordance with the Indonesian Labor Law No. 13/2003 dated 25 March 2003 (the "Labor Law"). The said additional provisions, which are unfunded, are estimated using the projected unit credit method, with actuarial calculations based on the report prepared by an independent actuary.

Actuarial gains or losses are recognised immediately in other comprehensive income and all past service costs are recognised immediately in the income statement in the period they occur.

The related estimated liability for employee benefits is the difference between the present value of the estimated employee service entitlement based on the Labor Law and the projected cumulative funding based on the defined contribution plan.

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3 Summary of Significant Accounting Policies (cont'd)

(aa) Income Tax

Current income tax for current and prior years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is recognised in the income statement, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred income tax is also dealt with in other comprehensive income or directly in equity respectively. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the end of each reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(ab) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised in the income statement as follows:

- Revenue from sales arising from physical delivery of products is recognised when delivery has taken place and transfer of risks and rewards has been completed.
- Revenue from processing, shipping, repair services and trucking services is recognised when the services are rendered.
- Revenue from provision of port and storage facilities is recognised when the services are rendered.
- Rental income from operating leases is recognised on a straight-line basis over the term of the lease contracts.
- Dividend income from investments is recognised on the date the dividends are declared payable by the investees.
- Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

3 Summary of Significant Accounting Policies (cont'd)

(ac) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee (the chief operating decision maker) of the Group, which consist of the Chairman and Chief Executive Officer (CEO), the Executive Directors and the CEOs of business units, to make decisions about resources to be allocated to the segment and to assess its performance.

The Executive Committee assesses the performance of the operating segments based on a measure of earnings before income tax, non-controlling interests, interests on borrowings, foreign exchange gain/(loss), depreciation and amortisation, net changes in fair value of biological assets and exceptional item ("EBITDA"). All inter-segment sales and transfers are accounted for as if the sales or transfers were to third parties, i.e. at current market price.

(ad) Financial Guarantees

The Company has issued corporate guarantees to creditors for borrowings of its subsidiaries, joint ventures and entities owned by its investees and joint ventures. These guarantees are financial guarantee contracts as they require the Company to reimburse the creditors if the borrowers fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantee contracts are subsequently amortised to the income statement over the period of the borrowings, unless the Company has incurred an obligation to reimburse the creditors for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the creditors.

4 Critical Accounting Estimates, Assumptions and Judgements

The Group makes estimates and assumptions concerning the future. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical Accounting Estimates and Assumptions

(i) Estimated Useful Lives of Property, Plant and Equipment and Bearer Plants

The Group estimates the useful lives of property, plant and equipment and bearer plants based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and bearer plants are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of property, plant and equipment and bearer plants are based on the collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment and bearer plants would increase the recorded expenses and decrease the non-current assets.

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4 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(a) Critical Accounting Estimates and Assumptions (cont'd)

(i) Estimated Useful Lives of Property, Plant and Equipment and Bearer Plants (cont'd)

There is no significant change in the estimated useful lives of property, plant and equipment and bearer plants during the current financial year. As at 31 December 2017, the carrying amount of property, plant and equipment and bearer plants amounted to US$2,590,159,000 (2016: US$2,788,483,000) (Note 24) and US$1,101,513,000 (2016: US$1,101,374,000) (Note 26) respectively.

(ii) Impairment of Goodwill

The Group performed impairment tests on goodwill on an annual basis, in accordance with the accounting policy stated in Note 3(i). The recoverable amounts of the cash-generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and expected future cash flows as well as growth rate used for extrapolation purpose during the period. The growth and discount rates are based on industry forecasts. The expected cash flows are based on past practices and margins with reference to the historical results. As at 31 December 2017, there is no impairment loss recognised in the consolidated financial statements and the carrying amount of goodwill amounted to US$153,202,000 (2016: US$151,895,000) (Note 28).

(iii) Post Employment Benefits

The present value of the post employment benefits obligations and cost for post employment benefits are dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, which include among others, discount rates and rates of salary increase, are described in Note 39. In accordance with IAS 19, *Employee Benefits*, actual results that differ from the assumptions may generally affect the recognised expense and recorded obligation. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the post employment benefits obligations. As at 31 December 2017, the estimated post employment benefits liabilities amounted to US$99,779,000 (2016: US$80,570,000) (Note 39).

(b) Critical Judgements in Applying Accounting Policies

(i) Deferred Tax Assets

The Group's subsidiaries in Indonesia revalued certain bearer plants in connection with the legislation in Indonesia to allow entities to revalue their assets for tax purposes. During the previous financial year, the Group's subsidiaries in Indonesia received approval for the revaluation of certain bearer plants from the Indonesian Tax Authorities. In addition, the Group also recognised deferred tax assets on unutilised tax losses and capital allowances. Significant judgement is required to determine the amount of deferred tax assets that can be recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. As at 31 December 2017, the Group has deferred tax assets of US$299,134,000 (2016: US$301,860,000) (Note 27).

4 Critical Accounting Estimates, Assumptions and Judgements (cont'd)

(b) Critical Judgements in Applying Accounting Policies (cont'd)

(ii) Impairment of Financial Assets

The Group reviews its investment in equity and debt securities at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on these financial assets when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluated, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. As at 31 December 2017, there is no impairment loss recognised in the consolidated financial statements and the carrying amount of financial assets at fair value through profit or loss and available-for-sale financial assets amounted to US$317,510,000 (2016: US$321,993,000) and US$664,049,000 (2016: US$706,308,000) (Notes 14 and 20) respectively.

(iii) Impairment of Property, Plant and Equipment (including Bearer Plants)

At the end of each reporting period, the Group is required to assess if there were any indication that an asset may be impaired. If any such indication exists, management will estimate the recoverable amount of the asset in order to determine the extent of the impairment loss. Management will identify indicators of impairment and carry out an impairment review for such assets by calculating the fair value less costs to sell. If fair value less costs to sell indicates an impairment, management will calculate the value in use of the applicable assets to ensure the recoverable amount is higher of the two calculations. Management exercises significant judgement in determining the underlying assumptions used in both calculations.

As a result of above impairment review, management has determined the recoverable amount of certain property, plant and equipment in China is less than their carrying amount. Accordingly, during the current financial year, an impairment loss of US$25,880,000 (2016: US$34,296,000) (Note 24) has been recognised in the consolidated income statement.

5 Revenue

	2017 US$'000	2016 US$'000
Sales in Indonesia		
Third parties	1,028,038	741,032
Associated companies	20,952	19,162
Joint ventures	57,566	35
Related parties	6,667	6,138
	1,113,223	766,367
Sales outside Indonesia		
Third parties	6,394,269	6,442,480
Related parties	107	2
	6,394,376	6,442,482
	7,507,599	7,208,849

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5 Revenue (cont'd)

	2017 US$'000	2016 US$'000
Sales in Indonesia		
Palm oil based products:		
Crude palm oil	55,810	30,229
Margarine and fat	40,290	46,009
Palm fatty acid distillate	32,369	22
Palm kernel	10,777	8,364
Palm kernel meal	3,746	3,117
Palm kernel oil	59,080	2,843
Refined bleached deodorised olein	451,742	381,467
Refined bleached deodorised stearin	77,394	68,617
Refined bleached deodorised palm oil	53,489	32,186
Refined bleached deodorised palm kernel oil	15,109	6,757
Oleochemical products	28,465	31,362
Biodiesel products	168,281	56,598
Others	11,741	33,524
	1,008,293	701,095
Others	104,930	65,272
Total sales in Indonesia	1,113,223	766,367
Sales outside Indonesia		
Palm oil based products:		
Crude palm oil	1,194,189	1,310,320
Margarine and fat	107,939	89,339
Palm fatty acid distillate	134,683	101,436
Palm kernel meal	61,238	54,725
Palm kernel oil	241,011	202,045
Refined bleached deodorised olein	1,719,499	1,896,240
Refined bleached deodorised stearin	284,821	251,246
Refined bleached deodorised palm oil	648,123	583,181
Refined bleached deodorised palm kernel oil	403,233	388,907
Oleochemical products	209,229	165,618
Biodiesel products	12,612	2,841
Others	209,932	195,410
	5,226,509	5,241,308
Soy bean based products	658,204	641,023
Noodles and snack products	116,113	122,264
Revenue from provision of port and storage facilities	2,768	4,571
Others	390,782	433,316
Total sales outside Indonesia	6,394,376	6,442,482
	7,507,599	7,208,849

6 Cost of Sales

	Note	2017 US$'000	2016 US$'000
Cost of inventories recognised as an expense		5,804,292	5,614,911
Depreciation of property, plant and equipment		158,651	152,889
Depreciation of bearer plants	26	153,129	159,447
Processing and direct costs		294,121	267,215
		6,410,193	6,194,462

7 Selling, General and Administrative Expenses

	Note	2017 US$'000	2016 US$'000
Selling expenses			
Freight and related expenses		234,924	249,555
Export tax and administration		202,800	169,247
Advertising and promotions		34,443	46,068
Salaries and employee benefits expense		29,668	30,624
Depreciation of property, plant and equipment		5,174	4,484
Bulking		979	1,437
Amortisation of intangible assets	28	20	23
Others		36,553	32,041
		544,561	533,479
General and administrative expenses			
Salaries and employee benefits expense		200,035	190,601
Depreciation of property, plant and equipment		20,427	24,948
Rent, tax and licenses		17,161	16,893
Travelling		14,316	14,092
Professional fees		12,728	18,874
Repairs and maintenance		11,187	10,259
Office supplies and utilities		4,544	4,339
Amortisation of intangible assets	28	2,285	1,895
Others		29,408	23,404
		312,091	305,305
		856,652	838,784

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8 Financial Income and Financial Expenses

	Note	2017 US$'000	2016 US$'000
Interest income from:			
Third parties		25,111	22,922
Joint ventures		8,124	5,975
Related parties		32	9
Financial income		33,267	28,906
Interest expense to:			
Third parties		(131,186)	(124,113)
Joint ventures		(78)	(61)
Amortisation of deferred loan charges	34	(6,275)	(4,747)
Amortisation of deferred bond charges	33	(67)	(117)
Amortisation of premium on notes	33	145	145
Total interest expense		(137,461)	(128,893)
Finance charges		(1,868)	(2,453)
Financial expenses		(139,329)	(131,346)
Net financial expenses		(106,062)	(102,440)

9 Other Operating Income

	Note	2017 US$'000	2016 US$'000
Insurance and product claims		17,336	7,790
Gain on disposal of property, plant and equipment		9,265	1,467
Rental income		8,754	7,650
Investment income		8,722	725
Income from sales of seedlings		5,650	345
Net (loss)/gain from changes in fair value of biological assets	25	(2,045)	33,791
Changes in fair value of financial assets at fair value through profit or loss		3,129	(4,745)
Gain on sale of other materials and by-products		2,886	3,216
Management and service fee income from joint ventures		679	1,349
Gain on liquidation of subsidiaries	41b	55	-
Gain on disposal/deconsolidation of subsidiaries	41b	-	655
Depreciation of property, plant and equipment		(3,946)	(5,139)
Depreciation of investment properties	23	(48)	(57)
Property, plant and equipment written off		(1,486)	(980)
Loss on disposal of a joint venture	46d	(1,309)	-
Other receivables written off		(1,308)	-
Bearer plants written off		(870)	(355)
(Allowance for)/Write-back of impairment loss on:			
Trade receivables, net		(307)	-
Other receivables, net		(166)	63
Others		(1,106)	550
		43,885	46,325

10 Profit Before Income Tax

In addition to the expenses and credits disclosed elsewhere in the notes to the consolidated financial statements, this item includes the following expenses:

	Note	2017 US$'000	2016 US$'000
Audit fees paid/payable to:			
Auditors of the Company		309	296
Auditors of the subsidiaries		1,308	1,062
Non-audit services paid/payable to:			
Auditors of the Company		39	33
Auditors of the subsidiaries		62	42
Employee compensation:			
Wages and salaries		217,769	220,063
Post employment benefits expense	39	14,757	11,992
Employer's contributions to defined contribution plans		4,688	5,532

11 Income Tax

		2017 US$'000	2016 US$'000
Income tax expense/(credit) attributable to the profit is made up of:			
Current income tax			
Current year		72,259	107,057
(Over)/Under-provision in respect of prior years		(916)	137
		71,343	107,194
Deferred income tax	27	(36,301)	(369,738)
		35,042	(262,544)

Substantially all the Group's operations are located in Indonesia. Accordingly, the Indonesian statutory tax rate of 25% (2016: 25%) is used in the reconciliation of the tax expense/(credit) and the product of accounting profit multiplied by the applicable tax rate.

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11 Income Tax (cont'd)

The income tax credit on the results for the financial year varies from the amount of income tax determined by applying the Indonesian statutory rate of income tax to profit before income tax due to the following factors:

	2017 US$'000	2016 US$'000
Profit before income tax	114,107	140,275
Adjustments for:		
Share of results of associated companies	(2,195)	(794)
Share of results of joint ventures	(409)	(7,101)
	111,503	132,380
Tax calculated at a tax rate of 25% (2016: 25%)	27,876	33,095
Effect of different tax rates in other countries	17,685	11,394
Non-deductible expenses, net	11,335	7,031
Permanent differences arising mainly from remeasurement	8,988	(2,254)
Effect arising from revalued assets for tax purposes	-	(303,705)
Recognition of previously unrecognised tax losses	(25,013)	-
Utilisation of previously unrecognised tax losses	(7,678)	(11,975)
Income tax at preferential rate	(1,706)	(3,574)
Unrecognised deferred tax assets	4,471	7,307
(Over)/Under-provision in prior years' current income tax	(916)	137
	35,042	(262,544)

Taxes Payable

Details of taxes payable are as follows:

	2017 US$'000	2016 US$'000
Estimated income tax payable of subsidiaries	26,955	9,653
Income and other taxes:		
Article 21	1,167	686
Article 23	1,677	2,103
Article 25	1,045	83
Article 26	352	502
Value added tax	1,692	3,348
	32,888	16,375

12 Earnings Per Share and Net Asset Value Per Share

(a) Earnings Per Share

Earnings per share amounts are calculated by dividing net profit attributable to the owners of the Company of US$74,032,000 (2016: US$399,619,000) by the weighted average number of ordinary shares (excluding treasury shares) during the year of 12,734,756,156 (2016: 12,734,756,156).

There is no dilution as the Company did not have any potential ordinary shares outstanding as at 31 December 2017 and 2016.

12 Earnings Per Share and Net Asset Value Per Share (cont'd)

(b) Net Asset Value Per Share

Net asset value per share of US$0.31 (2016: US$0.32) is calculated by dividing total equity attributable to the owners of the Company of US$4,006,983,000 (2016: US$4,053,750,000) by the number of issued ordinary shares (excluding treasury shares) as at the end of the reporting period of 12,734,756,156 (2016: 12,734,756,156).

13 Cash and Cash Equivalents

	Note	2017 US$'000	2016 US$'000
Cash on hand		507	505
Cash in banks		125,188	118,304
Time deposits		33,494	34,198
Cash and cash equivalents in statement of financial position		159,189	153,007
Less: Cash in banks and time deposits pledged		(33,253)	(30,317)
		125,936	122,690
Cash and bank balances included in disposal group held for sale	18	1,262	-
Cash and cash equivalents in the consolidated statement of cash flows		127,198	122,690

The cash and cash equivalents are denominated in the following currencies:

	2017 US$'000	2016 US$'000
Chinese renminbi	15,721	58,483
United States dollar	59,848	39,368
Indonesian rupiah	56,845	36,257
Indian rupee	19,346	11,285
Others	7,429	7,614
	159,189	153,007

The above cash and cash equivalents include balances with related parties of US$6,311,000 (2016: US$2,293,000).

The above time deposits have a maturity period of less than three months from the end of the financial year and earn interest at the following rates per annum:

	2017 %	2016 %
Chinese renminbi	1.7	0.3 – 1.4
Indonesian rupiah	4.3 – 6.3	4.3 – 8.0
Indian rupee	5.0 – 8.0	5.0 – 8.0

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14 Short-Term Investments

Short-term investments which represent debt and equity securities and time deposits with a maturity over three months but not more than one year are detailed as follows:

	2017 US$'000	2016 US$'000
Time deposits	9,536	21,041
Available-for-sale financial assets:		
Equity securities	44,290	40,938
Debt securities	45,034	-
	89,324	40,938
Financial assets at fair value through profit or loss:		
Equity securities held for trading	26,403	28,095
Debt securities held for trading	28,967	31,758
Debt securities designated at inception, at cost	80,140	80,140
	135,510	139,993
	234,370	201,972

The short-term investments are denominated in the following currencies:

	2017 US$'000	2016 US$'000
United States dollar	224,569	173,699
Indian rupee	7,350	21,659
Singapore dollar	1,870	1,728
Indonesian rupiah	581	569
Chinese renminbi	-	4,317
	234,370	201,972

Time deposits amounting to US$9,220,000 (2016: US$12,654,000) have been pledged to banks as security for credit facilities (Notes 29 and 34).

The above time deposits earn interest at the following rates per annum:

	2017 %	2016 %
United States dollar	0.5	0.6
Indian rupee	6.0 – 7.4	7.0 – 8.3
Indonesian rupiah	4.8 – 6.5	4.2 – 5.0
Singapore dollar	1.1	1.1
Chinese renminbi	-	1.7

15 Trade Receivables

	2017 US$'000	2016 US$'000
Third parties	482,903	561,960
Related parties	2,338	2,104
Associated companies	1,159	1,660
Joint ventures	3,525	-
	489,925	565,724
Less: Allowance for impairment loss on trade receivables	(3,880)	(4,313)
	486,045	561,411

Trade receivables of the Group, including intra-group trade receivables which have been eliminated at consolidation, amounting to US$362,978,000 (2016: US$213,288,000) have been pledged as security for credit facilities (Notes 29 and 34).

As at 31 December 2017, 14% (2016: 8%) and 4% (2016: 3%) of the Group's trade receivables are past due but not impaired for less than 3 months and more than 3 months respectively. The following allowance for impairment loss on trade receivables is made for certain receivables that are past due based on an expected incurred loss basis. Movements in allowance for impairment loss on trade receivables are as follows:

	2017 US$'000	2016 US$'000
Balance at the beginning of the year	4,313	4,518
Allowance for impairment loss during the year	726	150
Write-back of impairment loss during the year	(419)	(150)
Receivables written off against allowance during the year	(679)	(81)
Translation adjustment	(61)	(124)
Balance at the end of the year	3,880	4,313

The trade receivables are denominated in the following currencies:

	2017 US$'000	2016 US$'000
United States dollar	313,272	423,097
Indonesian rupiah	102,462	72,468
Euro	42,276	26,625
Indian rupee	17,676	19,932
Others	10,359	19,289
	486,045	561,411

In November 2016, a subsidiary entered into a revolving receivable purchase agreement ("the RPA") with a financial institution and the RPA was supported by a credit insurance program that was for the benefit of the bank. The bank upon purchase of the eligible receivable obtains all the rights to the receivable and was exposed to the substantial risks and rewards of the receivable. Under the terms of the RPA, the subsidiary had to repurchase the receivable at the original invoice amount upon the occurrence of defined repurchase events, including as a result of a commercial dispute between the subsidiary and the receivable payer. Based on historic experience, the subsidiary believed the likelihood of a repurchase event occurring to be remote. As at 31 December 2016, the subsidiary had transferred the receivable, its credit risk and control to the bank, amounting to US$9,168,000, and it had continued to recognise a receivable of US$1,050,000. These amounts have been fully settled during the current financial year.

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16 Other Current Assets

	Note	2017 US$'000	2016 US$'000
Non-trade receivables from:			
Third parties		134,918	76,488
Related parties		36,508	42
Joint ventures		166,290	198,272
Derivative receivable		6,622	17,264
Staff advances		6,960	6,625
		351,298	298,691
Biological assets	25	83,918	85,166
Advances and deposits to suppliers		153,489	220,340
Advances for purchases of property, plant and equipment and others		35,557	49,227
Prepaid taxes		162,323	211,711
Prepaid expenses		21,979	22,485
Others		4,175	4,909
		812,739	892,529

The amounts receivable from related parties are interest-free, unsecured and expected to be repayable within the next twelve months.

The amounts receivable from joint ventures are unsecured, bear interest ranging from 3.0% to 3.7% (2016: 2.3% to 3.0%) per annum and are expected to be repayable within the next twelve months. During the current financial year, an amount receivable from joint venture of US$8,000,000 has been converted into equity in the joint venture.

The amounts receivable from third parties shown above are net of allowance for impairment loss. The allowance for impairment loss on other receivables mainly related to certain receivables where the recovery is remote. Movements in allowance for impairment loss on other receivables are as follows:

	2017 US$'000	2016 US$'000
Balance at the beginning of the year	160	645
Allowance for impairment loss during the year	166	38
Write-back of impairment loss during the year	-	(101)
Receivables written off against allowance during the year	(64)	(354)
Translation adjustment	42	(68)
Balance at the end of the year	304	160

The Group classifies derivative receivable at fair value through profit or loss with the resulting gain or loss recognised immediately in the income statement. As at 31 December 2017, this derivative receivable relates to forward foreign currency contracts with a notional amount of US$13,508,000 (2016: US$235,477,000).

The other current assets are denominated in the following currencies:

	2017 US$'000	2016 US$'000
Indonesian rupiah	385,976	403,006
United States dollar	332,732	388,578
Chinese renminbi	63,558	85,879
Indian rupee	28,431	10,192
Euro	1,011	2,932
Others	1,031	1,942
	812,739	892,529

17 Inventories

	2017 US$'000	2016 US$'000
Raw materials	367,488	483,039
Finished goods	459,394	340,245
Goods in transit	32,628	25,368
	859,510	848,652
Consumables:		
Fertilisers and general material	41,292	38,208
Fuel, chemical and packing supplies	51,205	43,709
Others	40,411	36,569
	992,418	967,138

The inventories shown above are net of allowance for impairment loss. Movements in allowance for impairment loss on inventories are as follows:

	2017 US$'000	2016 US$'000
Balance at the beginning of the year	747	654
Allowance for impairment loss during the year	7,895	718
Write-back of impairment loss during the year	(391)	(577)
Transfer to disposal group held for sale	(1,093)	-
Translation adjustment	291	(48)
Balance at the end of the year	7,449	747

During the current financial year, the Group recognised an allowance for impairment loss of US$7,895,000 (2016: US$718,000) in cost of sales as the carrying amount of certain inventories was higher than the net realisable value. Allowance for impairment loss of US$391,000 (2016: US$577,000) has been reversed as a result of an increase in net realisable value of certain inventories.

Inventories amounting to US$315,571,000 (2016: US$315,822,000) have been pledged to banks as security for credit facilities (Notes 29 and 34).

18 Disposal Group Held For Sale

On 25 November 2017, the Group entered into a conditional agreement for the sale of its entire equity interests held in Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd. ("SNRFT"), a wholly-owned subsidiary of the Group. This proposed divestment is a strategic option for the Group to dispose its non-core oilseed assets and operations in Tianjin, China. As at 31 December 2017, the completion of the proposed divestment is still dependent on satisfaction of the conditions precedent, which include, inter alia, governmental approvals. The assets and associated liabilities of SNRFT have been reclassified to assets and liabilities held for sale.

Following the classification of SNRFT as disposal group held for sale, an impairment loss of US$19,699,000 was recognised in the income statement to reduce the carrying amount of the net assets in the current year to its fair value less costs to sell. The impairment loss has been applied to reduce the carrying amount of non-financial assets and other current assets of US$13,366,000 and US$6,333,000 respectively within the disposal group.

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18 Disposal Group Held For Sale (cont'd)

As at 31 December 2017, the major classes of assets and liabilities of the disposal group are as follows:

	2017 US$'000
Property, plant and equipment	102,290
Cash and cash equivalents	1,262
Trade receivables	1,036
Other current assets	11,736
Inventories	73,590
Assets of disposal group held for sale	189,914
Short-term borrowings	3,010
Trade payables	776
Other payables	7,904
Long-term borrowings	26,089
Liabilities directly associated with disposal group held for sale	37,779
Other comprehensive income accumulated in currency translation reserve associated with disposal group held for sale	2,502

19 Long-Term Receivables and Assets

	2017 US$'000	2016 US$'000
Loan receivable from joint ventures	24,150	21,000
Tax recoverable	169,012	163,472
Advances for projects	39,775	21,802
Advances for plasma plantations, net	4,971	18,992
Advances for investment in land	1,495	2,759
Land clearing	1,765	1,968
Others	19,577	23,015
	260,745	253,008

The long-term receivables and assets are denominated in the following currencies:

	2017 US$'000	2016 US$'000
Indonesian rupiah	230,335	208,900
United States dollar	25,152	33,696
Euro	1,588	6,494
Malaysian ringgit	3,365	3,062
Others	305	856
	260,745	253,008

19 Long-Term Receivables and Assets (cont'd)

The unsecured loan receivable from joint ventures bears interest ranging from 4.2% to 12.0% (2016: 4.0% to 4.5%) per annum with maturity dates in January 2022 and April 2024.

In accordance with the policy of the Government of the Republic of Indonesia, certain land rights used to develop plantations are usually granted if a nucleus company agrees to develop areas for local small landholders (Plasma farmers) in addition to developing its own plantations. The nucleus company is also required to train and supervise the Plasma farmers and purchase the plantation production from the farmers at prices determined by the Government.

A Plasma Program plantation is funded by an investment credit facility by designated banks to the Plasma farmers.

Advances for Plasma plantations represent accumulated costs (including borrowing costs and indirect overhead costs) to develop Plasma areas, less the investment credit obtained from the bank. When a Plasma plantation is completed and ready to be transferred or turned-over to the Plasma farmers, the corresponding investment credit from the bank is also transferred to the Plasma farmers. Gain or loss resulting from the difference between the carrying amount of the Plasma plantation transferred and the related investment credit transferred is credited or charged to the income statement.

20 Long-Term Investments

	2017 US$'000	2016 US$'000
Available-for-sale financial assets:		
Equity securities	574,725	665,370
Financial assets at fair value through profit or loss:		
Debt securities designated at inception, at cost	182,000	182,000
	756,725	847,370

The above debt securities include a secured 3% interest-bearing loan of US$182,000,000 extended by the Group to a third party with a maturity date in October 2019. On the maturity date, the Group is granted an option to either convert the loan into shares of the borrower or to settle in cash.

The long-term investments are denominated in the following currencies:

	2017 US$'000	2016 US$'000
United States dollar	724,428	814,261
Euro	32,297	33,109
	756,725	847,370

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21 Investment in Associated Companies

	2017 US$'000	2016 US$'000
Unquoted equity shares, at cost	5,549	5,549
Share of post-acquisition profits, net of dividend received	6,868	4,673
Translation adjustment	(65)	(64)
	12,352	10,158

Particulars of the associated companies are disclosed in Note 46 to the consolidated financial statements. Summarised aggregated financial information in respect of the Group's associated companies, which is not adjusted for the percentage of ownership held by the Group, is as follows:

	2017 US$'000	2016 US$'000
Results		
Revenue	80,884	38,990
Profit for the year	4,305	1,278
Assets and liabilities		
Total assets	34,542	30,292
Total liabilities	(7,994)	(8,033)
Net assets	26,548	22,259

As at 31 December 2017 and 2016, there are no losses which are in excess of the Group's interests in the associated companies.

22 Investment in Joint Ventures

	2017 US$'000	2016 US$'000
Unquoted equity shares, at cost	57,979	64,979
Share of post-acquisition reserve, net of dividend received	12,081	(219)
Translation adjustment	(465)	(2,648)
	69,595	62,112

Particulars of the joint ventures are disclosed in Note 46 to the consolidated financial statements. Summarised aggregated financial information in respect of the Group's joint ventures, which is not adjusted for the percentage of ownership held by the Group, is as follows:

	2017 US$'000	2016 US$'000
Results		
Revenue	162,806	148,120
(Loss)/Profit for the year	(16,069)	1,915
Assets and liabilities		
Total assets	939,277	804,280
Total liabilities	(865,373)	(728,212)
Non-controlling interests	(3,005)	(1,934)
Net assets	70,899	74,134

22 Investment in Joint Ventures (cont'd)

Reconciliation of the above net assets to the carrying amount of the Group's interests in joint ventures is as follows:

	2017 US$'000	2016 US$'000
Interest in joint ventures (50%)	35,450	37,067
Goodwill on acquisition	13,756	12,038
Unrecognised share of post-acquisition reserve	20,389	13,007
Net carrying amount	69,595	62,112

23 Investment Properties

	Note	2017 US$'000	2016 US$'000
Cost			
Balance at the beginning of the year		1,411	1,583
Transfer to property, plant and equipment	24	(1,267)	-
Translation adjustment		163	(172)
Balance at the end of the year		307	1,411
Less: Accumulated depreciation			
Balance at the beginning of the year		425	470
Charge for the year	9	48	57
Transfer to property, plant and equipment	24	(389)	-
Translation adjustment		99	(102)
Balance at the end of the year		183	425
Net carrying amount		124	986

As at 31 December 2017, the fair value of the Group's investment properties is approximately US$1,809,000 (2016: US$5,102,000), determined based on management's value in use calculation using a discounted cashflow method. Investment properties are held mainly for use by tenants under operating leases. The rental income and direct operating expenses recognised in the Group's income statement in respect of these operating leases were US$112,000 (2016: US$186,000) and US$62,000 (2016: US$83,000) respectively.

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24 Property, Plant and Equipment

	Freehold land	Land rights	Storage tanks, land improvements and bridges	Buildings	Machinery and equipment	Leasehold improvements, furniture and fixtures	Transportation equipment	Construction in progress	Total
Cost	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1.1.2017	7,475	389,162	468,491	1,205,192	1,169,472	173,651	315,154	368,553	4,097,150
Translation adjustment	667	2,948	-	16,155	16,834	994	173	651	38,422
Additions	316	12,081	1,396	3,769	5,494	10,734	11,467	141,944	187,201
Disposals	-	(305)	(75)	(734)	(7,910)	(1,030)	(9,821)	(91,836)	(111,711)
Write off	-	(483)	(734)	(1,343)	(2,349)	(1,063)	(1,478)	(32)	(7,482)
Acquisition of subsidiaries (Note 41a)	-	135	5,614	8,403	3,578	307	1,696	1,021	20,754
Transfer to disposal group held for sale (Note 18)	-	(17,966)	-	(46,334)	(78,432)	(1,015)	(166)	(62)	(143,975)
Transfer from investment properties (Note 23)	-	-	-	1,267	-	-	-	-	1,267
Reclassification	53	477	60,578	134,687	90,224	5,006	8,360	(299,385)	-
Balance at 31.12.2017	8,511	386,049	535,270	1,321,062	1,196,911	187,584	325,385	120,854	4,081,626
Accumulated depreciation and impairment loss									
Balance at 1.1.2017	-	21,065	95,824	345,349	469,053	143,739	233,637	-	1,308,667
Translation adjustment	-	746	-	4,105	10,046	594	124	-	15,615
Charge for the year	-	1,500	35,590	62,764	63,651	5,572	19,121	-	188,198
Disposals	-	-	(64)	(357)	(2,657)	(963)	(8,926)	-	(12,967)
Write off	-	-	(622)	(1,154)	(1,829)	(1,044)	(1,347)	-	(5,996)
Transfer to disposal group held for sale (Note 18)	-	(2,815)	-	(5,052)	(19,742)	(563)	(147)	-	(28,319)
Allowance for impairment loss	-	-	-	25,880	-	-	-	-	25,880
Transfer from investment properties (Note 23)	-	-	-	389	-	-	-	-	389
Reclassification	-	-	1	(19)	29	(30)	19	-	-
Balance at 31.12.2017	-	20,496	130,729	431,905	518,551	147,305	242,481	-	1,491,467
Net book values									
Balance at 31.12.2017	8,511	365,553	404,541	889,157	678,360	40,279	82,904	120,854	2,590,159

24 Property, Plant and Equipment (cont'd)

	Freehold land	Land rights	Storage tanks, land improvements and bridges	Buildings	Machinery and equipment	Leasehold improvements, furniture and fixtures	Transportation equipment	Construction in progress	Total
Cost	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1.1.2016	7,532	378,233	399,934	1,120,255	1,049,359	163,283	318,486	530,395	3,967,477
Translation adjustment	(168)	(2,966)	-	(11,313)	(15,950)	(706)	(115)	(206)	(31,424)
Additions	-	18,479	3,215	7,793	14,962	8,234	8,695	140,371	201,749
Disposals	-	(6,105)	(2,239)	(8,478)	(4,100)	(864)	(13,475)	(40)	(35,301)
Write off	-	(4)	(80)	(743)	(2,227)	(1,758)	(1,945)	(78)	(6,835)
Acquisition of a subsidiary (Note 41a)	-	1,525	16	11	-	22	126	67	1,767
Deconsolidation of subsidiaries (Note 41b)	-	-	-	-	(61)	(222)	-	-	(283)
Reclassification	111	-	67,645	97,667	127,489	5,662	3,382	(301,956)	-
Balance at 31.12.2016	7,475	389,162	468,491	1,205,192	1,169,472	173,651	315,154	368,553	4,097,150
Accumulated depreciation and impairment loss									
Balance at 1.1.2016	-	23,747	70,479	275,787	413,839	128,622	212,711	-	1,125,185
Translation adjustment	-	(3,435)	-	(3,281)	(6,069)	(481)	(97)	-	(13,363)
Charge for the year	-	1,353	27,954	47,654	57,937	17,388	35,174	-	187,460
Disposals	-	(600)	(2,203)	(2,223)	(1,104)	(759)	(12,084)	-	(18,973)
Write off	-	-	(23)	(517)	(1,872)	(1,697)	(1,746)	-	(5,855)
Deconsolidation of subsidiaries (Note 41b)	-	-	-	-	(22)	(61)	-	-	(83)
Allowance for impairment loss	-	-	-	27,331	6,854	108	3	-	34,296
Reclassification	-	-	(383)	598	(510)	619	(324)	-	-
Balance at 31.12.2016	-	21,065	95,824	345,349	469,053	143,739	233,637	-	1,308,667
Net book values									
Balance at 31.12.2016	7,475	368,097	372,667	859,843	700,419	29,912	81,517	368,553	2,788,483

During the current year, the Group disposed of its property, plant and equipment for total consideration of US$108,009,000, of which US$48,377,000 was settled by offset against advances and deposit received and a remaining of US$33,066,000 will be repayable within the next twelve months.

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24 Property, Plant and Equipment (cont'd)

During the current financial year, the Group carried out its annual impairment review and recorded an impairment loss amounting to US$25,880,000 (2016: US$34,296,000) for certain property, plant and equipment in China. The recoverable amount is determined based on each asset's value in use calculation, at a discount rate of 10% (2016: 6%) at the end of the reporting period.

As at 31 December 2017, the net carrying amount of property, plant and equipment which has been pledged as security for credit facilities (Notes 29 and 34) amounted to US$436,251,000 (2016: US$490,424,000).

The Group holds land rights in Indonesia in the form of Hak Guna Usaha (HGU) which will expire in 2020 to 2098 and the management believes that those land rights can be extended upon expiry.

25 Biological Assets

	Note	2017 US$'000	2016 US$'000
Balance at the beginning of the year		85,166	51,375
Acquisition of subsidiaries	41a	797	-
Net (loss)/gain from changes in fair value recognised as part of other operating income	9	(2,045)	33,791
Balance at the end of the year	16	83,918	85,166

The Group's biological assets represent FFB of its oil palm trees as at the end of the reporting period. During the current financial year, the Group harvested approximately 7,498,300 (2016: 6,904,900) tonnes of FFB from its nucleus plantations.

The fair value of FFB is classified under level 2 of the fair value hierarchy and was determined with reference to their average market prices. If we assume the market prices of FFB as at year end increased/decreased by 5% with all other variables being held constant, profit attributable to owners of the Company and total equity attributable to owners of the Company would have increased/decreased by approximately US$3,528,000 (2016: US$3,484,000), as a result of higher/lower gain arising from changes in fair value of biological assets.

Biological assets amounting to US$27,251,000 (2016: US$25,667,000) have been pledged to banks as security for credit facilities (Notes 29 and 34).

26 Bearer Plants

	Note	2017 US$'000	2016 US$'000
Cost			
Balance at the beginning of the year		2,362,536	2,333,604
Additions		30,687	13,176
Disposal		(1,108)	(2,308)
Write off		(5,353)	(2,755)
Transfer from land clearing		3,978	1,833
Acquisition of subsidiaries	41a	120,581	18,986
Balance at the end of the year		2,511,321	2,362,536
Less: Accumulated depreciation			
Balance at the beginning of the year		1,261,162	1,105,820
Charge for the year	6	153,129	159,447
Disposal		-	(1,705)
Write off		(4,483)	(2,400)
Balance at the end of the year		1,409,808	1,261,162
Net book value		1,101,513	1,101,374

Bearer plants amounting to US$144,545,000 (2016: US$116,640,000) have been pledged to banks as security for credit facilities (Notes 29 and 34).

27 Deferred Tax

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on different entities which intend to settle on a net basis, or realise the assets and liabilities simultaneously in the future. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	2017 US$'000	2016 US$'000
Deferred tax assets	299,134	301,860
Deferred tax liabilities	(78,243)	(117,627)
	220,891	184,233

	Accelerated tax depreciation US$'000	Unutilised tax losses/capital allowances US$'000	Valuation allowances/ others US$'000	Total US$'000
Deferred tax assets/(liabilities)				
Balance at 1 January 2017	222,221	157,389	(195,377)	184,233
Credited to income statement (Note 11)	(34,570)	36,339	34,532	36,301
Charged to other comprehensive income	-	-	1,221	1,221
Acquisition of subsidiaries (Note 41a)	1,226	-	(50)	1,176
Translation adjustment	(1,883)	(321)	164	(2,040)
Balance at 31 December 2017	186,994	193,407	(159,510)	220,891

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27 Deferred Tax (cont'd)

	Accelerated tax depreciation US$'000	Unutilised tax losses/capital allowances US$'000	Valuation allowances/ others US$'000	Total US$'000
Deferred tax assets/(liabilities)				
Balance at 1 January 2016	(113,720)	152,840	(221,046)	(181,926)
Credited to income statement (Note 11)	341,431	3,467	24,840	369,738
Charged to other comprehensive income	-	-	812	812
Acquisition of a subsidiary (Note 41a)	(218)	-	12	(206)
Disposal/Deconsolidation of subsidiaries (Note 41b)	-	(69)	(53)	(122)
Translation adjustment	(5,272)	1,151	58	(4,063)
Balance at 31 December 2016	222,221	157,389	(195,377)	184,233

Realisation of deferred tax assets is dependent on the generation of sufficient taxable income prior to expiration of the tax losses carry-forward. Although realisation is not assured, the directors of the Company believe it is more likely than not that the deferred tax assets, net of the valuation allowance, will be realised. The amount of the deferred tax assets considered realisable could be reduced or increased if estimates of future taxable income during the carry-forward period are reduced or increased.

Deferred tax liabilities of US$73,698,000 (2016: US$70,596,000) have not been recognised for taxes that would be payable on the remittance to Mauritius of unremitted retained earnings of approximately US$2,456,586,000 (2016: US$2,353,196,000) of certain subsidiaries as the timing of the reversal of the temporary differences arising from such amounts can be controlled and such temporary differences are not expected to reverse in the foreseeable future.

At the end of the reporting period, certain subsidiaries have unutilised tax losses and capital allowances available for offsetting against future taxable profits amounted to US$211,853,000 (2016: US$324,489,000).

	2017 US$'000	2016 US$'000
Expiry dates		
31 December 2017	-	53,003
31 December 2018	62,797	89,662
31 December 2019	25,554	39,745
31 December 2020	44,104	101,510
31 December 2021	50,552	35,570
31 December 2022	23,557	-
No expiry dates and subject to terms and conditions	5,289	4,999
	211,853	324,489

The availability of the unutilised tax losses and capital allowances for set-off against future taxable profits is subject to the tax regulations of the respective countries in which the Group companies are incorporated. The deferred tax benefit arising from these unrecognised tax losses and unabsorbed capital allowances of US$30,873,000 (2016: US$49,776,000) has not been recognised in the consolidated financial statements.

28 Intangible Assets

	Goodwill	Brands and trademarks	Deferred landrights	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost					
Balance at 1 January 2017	151,895	7,245	11,579	13,346	184,065
Additions	-	1,316	92	7,505	8,913
Translation adjustment	1,307	(3)	-	176	1,480
Balance at 31 December 2017	153,202	8,558	11,671	21,027	194,458
Less: Accumulated amortisation					
Balance at 1 January 2017	-	6,965	5,423	6,670	19,058
Amortisation charged to:					
Selling expenses (Note 7)	-	2	1	17	20
General and administrative expenses (Note 7)	-	78	129	2,078	2,285
Cost of sales	-	-	284	-	284
Translation adjustment	-	(3)	-	56	53
Balance at 31 December 2017	-	7,042	5,837	8,821	21,700
Net carrying amount					
Balance at 31 December 2017	153,202	1,516	5,834	12,206	172,758
Cost					
Balance at 1 January 2016	151,951	7,235	11,319	5,662	176,167
Additions	-	-	83	7,966	8,049
Write off	-	-	-	(197)	(197)
Acquisition of a subsidiary (Note 41a)	-	-	177	-	177
Translation adjustment	(56)	10	-	(85)	(131)
Balance at 31 December 2016	151,895	7,245	11,579	13,346	184,065
Less: Accumulated amortisation					
Balance at 1 January 2016	-	6,938	4,991	5,124	17,053
Amortisation charged to:					
Selling expenses (Note 7)	-	-	1	22	23
General and administrative expenses (Note 7)	-	23	138	1,734	1,895
Cost of sales	-	-	293	-	293
Write off	-	-	-	(197)	(197)
Translation adjustment	-	4	-	(13)	(9)
Balance at 31 December 2016	-	6,965	5,423	6,670	19,058
Net carrying amount					
Balance at 31 December 2016	151,895	280	6,156	6,676	165,007

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28 Intangible Assets (cont'd)

Goodwill is allocated to the individual cash-generating units ("CGU") which are also the reportable operating segments for impairment testing purposes.

The above goodwill is allocated to the palm and laurics segment. The recoverable amount of the goodwill was determined based on value in use calculations using 5-year cash flow projections with reference to historical results of approximately a 14% margin. A terminal value was estimated based on the 5th year's future cash flow using the terminal growth rate of 5.0% (2016: 5.0%) and pre-tax discount rates ranging from 6.7% to 15.4% (2016: 6.6% to 11.4%).

If the management estimates the terminal growth rates at 4.5%, the recoverable amount of the goodwill will still exceed its carrying amount.

29 Short-Term Borrowings

	Note	2017 US$'000	2016 US$'000
Short-term loans:			
United States dollar		1,218,939	981,021
Euro		598	526
Indian rupee		-	9,472
Indonesian rupiah		-	744
		1,219,537	991,763
Current maturities of long-term loans	34	219,983	125,263
		1,439,520	1,117,026
Less: Unamortised loan charges	34	(3,959)	(4,649)
		1,435,561	1,112,377

Short-term loans of the Group, broken down by secured and unsecured are as follows:

	2017 US$'000	2016 US$'000
Secured loans	713,115	595,731
Unsecured loans	506,422	396,032
	1,219,537	991,763

As at the end of the financial years, there is no breach of loan covenants.

The above short-term loans have a maturity period of less than 12 months from the end of the financial year and bear interest at the following rates per annum during the year:

	2017 %	2016 %
United States dollar	1.2 – 3.7	1.2 – 4.0
Euro	1.7	1.7 – 1.9
Indian rupee	-	7.0 – 9.0
Indonesian rupiah	-	10.3

29 Short-Term Borrowings (cont'd)

Certain time deposits, short-term investments, trade receivables, inventories, property, plant and equipment, biological assets and bearer plants have been pledged to banks to obtain the Group's secured short-term loans as disclosed in their respective notes.

30 Trade Payables

	2017 US$'000	2016 US$'000
Trust receipts payable	250,593	263,592
Trade payables to:		
Third parties	268,864	301,654
Associated companies	272	923
Joint ventures	4,423	3,241
Related parties	20,280	6,530
	544,432	575,940

The above trust receipts payable, which represent amounts due to certain banks, bear interest ranging from 2.2% to 3.3% (2016: 1.9% to 4.0%) per annum. The trust receipts payable and trade payables are denominated in the following currencies:

	2017 US$'000	2016 US$'000
United States dollar	324,874	391,223
Indonesian rupiah	183,993	122,795
Chinese renminbi	12,113	41,153
Indian rupee	16,732	16,288
Malaysian ringgit	6,410	4,121
Others	310	360
	544,432	575,940

31 Other Payables

	2017 US$'000	2016 US$'000
Non-trade payables to:		
Third parties	120,577	141,764
Joint ventures	3,320	3,101
Related parties	419	1,577
Derivative payable	5,653	45,382
Interest payable	14,313	14,163
	144,282	205,987
Advances and deposits	40,276	87,577
Accrued expenses	56,352	55,381
	240,910	348,945

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31 Other Payables (cont'd)

The amounts payable to related parties are unsecured, interest free and repayable on demand.

As at 31 December 2017, included in the amounts payable to joint ventures are US$3,070,000 (2016: US$2,994,000) which bear interest ranging from 2.3% to 2.9% (2016: 1.9% to 2.1%) per annum and are repayable within the next twelve months.

As at 31 December 2017, included in the amounts payable to third parties are US$3,113,000 (2016: US$53,018,000) which bear interest ranging from 3.0% to 3.3% (2016: 1.9% to 2.9%) per annum and are repayable within the next twelve months.

The other payables are denominated in the following currencies:

	2017 US$'000	2016 US$'000
United States dollar	90,624	132,484
Indonesian rupiah	80,192	121,395
Chinese renminbi	38,055	65,054
Indian rupee	25,291	9,003
Euro	3,402	3,066
Singapore dollar	3,077	16,905
Others	269	1,038
	240,910	348,945

The Group classifies derivative payable at fair value through profit or loss with the resulting gain or loss recognised immediately in the income statement, except for certain derivatives designated as cash flow hedges, wherein hedge accounting has been applied.

The details of the contracts outstanding as at end of the reporting period are as follows:

	2017		2016	
	Notional amount US$'000	Liabilities US$'000	Notional amount US$'000	Liabilities US$'000
Cross currency swap ("CCS") contracts	-	-	222,337	45,382
Forward foreign currency contracts	264,469	5,653	-	-
		5,653		45,382

The Group entered into CCS contracts to hedge certain Indonesian rupiah and Singapore dollar ("SGD") denominated borrowings. Cash flow hedge accounting has been applied to the CCS contracts for the hedging of the Group's SGD denominated borrowings as these contracts met the criteria of highly effective hedging instruments. During the current financial year, the Group recognised a net gain from full settlement of CCS contracts of US$2,636,000 (2016: net gain from changes in fair value of CCS contracts of US$8,124,000) in the income statement as part of net foreign exchange loss/gain and a net loss from changes in fair value of CCS contracts of US$146,000 (2016: net gain of US$1,740,000) in other comprehensive income.

During the current financial year, the Group recognised a net loss from forward foreign currency contracts of US$10,657,000 (2016: net gain of US$59,619,000) in the income statement as part of net foreign exchange loss/gain.

32 Obligations under Finance Lease

As at 31 December 2016, the obligations under finance lease were denominated in Indonesian rupiah and incurred interest at rates ranging from 5.5% to 6.5% per annum. These balance were fully repaid during the current financial year. These obligations were secured by the lessor's titles to the leased assets which have carrying amounts of US$80,000.

33 Bonds and Notes Payable

	2017 US$'000	2016 US$'000
Unsecured IDR Bonds:		
9% p.a. fixed rate, due 2017	-	66,983
9.25% p.a. fixed rate, due 2019	7,380	7,443
Unsecured RM Islamic medium-term notes:		
4.35% p.a. profit rate, due 2017	-	491,481
4.75% p.a. profit rate, due 2018	156,590	156,590
5.35% p.a. profit rate, due 2019	117,740	117,740
Unsecured SGD multicurrency medium-term notes:		
4.2% p.a. fixed rate, due 2017	-	102,972
5.5% p.a. fixed rate, due 2018	149,588	138,218
	431,298	1,081,427
Less: Deferred bond charges	(14)	(81)
Add: Unamortised premium on notes	46	191
	431,330	1,081,537
Less: Current portion	(306,224)	(661,379)
Non-current portion	125,106	420,158

Movements in deferred bond charges are as follows:

	Note	2017 US$'000	2016 US$'000
Balance at the beginning of the year		81	198
Amortisation during the year	8	(67)	(117)
Balance at the end of the year		14	81
Less: Current portion		-	(58)
Non-current portion		14	23

Movements in unamortised premium on notes are as follows:

	Note	2017 US$'000	2016 US$'000
Balance at the beginning of the year		191	336
Amortisation during the year	8	(145)	(145)
Balance at the end of the year		46	191

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34 Long-Term Borrowings

	Note	2017 US$'000	2016 US$'000
Long-term loans:			
United States dollar		1,279,654	937,042
Singapore dollar		69,470	64,189
Indian rupee		160	150
Total long-term loans		1,349,284	1,001,381
Less: Current maturities of long-term loans	29	(219,983)	(125,263)
		1,129,301	876,118
Less: Unamortised deferred loan charges		(4,053)	(3,745)
Non-current portion		1,125,248	872,373

Movements in unamortised deferred loan charges are as follows:

	Note	2017 US$'000	2016 US$'000
Balance at the beginning of the year		8,394	4,578
Additions		5,884	8,564
Amortisation during the year	8	(6,275)	(4,747)
Translation adjustment		9	(1)
Balance at the end of the year		8,012	8,394
Less: Current portion	29	(3,959)	(4,649)
Non-current portion		4,053	3,745

Long-term loans of the Group, broken down by secured and unsecured are as follows:

	2017 US$'000	2016 US$'000
Secured loans	1,235,784	1,001,381
Unsecured loans	113,500	-
	1,349,284	1,001,381

Certain time deposits, short-term investments, trade receivables, inventories, property, plant and equipment, biological assets and bearer plants have been pledged to banks to obtain the Group's total secured loans as disclosed in their respective notes.

The long-term loans of the Group bear interest at the following rates per annum during the year:

	2017 %	2016 %
United States dollar	2.6 – 5.5	2.6 – 4.8
Singapore dollar	2.1 – 3.0	1.8 – 3.2
Indian rupee	10.8 – 11.1	11.2

34 Long-Term Borrowings (cont'd)

The loan agreements generally include covenants that require the maintenance of certain financial ratios, limit or require written notification of the amount of additional borrowings that may be incurred, and limit the transfer or disposal of pledged assets and acting as guarantor to other parties. Any non-compliance with these covenants will result in these loans becoming repayable immediately upon service of a notice of default by the lenders. In addition, certain loan agreements contain cross default clauses whereby non-compliance with covenants for other financial indebtedness would result in acceleration of the outstanding loan balances. As at end of the financial year, there is no breach of loan covenants.

The scheduled maturities of the Group's long-term loans as at 31 December 2017 and 2016 are as follows:

	Original loan currency			U.S. Dollar Equivalent
Year	US$'000	S$'000	INR'000	US$'000
As at 31 December 2017				
Long-term borrowings repayable in:				
2018	150,513	92,881	-	219,983
2019	456,181	-	-	456,181
2020	208,283	-	-	208,283
2021	128,677	-	10,000	128,837
2022	133,500	-	-	133,500
Thereafter	202,500	-	-	202,500
Total	1,279,654	92,881	10,000	1,349,284
Current portion (Note 29)	(150,513)	(92,881)	-	(219,983)
Non-current portion	1,129,141	-	10,000	1,129,301
As at 31 December 2016				
Long-term borrowings repayable in:				
2017	125,263	-	-	125,263
2018	186,513	92,881	-	250,702
2019	362,888	-	-	362,888
2020	102,388	-	-	102,388
2021	55,990	-	10,000	56,140
Thereafter	104,000	-	-	104,000
Total	937,042	92,881	10,000	1,001,381
Current portion (Note 29)	(125,263)	-	-	(125,263)
Non-current portion	811,779	92,881	10,000	876,118

35 Long-Term Payables and Liabilities

	Note	2017 US$'000	2016 US$'000
Post employment benefits liability, denominated in Indonesian rupiah	39	99,779	80,570
Rental deposits, denominated in Singapore dollar		684	779
Deferred rental income, denominated in United States dollar		2,373	3,857
		102,836	85,206

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36 Changes in Liabilities arising from Financing Activities

The reconciliation of movements of liabilities to cash flows arising from financing activities is as follows:

	Borrowings US$'000	Obligations under finance lease US$'000	Bonds and notes payable US$'000
Balance at 1 January 2017	1,984,750	84	1,081,537
Additions	5,060,024	-	-
Repayment	(4,466,880)	(84)	(674,719)
Payment of deferred loan charges	(5,884)	-	-
Non-cash changes:			
Amortisation	6,275	-	(78)
Foreign exchange movement	11,623	-	24,590
Transfer to disposal group held for sale	(29,099)	-	-
Balance at 31 December 2017	2,560,809	-	431,330

37 Issued Capital and Treasury Shares

	No. of ordinary shares		Amount	
	Issued capital	Treasury shares	Issued capital US$'000	Treasury shares US$'000
Issued and fully paid:				
Balance at 31 December 2016 and 2017	12,837,548,556	(102,792,400)	320,939	(31,726)

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares, except for treasury shares rank equally with regards to the Company's residual assets.

38 Dividends

	2017 US$'000	2016 US$'000
Interim dividend paid in respect of 2017 of S$0.00693 (2016: Nil) per share	65,083	-
Final dividend paid in respect of 2016 of S$0.00635 (2015: S$0.00502) per share	57,416	47,462
Total dividends paid	122,499	47,462

On 29 November 2017, an interim dividend (tax not applicable) of S$0.00693 per share amounting to a total of S$88,251,860.16 (equivalent to approximately US$65,083,000) was paid in respect of the current financial year.

At the Annual Meeting to be held on 23 April 2018, a final dividend (tax not applicable) of S$0.00116 per share, amounting to S$14,772,317.14 (equivalent to approximately US$11,049,000) will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings for the financial year ending 31 December 2018.

39 Post Employment Benefits Liability and Share-Based Payment

(a) Post Employment Benefits Liability

Certain subsidiaries have defined contribution retirement plan covering substantially all of their eligible permanent employees.

On top of the benefits provided under the defined contribution retirement plan, the subsidiaries have also recorded additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to the qualified employees, as required under the Labor Law. The amounts for such additional provisions were determined based on actuarial computations valuations prepared by the independent actuaries, PT Dayamandiri Dharmakonsilindo and PT Padma Radya Aktuaria, using the projected unit credit method.

The principal actuarial assumptions used by the actuaries were as follows:

	2017	2016
Discount rate	7.25%	8.50%
Salary growth rate	8.0%	8.0%
Retirement age	55 years	55 years

The amounts of additional provision for post employment benefits recognised in the statement of financial position represent present value of unfunded employees retirement benefit obligations in addition to the defined contribution scheme. The movements in the post employment benefits liability are as follows:

	Note	2017 US$'000	2016 US$'000
Balance at the beginning of the year		80,570	63,929
Post employment benefits expense during the year recognised in the income statement	10	14,757	11,992
Post employment benefits expense during the year recognised in other comprehensive income		4,885	3,252
Payments made during the year		(425)	(579)
Under-provision in respect of prior years		-	14
Acquisition of subsidiaries	41a	1,034	49
Translation adjustment		(1,042)	1,913
Balance at the end of the year	35	99,779	80,570

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39 Post Employment Benefits Liability and Share-Based Payment (cont'd)

(a) Post Employment Benefits Liability (cont'd)

The components of the post employment benefits expense recognised in the income statement are as follows:

	Note	2017 US$'000	2016 US$'000
Current service cost		8,287	7,026
Past service cost		(132)	(754)
Interest cost		6,602	5,720
Post employment benefits expense recognised in the income statement	10	14,757	11,992

The components of the post employment benefits expense recognised in other comprehensive income are as follows:

	2017 US$'000	2016 US$'000
Actuarial loss arising from changes in assumptions	(14,266)	(6,026)
Actuarial gain arising from experience adjustment	9,381	2,774
Post employment benefits expense recognised in other comprehensive income	(4,885)	(3,252)
Less: Deferred income tax	1,221	812
Net post employment benefits expense recognised in other comprehensive income	(3,664)	(2,440)

(b) Share-based Payment

The Company introduced the GAR Restricted Share Plan ("RSP") which was approved by shareholders at the special meeting of the Company held on 24 October 2008. The RSP is intended to align the interests of key management and executives of the Company and its subsidiaries with the interests of shareholders. It is also expected to enhance the Company's competitiveness in attracting and retaining talented key senior management and executives. The RSP contemplates the award of fully paid shares of the Company free of charge, upon meeting prescribed performance target(s) and/or service condition(s). Awards granted under the RSP will vest upon the satisfactory achievement of pre-determined operational and financial performance target(s).

As at 31 December 2017, no award has been granted by the Company under the RSP. The RSP has a maximum tenure of 10 years and will discontinue in 2018 unless shareholders and other relevant authority approval is obtained for its continuance beyond the time frame. The Company has no plan to renew it.

40 Financial Instruments

Fair Value of Financial Instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year, which include cash and cash equivalents, time deposits, short-term investments, trade and other receivables, trade and other payables, short-term borrowings, short-term bonds and notes payables and obligations under finance lease are assumed to approximate their fair values due to their short-term maturities.

The fair values of long-term receivables and long-term interest-bearing borrowings are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the end of the reporting period. As at 31 December 2017 and 2016, the carrying amounts of the long-term receivables and long-term interest-bearing borrowings approximate their fair values.

Fair Value Hierarchy

The following table presents financial assets and financial liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (i.e. derived from prices); and
(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
At 31 December 2017				
Available-for-sale financial assets	-	-	68,693	68,693
Financial assets at fair value through profit or loss held for trading	13,970	36,847	4,553	55,370
Derivative receivable	-	6,622	-	6,622
Derivative payable	-	(5,653)	-	(5,653)
	13,970	37,816	73,246	125,032
At 31 December 2016				
Available-for-sale financial assets	-	-	78,777	78,777
Financial assets at fair value through profit or loss held for trading	7,632	40,063	12,158	59,853
Derivative receivable	-	17,264	-	17,264
Derivative payable	-	(45,382)	-	(45,382)
	7,632	11,945	90,935	110,512

Note: Excluded available-for-sale financial assets stated at cost of US$595,356,000 (2016: US$627,531,000).

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40 Financial Instruments (cont'd)

Movements in Level 3 financial assets measured at fair value are as follows:

	2017		2016	
	Available-for-sale US$'000	Held for trading US$'000	Available-for-sale US$'000	Held for trading US$'000
Balance at 1 January	78,777	12,158	86,071	16,083
Transfer of financial assets previously measured at cost	1,000	-	-	-
Additions/(Disposals), net	3,966	(7,449)	3,021	997
Return of capital	(13,352)	-	(12,842)	-
Changes in fair value recognised in other comprehensive income	(1,698)	-	2,527	-
Unrealised loss recognised in income statement	-	(156)	-	(4,922)
Balance at 31 December	68,693	4,553	78,777	12,158

Methods and Assumptions Used to Determine Fair Values

The methods and assumptions used by management to determine fair values of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values are as follows:

Unquoted debt and equity securities: The fair value is determined by reference to fund statements provided by non-related fund managers.

Forward currency contracts: Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles as at the reporting date.

Cross currency swap contracts: Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are determined by reference to valuation by non-related financial institutions by reference to the market prices of another contract that is substantially similar.

41 Acquisition and Disposal of Subsidiaries

(a) Acquisition of subsidiaries

(i) In December 2017, pursuant to a capital distribution (the “Distribution”) by the general partner of The Verdant Fund LP, an available-for-sale financial asset held by the Group, the Group is entitled to the Indonesia Assets which comprises Verdant Capital Pte. Ltd. (“VCPL”) and its subsidiaries, PT Fortuna Abadi Mandiri, PT Mutiara Mahkota Mulia, PT Prisma Cipta Mandiri, PT Primatama Kreasimas and PT Bahana Karya Semesta (collectively “VCPL group”). Under the Distribution, control and 100% of the share capital of VCPL was transferred to the Group for a consideration of US$1. After the Distribution, VCPL group became subsidiaries of the Group.

From the date of the Distribution, VCPL group has contributed revenue and loss before income tax of US$5,000 and US$1,834,000 for the financial year ended 31 December 2017. If the Distribution had been completed on 1 January 2017, the Group’s total revenue and profit before income tax for the year would have been US$7,520,858,000 and US$101,572,000 respectively.

The recognised fair value of the identifiable assets acquired and liabilities assumed, which reasonably approximated their carrying amounts at the Acquisition date is as follows:

	VCPL Group US$'000
Bearer plants	120,581
Property, plant and equipment	20,754
Long-term assets	10,868
Deferred tax assets	1,176
Cash and cash equivalents	1,198
Short-term investment	39,164
Trade and other receivables	14,010
Biological assets	797
Inventories	2,943
Trade and other payables	(1,789)
Taxes payable	(8)
Long-term bond payable	(208,886)
Long-term payables	(1,034)
Net liabilities acquired	(226)
Less: Non-controlling interests’ proportionate share of net liabilities	226
Total purchase consideration	-*
Less: Cash and cash equivalents acquired	(1,198)
Net cash inflow on acquisition	(1,198)

* Cost of investment is US$1.

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41 Acquisition and Disposal of Subsidiaries (cont'd)

(a) Acquisition of subsidiaries (cont'd)

During the financial year 2016, there were the following acquisitions of subsidiaries:

(ii) In December 2016, the Group through its wholly-owned subsidiaries, acquired a 100% shareholding in PT Palmindo Billiton Berjaya ("PBB").

From the date of acquisition, PBB has contributed profit before income tax of US$430,000 for the financial year ended 31 December 2016. If the acquisition had been completed on 1 January 2016, the Group's total revenue and profit before income tax for the year ended 31 December 2016 would have been US$7,212,028,000 and US$140,202,000 respectively.

The recognised fair value of the identifiable assets acquired and liabilities assumed, which reasonably approximated their carrying amounts at the acquisition date is as follows:

	PBB US$'000
Bearer plants	18,986
Long-term receivables	1,885
Property, plant and equipment	1,767
Intangible assets	177
Cash and cash equivalents	357
Trade and other receivables	1,510
Inventories	574
Trade and other payables	(14,112)
Taxes payable	(59)
Long-term payables	(49)
Deferred tax liabilities	(206)
Net assets acquired/Cash consideration	10,830
Less: Cash and cash equivalents acquired	(357)
Net cash outflow on acquisition	10,473

(b) Liquidation, disposal and deconsolidation of subsidiaries

(i) In December 2017, the members' voluntary liquidation of PT Alam Sumber Rahmat ("ASR"), Goederhand Finance B.V., PT Griyagraha Sarimakmur, PT Kreasi Nusajaya Abadi and PT Tradisi Sawit Mandiri Utama ("TSMU") is deemed to be completed.

Following the liquidation, the Group derecognised the non-controlling interests in ASR and TSMU which resulted in a gain on liquidation of US$55,000.

During the financial year 2016, there were the following disposal and deconsolidation of subsidiaries:

(ii) In October 2016, the Group disposed its entire shareholding in PT Dian Ciptamas Agung ("DCA") for a consideration of IDR70,000,000 (equivalent to US$5,000). Following the disposal, DCA ceased to be a subsidiary of the Group.

41 Acquisition and Disposal of Subsidiaries (cont'd)

(b) Liquidation, disposal and deconsolidation of subsidiaries (cont'd)

(iii) In December 2016, the Group through its wholly-owned subsidiary, subscribed for a limited partnership interest in a technology investment fund, RMDV Fund I, L.P. (the "Fund"). The Group's contribution and commitment towards the Fund was by the injection of non-cash assets ("Non-cash Contribution") and cash into the Fund.

The Non-cash Contribution of US$87,596,000 comprised the Group's existing investment in financial assets and wholly-owned subsidiaries, namely Sinarmas Digital Ventures (SG) Pte. Ltd., Sinarmas Digital Ventures (HK) Limited and PT Sinar Mas Digital Ventures, held through Achieve Market Holdings Limited ("AMHL"), a newly purchased subsidiary during the previous financial year. Following the transaction, AMHL together with its subsidiaries, ceased as subsidiaries of the Group.

The following table summarises the carrying amount of the major class of the identifiable assets and liabilities disposed/deconsolidated:

	DCA US$'000	AMHL US$'000	Total US$'000
Cash and cash equivalents	13	208	221
Property, plant and equipment	-	200	200
Long-term investments	-	67,173	67,173
Short-term investments	-	19,172	19,172
Deferred tax assets	69	53	122
Other receivables	-	570	570
Other payables	(174)	(375)	(549)
Taxes payable	-	(2)	(2)
Net (liabilities)/assets disposed/deconsolidated	(92)	86,999	86,907
Net foreign currency reserve realised upon deconsolidation	-	71	71
Net fair value reserve realised upon deconsolidation	-	(32)	(32)
Net (liabilities)/assets derecognised	(92)	87,038	86,946
Gain on disposal/deconsolidation of subsidiaries (Note 9)	97	558	655
Total proceeds from disposal/deconsolidation	5	87,596	87,601
Less: Settlement by Non-cash Contribution	-	(87,596)	(87,596)
Cash proceeds from disposal	5	-	5
Less: Cash of disposed/deconsolidated subsidiaries	(13)	(208)	(221)
Net cash outflow on disposal/deconsolidation	(8)	(208)	(216)

42 Operating Segment Information

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

Plantation and palm oil mills - comprises the products from upstream business;

Palm and laurics - comprises the processing and merchandising of palm based products, i.e. bulk and branded as well as oleochemicals and other vegetable oils;

Oilseeds - comprises the processing and merchandising of oilseeds based products, i.e. bulk and branded; and

Others - comprises the production and distribution of food and consumer products in China and Indonesia.

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42 Operating Segment Information (cont'd)

2017	Plantation and palm oil mills US$'000	Palm and laurics US$'000	Oilseeds US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	75,608	6,578,867	660,972	192,152	-	7,507,599
Inter-segment sales	1,597,213	152	-	717	(1,598,082)	-
Total revenue	1,672,821	6,579,019	660,972	192,869	(1,598,082)	7,507,599
EBITDA	498,924	157,941	8,061	2,189	(2,464)	664,651
Other information						
Capital expenditure	117,875	83,780	291	3,457	-	205,403
Unallocated capital expenditure						12,485
Total capital expenditure						217,888
Depreciation and amortisation	(237,185)	(90,474)	(11,728)	(4,577)	-	(343,964)
Allowance for impairment loss of property, plant and equipment	-	-	-	(25,880)	-	(25,880)
Allowance for impairment loss on disposal group held for sale	-	-	(19,699)	-	-	(19,699)
Net loss from changes in fair value of biological assets	(2,045)	-	-	-	-	(2,045)
Interest on borrowings	(70,201)	(58,005)	(9,243)	(12)	-	(137,461)
Share of profit/(loss) of:						
Associated companies	(45)	2,240	-	-	-	2,195
Joint ventures	(196)	(3,564)	(88)	4,257	-	409
Assets						
Segment assets	4,114,054	3,086,407	473,440	206,833	(1,158,597)	6,722,137
Investment in:						
Associated companies	2,108	10,244	-	-	-	12,352
Joint ventures	-	41,119	-	28,476	-	69,595
Unallocated assets						1,333,696
Total assets						8,137,780
Liabilities						
Segment liabilities	(517,941)	(3,040,762)	(153,792)	(212,240)	2,369,072	(1,555,663)
Unallocated liabilities						(2,473,564)
Total liabilities						(4,029,227)

42 Operating Segment Information (cont'd)

2016	Plantation and palm oil mills US$'000	Palm and laurics US$'000	Oilseeds US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	70,088	6,261,444	690,658	186,659	-	7,208,849
Inter-segment sales	1,486,767	479	61,945	56	(1,549,247)	-
Total revenue	1,556,855	6,261,923	752,603	186,715	(1,549,247)	7,208,849
EBITDA	379,328	180,736	10,157	1,827	(388)	571,660
Other information						
Capital expenditure	97,423	92,285	992	8,792	-	199,492
Unallocated capital expenditure						15,433
Total capital expenditure						214,925
Depreciation and amortisation	(264,741)	(65,899)	(12,124)	(6,411)	-	(349,175)
Allowance for impairment loss of property, plant and equipment	-	(12,879)	-	(21,417)	-	(34,296)
Net gain from changes in fair value of biological assets	33,791	-	-	-	-	33,791
Interest on borrowings	(58,416)	(61,676)	(8,796)	(5)	-	(128,893)
Share of profit/(loss) of:						
Associated companies	471	323	-	-	-	794
Joint ventures	(468)	4,427	(236)	3,378	-	7,101
Assets						
Segment assets	3,905,368	3,643,875	460,607	220,899	(2,093,526)	6,137,223
Investment in:						
Associated companies	2,192	7,966	-	-	-	10,158
Joint ventures	790	38,188	313	22,821	-	62,112
Unallocated assets						2,096,922
Total assets						8,306,415
Liabilities						
Segment liabilities	(625,468)	(3,181,799)	(156,463)	(196,537)	2,540,733	(1,619,534)
Unallocated liabilities						(2,590,930)
Total liabilities						(4,210,464)

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42 Operating Segment Information (cont'd)

A reconciliation of total EBITDA to total profit/(loss) before income tax is as follows:

	2017 US$'000	2016 US$'000
EBITDA for reportable segments	667,115	572,048
Other EBITDA	(2,464)	(388)
Net (loss)/gain from changes in fair value of biological assets	(2,045)	33,791
Depreciation and amortisation	(343,964)	(349,175)
Foreign exchange (loss)/gain	(21,495)	47,188
Interest on borrowings	(137,461)	(128,893)
Exceptional items	(45,579)	(34,296)
Profit before income tax	114,107	140,275

Revenue based on geographical location of customers is as follows:

	2017 US$'000	2016 US$'000
China	963,596	1,266,877
Indonesia	1,113,223	766,367
India	1,411,143	1,409,694
Rest of Asia	2,401,636	2,203,461
Europe	1,026,435	1,022,202
Others	591,566	540,248
Consolidated revenue	7,507,599	7,208,849

The following is an analysis of the carrying amount of non-current non-financial assets, analysed by the geographical areas in which the assets are located:

	2017 US$'000	2016 US$'000
Indonesia	3,676,358	3,764,102
China	112,335	227,233
Singapore	138,821	130,906
India	42,164	37,445
Others	44,406	36,970
Total non-current non-financial assets	4,014,084	4,196,656

43 Related Party Transactions

(a) In addition to the related party information disclosed elsewhere in the consolidated financial statements, significant transactions with related parties, on terms agreed between parties, are as follows:

	2017 US$'000	2016 US$'000
(i) Sale of services		
Rental income from related parties	343	214
Rental income from joint ventures	211	688
(ii) Purchase of goods and services		
Insurance premium to a related party	7,649	7,276
Purchase of agricultural products from associated companies	247	147
Purchase of non-palm oil products from related parties	107,689	50,114
Freight and related expenses to joint ventures	175,029	187,099
Rental and service charge expense to related parties	10,808	12,945
Transport and port expense to related parties	2,848	3,145
(iii) Dividend income from a joint venture	785	2,750
(iv) Proceeds from disposal of property, plant and equipment to a related party	99,121	-

(b) The key management personnel remuneration is as follows:

	2017 US$'000	2016 US$'000
Directors of the holding company	5,359	4,222
Other key management personnel	5,303	4,673

Included in the above remuneration are post employment benefits of US$47,477 for the current financial year (2016: US$47,090).

44 Financial Risk Management

(a) Capital Risk Management

The Group manages its capital to safeguard the Group's ability to continue as a going concern in order to maximise the return to shareholders and benefits for other stakeholders through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged since 2016. Neither the Group nor the Company is subject to externally imposed capital requirements. The Group monitors capital using net debts-to-equity ratio and adjusted net debts-to-equity ratio.

Net debts-to-equity ratio equals net debts divided by total equity. Total equity comprises share capital, share premium, reserves, retained earnings and non-controlling interests.

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44 Financial Risk Management (cont'd)

(a) Capital Risk Management (cont'd)

	Note	2017 US$'000	2016 US$'000
Short-term borrowings	29	1,435,561	1,112,377
Long-term borrowings	34	1,125,248	872,373
Bonds and notes payable	33	431,330	1,081,537
Obligations under finance lease	32	-	84
Total debts		2,992,139	3,066,371
Less: Cash and cash equivalents	13	(159,189)	(153,007)
Net debts		2,832,950	2,913,364
Total equity		4,108,553	4,095,951
Net debts-to-equity ratio (times)		0.69	0.71

Adjusted net debts-to-equity ratio equals adjusted net debts divided by total equity attributable to owners of the Company. Adjusted net debts comprise net debts (as defined above) less liquid working capital. Liquid working capital includes short-term investments, trade receivables, advances and deposits to suppliers and inventories (excluding consumables) less trade payables and advances and deposits.

	2017 US$'000	2016 US$'000
Net debts	2,832,950	2,913,364
Less: Liquid working capital:		
Short-term investments	(234,370)	(201,972)
Trade receivables	(486,045)	(561,411)
Inventories (excluding consumables)	(859,510)	(848,652)
Advances and deposits to suppliers	(153,489)	(220,340)
Trade payables	544,432	575,940
Advances and deposits	40,276	87,577
Adjusted net debts	1,684,244	1,744,506
Equity attributable to the owners of the Company	4,006,983	4,053,750
Adjusted net debts-to-equity ratio (times)	0.42	0.43

The directors of the Company review the capital structure on a semi-annual basis. As a part of the review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Accordingly, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debt or the redemption of existing debt.

44 Financial Risk Management (cont'd)

(b) Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risks (including interest rate risk, foreign currency risk, price risk), credit risk, liquidity risk, and cash flow risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group may use relevant financial instruments to manage certain risks. Such financial instruments are not held for trade or speculative purposes.

(i) Interest Rate Risk

The Group's exposure to cash flow and fair value interest rate risk arises primarily on its existing interest-bearing borrowings. Cash flow interest rate risk is the risk that the future cash flow of borrowings at variable rate will fluctuate because of changes to market interest rates. Fair value interest rate risk is the risk that the fair values of borrowings at fixed rate will fluctuate because of changes to market interest rates. The interest rate that the Group will be able to obtain on debt financing will depend on market conditions at that time, and may differ from the rates the Group has secured currently.

As at 31 December 2017, if interest rates on net financial liabilities at variable rate had been 0.5% lower with all other variables held constant, profit before income tax and total equity for the year would have been higher by approximately US$11,064,000 and US$8,538,000 (2016: US$8,135,000 and US$6,300,000) respectively, as a result of lower interest expense and vice versa. This analysis is prepared assuming the amount of net financial liabilities outstanding at the end of the reporting period was outstanding for the whole year.

In respect of interest-earning financial assets and interest-bearing financial liabilities, the interest rates and repayment terms are disclosed in the respective notes to the consolidated financial statements. The tables below set out the interest rate profile of the Group's interest-bearing financial instruments at carrying amount.

	2017 US$'000	2016 US$'000
Financial Assets		
Variable rate	347,266	369,172
Fixed rate	227,605	237,239
Non-interest bearing	1,436,906	1,477,040
	2,011,777	2,083,451
Financial Liabilities		
Variable rate	2,551,992	1,987,768
Fixed rate	696,923	1,395,213
Non-interest bearing	431,938	465,317
	3,680,853	3,848,298

(ii) Foreign Currency Risk

The Group operates in several countries. Entities within the Group regularly transact in currencies other than their respective functional currency ("foreign currency") such as Indonesian rupiah ("IDR"), the Chinese renminbi ("RMB") and the United States dollar ("USD") which is also the Group's presentation currency.

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44 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(ii) Foreign Currency Risk (cont'd)

Sales to domestic customers within Indonesia and China are denominated in their local currencies, while export sales for most of the Group's products and cost of certain key purchases are quoted in United States dollar. Purchases and operating expenses in Indonesia and China are mainly denominated in their local currencies. To the extent that the revenue and purchases of the Group are denominated in different currencies, and may not evenly match in terms of quantum and/or timing, the Group has exposure to foreign currency risk.

The Group seeks to manage its foreign currency exposure by constructing a natural hedge where it matches revenue and expenses in any single currency or through financial instruments, such as forward exchange contracts and cross currency swap contracts. The Group is also exposed to currency translation risk arising from its net investments in foreign operations. These net investments are not hedged as currency positions in these foreign operations are considered long-term in nature.

As at the end of the current reporting period, if IDR and RMB strengthen/weaken against USD by 5% with all other variables, including interest rates remain constant, the Group's profit before income tax would have increased/decreased by US$34,739,000 and US$1,248,000 (2016: US$30,934,000 and US$1,995,000) respectively.

(iii) Price Risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices. As the Group's products are related to commodities, it is exposed to price risk in the commodities market. The Group monitors the market closely to ensure that the risk exposure to the volatility of the commodities is kept at minimum level. No sensitivity analysis is presented as management believes that price risk is not significant.

(iv) Significant Concentrations of Credit Risk

Concentrations of credit risk exists when changes in economic, industry or geographical factors similarly affect counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

(v) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and cash and cash equivalents. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group performs ongoing credit evaluation of its customers' financial conditions. Customers may be required to provide security in terms of cash deposits or letters of credit.

Cash and cash equivalents mainly comprise deposits with reputable banks with acceptable credit ratings.

44 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(v) Credit Risk (cont'd)

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period is the carrying amount of each class of assets in the statement of financial position, except as follows:

	2017 US$'000	2016 US$'000
Corporate guarantees provided to financial institutions on borrowings of joint ventures and entities owned by investees and joint ventures:		
Total facilities	722,196	584,670
Total outstanding	433,043	268,070

(vi) Liquidity Risk

To manage liquidity risk, the Group maintains a level of cash and cash equivalents and funding facilities deemed adequate by management to finance its operations. In assessing the adequacy of the facilities, management reviews its working capital requirements. The table below analyses the maturity profile of the Group's financial liabilities based on the contractual undiscounted cash flows (inclusive of principals and estimated interest until maturity):

	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
At 31 December 2017				
Short-term loans	1,228,076	-	-	1,228,076
Long-term loans	271,936	1,018,292	213,480	1,503,708
Bonds and notes payable	317,952	128,301	-	446,253
Other financial liabilities	688,714	-	-	688,714
Financial guarantee contracts	19,428	139,172	274,443	433,043
	2,526,106	1,285,765	487,923	4,299,794
At 31 December 2016				
Short-term loans	999,456	-	-	999,456
Long-term loans	159,552	827,050	110,888	1,097,490
Bonds and notes payable	698,146	434,265	-	1,132,411
Obligations under finance lease	88	-	-	88
Other financial liabilities	781,927	-	-	781,927
Financial guarantee contracts	6,078	34,119	227,873	268,070
	2,645,247	1,295,434	338,761	4,279,442

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45 Significant Commitments

Operating lease commitments

At the end of the reporting period, the commitment in respect of non-cancellable operating leases for the rental of office premises and properties with a term of more than one year are as follows. The leases have varying terms, escalation clauses and renewal rights.

	2017 US$'000	2016 US$'000
Within one year	20,834	20,224
Between one year to five years	28,348	32,920
After five years	2,220	4,060
Minimum lease payments paid under operating leases	24,847	22,266

Capital expenditure and investment commitment

At the end of the reporting period, the estimated significant expenditure and investment in available-for-sale financial assets committed but not provided for in the consolidated financial statements are as follows:

	2017 US$'000	2016 US$'000
Capital expenditure	45,747	31,219
Investment in available-for-sale financial assets	105,751	71,625

46 Group Companies

The details of the subsidiaries are as follows:

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	Effective interest of the Company 2016 %
Subsidiaries held by the Company				
Asia Integrated Agri Resources Limited	Investment holding	Bermuda	100.00	100.00
Asia Palm Oil Investment Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Blue Sky Golden Energy Ltd (b1)	Investment holding	Mauritius	100.00	100.00
Easton Capital Resources Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Agri Capital Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Agri International Finance Ltd (b1)	Treasury management	Mauritius	100.00	100.00
Golden Agri International Finance (2) Ltd (b2)	Treasury management	British Virgin Islands	100.00	100.00

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held by the Company (cont'd)				
Golden Agri International (Mauritius) Ltd (b1)	Investment holding and business and management consultancy services	Mauritius	100.00	100.00
Golden Agri International Pte Ltd	Trading in crude palm oil and related products	Singapore	100.00	100.00
Golden Agri International Trading Ltd (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
Golden Agri Investment (S) Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Agri (Labuan) Ltd (b1)	Trading in crude palm oil and related products and treasury management	Malaysia	100.00	100.00
Golden Asset Capital Investment Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Assets International Finance Limited	Treasury management	British Virgin Islands	100.00	100.00
Golden Assets International Investment Pte. Ltd.	Treasury management and business and management consultancy services	Singapore	100.00	100.00
Golden Capital Resources (S) Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Funds & Investment Management Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Logistics International Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Golden Oleo Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Madascar Investment Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Purimas Sasmita ("Purimas") (b1),(a)	Investment holding, building management services, business and management consultancy and trading	Indonesia	100.00	100.00
Sinarmas Food Pte. Ltd. (b3)	Investment holding	Singapore	100.00	100.00

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46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries				
PT Abadimas Investama (b1)	Investment holding and business and management consultancy services	Indonesia	100.00	100.00
Aerolink Investment Ltd	Investment holding	Singapore	100.00	100.00
AFP Agri-Resources Trading (M) Sdn. Bhd. (b1)	Investment holding	Malaysia	100.00	100.00
AFP International Trading (Shanghai) Co., Ltd (b9)	Trading in edible oils and its related products	People's Republic of China	100.00	100.00
PT Aditunggal Mahajaya (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrokarya Primalestari (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrolestari Mandiri (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrolestari Sentosa (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agropalma Sejahtera (b1)	Investment holding	Indonesia	100.00	100.00
PT Aimer Sawitmas (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Alam Sumber Rahmat (b3),(Note 41b)	Oil palm cultivation and palm oil producer	Indonesia	-	97.48
Ascent Industrial Complex Sdn. Bhd. (b1)	Owner and construction of bulking stations, export, import, administration of transportation services, management and trading	Malaysia	100.00	100.00
Aurea Investment Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Aurorea Investment Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Aurea Resource Trading Company Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
PT Bahana Karya Semesta (b5),(Note 41a)	Oil palm cultivation and palm oil producer	Indonesia	97.07	-

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries (cont'd)				
PT Bangun Nusa Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Belino Investments Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
PT Berau Sarana Jaya (b3),(e)	Oil palm cultivation and palm oil producer	Indonesia	92.40	97.20
PT Bhakti Manunggal Karya (b5)	Training services	Indonesia	100.00	100.00
Billford Investment Corporation Ltd. (b2)	Investment holding	Malaysia	100.00	100.00
PT Bioenergi Semesta Mas (b5)	Investment holding	Indonesia	59.90	59.90
PT Bina Kreasi Teknologi (b3)	Investment holding, trading and the provision of services in technology products	Indonesia	100.00	100.00
PT Binasawit Abadipratama (b8)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Blue Sky Golden FPS Ltd (b2)	Investment holding	British Virgin Islands	100.00	100.00
Blue Sky Golden Fulcrum Ltd (b2)	Investment holding	British Virgin Islands	100.00	100.00
PT Buana Adhitama (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Buana Artha Sejahtera (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Buana Indah Mandiri (b5)	Transportation services	Indonesia	100.00	100.00
PT Buana Wiralestari Mas (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Bumi Persada Sejahtera (b5)	Investment holding and business and management consultancy	Indonesia	100.00	100.00
PT Bumi Sawit Permai (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Bumipalma Lestaripersada (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Bumipermai Lestari (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00

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46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries (cont'd)				
PT Cahayanusa Gemilang (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Citra Bhakti Mandiri (b8)	Investment holding	Indonesia	100.00	100.00
PT Dami Mas Sejahtera (b8)	Production and sale of oil palm seeds	Indonesia	100.00	100.00
PT Djuandasawit Lestari (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Dragon Capital Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Dumai Mas Resources (b5)	Producer of edible oil and fat	Indonesia	100.00	100.00
Eco Investment Ltd (b2)	Investment holding	Malaysia	100.00	100.00
Enterprise Capital Corporation (b2)	Investment holding	Malaysia	100.00	100.00
Florentina International Holdings Limited (b1)	Investment holding	Mauritius	100.00	100.00
PT Forestalestari Dwikarya (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Fortuna Abadi Mandiri (b5),(Note 41a)	Investment holding	Indonesia	99.00	-
GAR Pakistan (Pvt.) Limited (b1)	Commercial import and trading in crude palm oil and related products	Pakistan	100.00	100.00
Gemini Edibles & Fats India Private Limited (b1)	Trading, manufacturing and marketing of edible oils and fats	India	75.02	75.02
PT Genta Mas Perkasa (b5)	Investment holding	Indonesia	100.00	100.00
PT Global Media Telekomindo (b3)	Telecommunication and multimedia services	Indonesia	100.00	100.00
Goederhand Finance B.V. (b2),(Note 41b)	Treasury management	The Netherlands	-	100.00
Golden Adventure (GSW) Pte. Ltd.	Ownership of shipping vessel(s)	Singapore	70.00	70.00
Golden Agri International India Holding Pte. Ltd.	Investment holding and business and management consultancy services	Singapore	100.00	100.00

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries (cont'd)				
Golden Agri International (L) Ltd (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
Golden Agri International (M) Ltd (b2)	Trading in crude palm oil and related products	Cayman Islands	100.00	100.00
Golden Agri International (M) Trading Sdn. Bhd. (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
Golden Agri International Trading (Cayman) Ltd (b2)	Trading in crude palm oil and related products	Cayman Islands	100.00	100.00
Golden Agri International Trading (Mauritius) Ltd (b1)	Investment holding	Mauritius	100.00	100.00
Golden Agri Investment & Management Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Golden Agri Plaza Pte. Ltd.	Commercial and industrial real estate management and property investment	Singapore	100.00	100.00
Golden Agri Resources (India) Private Limited (b1)	Trading and refining of crude palm oil and related products	India	100.00	100.00
Golden Agri-Resources Nigeria Limited (b3)	Importing, marketing and distributing palm oil products	Federal Republic of Nigeria	100.00	100.00
Golden Agri SEA (Labuan) Ltd (b1)	Trading in crude palm oil and its related products	Malaysia	100.00	100.00
Golden Agri Trading (L) Ltd (b1)	Trading in edible oils and its related products	Malaysia	100.00	100.00
Golden Airlines Limited (b4)	Leasing of aircraft(s) under its ownership	Hong Kong	100.00	100.00
Golden Avenue (GSW) Pte. Ltd.	Ownership of shipping vessel(s)	Singapore	70.00	70.00
Golden Funds & Investment Services Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Maritime Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Natural Resources (HK) Investment Co. Limited (b4)	Investment holding	Hong Kong	100.00	100.00

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46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries (cont'd)				
Golden Natural Resources (Shanghai) International Trade Co., Ltd. (b3)	Trading in edible oils and its related products	People's Republic of China	100.00	100.00
PT Goldensnack Cakrawala Persada (b1),(c)	Investment holding	Indonesia	70.00	-
PT Goldensnack Mas Sejahtera (b1),(c)	Manufacturing and trading of snacks products	Indonesia	70.02	-
GP Pakistan (Mauritius) Limited (b1)	Investment holding	Mauritius	100.00	100.00
PT Griyagraha Sarimakmur (b3),(Note 41b)	Oil palm cultivation and palm oil producer	Indonesia	-	100.00
Harford Holdings Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
Huafeng Foodstuff (Fuxin) Co., Ltd (b9)	Manufacturing and sale of processed instant noodles, snack products and beverages	People's Republic of China	100.00	100.00
Huafeng Foodstuff (Xian Yang) Co., Ltd (b9)	Manufacturing and sale of processed instant noodles, snack products and beverages	People's Republic of China	100.00	100.00
PT Indokarya Mas Sejahtera (b1)	Investment holding and business and management consultancy	Indonesia	100.00	100.00
Integrated Advance IT Services Sdn. Bhd. (b1)	IT consultancy, IT application design, development and maintenance services and provision of facilities for data centre resources and other IT outsourced activities	Malaysia	100.00	100.00
Integrated Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Ivo Mas Tunggal (b1)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Ivomas Oil & Fat (b5)	Investment holding and business and management consultancy	Indonesia	100.00	100.00
PT Ivomas Tunggal Lestari (b1)	Provision of maintenance services for palm oil processing units	Indonesia	100.00	100.00

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries (cont'd)				
PT Jambi Semesta Biomassa (b5)	Trading	Indonesia	59.94	59.94
PT Kartika Prima Cipta (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Kencana Graha Permai (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Kreasi Mas Indah (b1)	Producer of beverage products	Indonesia	100.00	100.00
PT Kreasi Nusajaya Abadi (b3),(Note 41b)	Producer of edible oil and fat	Indonesia	-	100.00
PT Kresna Duta Agroindo (b1),(e)	Oil palm cultivation and palm oil producer	Indonesia	92.40	97.20
PT Kurnia Cakra Sakti (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Langgeng Subur (b1),(e)	Cultivation of ornamental plants	Indonesia	92.40	97.20
Madascar Capital Pte. Ltd.	Investment holding	Singapore	100.00	100.00
PT Mantap Andalan Unggul (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Maskapai Perkebunan Leidong West Indonesia (b1),(e)	Oil palm cultivation and palm oil producer	Indonesia	92.40	97.20
PT Meganusa Intisawit (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Meganusa Karya Langgeng (b5)	Investment holding and business and management consultancy	Indonesia	100.00	100.00
PT Mitra Ekasukses Abadi (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Mitrakarya Agroindo (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Mutiara Mahkota Mulia (b5),(Note 41a)	Oil palm cultivation and palm oil producer	Indonesia	97.06	-
PT Nabati Energi Mas (b1),(e)	Production of palm oil based bio-diesel and other renewable resources based bio-fuel	Indonesia	92.40	97.20

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46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	Effective interest of the Company 2016 %
Subsidiaries held through subsidiaries (cont'd)				
Ningbo Shining Gold Cereal Oil Port Co., Ltd	Port and storage facilities	People's Republic of China	81.73	81.73
Ningbo Shining Gold Cereal Oil Storage Co., Ltd	Provide services in port loading, storage, packaging and transportation	People's Republic of China	81.73	81.73
PT Nusantara Candra (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Nusatama Agung Kreasi (b3)	Producer of edible oil and fat	Indonesia	100.00	100.00
PT Oleokimia Sejahtera Mas (b1)	Refinery operation	Indonesia	100.00	100.00
Oliqem GmbH (b13)	Trade and distribution of oleochemical products	Germany	100.00	100.00
PT Palmindo Billiton Berjaya (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Paramitra Agung Cemerlang (b1)	Provision of shipping and chartering services	Indonesia	100.00	100.00
PT Paramitra Internusa Pratama (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Pelangi Sungai Siak (b3),(e)	Oil palm cultivation and palm oil producer	Indonesia	78.54	82.62
PT Persada Graha Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Perusahaan Perkebunan Panigoran (b1),(e)	Oil palm cultivation and palm oil producer	Indonesia	92.40	97.20
PT Pratama Ronaperintis (b3),(e)	Investment holding	Indonesia	64.68	68.04
PT Primatama Kreasimas (b5),(Note 41a)	Oil palm cultivation and palm oil producer	Indonesia	97.06	-
PT Prisma Cipta Mandiri (b5),(Note 41a)	Oil palm cultivation and palm oil producer	Indonesia	97.06	-
PT Propertindo Prima (b1),(e)	Transportation services	Indonesia	92.40	97.20
PT Putra Manunggal Abadi (b8)	Investment holding	Indonesia	100.00	100.00
PT Rama Flora Sejahtera (b3),(e)	Oil palm cultivation and palm oil producer	Indonesia	92.40	97.20

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries (cont'd)				
PT Ramajaya Pramukti (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Rapid Growth Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Rawa Bangunyaman (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Riau Semesta Biomassa (b5),(c)	Trading in palm kernel shells	Indonesia	59.94	-
PT Sangatta Andalan Utama (b3),(e)	Oil palm cultivation and palm oil producer	Indonesia	92.40	97.20
PT Satrindo Jaya Agropalma (b5)	Transportation services	Indonesia	100.00	100.00
PT Satya Kisma Usaha (b1),(e)	Oil palm cultivation and palm oil producer	Indonesia	92.40	97.20
PT Sawit Mas Sejahtera (b5)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sawitakarya Manunggul (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Shining Gold Foodstuffs (Ningbo) Co., Ltd	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00
Shining Gold Oilseed Crushing (Ningbo) Co., Ltd	Manufacturing of crude vegetable oil	People's Republic of China	100.00	100.00
Silverand Holdings Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Sinar Kencana Inti Perkasa (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sinar Mas Agro Resources and Technology Tbk ("SMART") (b1),(e)	Investment holding, oil palm cultivation and palm oil producer, refinery and producer of consumer cooking oil, shortening and margarine	Indonesia	92.40	97.20
Sinar Mas Natural Resources (China) Investment Co., Ltd (b10)	Investment holding	People's Republic of China	100.00	100.00
PT Sinarmas Bio Energy (b1),(e)	Production of palm oil based bio-diesel and other renewable resources based energy	Indonesia	92.40	97.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries (cont'd)				
PT Sinarmas Cakrawala Persada (b1)	Investment holding	Indonesia	100.00	100.00
Sinarmas Corporate Management (Shanghai) Co., Ltd (b9)	Provision of management and consultancy services	People's Republic of China	100.00	100.00
PT Sinarmas Distribusi Nusantara (b1)	Distributor of fast moving consumer products	Indonesia	100.00	100.00
Sinarmas Food (Hong Kong) Co., Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Sinarmas Food (Shaoguan) Co., Ltd (b9)	Manufacturing and sale of food products and instant noodles	People's Republic of China	100.00	100.00
Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd (Note 18)	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00
PT Sinarmas Sentra Cipta (b3),(c)	Provision of administration and management services	Indonesia	92.40	-
PT Sinarmas Surya Sejahtera (b1)	Sale of food products	Indonesia	100.00	100.00
PT Sinar Mas Super Air (b5),(e)	Aerial manuring	Indonesia	97.34	99.02
Sinarkonex Korea Co., Ltd (b3)	Dormant	Korea	70.00	70.00
Smart Trac Resources Trading Limited (b4)	Trading of palm oil and palm stearin	Hong Kong	100.00	100.00
PT Soci Mas (b1),(e)	Oleochemical industries	Indonesia	92.45	97.23
Solid Growth Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
Sterling International Investment Ltd (b3)	Investment holding	Malaysia	100.00	100.00
Straits Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Sumber Indahperkasa (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Swakarya Adhi Usaha (b5)	Provision of maintenance services for palm oil processing units	Indonesia	100.00	100.00

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	2016 %
Subsidiaries held through subsidiaries (cont'd)				
PT Tapian Nadenggan (b1),(e)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	92.40	97.20
PT Tarunacipta Kencana (b1)	Ownership and operation of marine cargo	Indonesia	100.00	100.00
PT Tradisi Mas Sejahtera (b3)	Investment holding	Indonesia	62.50	62.50
PT Tradisi Sawit Mandiri Utama (b3),(Note 41b)	Oil palm cultivation and palm oil producer	Indonesia	-	85.00
PT Universal Transindo Mas (b5),(e)	Transportation services	Indonesia	97.37	99.03
PT Usaha Malindo Jaya (b5)	Construction service	Indonesia	100.00	100.00
Verdant Capital Pte. Ltd. (Note 41a)	Investment holding	Singapore	100.00	-
Victory Oleo Holding GmbH (b13)	Distribution of oleochemical products	Germany	100.00	100.00
Victory Tropical Oil B.V. (b1)	Investment holding and finance	The Netherlands	100.00	100.00
Victory Tropical Oil Iberia, S.L. (b1),(c)	Sales, marketing and trading of tropical oils and their by-products	Spain	100.00	-
Victory Tropical Oil USA, Inc. (b1)	Trading in tropical oils and their by-products	United States of America	100.00	100.00
Windflower Investments Limited (b2)	Investment holding and treasury management	British Virgin Islands	100.00	100.00
Wuhan Jin Ding Foodstuff Co., Ltd (b9)	Manufacturing and sale of food products and instant noodles	People's Republic of China	100.00	100.00
Zhongshan Huifeng Investment Advisory Co., Ltd (b9)	Dormant	People's Republic of China	100.00	100.00
Zhuhai Huafeng Film Co., Ltd (b9)	Dormant	People's Republic of China	85.00	85.00
Zhuhai Huafeng Printing Co., Ltd (b9)	Dormant	People's Republic of China	85.00	85.00
Zhuhai Huafeng Food Industry (Group) Co., Ltd (b9)	Manufacturing and sale of food products and instant noodles	People's Republic of China	100.00	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2017

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2017 %	Effective interest of the Company 2016 %
Subsidiaries held through subsidiaries (cont'd)				
Zhuhai Huafeng Foodstuff Co., Ltd (b9)	Manufacturing and sale of instant noodles	People's Republic of China	100.00	100.00
Zhuhai Shining Gold Oil and Fats Industry Co., Ltd	Refinery of palm and vegetable oil	People's Republic of China	85.00	85.00
The Group's associated companies are:				
PT Catur Paramita (b3)	Property owner for education purposes	Indonesia	36.21	36.21
PT Duta Anugerah Indah (b11)	Television broadcasting which focuses on education and in the humanitarian field	Indonesia	28.08	28.08
PT Hortimart Agrogemilang (b3),(e)	Production and sale of seeds	Indonesia	36.13	38.01
PT Sinar Meadow International Indonesia (b5)	Production of special vegetable oil and fat	Indonesia	50.00	50.00
The Group's joint ventures are:				
Golden Stena Bulk IMOIIMAX I Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX III Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX VII Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX VIII Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden-Agri Stena Pte. Ltd. *(formerly known as "Golden Stena Weco Pte. Ltd.")*	Provision of ship management services and chartering and operation of vessels	Singapore	50.00	50.00
Jetlane Holdings Limited (b12),(d)	Investment holding	British Virgin Islands	-	50.00
Nuova Energia S.r.l. (b6)	Building and operation of wind power farms	Italy	50.00	50.00
Sinarmas LDA Maritime Pte. Ltd. (b14)	Shipping and logistics business	Singapore	50.00	50.00
GSW F-Class Pte. Ltd.	Investment holding and ownership of vessel(s)	Singapore	50.00	50.00

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company	
			2017	2016
			%	%
The Group's joint ventures are:				
Sinarmas Cepsa Pte. Ltd. (b15)	Investment holding	Singapore	50.00	50.00
PT Super Wahana Tehno (b1)	Production and distribution of bottled ionised mineral water	Indonesia	46.20	48.60

Notes:

(a) 86.04% of the share capital of Purimas is directly held by the Company and the remaining 13.96% of the share capital is held by Silverand Holdings Ltd.

(b) The above group companies are audited by Moore Stephens LLP, Singapore except for group companies that are indicated below:

(1) Audited by member firms of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member.

(2) Statutory audit not required by law in its country of incorporation.

(3) Statutory audit is not required as the subsidiary is newly incorporated/inactive.

(4) Audited by TCL & Company, Certified Public Accountants (Practising).

(5) Audited by Tanubrata Sutanto Fahmi Bambang & Rekan (BDO).

(6) Audited by PricewaterhouseCoopers SpA.

(7) Audited by PricewaterhouseCoopers Ltd.

(8) Audited by Purwantono, Sungkoro & Surja (Ernst & Young).

(9) Audited by Zhonghua Certified Public Accountants LLP, PRC.

(10) Audited by Beijing Dongshen Dingli International CPA, PRC.

(11) Audited by KAP Handoko & Suparmun.

(12) Audited by KAP Drs. Ferdinand.

(13) Audited by Wir Treuhand GmbH.

(14) Audited by Paul Wan & Co.

(15) Audited by PricewaterhouseCoopers LLP.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

46 Group Companies (cont'd)

Notes: (cont'd)

(c) During the current financial year, the following new companies have been incorporated:

Subsidiaries	Initial Issued and Paid-up Capital
PT Sinarmas Sentra Cipta	1,000 shares of IDR1,000,000 each
PT Riau Semesta Biomassa	8,900 shares of IDR1,000,000 each
PT Goldensnack Cakrawala Persada ("GCP")	700 shares of IDR1,000,000 each
PT Goldensnack Mas Sejahtera	1,500 shares of IDR1,000,000 each
Victoria Tropical Oil Iberia, S.L.	3,000 shares of EUR1 each

Following the incorporation of GCP, the Group recognised a cash inflow from its 30% non-controlling interest of US$23,000.

During the financial year 2016, the Group recognised a cash inflow from its 40.1% non-controlling interest of US$31,000 following the incorporation of PT Bioenergi Semesta Mas and PT Jambi Semesta Biomassa.

(d) During the current financial year, the Group through its wholly-owned subsidiary, disposed its entire shareholding in Jetlane Holdings Limited for a consideration of US$1,076,000. The Group recognised a loss on disposal of US$1,309,000.

(e) In June 2017, the Group, through its subsidiary, disposed 138,000,000 shares in SMART representing approximately 4.8% of the shareholding in SMART for a total consideration of IDR565.8 billion (equivalent to US$42,586,000). Following this transaction, the Group's effective interest in SMART and its subsidiaries decreased from 97.20% to 92.40%. The Group recognised an increase in non-controlling interests of US$53,349,000 and a decrease in other reserves of US$10,763,000.

(f) As at 31 December 2017, the accumulated non-controlling interests is US$101,570,000 (2016: US$42,201,000), of which US$81,184,000 (2016: US$25,977,000) is for 7.6% (2016: 2.8%) non-controlling interests in SMART and its subsidiaries ("SMART Group") and US$12,441,000 (2016: US$8,181,000) is for 24.98% non-controlling interests in Gemini Edibles & Fats India Private Limited ("GEFI"). The non-controlling interests in respect of other subsidiaries are individually not material.

46 Group Companies (cont'd)

Notes: (cont'd)

(f) The following table summarises the financial information relating to SMART Group and GEFI which have non-controlling interests that are material to the Group:

	SMART Group		GEFI	
	2017	2016	2017	2016
	US$'000	US$'000	US$'000	US$'000
Non-current assets	1,394,288	1,420,554	24,130	20,615
Current assets	913,326	903,964	131,513	93,028
Non-current liabilities	546,122	586,107	2,037	2,065
Current liabilities	626,091	626,697	103,799	79,058
Revenue	2,639,857	2,245,510	607,187	510,817
Profit for the year	30,062	93,399	14,553	10,005
Total comprehensive income	29,111	92,889	16,663	10,005
Profit allocated to NCI	1,855	2,611	3,636	2,499
Cash inflows/(outflows) from operating activities	119,855	(54,586)	288	18,130
Cash (outflows)/inflows from investing activities	(91,467)	(83,618)	2,194	(77,625)
Cash (outflows)/inflows from financing activities	(9,010)	51,981	(2,482)	61,407
Net increase/(decrease) in cash and cash equivalents	19,377	(86,223)	-	1,162

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GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

CONTENTS

COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of Golden Agri-Resources Ltd (the "Company") for the financial year ended 31 December 2017.

PRINCIPAL ACTIVITY

The Company was incorporated on 15 October 1996 and its principal activity is that of an investment holding company.

RESULTS AND DIVIDENDS

The Company's total comprehensive loss for the year ended 31 December 2017 was US$600,000 (2016: total comprehensive income of US$605,000).

On 29 November 2017, an interim dividend (tax not applicable) of S$0.00693 per share amounting to a total of S$88,251,860.16 (equivalent to approximately US$65,083,000) was paid in respect of the current financial year.

At the Annual Meeting to be held on 23 April 2018, a final dividend (tax not applicable) of S$0.00116 per share, amounting to S$14,772,317.14 (equivalent to approximately US$11,049,000) will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings for the financial year ending 31 December 2018.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS

The independent auditors, Moore Stephens, have expressed their willingness to continue in office and will be automatically reappointed under the Mauritius Companies Act at the next Annual Meeting.

CERTIFICATE FROM THE SECRETARY

We certify, to the best of our knowledge and belief that we have filed with the Registrar of Companies all such returns as are required of Golden Agri-Resources Ltd under the Mauritius Companies Act for the financial year ended 31 December 2017.

CORPORATE SECRETARY
SGG CORPORATE SERVICES (MAURITIUS) LTD
33 Edith Cavell Street,
Port Louis, 11324,
MAURITIUS

Date: 14 March 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD (INCORPORATED IN MAURITIUS)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Golden Agri-Resources Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2017 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of accounting policies, as set out on pages 165 to 182.

In our opinion, these financial statements give a true and fair view of the financial position of the Company as at 31 December 2017 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of the Directors and Certificate from the Secretary, or any other information. The other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Report on the Audit of Financial Statements (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report is made solely to the Company's members, in accordance with Section 205 of the Mauritius Companies Act. Our audit work has been undertaken so that we might state to the Company's members those matters that we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD (INCORPORATED IN MAURITIUS)

Report on Other Legal and Regulatory Requirements

Mauritius Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Moore Stephens
Chartered Accountants

Arvin Rogbeer, FCA, FCCA
Licensed by FRC

Port Louis, Mauritius

Date: 14 March 2018

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Administrative expenses		(1,153)	(867)
Financial income	6	513	1,438
Financial expenses	7	(106)	(73)
Foreign exchange gain		146	107
(Loss)/Profit before income tax	8	(600)	605
Income tax	9	-	-
(Loss)/Profit for the year, representing total comprehensive (loss)/income for the year		(600)	605

The accompanying notes form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Current assets			
Cash and cash equivalents	10	43	77
Other current assets	11	487	19
		530	96
Non-current assets			
Interest in subsidiaries	12	2,092,902	2,040,149
Long-term investments	13	156,925	333,300
		2,249,827	2,373,449
Total Assets		2,250,357	2,373,545
Current liabilities			
Accrued operating expenses		284	280
Payable to third parties	14	6	5
Loans and advances from subsidiaries, unsecured	15	30,215	30,309
		30,505	30,594
Total Liabilities		30,505	30,594
Equity			
Issued capital	16	320,939	320,939
Share premium		1,850,965	1,850,965
Treasury shares	16	(31,726)	(31,726)
Option reserve		31,471	31,471
Retained earnings		48,203	171,302
		2,219,852	2,342,951
Total Liabilities and Equity		2,250,357	2,373,545

On behalf of the Board of Directors,

FRANKY OESMAN WIDJAJA
Director

RAFAEL BUHAY CONCEPCION, JR.
Director

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Issued Capital US$'000	Share Premium US$'000	Treasury Shares US$'000	Option Reserve US$'000	Retained Earnings US$'000	Total US$'000
Balance at 1 Jan 2017	320,939	1,850,965	(31,726)	31,471	171,302	2,342,951
Dividends paid (Note 17)	-	-	-	-	(122,499)	(122,499)
Total comprehensive loss for the year	-	-	-	-	(600)	(600)
Balance at 31 Dec 2017	320,939	1,850,965	(31,726)	31,471	48,203	2,219,852
Balance at 1 Jan 2016	320,939	1,850,965	(31,726)	31,471	218,159	2,389,808
Dividends paid (Note 17)	-	-	-	-	(47,462)	(47,462)
Total comprehensive income for the year	-	-	-	-	605	605
Balance at 31 Dec 2016	320,939	1,850,965	(31,726)	31,471	171,302	2,342,951

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US$'000	2016 US$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		(600)	605
Adjustments for:			
Interest expense	7	106	73
Interest income	6	(513)	(1,438)
Operating cash flows before working capital changes		(1,007)	(760)
Changes in operating assets and liabilities:			
Accrued operating expenses		4	5
Payable to third parties		1	(28)
Other current assets		(47)	(10)
Cash used in operations		(1,049)	(793)
Interest paid		-	(30)
Interest received		513	1,428
Tax paid		(421)	-
Net cash (used in)/generated from operating activities		(957)	605
Cash flows from investing activities			
Repayment of loans and advances to subsidiaries		156,133	57,526
Investment in long-term investments		(32,511)	(9,750)
Net cash generated from investing activities		123,622	47,776
Cash flows from financing activities			
Repayment of loans and advances from subsidiaries, net		(200)	(937)
Payment of dividends		(122,499)	(47,462)
Net cash used in financing activities		(122,699)	(48,399)
Net decrease in cash and cash equivalents		(34)	(18)
Cash and cash equivalents at the beginning of the year		77	95
Cash and cash equivalents at the end of the year	10	43	77

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

These notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

Golden Agri-Resources Ltd ("GAR" or the "Company") is a public limited company incorporated in Mauritius whose securities are listed on the Singapore Exchange (SGX).

The registered office of the Company is c/o SGG Corporate Services (Mauritius) Ltd, 33 Edith Cavell Street, Port Louis, 11324, Mauritius. The principal activity of the Company is that of an investment holding company.

The financial statements were authorised for issue by the Board of Directors on 14 March 2018.

2 New and Revised International Financial Reporting Standards ("IFRSs")

(a) Adoption of New and Revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except that in the current year, the Company has adopted all the new and revised IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 January 2017. The adoption of these new and revised IFRSs has had no material financial impact on the financial performance and financial position of the Company. The disclosure of the adoption of Amendments to IAS 7, *Disclosure Initiative* is provided in Note 15 to the financial statements.

(b) New and revised IFRSs issued but not yet effective

As at the date of these financial statements, the following new and revised IFRSs that are relevant to the Company's operations have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 9, *Financial Instruments*	1 January 2018
IFRS 15, *Revenue from Contracts with Customers*	1 January 2018
IFRS 16, *Leases*	1 January 2019
Improvements to IFRS (2016):	
- IAS 28, *Investments in Associates and Joint Ventures*	1 January 2018

The directors expect the adoption of the new and revised IFRSs above will have no material financial impact on the financial statements in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS
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3 Summary of Accounting Policies

(a) Basis of Preparation

The financial statements, which are expressed in United States dollar, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of IFRSs.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may actually differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement and complexity are disclosed in Note 5 to the financial statements.

(b) Functional and Presentation Currency

The functional and presentation currency of the Company is the United States dollar, the currency of the primary economic environment in which the Company operates. All financial information presented in United States dollar have been rounded to the nearest thousand, unless otherwise stated.

(c) Foreign Currencies

Transactions in a currency other than the functional currency ("foreign currency") are translated into United States dollar at the rates of exchange prevailing at the time the transactions are entered into. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into United States dollar at exchange rates prevailing at such date. Exchange differences arising from the settlement of foreign currency transactions and from translation of foreign currency denominated monetary assets and liabilities are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Currency translation differences on monetary items are recognised as part of the fair value gain or loss in the profit or loss, except for differences arising from translation of available-for-sale financial assets, which are recognised in other comprehensive income.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised in the profit or loss as follows:

(i) Interest income from time deposits and other financial assets are recognised on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(ii) Dividend income from investments is recognised on the date the dividends are declared payable by the investees.

3 Summary of Accounting Policies (cont'd)

(e) Income Tax

Current income tax for current and prior years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax liabilities are recognised on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred income tax is also dealt with in equity. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority. Tax rates enacted or substantively enacted by the end of each reporting period are used to determine deferred tax.

(f) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at banks and time deposits with maturities of three months or less which are highly liquid assets that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

(g) Investment in Subsidiaries

Subsidiaries are entities over which the Company has control. The Company controls an entity if and only if it has power over the entity and when it is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to use its power over the entity to affect those returns. The Company will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Investment in subsidiaries is stated at cost less any accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount. On disposal of such investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

(h) Borrowing Costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other similar cost that incurred in connection with the borrowing of funds.

NOTES TO THE FINANCIAL STATEMENTS

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3 **Summary of Accounting Policies** (cont'd)

(i) Financial Instruments and Equity

The Company classifies its non-derivative financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Company provides money, goods or services directly to a debtor with no intention of trading the receivable. The Company's loans and receivables comprise non-trade receivables and cash and cash equivalents.

Receivables are measured at initial recognition at fair value which is normally the face value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other category. Available-for-sale financial assets are recognised initially at fair value plus any directly attributable transaction costs, and subsequently carried at fair value with gains and losses being recognised in other comprehensive income until the investment is derecognised or until the investment is determined to be impaired at which time the previous gain or loss that has been recognised in other comprehensive income is reclassified from equity to the profit or loss. Available-for-sale financial assets that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of each reporting period subsequent to initial recognition. Impairment losses recognised in the profit or loss for investments in equity instruments classified as available-for-sale are not subsequently reversed through the profit or loss.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. Financial liabilities include payable to third parties and loans and advances from subsidiaries.

Non-trade payables are stated at face value which is the fair value of the debts. Where the effect of time value of money is material, the liabilities are the present values of the expenditures expected to be required to settle the obligation.

Ordinary shares are classified as equity. Share capital is determined using the par value of shares that have been issued. Share premium includes any excess received on the issuance of shares over the par value, net of any direct issue costs. The share premium amount may be applied only for the purpose specified in the Mauritius Companies Act.

The Company's own ordinary shares, which are re-acquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, re-issuance or cancellation of equity shares. Any difference between the carrying amount of treasury shares and the consideration received, if re-issued, is recognised directly in equity as gain or loss on re-issuance of treasury shares.

3 Summary of Accounting Policies (cont'd)

(j) Impairment of Non-Financial Assets

At the end of each reporting period, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss or whether there is any indication that an impairment loss previously recognised for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. An asset's recoverable amount is calculated as the higher of the asset's value in use and/or its fair value less cost of disposal.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, unless the relevant asset is land or buildings at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that it does not restate the asset to a carrying amount in excess of what would have been determined (net of depreciation) had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(k) Financial Guarantees

The Company has issued corporate guarantees to creditors for trade and banking facilities of its subsidiaries, joint ventures and entities owned by its investees and joint ventures. These guarantees are financial guarantee contracts as they require the Company to reimburse the creditors if the borrowers fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially recognised at their fair values plus transaction costs. Financial guarantee contracts are subsequently amortised to the profit or loss over the period of the borrowings, unless the Company has incurred an obligation to reimburse the creditors for an amount higher than the unamortised amount. In this case, the financial guarantee contracts shall be carried at the expected amount payable to the creditors.

(l) Related Party

A related party is a person or entity that is related to the reporting entity. A person is considered to be related if that person has the ability to control or jointly control the reporting entity, exercise significant influence over the reporting entity in making financial and operating decisions, or is a member of the key management personnel of the reporting entity or its parent. An entity is related to the reporting entity if they are members of the same group, an associate, a joint venture, or provides key management personnel services to the reporting entity or to the parent of the reporting entity. An entity is also considered to be related if it is controlled or jointly controlled by the same person who has significant influence over the reporting entity or is a member of the key management personnel of the reporting entity.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

3 Summary of Accounting Policies (cont'd)

(m) Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved for payment.

4 Financial Risk Management

(a) Capital Risk Management

The Company manages its capital to safeguard the Company's ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders through the optimisation of the debts and equity balance. The Company's overall strategy remains unchanged since 2016.

The Company is not subjected to externally imposed capital requirements.

The capital structure of the Company consists of total equity and net debts (which includes loans and advances from subsidiaries, net of cash and cash equivalents).

The debts-to-equity ratio as at 31 December 2017 and 2016 is as follows:

	2017 US$'000	2016 US$'000
Loans and advances from subsidiaries	30,215	30,309
Less: Cash and cash equivalents	(43)	(77)
Net debts	30,172	30,232
Equity	2,219,852	2,342,951
Debts-to-equity ratio (times)	0.01	0.01

(b) Financial Risk Management

The Company's activities exposed it to a variety of financial risks, including the effects of changes in interest rate risk, foreign currency risk, credit risk and liquidity risk arising in the normal course of the Company's business. The Company's risk management strategy seeks to minimise the potential adverse effects from these exposures. The management reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Interest Rate Risk

The Company's exposure to interest rate risk arises from its loans and advances to and from subsidiaries. Cash flow interest rate risk is the risk that the future cash flow of borrowings at variable rate will fluctuate because of changes to market interest rates. Fair value interest rate risk is the risk that the fair values of borrowings at fixed rate will fluctuate because of changes to market interest rates. The Company constantly reviews its debt portfolio and monitors the changes in interest rate environment to ensure that interest receipts and payments are within acceptable level. Information relating to the interest rates and terms of repayment of interest-bearing financial assets and liabilities are disclosed in their respective notes to the financial statements.

4 **Financial Risk Management** (cont'd)

(b) Financial Risk Management (cont'd)

(i) Interest Rate Risk (cont'd)

The table below set out the interest rate profile of interest-bearing financial assets and liabilities at carrying amount:

	2017 US$'000	2016 US$'000
Financial Assets at Variable Rates		
Cash and cash equivalents	43	77
Financial Assets at Fixed Rates		
Other financial assets	-	23,597
Financial Liabilities at Variable Rates		
Other financial liabilities	7,709	7,660

(ii) Foreign Currency Risk

The Company's foreign currency exposure arises mainly from the exchange rate movements of the Singapore dollar and the United States dollar which is also the Company's functional currency.

As at the end of the reporting period, substantively all the Company's net monetary assets and liabilities are denominated in United States dollar, hence the Company does not have any significant exposure to foreign currency risk.

(iii) Credit Risk

The Company's policy is to enter into transactions with creditworthy counterparties so as to mitigate any significant credit risk. Bank balances were placed in financial institutions which are regulated and are monitored closely by the Company on an on-going basis.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position, except as follows:

	2017 US$'000	2016 US$'000
Corporate guarantees provided to financial institutions on trade and banking facilities of subsidiaries:		
- Total facilities	3,220,622	2,657,367
- Total outstanding	2,489,372	1,879,675
Corporate guarantees provided to financial institutions on borrowings of joint ventures and entities owned by investees and joint ventures:		
- Total facilities	722,196	584,670
- Total outstanding	433,043	268,070

As at the end of the reporting period, other than as disclosed above, the Company does not have any significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017

4 **Financial Risk Management** (cont'd)

(b) Financial Risk Management (cont'd)

(iv) Liquidity Risk

To manage liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows. The Company relies on funds from subsidiaries as a significant source of liquidity.

The table below analyses the maturity profile of the Company's financial liabilities and financial guarantee provided to financial institutions on trade and banking facilities that shows the remaining contractual maturities:

	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
At 31 December 2017				
Loans and advances from subsidiaries, unsecured	30,215	-	-	30,215
Financial guarantee contracts	1,530,119	915,353	476,943	2,922,415
	1,560,334	915,353	476,943	2,952,630
At 31 December 2016				
Loans and advances from subsidiaries, unsecured	30,309	-	-	30,309
Financial guarantee contracts	1,188,881	626,991	331,873	2,147,745
	1,219,190	626,991	331,873	2,178,054

5 **Critical Accounting Estimate and Assumption**

The Company makes estimates and assumptions concerning the future. Estimates, assumptions and judgements are continually evaluated and are based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the preparation of these financial statements, there were no critical accounting estimates and assumptions made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Set out below is the critical judgement made in applying the Company's accounting policy.

Impairment of Assets
The Company reviews the carrying amounts of the assets as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount or value in use is estimated. Determining the value in use of long-lived assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the Company's financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Company believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges.

For the current financial year, there is no impairment loss recognised in the financial statements.

6 Financial Income

	2017 US$'000	2016 US$'000
Interest income from:		
- loans to subsidiaries	513	1,437
- cash and cash equivalents	-	1
	513	1,438

7 Financial Expenses

	2017 US$'000	2016 US$'000
Interest expenses on loans from subsidiaries	106	73

8 (Loss)/Profit before Income Tax

This is arrived at after charging:

	2017 US$'000	2016 US$'000
Audit fees paid/payable to auditors	175	174
Non-audit services paid/payable to auditors	39	33
Staff costs*	413	347

* This represents short-term employment benefits paid to key management personnel who are also directors.

Share-based Payment

The Company introduced the GAR Restricted Share Plan ("RSP") which was approved by shareholders at the special meeting of the Company held on 24 October 2008. The RSP is intended to align the interests of key management and executives of the Company and its subsidiaries with the interests of shareholders. It is also expected to enhance the Company's competitiveness in attracting and retaining talented key senior management and executives. The RSP contemplates the award of fully paid shares of the Company free of charge, upon meeting prescribed performance target(s) and/or service condition(s). Awards granted under the RSP will vest upon the satisfactory achievement of pre-determined operational and financial performance target(s).

As at 31 December 2017, no awards have been granted by the Company under the RSP. The RSP has a maximum tenure of 10 years and will discontinue in 2018 unless shareholders and other relevant authority approval is obtained for its continuance beyond the time frame. The Company has no plan to renew it.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

9 Income Tax

The reconciliation of the current year income tax and the product of accounting (loss)/profit multiplied by the Mauritius statutory tax rate is as follows:

	2017 US$'000	2016 US$'000
(Loss)/Profit before income tax	(600)	605
Tax calculated at tax rate of 15% (2016: 15%)	(90)	91
Income not subject to tax	(25)	(10)
Unrecognised deferred tax assets	115	-
Utilisation of previously unrecognised deferred tax assets	-	(81)
	-	-

The Company has been established as a "Category 1 Global Business Licence Company" for the purpose of the Financial Services Act 2007. The profit of the Company, as adjusted for income tax purposes, is subject to income tax at 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% of the Mauritius tax on its foreign source income, thereby giving an effective tax rate of 3%. Interest income from any bank under the Banking Act 2004 is exempt from tax and there is no tax on capital gains in Mauritius.

At 31 December 2017, the Company had accumulated tax losses of US$764,000 and is therefore not liable to income tax. These untilised tax losses will expire in 2022 and the deferred tax asset arising from these unutilised tax losses has not been recognised in the financial statements in accordance with the accounting policy in Note 3(e) to the financial statements.

As at 31 December 2016, the accumulated tax losses of US$2,166,000 had expired during the current financial year.

10 Cash and Cash Equivalents

	2017 US$'000	2016 US$'000
Cash at banks are denominated in:		
- Singapore dollar	35	35
- United States dollar	8	42
	43	77

11 Other Current Assets

	2017 US$'000	2016 US$'000
Prepaid expenses denominated in:		
- United States dollar	62	14
- Singapore dollar	3	4
Prepaid tax denominated in United States dollar	421	-
Deposit denominated in United States dollar	1	1
	487	19

12 Interest in Subsidiaries

	2017 US$'000	2016 US$'000
Investment in unquoted equity shares, at cost	826,575	826,575
Loans and advances to subsidiaries, unsecured	1,266,327	1,213,574
	2,092,902	2,040,149

Saved for the below mentioned, the fair value of loans and advances is not determinable as the timing of the future cash flows arising from the repayment of this amount is not likely to be in the near future and cannot be measured reliably, hence this amount is recognised at transaction price.

As at 31 December 2016, the loans to subsidiaries included US$23,597,000 which incurred interest at 3.0% per annum and have been fully repaid during the current financial year.

The loans and advances to subsidiaries are denominated in the following currencies:

	2017 US$'000	2016 US$'000
United States dollar	1,264,907	1,212,776
Singapore dollar	1,376	757
Others	44	41
	1,266,327	1,213,574

Details of the direct subsidiaries held by the Company are as follows:

Name of subsidiary/Country of incorporation and Place of business	Principal activities	Percentage of effective interest held by the Company 2017 %	2016 %	Cost of investment 2017 US$'000	2016 US$'000
Asia Integrated Agri Resources Limited (a)(i) Bermuda	Investment holding	100	100	98,000	98,000
Asia Palm Oil Investment Pte. Ltd. (a)(i) Singapore	Investment holding	100	100	-*	-*
Blue Sky Golden Energy Ltd Mauritius	Investment holding	100	100	-*	-*
Easton Capital Resources Pte. Ltd. (a)(i) Singapore	Investment holding and treasury management	100	100	-*	-*
Golden Agri Capital Pte. Ltd. (a)(i) Singapore	Investment holding and treasury management	100	100	-*	-*
Golden Agri International Finance Ltd Mauritius	Treasury management	100	100	-*	-*

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2017

12 Interest in Subsidiaries (cont'd)

Name of subsidiary/Country of incorporation and Place of business	Principal activities	Percentage of effective interest held by the Company 2017	2016	Cost of investment 2017	2016
		%	%	US$'000	US$'000
Golden Agri International Finance (2) Ltd (a)(ii) British Virgin Islands	Treasury management	100	100	-*	-*
Golden Agri International (Mauritius) Ltd Mauritius	Investment holding and business and management consultancy services	100	100	-*	-*
Golden Agri International Pte Ltd (a)(i) Singapore	Trading in crude palm oil and related products	100	100	14,614	14,614
Golden Agri International Trading Ltd (a)(i) Malaysia	Trading in crude palm oil and related products	100	100	-*	-*
Golden Agri Investment (S) Pte. Ltd. (a)(i) Singapore	Investment holding	100	100	-*	-*
Golden Agri (Labuan) Ltd (a)(i) Malaysia	Trading in crude palm oil and related products and treasury management	100	100	-*	-*
Golden Asset Capital Investment Pte. Ltd. (a)(i) Singapore	Investment holding	100	100	-*	-*
Golden Assets International Finance Limited (a)(i) British Virgin Islands	Treasury management	100	100	1	1
Golden Assets International Investment Pte. Ltd. (a)(i) Singapore	Treasury management and business and management consultancy services	100	100	-*	-*
Golden Capital Resources (S) Pte. Ltd. (a)(i) Singapore	Investment holding and treasury management	100	100	-*	-*
Golden Funds & Investment Management Pte. Ltd. (a)(i) Singapore	Investment holding and treasury management	100	100	-*	-*
Golden Logistics International Limited (a)(iii) Hong Kong	Investment holding	100	100	-*	-*

12 Interest in Subsidiaries (cont'd)

Name of subsidiary/Country of incorporation and Place of business	Principal activities	Percentage of effective interest held by the Company		Cost of investment	
		2017	2016	2017	2016
		%	%	US$'000	US$'000
Golden Oleo Pte. Ltd. (a)(i) Singapore	Investment holding	100	100	-*	-*
Madascar Investment Ltd Mauritius	Investment holding	100	100	67,600	67,600
PT Purimas Sasmita (a)(i),(b) Indonesia	Investment holding, building management services, business and management consultancy and trading	100	100	646,360	646,360
Sinarmas Food Pte. Ltd. (a)(iv) Singapore	Investment holding	100	100	-*	-*
				826,575	826,575

* Cost of investment is less than US$1,000.

Notes:

(a) The above subsidiaries are audited by Moore Stephens, Mauritius except for subsidiaries that are indicated below:

(i) Audited by member firms of Moore Stephens International Limited of which Moore Stephens, Mauritius is a member.
(ii) No statutory audit required by law in its country of incorporation.
(iii) Audited by other firm of accountants, TCL & Company, Certified Public Accountants (Practising).
(iv) Statutory audit is not required as the subsidiary is inactive.

(b) 86.04% of the share capital in PT Purimas Sasmita is directly held by the Company and the remaining 13.96% of the share capital is held by Silverand Holdings Ltd.

13 Long-Term Investments

	2017	2016
	US$'000	US$'000
Available-for-sale financial asset:		
- Unquoted fund at cost, denominated in United States dollars	156,925	333,300

In December 2017, pursuant to a capital distribution (the "Distribution") by the general partner of The Verdant Fund LP, the available-for-sale financial asset held by the Company, the Company is entitled to the Indonesia Assets which comprise Verdant Capital Pte. Ltd. and its subsidiaries, and the Company has nominated its subsidiary to be the recipient of the Distribution.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2017

14 Payable to Third Parties

Payable to third parties are denominated in Singapore dollar. As at 31 December 2017 and 2016, the carrying amounts of payable to third parties approximate their fair values due to the relatively short-term maturity of these balances.

15 Loans and Advances from Subsidiaries, Unsecured

The unsecured loans and advances from subsidiaries, denominated in United States dollar, included US$7,709,000 (2016: US$7,660,000) which bears interest at rates ranging from 1.1% to 1.5% (2016: 0.7% to 1.1%) per annum and are repayable on demand. The carrying amounts of these loans approximate their fair values due to the relatively short-term maturity of these balances.

The reconciliation of movement of liabilities to cash flows arising from financing activities is presented as follows:

	Balance at 1 January 2017	Interest expense	Cash outflow on repayment	Balance at 31 December 2017
	US$'000	US$'000	US$'000	US$000
Loans and advances from subsidiaries, unsecured	30,309	106	(200)	30,215

16 Issued Capital and Treasury Shares

	No. of ordinary shares		Amount	
	Issued capital	Treasury shares	Issued capital	Treasury shares
			US$'000	US$'000
Issued and fully paid:				
Balance at 31 December 2016 and 2017	12,837,548,556	(102,792,400)	320,939	(31,726)

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares, except for treasury shares rank equally with regards to the Company's residual assets.

17 Dividends

	2017	2016
	US$'000	US$'000
Interim dividend paid in respect of 2017 of S$0.00693 (2016: S$Nil) per share	65,083	-
Final dividend paid in respect of 2016 of S$0.00635 (2015: S$0.00502) per share	57,416	47,462
Total dividends paid	122,499	47,462

On 29 November 2017, an interim dividend (tax not applicable) of S$0.00693 per share amounting to a total of S$88,251,860.16 (equivalent to approximately US$65,083,000) was paid in respect of the current financial year.

At the Annual Meeting to be held on 23 April 2018, a final dividend (tax not applicable) of S$0.00116 per share, amounting to S$14,772,317.14 (equivalent to approximately US$11,049,000) will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings for the financial year ending 31 December 2018.

SHAREHOLDING STATISTICS

AS AT 7 MARCH 2018

STATED CAPITAL	:	US$2,140,178,246.55
NUMBER OF SHARES ISSUED (A) (excluding treasury shares and subsidiary holdings)	:	12,734,756,156
NUMBER OF TREASURY SHARES HELD (B)	:	102,792,400
NUMBER OF SUBSIDIARY HOLDINGS HELD (C)	:	Nil
PERCENTAGE OF (B) AND (C) AGAINST (A)	:	0.81%
CLASS OF SHARES	:	Ordinary shares of US$0.025 each
VOTING RIGHTS	:	One vote per share. The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	695	1.79	31,110	0.00
100 – 1,000	3,556	9.16	1,909,431	0.01
1,001 – 10,000	15,538	40.03	94,736,732	0.74
10,001 – 1,000,000	18,916	48.74	1,056,392,707	8.30
1,000,001 & ABOVE	109	0.28	11,581,686,176	90.95
Total	38,814	100.00	12,734,756,156	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
MASSINGHAM INTERNATIONAL LTD	2,880,917,155	22.62
DBS NOMINEES PTE LTD	2,142,796,524	16.83
RAFFLES NOMINEES (PTE) LTD	1,930,434,970	15.16
UOB KAY HIAN PTE LTD	1,283,228,568	10.08
CITIBANK NOMINEES SINGAPORE PTE LTD	1,074,156,115	8.43
HSBC (SINGAPORE) NOMINEES PTE LTD	491,925,206	3.86
GOLDEN MOMENT LIMITED	475,000,000	3.73
FLAMBO INTERNATIONAL LTD	306,130,662	2.40
DBSN SERVICES PTE LTD	278,346,573	2.19
UNITED OVERSEAS BANK NOMINEES PTE LTD	253,024,841	1.99
BPSS NOMINEES SPORE (PTE) LTD	59,751,254	0.47
DB NOMINEES (S) PTE LTD	44,721,772	0.35
OCBC SECURITIES PRIVATE LTD	33,412,043	0.26
DBS VICKERS SECURITIES (S) PTE LTD	30,370,567	0.24
PHILLIP SECURITIES PTE LTD	25,392,120	0.20
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	17,435,967	0.14
MAYBANK KIM ENG SECURITIES PTE LTD	15,380,696	0.12
CGS-CIMB SECURITIES (S) PTE LTD	14,308,658	0.11
SOCIETE GENERALE SPORE BRANCH	11,923,510	0.09
CILIANDRA FANGIONO OR FANG ZHIXIANG	11,700,000	0.09
TOTAL	11,380,357,201	89.36

SHAREHOLDING STATISTICS

AS AT 7 MARCH 2018

SUBSTANTIAL SHAREHOLDERS

	No. of Shares in which they have an Interest				
Name	Direct Interest	Percentage % (1)	Deemed Interest	Percentage % (1)	Total Percentage (Direct and Deemed Interest) % (1)
MASSINGHAM INTERNATIONAL LTD ("MIL")	4,136,067,235	32.48	–	–	32.48
GOLDEN MOMENT LIMITED ("Golden Moment")	1,970,000,000	15.47	–	–	15.47
FLAMBO INTERNATIONAL LIMITED ("Flambo")(2)	306,130,662	2.40	6,106,067,235	47.95	50.35
THE WIDJAJA FAMILY MASTER TRUST(2) ("WFMT(2)")(3)	–	–	6,412,197,897	50.35	50.35
SILCHESTER INTERNATIONAL INVESTORS LLP ("SII")(4)	–	–	1,401,110,700	11.01	11.01

Notes:

1 Percentage is calculated based on 12,734,756,156 issued shares (excluding treasury shares and subsidiary holdings).

2 The deemed interest of Flambo arises from its interest in 4,136,067,235 shares and 1,970,000,000 shares held by its wholly-owned subsidiaries, MIL and Golden Moment respectively in the Company.

3 The deemed interest of WFMT(2) arises from its interest in 4,136,067,235 shares held by MIL, 1,970,000,000 shares held by Golden Moment and 306,130,662 shares held by Flambo in the Company.

4 The deemed interest of SII, based on the last notification to the Company on 17 May 2017, arises from its acting as the fully discretionary investment manager for a number of commingled funds.

Based on the information available to the Company as at 7 March 2018, approximately 38.62%(1) of the issued shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited is complied with.

NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that an Annual Meeting ("**Annual Meeting**") of Golden Agri-Resources Ltd (the "**Company**") will be held on **Monday**, **23 April 2018 at 2.00 p.m.** at Swissôtel Merchant Court, Merchant Court Ballroom, 20 Merchant Road, Singapore 058281 to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2017 together with the Directors' and Auditors' Reports thereon. **(Resolution 1)**

2. To declare a final dividend of S$0.00116 per ordinary share for the year ended 31 December 2017. **(Resolution 2)**

3. To approve Directors' Fees of S$370,033 for the year ended 31 December 2017. (FY2016: S$357,816) **(Resolution 3)**

4. Re-election of Directors by rotation {*please see note 1*}:

   To re-elect Mr. Muktar Widjaja {*please see notes 2 and 6*}, retiring by rotation pursuant to Article 90 of the Constitution of the Company. **(Resolution 4)**

5. To re-elect the following Directors retiring pursuant to Article 96 of the Constitution of the Company:

   (i) Mr. Foo Meng Kee {*please see notes 3 and 6*} **(Resolution 5)**
   (ii) Mr. William Chung Nien Chin {*please see notes 4 and 6*} **(Resolution 6)**

6. To re-appoint Mr. Kaneyalall Hawabhay retiring pursuant to Section 138 of The Companies Act 2001 of Mauritius. {*please see notes 5 and 6*} **(Resolution 7)**

7. To re-appoint Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 8)**

AS SPECIAL BUSINESS

8. To consider and, if thought fit, to pass with or without any amendments, the following resolutions as Ordinary Resolutions:

Renewal of Share Issue Mandate

8A. "That pursuant to The Companies Act 2001 of Mauritius and the Listing Rules of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to allot and issue (including the allotment and issue of shares and convertible securities pursuant to offers, agreements or options made or granted by the Company while this authority remains in force) or otherwise dispose of shares in the Company (including making and granting offers, agreements and options which would or which might require shares and convertible securities to be allotted, issued or otherwise disposed of) at any time, whether during the continuance of such authority or thereafter, to such persons, upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit without first offering such shares and convertible securities to the members of the Company provided that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed fifty percent (50%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the date of this Resolution, and provided further that where members of the Company with registered addresses in Singapore are not given an opportunity to participate in the same on a pro–rata basis, then the shares and convertible securities to be issued under such circumstances shall not exceed twenty percent (20%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the date of this Resolution." *{please see note 7}* **(Resolution 9)**

NOTICE OF ANNUAL MEETING

Renewal of Share Purchase Mandate

8B. "(a) That for the purposes of The Companies Act 2001 of Mauritius, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"); and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected in accordance with any equal access schemes as may be determined or formulated by the Directors as they consider fit, which schemes shall satisfy all the conditions prescribed by the Companies Act, Chapter 50 of Singapore,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) That unless varied or revoked by the Company in members meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next annual meeting of the Company is held or required by law to be held; or

(ii) the date on which the purchases or acquisitions of Shares, pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or

(iii) the date on which the authority in the Share Purchase Mandate is varied or revoked;

(c) That in this Resolution:

"**Prescribed Limit**" means ten percent (10%) of the issued ordinary share capital of the Company (excluding treasury shares and subsidiary holdings) as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i)	in the case of a Market Purchase:	105% of the Average Closing Price
(ii)	in the case of an Off-Market Purchase:	120% of the Highest Last Dealt Price

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) That the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.” *{please see note 8}* **(Resolution 10)**

Renewal of Interested Person Transactions Mandate

8C. “(a) That pursuant to Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited, approval be and is hereby given to the Company, its subsidiaries and associated companies that are not listed on the Singapore Exchange Securities Trading Limited or an approved exchange, provided that the Company and its subsidiaries (the “**Group**”), or the Group and its interested person(s), has control over the associated companies, or any of them to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in Appendix 2 to this Notice of Annual Meeting {*please see note 9*}, with any party who is of the class of Interested Persons described in the said Appendix 2, provided that such transactions are carried out in the ordinary course of business and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the said Appendix 2 (the “**IPT Mandate**”);

(b) That the IPT Mandate shall, unless revoked or varied by the Company in members meeting, continue in force until the next annual meeting of the Company; and

(c) That the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution.” *{please see note 9A}* **(Resolution 11)**

By Order of the Board

Rafael Buhay Concepcion, Jr.
Director
2 April 2018
Singapore

Notes:

(i) (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual Meeting. Where such member’s form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member’s form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“relevant intermediary” has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.

(ii) A proxy need not be a member of the Company.

(iii) If the appointor is a corporation, the proxy form must be executed under seal or the hand of its attorney or officer duly authorised.

(iv) The form of proxy must be lodged at the mailing address of the Company at 108 Pasir Panjang Road, #06-00 Golden Agri Plaza, Singapore 118535 no later than 72 hours before the time appointed for the holding of the Annual Meeting in order for the proxy(ies) to be able to attend and/or vote at the Annual Meeting.

(v) Completion and return of the form of proxy will not prevent a member from attending, speaking and voting at the Annual Meeting if he/she so wishes. The appointment of the proxy(ies) for the Annual Meeting will be deemed to be revoked if the member attends the Annual Meeting in person and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the form of proxy(ies) to the Annual Meeting.

NOTICE OF ANNUAL MEETING

Additional Notes relating to the Notice of Annual Meeting:

1. This year, the 2 Directors retiring from office by rotation at the Annual Meeting pursuant to Article 90 of the Constitution of the Company are Mr. Muktar Widjaja and Mr. Frankle (Djafar) Widjaja. Mr. Frankle (Djafar) Widjaja will not be seeking re-election as a Director at the Annual Meeting. Accordingly, pursuant to Article 92 of the Constitution, Mr. Frankle (Djafar) Widjaja shall retire as a Director at the conclusion of the Annual Meeting.

2. Mr. Muktar Widjaja, being eligible, has offered himself for re-election at the Annual Meeting.

3. Mr. Foo Meng Kee, being eligible, has offered himself for re-election at the Annual Meeting. If re-elected, Mr. Foo will continue to serve as a member of the Audit Committee. Mr. Foo is considered to be independent.

4. Mr. William Chung Nien Chin, being eligible, has offered himself for re-election at the Annual Meeting. Mr. Chung is considered to be independent.

5. Mr. Kaneyalall Hawabhay, being eligible, has offered himself for re-appointment at the Annual Meeting. If re-appointed, Mr. Hawabhay will continue to serve as a member of the Audit Committee. Mr. Hawabhay is considered to be independent.

6. Please refer to sections on Board of Directors and Corporate Governance Report in the Annual Report 2017 for further information on the above Directors.

7. The Ordinary Resolution 9 proposed in item 8A above, if passed, will empower the Directors to issue shares and convertible securities in the capital of the Company not exceeding fifty percent (50%) of the issued capital of the Company (excluding treasury shares and subsidiary holdings) at the time this Resolution is passed. For issue of shares and convertible securities other than on a pro-rata basis to shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty percent (20%) of the issued capital of the Company (excluding treasury shares and subsidiary holdings).

   The percentage of issued capital is based on the Company's issued capital (excluding treasury shares and subsidiary holdings) after adjusting for (a) new shares arising from the conversion or exercise of convertible securities or any employee share options on issue or vesting of share awards outstanding or subsisting at the time this Resolution is passed and (b) any subsequent bonus issue, consolidation or subdivision of shares.

8. The Ordinary Resolution 10 proposed in item 8B above, if passed, is to renew for another year, up to the next annual meeting of the Company, the mandate for share purchase as described in Appendix 1 to this Notice of Annual Meeting, which will, unless previously revoked or varied by the Company at members meeting, expire at the next annual meeting.

9. The mandate for transactions with Interested Persons as described in Appendix 2 to this Notice of Annual Meeting includes the placement of deposits by the Company with financial institutions in which Interested Persons have an interest.

9A. The Ordinary Resolution 11 proposed in item 8C above, if passed, is to renew for another year, up to the next annual meeting of the Company, the mandate for transactions with Interested Persons as described in Appendix 2 to this Notice of Annual Meeting, which will, unless previously revoked or varied by the Company at members meeting, expire at the next annual meeting.

Personal data privacy:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

GOLDEN AGRI-RESOURCES LTD
(Incorporated in the Republic of Mauritius)

ANNUAL MEETING
PROXY FORM

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual Meeting.
2. For CPF/SRS investors who have shares in Golden Agri-Resources Ltd, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.

I/We, ______________________________ (Name)

______________________________ (NRIC/Passport/Company Registration Number)

of______________________________ (Address)

being a member/members of Golden Agri-Resources Ltd (the **"Company"**) hereby appoint:

Name	Address	NRIC / Passport / Company Registration Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate):

or failing him/her/them, the Chairman of the Annual Meeting of the Company (the "**Annual Meeting**"), as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the Annual Meeting to be held on **Monday, 23 April 2018 at 2.00 p.m.** at Swissôtel Merchant Court, Merchant Court Ballroom, 20 Merchant Road, Singapore 058281 and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions as set out in the Notice of Annual Meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/her/their discretion, as he/she/they may on any other matter arising at the Annual Meeting.

Note: The Chairman of the Annual Meeting will be exercising his right under Article 60(a) of the Constitution of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members at the Annual Meeting and at any adjournment thereof. Accordingly, each resolution at the Annual Meeting will be voted on by way of poll.

No.	Resolution	*No. of votes "For"	*No. of votes "Against"
	ORDINARY BUSINESS		
1	Adoption of Reports and Audited Financial Statements		
2	Declaration of Final Dividend		
3	Approval of Directors' Fees for the year ended 31 December 2017		
4	Re-election of Mr. Muktar Widjaja		
5	Re-election of Mr. Foo Meng Kee		
6	Re-election of Mr. William Chung Nien Chin		
7	Re-appointment of Mr. Kaneyalall Hawabhay		
8	Re-appointment of Auditors		
	SPECIAL BUSINESS		
9	Renewal of Share Issue Mandate		
10	Renewal of Share Purchase Mandate		
11	Renewal of Interested Person Transactions Mandate		

* If you wish to exercise all your votes "For" or "Against" the relevant resolution, please indicate "X" within the relevant box provided. Alternatively, if you wish to exercise your votes for both "For" and "Against" the relevant resolution, please indicate the number of votes as appropriate in the boxes provided.

Dated this _______ day of _________________ 2018.

Total Number of Shares held in:	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) and/or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

1[st] fold here

Fold along this line. Glue and seal firmly.

4[th] fold and glue all side firmly. Stapling & spot sealing is disallowed.

ANNUAL MEETING
PROXY FORM

Affix
Stamp
Here

The Company Secretary
GOLDEN AGRI-RESOURCES LTD
c/o 108 Pasir Panjang Road
#06-00 Golden Agri Plaza
Singapore 118535

4[th] fold and glue all side firmly. Stapling & spot sealing is disallowed.

2[nd] fold here

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in the Constitution of the Company), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.
2. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual Meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Annual Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50 of Singapore.
3. The instrument appointing a proxy or proxies must be deposited at the mailing address of the Company at 108 Pasir Panjang Road #06-00, Golden Agri Plaza, Singapore 118535 not less than 72 hours before the time set for the Annual Meeting.
4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.
5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.

3[rd] fold here

6. Where the instrument appointing a proxy is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual Meeting.
8. The Company shall be entitled to reject an instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the Annual Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual Meeting dated 2 April 2018.

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Golden Agri-Resources Ltd

c/o 108 Pasir Panjang Road
#06-00 Golden Agri Plaza
Singapore 118535
Tel: (65) 6590 0800
Fax: (65) 6590 0887
Email: investor@goldenagri.com.sg
www.goldenagri.com.sg

golden-agri-resources-ltd   @GAR_Sinarmas   Sinarmas Agribusiness and Food